

*REPORT OF AUDIT*

*DRUMMOND SCHOOL DISTRICT #I-85*

*GARFIELD COUNTY - OKLAHOMA*

*JULY 1, 2023 TO JUNE 30, 2024*

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

OFFICERS

CURTIS MACK	PRESIDENT
FORREST MANN	VICE-PRESIDENT
LISA DONALDSON	CLERK
MATT BUCHANAN	MEMBER
SCOT GORTON	MEMBER
LEAH MILLER	TREASURER
JARROD JOHNSON	SUPERINTENDENT

AUDIT BY

S&B CPAS AND ASSOCIATES, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

LICENSE #14167

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

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DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Drummond School District #1-85  
Garfield County, Oklahoma

**Report on the Audit of Financial Statements**

**Opinions**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Drummond School District #1-85, Garfield County, Oklahoma, (the District) as of and for the year ended June 30, 2024, 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 "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2024, and the revenues collected and expenditures paid and encumbered 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 of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2024, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

**Basis for Opinions**

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

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

As discussed in Note 1, the financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education noted above. The amount that should be recorded in the general fixed asset account group is not known.

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

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibility 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 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 Drummond School District #I-85, Garfield County, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

**Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the District's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedure applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Drummond School District #1-85, Garfield County, Oklahoma'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.

*S & B CPAs & Associates, PLLC*

S & B CPAs & Associates, PLLC  
March 13, 2025

## EXHIBIT A

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

**Drummond School District No. 1-85, Garfield County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - All Governmental Fund Types**  
**For the Year Ended June 30, 2024**

**EXHIBIT B**

	Governmental Fund Types					Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency		June 30, 2024
<b>Revenue Collected:</b>							
Local Sources	\$ 865,059	\$ 116,908	\$ 615,535	\$ 0	\$ 0	\$	1,597,499
Intermediate Sources	130,329	0	0	0	0		130,329
State Sources	2,298,596	66,788	8	0	0		2,365,391
Federal Sources	526,162	156,155	0	0	0		682,317
Non-Revenue Receipts	0	0	0	0	0		0
<b>Total Revenue Collected</b>	<b>\$ 3,820,146</b>	<b>\$ 339,848</b>	<b>\$ 615,542</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$</b>	<b>4,775,537</b>
<b>Expenditures Paid:</b>							
Instruction	\$ 2,129,398	\$ 0	\$ 0	\$ 0	\$ 0	\$	2,129,398
Support Services	1,591,044	144,253	0	852,310	0		2,587,607
Operation of Non-Instructional Services	0	254,421	0	0	0		254,421
Facilities Acquisition and Construction	0	0	0	19,667	0		19,667
Other Outlays	0	0	0	0	0		0
Other Uses	0	0	0	0	0		0
Repayments	0	0	0	0	0		0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0		0
<b>Debt Service:</b>							
Principal Retirement	0	0	720,000	0	0		720,000
Interest and Fiscal Agent Fees	0	0	47,234	0	0		47,234
<b>Total Expenditures Paid</b>	<b>\$ 3,720,442</b>	<b>\$ 398,674</b>	<b>\$ 767,234</b>	<b>\$ 871,977</b>	<b>\$ 0</b>	<b>\$</b>	<b>5,758,328</b>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</b>	<b>\$ 99,704</b>	<b>\$ (58,826)</b>	<b>\$ (151,692)</b>	<b>\$ (871,977)</b>	<b>\$ 0</b>	<b>\$</b>	<b>(982,791)</b>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>							
Estopped Warrants	\$ 1,015	\$ 30	\$ 0	\$ 0	\$ 0	\$	1,045
Bond Proceeds	0	0	0	240,000	0		240,000
Transfers In	6,010	76,288	0	0	0		82,298
Transfers Out	0	0	0	0	0		0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 7,025</b>	<b>\$ 76,318</b>	<b>\$ 0</b>	<b>\$ 240,000</b>	<b>\$ 0</b>	<b>\$</b>	<b>323,343</b>
<b>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</b>	<b>\$ 106,729</b>	<b>\$ 17,492</b>	<b>\$ (151,692)</b>	<b>\$ (631,977)</b>	<b>\$ 0</b>	<b>\$</b>	<b>(659,448)</b>
<b>Fund Balance - Beginning of Year</b>	<b>662,841</b>	<b>68,778</b>	<b>325,777</b>	<b>956,690</b>	<b>57,780</b>		<b>2,071,866</b>
<b>Fund Balance - End of Year</b>	<b>\$ 769,570</b>	<b>\$ 86,271</b>	<b>\$ 174,084</b>	<b>\$ 324,713</b>	<b>\$ 57,780</b>	<b>\$</b>	<b>1,412,418</b>

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

**Drummond School District No. 1-85, Garfield County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types**  
**For the Year Ended June 30, 2024**

EXHIBIT C

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 777,838	\$ 777,838	\$ 865,059	\$ 110,996	\$ 110,996	\$ 116,906	\$ 630,139	\$ 630,139	\$ 615,535
Intermediate Sources	104,340	104,340	130,329	0	0	0	0	0	0
State Sources	2,130,984	2,130,984	2,298,596	8,729	65,693	66,788	0	0	8
Federal Sources	642,359	642,359	526,162	105,189	130,189	156,155	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 3,655,521</b>	<b>\$ 3,655,521</b>	<b>\$ 3,820,146</b>	<b>\$ 224,914</b>	<b>\$ 306,878</b>	<b>\$ 339,848</b>	<b>\$ 630,139</b>	<b>\$ 630,139</b>	<b>\$ 615,542</b>
<b>Expenditures Paid:</b>									
Instruction	\$ 2,719,202	\$ 2,719,202	\$ 2,128,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	1,588,649	1,588,649	1,591,044	115,879	172,843	144,253	0	0	0
Operation of Non-Instructional Services	0	0	0	242,829	267,829	254,421	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	10,510	10,510	0	0	0	0	955,916	955,916	767,234
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 4,318,362</b>	<b>\$ 4,318,362</b>	<b>\$ 3,720,442</b>	<b>\$ 358,708</b>	<b>\$ 440,672</b>	<b>\$ 398,674</b>	<b>\$ 955,916</b>	<b>\$ 955,916</b>	<b>\$ 767,234</b>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</b>	<b>\$ (662,841)</b>	<b>\$ (662,841)</b>	<b>\$ 99,704</b>	<b>\$ (133,794)</b>	<b>\$ (133,794)</b>	<b>\$ (58,826)</b>	<b>\$ (325,777)</b>	<b>\$ (325,777)</b>	<b>\$ (151,692)</b>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses):</b>									
Stopped Warrants	\$ 0	\$ 0	\$ 1,015	\$ 0	\$ 0	\$ 30	\$ 0	\$ 0	\$ 0
Transfers In	0	0	6,010	65,016	65,016	76,288	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,025</b>	<b>\$ 65,016</b>	<b>\$ 65,016</b>	<b>\$ 76,318</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</b>	<b>\$ (662,841)</b>	<b>\$ (662,841)</b>	<b>\$ 106,729</b>	<b>\$ (68,778)</b>	<b>\$ (68,779)</b>	<b>\$ 17,492</b>	<b>\$ (325,777)</b>	<b>\$ (325,777)</b>	<b>\$ (151,692)</b>
<b>Fund Balance - Beginning of Year</b>	<b>662,841</b>	<b>662,841</b>	<b>662,841</b>	<b>68,778</b>	<b>68,778</b>	<b>68,778</b>	<b>325,777</b>	<b>325,777</b>	<b>325,777</b>
<b>Fund Balance - End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 769,570</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 86,271</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 174,084</b>

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

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Drummond School District #I-85 have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. 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 oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Fund Accounting

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

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

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

Fund Description

The following funds are utilized by the Drummond School District #I-85.

Governmental Fund Types -

General Fund  
Special Revenue Funds  
Debt Service Fund  
Capital Project Fund

Fiduciary Fund Types -

Trust and Agency Fund

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

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 ear-marked 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. Garfield 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 which includes the Child Nutrition Program.

Special Revenue Funds - The Special Revenue Funds are the District's Building Fund and Child Nutrition Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment. The Child Nutrition Fund derives monies from the sale of foods and federal and state program reimbursements. Expenditures include costs associated with the daily operations of the District's nutrition program. The Municipal Tax Levy Fund consists of monies derived from special sales tax on behalf of the District. These funds are to be kept separate and expended only for those items addressed in the tax levy agreement.

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

Capital Project Funds - The Capital Project Funds are the District's Bond Funds and are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing, and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Fiduciary 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 the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Trust Fund - The Trust Fund is the Insurance Fund. This fund is used to account for money derived from insurance loss claims. Expenditures are made for repairs and replacement of lost property and equipment.

Agency Fund - The Agency Fund is the school Activity Fund which is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing, and accounting for these activity funds. The school Activity Funds can include money which is received from the sale of foods through a school Lunch Fund.

Memorandum Only - Total Column

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

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education (OSDE). 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 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.
- \* Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- \* 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.

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.

A budget is legally adopted by the Board of Education for the General Fund, Special Revenue Funds, and Debt Service Fund that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all governmental funds of the District.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

E. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

F. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits or United States Treasury Funds are maintained in NOW Checking Accounts or Savings Accounts.

Inventories

The value of consumable inventories at June 30, 2024 is not material to the financial statements.

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures and changes in fund balances. The District does not maintain complete financial records of capital assets purchased which would include depreciation schedules; therefore, a General Fixed Asset Group of Accounts is not presented.

Compensated Absences

The District has elected not to present a liability for compensated absences.

Operating Leases

The District has elected not to present a liability for operating leases. All operating leases contain a mutual ratification clause for both parties; therefore, the District does not consider the obligation to be for a period extending beyond the current fiscal year.

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.

General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General long-term debt of the District consists of bonds payable. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

General Long-Term Debt (continued)

a.) A principal and interest repayment schedule of the outstanding general obligation issues at June 30, 2024 is set forth below:

\$500,000.00 Building Bonds of 2019

<u>Payment Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
1 Jul 24	165,000.00	3.000%	2,475.00	167,475.00 (pre-paid)
	<u>\$165,000.00</u>		<u>\$2,475.00</u>	<u>\$167,475.00</u>

\$210,000.00 Building Bonds of 2020

<u>Payment Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
1 Oct 24	65,000.00	0.600%	406.25	65,406.25
1 Apr 25			211.25	211.25
1 Oct 25	65,000.00	0.650%	211.25	65,211.25
	<u>\$ 130,000.00</u>		<u>\$ 828.75</u>	<u>\$130,828.75</u>

\$375,000.00 Building Bonds of 2021

<u>Payment Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
1 Apr 24	0.00		831.25	831.25
1 Oct 24	95,000.00	0.500%	831.25	95,831.25
1 Apr 25			593.75	593.75
1 Oct 25	95,000.00	0.625%	593.75	95,593.75
1 Apr 26			296.88	296.88
1 Oct 26	95,000.00	0.625%	296.88	95,296.88
	<u>\$ 285,000.00</u>		<u>\$2,612.51</u>	<u>\$287,612.51</u>

\$600,000.00 Taxable Building Bonds of 2023

<u>Payment Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
1 May 24	\$ 0.00		\$ 32,456.25	\$ 32,456.25
1 Nov 24			16,228.12	16,228.12
1 May 25	15,000.00	5.125%	16,228.12	31,228.13
1 Nov 25			15,843.75	15,843.75
1 May 26	195,000.00	5.375%	15,843.75	210,843.75
1 Nov 26			10,603.13	10,603.13
1 May 27	195,000.00	5.625%	10,603.13	205,603.13
1 Nov 27			5,118.75	5,118.75
1 May 28	195,000.00	5.250%	5,118.75	200,118.75
	<u>\$ 600,000.00</u>		<u>\$128,043.75</u>	<u>\$728,043.75</u>

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

General Long-Term Debt (continued)

\$240,000.00 Building Bonds of 2023				
Payment Date	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total</u>
1 May 25	\$ 0.00		\$16,200.00	\$ 16,200.00
1 Nov 24	<u>240,000.00</u>	4.500%	<u>5,400.00</u>	<u>245,400.00</u>
	<u>\$ 240,000.00</u>		<u>\$21,600.00</u>	<u>\$261,600.00</u>

b.) The District entered into a lease purchase agreement as Lessee for financing the acquisition of six (6) copiers. The agreement was entered into on July 31, 2019, with a monthly payment of \$782.00, for a term of five (5) years. This lease agreement qualifies as a capital lease, for accounting purposes, since title does not transfer until the end of the lease term and it has been recorded at the present value of the future minimum lease payments. This lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

Principal Amount	\$ 41,238.20
Payments to 6/30/24	<u>40,817.01</u>
Balance Outstanding	<u>\$ 421.19</u>

c.) Security State Bank, Wewoka, OK and the District entered into a lease purchase agreement for financing the construction, equipping and furnishing of a new educational facility. The agreement was entered into on May 1, 2019, with a annual payments, for a term of ten (10) years. This lease agreement qualifies as a capital lease, for accounting purposes, since title does not transfer until the end of the lease term and it has been recorded at the present value of the future minimum lease payments. This lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

A repayment schedule of the outstanding capital lease obligations at June 30, 2024 is set forth below:

Schedule of Annual Lease & Acquisition Payments			
<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest Payments</u>	<u>Lease Payment</u>
15 Dec 24	230,520.39	59,479.61	290,000.00
15 Dec 25	323,565.56	51,434.44	375,000.00
15 Dec 26	134,857.99	40,142.01	175,000.00
15 Dec 27	514,564.54	35,435.46	550,000.00
15 Dec 28	307,522.84	17,477.16	325,000.00
15 Dec 29	<u>193,255.40</u>	<u>6,744.60</u>	<u>200,000.00</u>
	<u>\$ 1,704,286.72</u>	<u>\$ 210,713.28</u>	<u>\$ 1,915,000.00</u>

DRUMMOND SCHOOL DISTRICT #1 85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

General Long-Term Debt (continued)

d.) First Priority Bank, Pryor, OK and the District entered into a lease purchase agreement for financing the construction, equipping and furnishing of a new educational facility in the amount of \$2,325,000.00. The agreement was entered into on December 1, 2023, with annual payments, for a term of seven (7) years. This lease agreement qualifies as a capital lease, for accounting purposes, since title does not transfer until the end of the lease term and it has been recorded at the present value of the future minimum lease payments. This lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

A repayment schedule of the outstanding capital lease obligations at June 30, 2024 is set forth below:

Schedule of Annual Lease & Acquisition Payments

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest Payments</u>	<u>Lease Payment</u>
05 Dec 24	111,082.86	113,844.74	224,927.60
05 Dec 25	116,296.67	108,703.33	225,000.00
05 Dec 26	92,006.83	102,993.17	195,000.00
05 Dec 27	96,524.37	98,475.63	195,000.00
05 Dec 28	131,263.72	93,736.28	225,000.00
05 Dec 29	252,708.77	87,291.23	340,000.00
05 Dec 30	<u>1,525,116.78</u>	<u>74,883.22</u>	<u>1,600,000.00</u>
	<u>\$ 2,325,000.00</u>	<u>\$ 679,927.60</u>	<u>\$ 3,004,927.60</u>

Cash Fund Balance

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

Safeguard of Deposits and Investments

The District's investments policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposits and Investments - Custodian Credit Risk - The District's cash deposits and investments at June 30, 2024, were completely insured or collateralized by federal deposit insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name. The District's cash deposits and investments at June 30, 2024 are classified in the following categories:

- (A) Insured by Federal Deposit Insurance.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- (C) Uncollateralized.

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

Deposits and Investments - Custodian Credit Risk (continued)

	<u>Category</u>			<u>BANK</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>BALANCE</u>
Cash and cash equivalents	\$404,485.09	\$1,261,119.66	\$ 0.00	\$1,665,604.75
Investments	<u>17,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>17,000.00</u>
Total	<u>\$421,485.09</u>	<u>\$1,261,119.66</u>	<u>\$ 0.00</u>	<u>\$1,682,604.75</u>

G. Revenue, Expenses and Expenditures

State Revenues

Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. 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 ear-marked 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 program. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Property Tax Revenue

The District is authorized by state law to levy property taxes which consists of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The 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.

Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Any legally authorized transfers are treated as operating transfers and are included in the results of the Government Funds. Transfers between the Agency Funds (Activity Funds) and the Governmental Fund Types (General Fund) are shown as operating transfers into the Governmental Fund Types (General Fund) only. No transfer is shown out from the Agency Funds as they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

2. Risk Management

Liabilities Protection Plan

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

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

Liabilities Protection Plan (continued)

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

The District is also a member of the Oklahoma Public School Unemployment Compensation Program. In this program, the District is required to make a deposit based on past experience for potential unemployment claims. The funds for each District are kept separate. The money contributed by each District does not earn interest and is fully insured. If the District has claims in excess of the amount of their account, they would be liable for the excess.

Surety Bonds

Leah Miller, District Treasurer, is bonded with the Old Republic Surety Company, in the amount of \$100,000.00. The bond number is W150026180, dated July 1, 2023 to July 1, 2024.

Jarrod Johnson Superintendent, is bonded with the Old Republic Surety Company, in the amount, of \$100,000.00. The bond number is W150411012, dated July 1, 2023 to July 1, 2024.

The District maintains a Public Employees Honesty Blanket Bond with Western Surety Company in the amount of \$5,000.00 per position. The bond number is 68634425, dated July 30, 2022 to July 30, 2024. The positions covered are as follows:

- |                             |                            |
|-----------------------------|----------------------------|
| 1. Superintendent of School | 6. Agriculture Director    |
| 2. School Principal         | 7. Encumbrance Clerk       |
| 3. Administrative Assistant | 8. Minutes Clerk           |
| 4. Secretary                | 9. Activity Fund Custodian |
| 5. Cashier                  | 10. Lunch Fund Custodian   |

3. Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System.

The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

NOTES TO COMBINED FINANCIAL STATEMENTS

3. Employee Retirement System (continued)

A participant with 5 years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2024. An additional 8% of compensation is required for federal grants. The District is allowed by the Oklahoma Teachers Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level.

The total contributions for employees of Drummond School District #I-85 covered by the System for the year 2024, 2023 and 2022 were \$370,578.51, \$305,401.34 and \$302,106.95, respectively.

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 the 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 Oklahoma Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The System issues and independent financial report, financial statements, and required supplementary information that may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152 or by calling 405-521-2387.

4. 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.

5. Subsequent Events

In October of 2024, the District, closed the issuance of \$100,000.00 Building Bonds of 2024. The repayment of the bonds will be paid by sinking fund levy starting with 2025-26 fiscal year.

6. Budget Amendments

The Building Fund budget was amended one time during the year by filing a supplemental estimate form with the County Clerk's office in the amount \$56,964.09. This increased the original Building Fund budget from \$115,879.06 to \$172,843.15.

The Child Nutrition Fund budget was amended one time during the year by filing a supplemental estimate form with the County Clerk's office in the amount \$25,000.00. This increased the original Building Fund budget from \$242,829.22 to \$267,829.22.

**Drummond School District No. 1-85, Garfield County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**June 30, 2024**

**SCHEDULE A-1**

**ASSETS**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2024</u>
Cash and Cash Equivalents	\$ 34,501	\$ 56,033	\$ 90,534
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 34,501</u>	<u>\$ 56,033</u>	<u>\$ 90,534</u>

**LIABILITIES AND FUND BALANCES**

**Liabilities:**

Warrants Payable	\$ 0	\$ 4,263	\$ 4,263
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 4,263</u>	<u>\$ 4,263</u>

**Fund Balances:**

Restricted	\$ 34,501	\$ 51,770	\$ 86,271
<i>Total Fund Balances</i>	<u>\$ 34,501</u>	<u>\$ 51,770</u>	<u>\$ 86,271</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 34,501</u>	<u>\$ 56,033</u>	<u>\$ 90,534</u>

**Drummond School District No. I-85, Garfield County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Capital Project Funds**  
**June 30, 2024**

**SCHEDULE A-2**

	<b>Building Bond Fund #32</b>	<b>Building Bond Fund #35</b>	<b>Total June 30, 2024</b>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 305,634	\$ 29,376	\$ 335,011
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>\$ 305,634</u></u>	<u><u>\$ 29,376</u></u>	<u><u>\$ 335,011</u></u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Warrants Payable	\$ 0	\$ 10,298	\$ 10,298
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u><u>\$ 0</u></u>	<u><u>\$ 10,298</u></u>	<u><u>\$ 10,298</u></u>
Fund Balances:			
Restricted	<u>\$ 305,634</u>	<u>\$ 19,079</u>	<u>\$ 324,713</u>
<i>Total Fund Balances</i>	<u><u>\$ 305,634</u></u>	<u><u>\$ 19,079</u></u>	<u><u>\$ 324,713</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 305,634</u></u>	<u><u>\$ 29,376</u></u>	<u><u>\$ 335,011</u></u>

**Drummond School District No. I-85, Garfield County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Trust and Agency Funds**  
**June 30, 2024**

**SCHEDULE A-3**

<b><u>ASSETS</u></b>	<b><u>Activity Fund</u></b>	<b><u>Insurance Fund</u></b>	<b><u>Total June 30, Total</u></b>
Cash and Cash Equivalents	\$ 137,485	\$ 57,780	\$ 195,265
Investments	<u>17,000</u>	<u>0</u>	<u>17,000</u>
<i>Total Assets</i>	<u>\$ 154,485</u>	<u>\$ 57,780</u>	<u>\$ 212,265</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Warrants Payable	\$ 2,902	\$ 0	\$ 2,902
Due To Activity Groups	<u>151,583</u>	<u>0</u>	<u>151,583</u>
<i>Total Liabilities</i>	<u>\$ 154,485</u>	<u>\$ 0</u>	<u>\$ 154,485</u>
Fund Balances:			
Restricted	\$ <u>0</u>	\$ <u>57,780</u>	\$ <u>57,780</u>
<i>Total Fund Balances</i>	<u>\$ 0</u>	<u>\$ 57,780</u>	<u>\$ 57,780</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 154,485</u>	<u>\$ 57,780</u>	<u>\$ 212,265</u>

**Drummond School District No. 1-85, Garfield County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - Special Revenue Funds**  
**For the Year Ended June 30, 2024**

**SCHEDULE B-1**

	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Total June 30, 2024</b>
<b>Revenue Collected:</b>			
Local Sources	\$ 116,906	\$ 0	\$ 116,906
Intermediate Sources	0	0	0
State Sources	56,966	9,822	66,788
Federal Sources	0	156,155	156,155
Non-Revenue Receipts	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 173,871</u>	<u>\$ 165,977</u>	<u>\$ 339,848</u>
<b>Expenditures Paid:</b>			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	144,253	0	144,253
Operation of Non-Instructional Services	0	254,421	254,421
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 144,253</u>	<u>\$ 254,421</u>	<u>\$ 398,674</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 29,618</u>	<u>\$ (88,444)</u>	<u>\$ (58,826)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>			
Estopped Warrants	\$ 0	\$ 30	\$ 30
Transfers In	0	76,288	76,288
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 76,318</u>	<u>\$ 76,318</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 29,618</u>	<u>\$ (12,126)</u>	<u>\$ 17,492</u>
<i>Fund Balance - Beginning of Year</i>	<u>4,883</u>	<u>63,895</u>	<u>68,778</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 34,501</u></u>	<u><u>\$ 51,770</u></u>	<u><u>\$ 86,271</u></u>

**Drummond School District No. I-85, Garfield County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - Capital Project Funds**  
**For the Year Ended June 30, 2024**

**SCHEDULE B-2**

	Building Bond Fund #32	Building Bond Fund #35	Total June 30, 2024
<b>Revenue Collected:</b>			
Local Sources	\$ 0	\$ 0	\$ 0
Intermediate Sources	0	0	0
State Sources	0	0	0
Federal Sources	0	0	0
Non-Revenue Receipts	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Revenue Collected</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<b>Expenditures Paid:</b>			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	651,056	201,254	852,310
Operation of Non-Instructional Services	0	0	0
Facilities Acquisition and Construction	0	19,667	19,667
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures Paid</i>	\$ <u>651,056</u>	\$ <u>220,921</u>	\$ <u>871,977</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ <u>(651,056)</u>	\$ <u>(220,921)</u>	\$ <u>(871,977)</u>
<b>Adjustments to Prior Year Encumbrances</b>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<b>Other Financing Sources (Uses):</b>			
Estopped Warrants	\$ 0	\$ 0	\$ 0
Bond Proceeds	0	240,000	240,000
Transfers In	0	0	0
Transfers Out	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	\$ <u>0</u>	\$ <u>240,000</u>	\$ <u>240,000</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ (651,056)	\$ 19,079	\$ (631,977)
<i>Fund Balance - Beginning of Year</i>	<u>956,690</u>	<u>0</u>	<u>956,690</u>
<i>Fund Balance - End of Year</i>	\$ <u><u>305,634</u></u>	\$ <u><u>19,079</u></u>	\$ <u><u>324,713</u></u>

**Drummond School District No. 1-85, Garfield County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Special Revenue Funds**  
**For the Year Ended June 30, 2024**

**SCHEDULE C-1**

	Building Fund			Child Nutrition Fund			Total
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>Revenue Collected:</b>							
Local Sources	\$ 110,996	\$ 110,996	\$ 116,906	\$ 0	\$ 0	\$ 0	\$ 110,996
Intermediate Sources	0	0	0	0	0	0	0
State Sources	0	56,964	56,966	8,729	8,729	9,822	65,693
Federal Sources	0	0	0	105,189	130,189	156,155	130,189
Non-Revenue Receipts	0	0	0	0	0	0	0
<b>Total Revenue Collected</b>	<b>\$ 110,996</b>	<b>\$ 167,960</b>	<b>\$ 173,871</b>	<b>\$ 113,918</b>	<b>\$ 138,918</b>	<b>\$ 165,977</b>	<b>\$ 224,914</b>
<b>Expenditures Paid:</b>							
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	115,879	172,843	144,253	0	0	0	115,879
Operation of Non-Instructional Services	0	0	0	242,829	267,829	254,421	242,829
Facilities Acquisition and Construction	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0
<b>Total Expenditures Paid</b>	<b>\$ 115,879</b>	<b>\$ 172,843</b>	<b>\$ 144,253</b>	<b>\$ 242,829</b>	<b>\$ 267,829</b>	<b>\$ 254,421</b>	<b>\$ 358,708</b>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</b>	<b>\$ (4,883)</b>	<b>\$ (4,883)</b>	<b>\$ 29,618</b>	<b>\$ (128,911)</b>	<b>\$ (128,911)</b>	<b>\$ (88,444)</b>	<b>\$ (133,794)</b>
<b>Adjustments to Prior Year Encumbrances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Financing Sources (Uses):</b>							
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30	\$ 0
Transfers In	0	0	0	65,016	65,016	76,288	65,016
Transfers Out	0	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 65,016</b>	<b>\$ 65,016</b>	<b>\$ 76,318</b>	<b>\$ 65,016</b>
<b>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</b>	<b>\$ (4,883)</b>	<b>\$ (4,883)</b>	<b>\$ 29,618</b>	<b>\$ (63,895)</b>	<b>\$ (63,895)</b>	<b>\$ (12,126)</b>	<b>\$ (68,778)</b>
<b>Fund Balance - Beginning of Year</b>	<b>4,883</b>	<b>4,883</b>	<b>4,883</b>	<b>63,895</b>	<b>63,895</b>	<b>63,895</b>	<b>68,778</b>
<b>Fund Balance - End of Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 34,501</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 51,770</b>	<b>\$ 0</b>

**DRUMMOND SCHOOL DISTRICT #I-85**  
**GARFIELD COUNTY - OKLAHOMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND -**  
**CHANGES IN FUND BALANCE - REGULATORY BASIS - FIDUCIARY FUND**  
**07/01/23 TO 06/30/24**

**SCHEDULE D-1**

ACCOUNT	7/01/2023	REVENUES	ADJUSTMENTS	TRANSFERS	EXPENDITURES	6/30/2024
ATHLETICS	\$12,844.90	\$69,743.54	\$0.00	(\$492.81)	\$71,472.15	\$10,623.48
DRUMMOND QUIZ BOWL	1,331.71	11,169.00	0.00	289.33	4,942.96	7,847.08
DRUMMOND A.R. PROGRAM	18.74	0.00	0.00	0.00	0.00	18.74
LIBRARY FUND	3,618.38	2,641.85	0.00	303.65	4,395.14	2,168.74
FFA	57,616.03	137,239.09	0.00	(1,910.88)	134,371.57	58,572.67
MISCELLANEOUS	27,482.99	6,204.07	0.00	290.79	32,116.19	1,861.66
HS PEP CLUB	849.16	8,685.94	0.00	(411.72)	7,786.61	1,336.77
ANNUAL STAFF	7,927.62	9,424.91	0.00	0.00	6,098.50	11,254.03
JR HIGH PEP CLUB	753.20	784.00	0.00	0.00	764.95	772.25
STUDENT COUNCIL	4,397.15	6,613.10	0.00	49.72	9,974.70	1,085.27
BAND	120.35	7,600.00	0.00	0.00	2,464.40	5,255.95
FCCLA	10,134.99	25,795.21	0.00	2,250.66	25,500.15	12,680.71
LOCAL LUNCH FUND COLLECTIONS	0.00	78,265.09	0.00	(10.00)	78,255.09	0.00
PK TOLAND	547.24	2,077.50	0.00	224.00	2,634.94	213.80
4TH / MANGUS	1,413.29	886.00	0.00	0.00	714.87	1,584.42
2ND GRADE	6,297.02	2,351.30	0.00	(470.00)	946.46	7,231.86
3RD GRADE	4,541.51	716.30	0.00	(242.00)	540.67	4,475.14
5TH GRADE	2,237.09	1,506.60	0.00	(180.00)	851.14	2,712.55
6TH GRADE	1,929.63	849.00	0.00	0.00	221.61	2,557.02
5TH GRADE/ALEGRIA	3,245.26	1,719.00	0.00	400.00	1,111.71	4,252.55
FCA	165.38	2,957.00	0.00	0.00	2,380.86	741.52
KINDERGARTEN	639.14	2,210.40	0.00	(310.87)	2,295.39	243.28
1ST GRADE	308.14	1,334.80	0.00	(248.00)	732.62	662.32
MORRISON SPECIAL ED	575.57	0.00	0.00	0.00	15.99	559.58
AG COMM (BOULWARE)	0.75	150.00	0.00	0.00	0.00	150.75
PTA THRIFT STORE	918.53	0.00	0.00	0.00	918.53	0.00
CLASS OF 2022	0.00	0.00	0.00	0.00	0.00	0.00
MILACEK ATHLETIC SCHOLARSHIP	585.00	0.00	0.00	0.00	400.00	185.00
CLASS OF 2024	9,716.24	2,598.53	0.00	233.99	12,384.32	164.44
STEM	117.60	0.00	0.00	0.00	0.00	117.60
CLASS OF 2025	128.53	41,460.40	0.00	863.92	31,431.68	11,021.17
COMPUTER/CHARGERS INS	0.00	6,010.02	0.00	0.00	6,010.02	0.00
1ST GRADE ROBERTS	139.61	0.00	0.00	0.00	0.00	139.61
CLASS OF 2023	629.78	0.00	0.00	(629.78)	0.00	0.00
CLASS OF 2026	1,092.63	0.00	0.00	0.00	0.00	1,092.63
<b>TOTALS</b>	<b>\$162,323.16</b>	<b>\$430,992.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$441,733.22</b>	<b>\$151,582.59</b>

**DRUMMOND SCHOOL DISTRICT #1-85**  
**GARFIELD COUNTY - OKLAHOMA**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND**  
**FUND EQUITY - REGULATORY BASIS - FIDUCIARY FUND**  
**07/01/23 TO 6/30/24**

**SCHEDULE D-2**

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	\$137,485.09	
INVESTMENT	<u>17,000.00</u>	
TOTAL DEPOSITORY		<u><u>\$154,485.09</u></u>
 <u>FUND</u>		
LEDGER BALANCE	\$151,582.59	
ADD: 2023-24 OUTSTANDING	2,774.00	
ADD: 2022-23 OUTSTANDING	<u>128.50</u>	
TOTAL FUND BALANCE		<u><u>\$154,485.09</u></u>

**DRUMMOND SCHOOL DISTRICT #1-85**  
**GARFIELD COUNTY - OKLAHOMA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**ALLOCATIONS & EXPENDITURES**  
**07/01/23 to 06/30/24**

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/(ACCRUED) OR DEFERRED REVENUE AT JULY 1, 2023	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/(ACCRUED) OR DEFERRED REVENUE AT JUNE 30, 2024	INDIRECT COST
<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>							
<b>U.S. Department of Education -</b>							
<b>Direct Programs</b>							
<b>Title V, Part B REAP</b>							
84.358A	588	40,692.00	0.00	40,692.00	40,692.00	0.00	0.00
<b>Slate Department of Education</b>							
<b>Title I, Part A, Title II, Part A, Title IV Part A</b>							
84.010	511/541/552	79,953.97	0.00	79,953.97	79,953.97	0.00	0.00
84.027	621	92,437.75	0.00	92,437.75	92,437.75	0.00	0.00
84.027	641	7,790.85	0.00	7,790.85	7,790.85	0.00	0.00
84.027X	643	37.21	0.00	37.21	37.21	0.00	0.00
<b>Covid-19, IDEA-B ARP Pre School Special Education Cluster</b>							
84.424F	715	133,479.44	0.00	133,479.44	133,479.44	0.00	0.00
84.425U	726	5,168.00	0.00	5,168.00	5,168.00	0.00	0.00
	795	166,603.25	0.00	166,603.25	166,603.25	0.00	0.00
<b>Covid-19, Total Program Funds</b>							
			0.00	305,250.69	305,250.69	0.00	0.00
<b>U.S. Department of Agriculture -</b>							
<b>Child Nutrition</b>							
<b>Local Food for School Program</b>							
10.555	757	25,000.00	0.00	25,000.00	25,000.00	0.00	0.00
10.555	759	13,919.60	0.00	13,919.60	13,919.60	0.00	0.00
10.555	763	89,235.57	0.00	89,235.57	89,235.57	0.00	0.00
10.553	764	27,999.44	20,594.83	27,999.44	48,594.27	0.00	0.00
<b>Child Nutrition Cluster</b>							
10.565	N/A	13,054.00	0.00	13,054.40	176,749.44	0.00	0.00
<b>Commodity Distribution (Non-Cash)</b>							
			20,594.83	169,209.01	189,803.84	0.00	0.00
<b>Total Child Nutrition Program</b>							
			20,594.83	695,371.48	715,966.31	0.00	0.00
<b>Total Federal Financial Assistance</b>							

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements.

The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

NOTE 2: The District policy is to expend Child Nutrition federal, state and local revenues, in that order, during each fiscal year. If there are any unexpended federal or state funds remaining at the end of a fiscal year, those funds will be expended during the next fiscal year, prior to the utilization of current year funding.

NOTE 3: The amount shown as received and expended in the Child Nutrition for commodities represents a nonmonetary value of the food commodities received.

Therefore, the total revenues and expenditures do not agree with the financial statements by this amount.

NOTE 4: Indirect Costs are included in the total expenditures.

NOTE 5: The District has elected not to use the 10% de Minimis indirect cost rate allowed under Uniform Guidance.

NOTE 6: The District reports they did not receive any federally funded personal protective equipment (PPE).

***S & B CPAs & Associates, PLLC***  
***302 North Independence, Suite 207***  
***Enid, Oklahoma 73701***  
***580-265-8651***

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  
Drummond School District #I-85  
Garfield County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements, regulatory basis, of Drummond School District #I-85, Garfield County, Oklahoma, (the District) as listed in the Table of Contents, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's combined financial statements, and have issued our report thereon dated March 13, 2025, which was adverse with respect to the presentation of the financial statements in conformity with the 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 general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

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

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

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

INTERNAL CONTROL/COMPLIANCE REPORT  
Drummond School District #1-85

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 Drummond School District #1-85, Garfield County, Oklahoma's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*S & B CPAs & Associates, PLLC*

S & B CPAs & Associates, PLLC  
March 13, 2025

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

SCHEDULE OF FINDINGS  
JUNE 30, 2024

No reportable conditions were noted.

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

DISPOSITION OF PRIOR YEAR FINDINGS  
JUNE 30, 2024

**23-01 Finding**

**Statement of Conditions** – The District reported expenditures for federal programs, through the Oklahoma Cost Accounting System (OCAS), that did not reflect actual expenditures for the 2022-23 fiscal year.

**Criteria** – Good internal control requires procedures to be in place for effective oversight and to properly record and track federal program expenditures and revenues.

The applicable expenditures utilized by the District for several program allocations were not the same as reported to the State Department of Education and the Oklahoma Cost Accounting System (OCAS) as follows:

<u>Federal Program</u>	<u>Applicable Program Expenditures</u>	<u>Program Expenditures Reported on OCAS</u>
Covid-19, EFF	\$168,024.00	-0-

Proper coding is required in order to track the District's actual federal expenditures associated with each program.

**Cause/Effect of Condition** – Lack of internal control allows for non-compliance with expenditure tracking and over statements in reporting to State and Federal Agencies.

**Recommendation** – All federal program funding is to be tracked utilizing the prescribed OCAS expenditure and revenue project code numbers. Those codes are to be utilized only for the amount the District is allocated for federally funded program.

**Current Status** - This finding was corrected during the current year.

DRUMMOND SCHOOL DISTRICT #1-85  
GARFIELD COUNTY - OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous year's audit report".

DRUMMOND SCHOOL DISTRICT #I-85  
GARFIELD COUNTY – OKLAHOMA  
JULY 1, 2023 TO JUNE 30, 2024

STATE OF OKLAHOMA )  
COUNTY OF GARFIELD )

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Drummond School District #I-85, Garfield County, Oklahoma, for the audit year 2023-2024.

S & B CPAs & Associates, PLLC  
Auditing Firm

By: S & B CPAs & Associates, PLLC

Subscribed and sworn to before me this 13<sup>th</sup> day of March, 2025.

Amber Nicole Morgan  
Notary Public

My Commission Expires December 6, 2027

