

NEWCASTLE SCHOOL DISTRICT NO. I-001
MCCLAIN COUNTY, OKLAHOMA
JUNE 30, 2024

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MCCLAIN COUNTY, OKLAHOMA
JUNE 30, 2024

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* The required internal control, compliance, and schedule of findings and questioned costs are required by Governmental Auditing Standards and *Uniform Guidance* when a single audit is applicable.

Newcastle School District No. I-001, McClain County, Oklahoma
School District Officials
June 30, 2024

BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Newcastle School District No. I-001
McClain County, Oklahoma

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 the Newcastle School District No. I-001, McClain County, Oklahoma, 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 financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance arising from regulatory basis transactions of each fund type and account group of Newcastle School District No. I-001, McClain County, Oklahoma as of June 30, 2024, and the revenues collected, expenditures paid and encumbered, and budgetary results, 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" paragraph, 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 Newcastle School District No. I-001, McClain County, Oklahoma, as of June 30, 2024, or the changes in its financial position and, where applicable, 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 Newcastle School District No. I-001, McClain County, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on 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 by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

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

As described in Note 1, the financial statements are prepared by Newcastle School District No. I-001, McClain County, Oklahoma, 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 meet 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 the financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, 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 financial statements that collectively comprise the Newcastle School District No. I-001, McClain County, Oklahoma's basic financial statements. The combining financial statements—regulatory basis and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements—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.

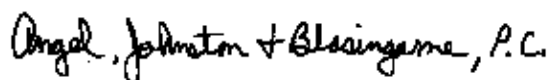
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, on our consideration of the Newcastle School District No. I-001, McClain County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Newcastle School District No. I-001, McClain 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 Newcastle School District No. I-001, McClain County, Oklahoma's internal control over financial reporting and compliance.



Chickasha, Oklahoma
January 28, 2025

COMBINED FINANCIAL STATEMENTS

Newcastle School District No. I-001, McClain County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2024

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2024
ASSETS							
Cash and Cash Equivalents	\$ 6,838,921	\$ 1,032,863	\$ 442,712	\$ 1,402,250	\$ 752,807	\$ 0	\$ 10,469,553
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	442,712	442,712
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	5,817,288	5,817,288
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	395,511	395,511
Amounts to be Provided For Compensated Absences	0	0	0	0	0	147,023	147,023
Total Assets	\$ 6,838,921	\$ 1,032,863	\$ 442,712	\$ 1,402,250	\$ 752,807	\$ 6,802,534	\$ 17,272,087
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 249,815	\$ 8,088	\$ 0	\$ 6,605	\$ 0	\$ 0	\$ 264,508
Reserve for Encumbrances	1,572,223	62,994	0	175,541	0	0	1,810,758
Due to Activity Groups	0	0	0	0	752,807	0	752,807
General Obligation Bonds Payable	0	0	0	0	0	6,260,000	6,260,000
Capitalized Lease Obligations Payable	0	0	0	0	0	395,511	395,511
Compensated Absences Payable	0	0	0	0	0	147,023	147,023
Total Liabilities	\$ 1,822,038	\$ 71,082	\$ 0	\$ 182,146	\$ 752,807	\$ 6,802,534	\$ 9,630,607
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 442,712	\$ 0	\$ 0	\$ 0	\$ 442,712
Capital Projects	0	0	0	1,220,104	0	0	1,220,104
Building Programs	0	961,781	0	0	0	0	961,781
Child Nutrition Programs	0	0	0	0	0	0	0
Cooperative Programs	0	0	0	0	0	0	0
Unassigned	5,016,883	0	0	0	0	0	5,016,883
Total Fund Balances	\$ 5,016,883	\$ 961,781	\$ 442,712	\$ 1,220,104	\$ 0	\$ 0	\$ 7,641,480
Total Liabilities and Fund Balances	\$ 6,838,921	\$ 1,032,863	\$ 442,712	\$ 1,402,250	\$ 752,807	\$ 6,802,534	\$ 17,272,087

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

Newcastle School District No. I-001, McClain 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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2024
Revenue Collected:					
Local Sources	\$ 7,463,463	\$ 895,496	\$ 6,525,330	\$ 0	\$ 14,884,289
Intermediate Sources	713,166	0	0	0	713,166
State Sources	12,491,281	522,674	10	0	13,013,965
Federal Sources	2,484,549	0	0	0	2,484,549
Non-Revenue Receipts	672,062	0	104,674	0	776,737
Total Revenue Collected	\$ 23,824,521	\$ 1,418,171	\$ 6,630,014	\$ 0	\$ 31,872,706
Expenditures Paid:					
Instruction	\$ 12,389,656	\$ 10,329	\$ 0	\$ 156,041	\$ 12,556,026
Support Services	8,779,279	666,351	0	1,135,668	10,581,298
Operation of Non-Instructional Services	1,274,982	4,086	0	0	1,279,068
Facilities Acquisition and Construction	0	286,474	0	3,923,000	4,209,474
Other Outlays	3,848	0	0	0	3,848
Other Uses	0	0	0	0	0
Repayments	270,185	0	0	0	270,185
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	5,980,000	0	5,980,000
Interest and Fiscal Agent Fees	0	0	441,458	0	441,458
Total Expenditures Paid	\$ 22,717,950	\$ 967,240	\$ 6,421,458	\$ 5,214,709	\$ 35,321,357
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ 1,106,571	\$ 450,930	\$ 208,557	\$ (5,214,709)	\$ (3,448,651)
Adjustments to Prior Year Encumbrances	\$ 8,618	\$ 125	\$ 0	\$ 4,452	\$ 13,194
Other Financing Sources (Uses):					
Estopped Warrants	\$ 599	\$ 0	\$ 0	\$ 0	\$ 599
Bond Proceeds	0	0	0	5,475,700	5,475,700
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 599	\$ 0	\$ 0	\$ 5,475,700	\$ 5,476,299
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ 1,115,787	\$ 451,055	\$ 208,557	\$ 265,443	\$ 2,040,843
Fund Balance - Beginning of Year	3,901,095	510,726	234,155	954,661	5,600,638
Fund Balance - End of Year	\$ 5,016,883	\$ 961,781	\$ 442,712	\$ 1,220,104	\$ 7,641,480

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

Newcastle School District No. I-001, McClain 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

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 6,048,774	\$ 6,048,774	\$ 7,463,463	\$ 812,247	\$ 812,247	\$ 895,496	\$ 6,197,698	\$ 6,197,698	\$ 6,525,330
Intermediate Sources	589,600	589,600	713,166	0	0	0	0	0	0
State Sources	11,605,314	11,605,314	12,491,281	0	0	522,674	0	0	10
Federal Sources	2,248,019	2,248,019	2,484,549	0	0	0	0	0	0
Non-Revenue Receipts	0	0	672,062	0	0	0	0	0	104,674
<i>Total Revenue Collected</i>	<u>\$ 20,491,706</u>	<u>\$ 20,491,706</u>	<u>\$ 23,824,521</u>	<u>\$ 812,247</u>	<u>\$ 812,247</u>	<u>\$ 1,418,171</u>	<u>\$ 6,197,698</u>	<u>\$ 6,197,698</u>	<u>\$ 6,630,014</u>
Expenditures Paid:									
Instruction	\$ 14,064,507	\$ 14,064,507	\$ 12,389,656	\$ 10,329	\$ 10,329	\$ 10,329	\$ 0	\$ 0	\$ 0
Support Services	8,779,279	8,779,279	8,779,279	819,268	819,268	666,351	0	0	0
Operation of Non-Instructional Services	1,274,982	1,274,982	1,274,982	4,086	4,086	4,086	0	0	0
Facilities Acquisition and Construction	0	0	0	489,290	489,290	286,474	0	0	0
Other Outlays	2,848	2,848	3,848	0	0	0	6,431,853	6,431,853	6,421,458
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	270,185	270,185	270,185	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 24,391,801</u>	<u>\$ 24,391,801</u>	<u>\$ 22,717,950</u>	<u>\$ 1,322,973</u>	<u>\$ 1,322,973</u>	<u>\$ 967,240</u>	<u>\$ 6,431,853</u>	<u>\$ 6,431,853</u>	<u>\$ 6,421,458</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (3,900,095)</u>	<u>\$ (3,900,095)</u>	<u>\$ 1,106,571</u>	<u>\$ (510,726)</u>	<u>\$ (510,726)</u>	<u>\$ 450,930</u>	<u>\$ (234,155)</u>	<u>\$ (234,155)</u>	<u>\$ 208,557</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,618</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 125</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 599	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	(1,000)	(1,000)	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	<u>\$ 599</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (3,901,095)</u>	<u>\$ (3,901,095)</u>	<u>\$ 1,115,787</u>	<u>\$ (510,726)</u>	<u>\$ (510,726)</u>	<u>\$ 451,055</u>	<u>\$ (234,155)</u>	<u>\$ (234,155)</u>	<u>\$ 208,557</u>
<i>Fund Balance - Beginning of Year</i>	<u>3,901,095</u>	<u>3,901,095</u>	<u>3,901,095</u>	<u>510,726</u>	<u>510,726</u>	<u>510,726</u>	<u>234,155</u>	<u>234,155</u>	<u>234,155</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,016,883</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 961,781</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 442,712</u>

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

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the Newcastle School District No. I-001, McClain County, Oklahoma (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.

1.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 the 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. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.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."

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

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).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Fund of the District consist of the Building Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

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

4. Capital Projects Fund - The Capital Projects Fund consists of the District's Combined Purpose Bond issues. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, acquiring and upgrading technology equipment 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, trust funds are used for their accounting and reporting. 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.

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

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

Account Groups

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

1. General Long-Term Debt Account Group - This account group is used 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 liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

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. Interfund eliminations have not been made in the aggregation of this data.

1.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 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

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

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

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies, (continued)

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

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.

1.E. Assets, Liabilities and Fund Equity

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

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues - The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes 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. 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.

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

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

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

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

Fund Balance - In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *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 (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

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

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

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

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.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Resource Use Policy

It is the District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the School considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the 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 education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2024:

		Carrying Value
Deposits		
Demand Deposits	\$	10,494,931
Time Deposits		<u>0</u>
Total Deposits	\$	<u><u>10,494,931</u></u>
Investments		
	<u>Credit Rating</u>	<u>Maturity</u>
		Fair Value
		\$ <u>0</u>
Total Investments		\$ <u><u>0</u></u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity		
Cash and Cash Equivalents	\$	10,469,553
Activity Fund Outstanding Checks		<u>25,378</u>
Total Deposits and Investments	\$	<u><u>10,494,931</u></u>

Custodial Credit Risk - Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limit acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

The District did not have any custodian credit risk as of June 30, 2024, as defined above.

Investment Credit Risk - The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 2 – Deposit and Investment Risk, (continued)

4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations- rating agencies- as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District did not have any investment credit risk as of June 30, 2024, as defined above.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2024, the District had no concentration of credit risk as defined above.

Note 3 – General Long-Term Debt

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

General long-term debt of the District consists of bonds payable and lease purchases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 3 – General Long-Term Debt, (continued)

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2024:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2023	\$ 6,790,000	\$ 436,862	\$ 154,486	\$ 7,381,348
Additions	5,450,000	0	0	5,450,000
Retirements	(5,980,000)	(41,351)	(7,463)	(6,028,814)
Balance, June 30, 2024	<u>\$ 6,260,000</u>	<u>\$ 395,511</u>	<u>\$ 147,023</u>	<u>\$ 6,802,534</u>

A brief description of the outstanding general obligation bond issues at June 30, 2024 is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2022 Combined Purpose Bonds	3.85%	1-Jul-24	\$ 810,000	\$ 810,000
2023 Combined Purpose Bonds	5.25%	1-Jul-25	1,950,000	1,950,000
2023 Combined Purpose Bonds	5.00%	1-Jul-25	3,500,000	3,500,000
Totals			<u>\$ 6,260,000</u>	<u>\$ 6,260,000</u>

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	Principal	Interest	Total
2023 Combined Purpose Bonds			
2024-2025	\$ 0	\$ 0	\$ 0
2025-2026	3,500,000	350,000	3,850,000
Total 2023 Combined Purpose Bonds	<u>\$ 3,500,000</u>	<u>\$ 350,000</u>	<u>\$ 3,850,000</u>
2023 Combined Purpose Bonds			
2024-2025	\$ 0	\$ 0	\$ 0
2025-2026	1,950,000	204,750	2,154,750
Total 2023 Combined Purpose Bonds	<u>\$ 1,950,000</u>	<u>\$ 204,750</u>	<u>\$ 2,154,750</u>
2022 Combined Purpose Bonds			
2024-2025	\$ 810,000	\$ 36,383	\$ 846,383
Total 2022 GO Building Bonds	<u>\$ 810,000</u>	<u>\$ 36,383</u>	<u>\$ 846,383</u>
Total all Bonds	<u>\$ 6,260,000</u>	<u>\$ 591,133</u>	<u>\$ 6,851,133</u>

Interest paid on general debt during the 2023-24 year was \$70,625.

The District has entered into various lease agreements as lessee for financing the acquisition of land, and construction of new schools and improvement, copier, and equipment. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 3 – General Long-Term Debt, (continued)

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General fixed assets account group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above leases.

The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

		Newcastle Government Capital Corporation 2021	
Year Ending June 30		Lease Purchase	Total
2025	\$	58,074	\$ 58,074
2026		58,075	58,075
2027		58,074	58,074
2028		58,075	58,075
2029		58,074	58,074
2030		58,074	58,074
2031		58,075	58,075
2032		58,075	58,075
Total	\$	464,596	\$ 464,596
Less: Amount representing Interest		(69,085)	(69,085)
Present Value of Future Minimum Lease Payments	\$	395,511	\$ 395,511

Also, the District accrues for unused sick leave for eligible employees. Unused sick leave for certified salaries is calculated at various rates up to 120 days depending upon years of service. Any amount in excess of 120 days is paid at \$15 per day upon retirement by the district. Unused sick leave is paid to noncertified employees at various rates up to 120 days depending upon years of service. However, no amounts are paid for days in excess of 120 days upon retirement. The liability for compensated absences at June 30, 2024 is as follows:

Unused Sick Leave Liability – Certified	\$ 108,422
Unused Sick Leave Liability – Support	<u>38,601</u>
Total Compensated Absences	<u>\$ 147,023</u>

Note 4 – Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. 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. PERS provides retirement, disability and death benefits to plan members and beneficiaries. 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.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 4 – Employee Retirement System, (continued)

Funding Policy - 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 education institutions who work at least 20 hours per week.

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 9.50% applicable compensation for the year ended June 30, 2024. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2024, 2023, and 2022 were \$1,263,022, \$1,145,377, and \$1,096,205, respectively.

The compensation for employees covered by the System for the year ended June 30, 2023 was \$13,118,043; the District's total compensation was \$16,275,838. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.00% of compensation arising from federal grants \$99,174. There were \$792,613 contributions made by employees during the year ended June 30, 2024.

Note 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.

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. The District had the following insurance coverage during the year: Commercial property - \$167,327,289; general liability - \$1,000,000; and educator's liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School's worker's compensation carrier is Zenith Insurance Company.

Note 7 – Use of Estimates

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

Newcastle School District No. I-001, McClain County, Oklahoma
Notes To Combined Financial Statements
For The Year Ended June 30, 2024

Note 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 has determined that no additional information needs to be added to the financial statement.

Note 9 – Difference between Estimate of Needs (EON) and Audited Financial Statements

The District overstated reserves for the FY 2023-2024 and adjustments were made to the Financial Statements in the 2023-2024 audit report. The Estimate of Needs was prepared using the overstated reserves. Therefore, the fund balance on the estimate of needs and the audit report do not match.

Following are the amounts that were overstated on the Estimate of Needs:

General Fund overstated \$256,895.93
Building Fund overstated \$152,917.07
Capital Project Fund 32 overstated \$17,455.80

OTHER SUPPLEMENTARY INFORMATION

Newcastle School District No. I-001, McClain County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2024

	Building Fund	Total June 30, 2024
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,032,863	\$ 1,032,863
Investments	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 1,032,863</u>	<u>\$ 1,032,863</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Warrants Payable	\$ 8,088	\$ 8,088
Reserve for Encumbrances	<u>62,994</u>	<u>62,994</u>
<i>Total Liabilities</i>	<u>\$ 71,082</u>	<u>\$ 71,082</u>
 Fund Balances:		
Restricted	\$ <u>961,781</u>	\$ <u>961,781</u>
<i>Total Fund Balances</i>	<u>\$ 961,781</u>	<u>\$ 961,781</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 1,032,863</u>	<u>\$ 1,032,863</u>

Newcastle School District No. 1-001, McClain 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

	Building Fund	Total June 30, 2024
Revenue Collected:		
Local Sources	\$ 895,496	\$ 895,496
Intermediate Sources	0	0
State Sources	522,674	522,674
Federal Sources	0	0
Non-Revenue Receipts	0	0
	<hr/>	<hr/>
<i>Total Revenue Collected</i>	\$ 1,418,171	\$ 1,418,171
	<hr/>	<hr/>
Expenditures Paid:		
Instruction	\$ 10,329	\$ 10,329
Support Services	666,351	666,351
Operation of Non-Instructional Services	4,086	4,086
Facilities Acquisition and Construction	286,474	286,474
Other Outlays	0	0
Other Uses	0	0
Repayments	0	0
Interest Paid and Bank Charges	0	0
	<hr/>	<hr/>
<i>Total Expenditures Paid</i>	\$ 967,240	\$ 967,240
	<hr/>	<hr/>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ 450,930	\$ 450,930
	<hr/>	<hr/>
Adjustments to Prior Year Encumbrances	\$ 125	\$ 125
	<hr/>	<hr/>
Other Financing Sources (Uses):		
Estopped Warrants	\$ 0	\$ 0
Transfers In	0	0
Transfers Out	0	0
	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	\$ 0	\$ 0
	<hr/>	<hr/>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ 451,055	\$ 451,055
	<hr/>	<hr/>
<i>Fund Balance - Beginning of Year</i>	510,726	510,726
	<hr/>	<hr/>
<i>Fund Balance - End of Year</i>	\$ 961,781	\$ 961,781
	<hr/>	<hr/>

Newcastle School District No. I-001, McClain 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

	Building Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:						
Local Sources	\$ 812,247	\$ 812,247	\$ 895,496	\$ 812,247	\$ 812,247	\$ 895,496
Intermediate Sources	0	0	0	0	0	0
State Sources	0	0	522,674	0	0	522,674
Federal Sources	0	0	0	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 812,247</u>	<u>\$ 812,247</u>	<u>\$ 1,418,171</u>	<u>\$ 812,247</u>	<u>\$ 812,247</u>	<u>\$ 1,418,171</u>
Expenditures Paid:						
Instruction	\$ 10,329	\$ 10,329	\$ 10,329	\$ 10,329	\$ 10,329	\$ 10,329
Support Services	819,268	819,268	666,351	819,268	819,268	666,351
Operation of Non-Instructional Services	4,086	4,086	4,086	4,086	4,086	4,086
Facilities Acquisition and Construction	489,290	489,290	286,474	489,290	489,290	286,474
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	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 1,322,973</u>	<u>\$ 1,322,973</u>	<u>\$ 967,240</u>	<u>\$ 1,322,973</u>	<u>\$ 1,322,973</u>	<u>\$ 967,240</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (510,726)</u>	<u>\$ (510,726)</u>	<u>\$ 450,930</u>	<u>\$ (510,726)</u>	<u>\$ (510,726)</u>	<u>\$ 450,930</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 125</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 125</u>
Other Financing Sources (Uses):						
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (510,726)</u>	<u>\$ (510,726)</u>	<u>\$ 451,055</u>	<u>\$ (510,726)</u>	<u>\$ (510,726)</u>	<u>\$ 451,055</u>
<i>Fund Balance - Beginning of Year</i>	<u>510,726</u>	<u>510,726</u>	<u>510,726</u>	<u>510,726</u>	<u>510,726</u>	<u>510,726</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ (0)</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ 961,781</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ 961,781</u></u>

Newcastle School District No. 1-001, McClain County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Trust & Agency Funds
June 30, 2024

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 752,807
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 752,807</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>752,807</u>
<i>Total Liabilities</i>	<u>\$ 752,807</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 752,807</u>

Newcastle School District No. I-001, McClain County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Trust & Agency Funds
For the Year Ended June 30, 2024

ACTIVITIES	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Cafeteria	\$ 0	\$ 491,082	\$ 491,082	\$ 0
Athletics-General	47,645	43,479	66,081	25,044
Athletic-Gate	61,711	149,953	181,058	30,606
Athletics-Trainer	0	2,863	0	2,863
Sweet Pea Tournament	0	12,130	12,121	9
Baseball	639	0	0	639
Basketball-Boys	1,561	2,966	1,300	3,228
Basketball-Girls	10,412	11,163	9,373	12,203
Cheer	31,938	65,545	53,058	44,426
Cross Country	5,066	6,285	4,101	7,251
Fast Pitch	372	4,030	3,640	762
Football	19,509	43,075	17,129	45,455
Golf-Boys	119	0	0	119
Golf-Girls	2,312	1,000	2,041	1,271
Soccer-Boys	892	1,500	100	2,292
Soccer-Girls	1,828	1,100	100	2,828
Track	8,192	3,584	8,277	3,499
Volleyball	2,011	614	2,172	453
Wrestling	2,265	2,200	3,792	674
HS Pom	0	11,123	5,384	5,739
Activity Fees	19,831	36,870	26,237	30,463
Administration	145,733	53,324	13,639	185,418
Gfund Collections	0	275	275	0
Damage Deposit	800	0	0	800
Racer Kid Zone	26,685	163,307	162,264	27,728
Tri-City Learning Academy	17,999	24,420	5,281	37,138
Art	2,974	1,234	2,101	2,107
Band	64	0	0	64
Club-BPA	38	3,567	2,223	1,383
Club-FCCLA	3,498	5,388	4,893	3,993
Club FFA	9,707	74,903	80,189	4,421
Club-Science	881	0	0	881
Club-Spanish	1,222	0	0	1,222
Drama	3,155	2,504	1,951	3,707
ES Academ Outreach	2,358	0	0	2,358
ES Beautification	4,804	0	0	4,804
ES Camp Goddard	17,159	33,195	45,760	4,594
ES Fundraiser	29,128	0	1,002	28,126
ES Literacy	506	0	0	506
District Special Olympics	2,249	6,031	3,160	5,120
Gifted Talented	176	0	0	176
Honor Society	3,879	2,123	1,682	4,320
Hospitality	12	500	255	257
HS-Testing	1,886	1,980	1,297	2,569
Library	12,976	14,388	14,695	12,669
MS-Student Store	8,560	900	1,001	8,459
Sub Total Activities:	\$ 512,753	\$ 1,278,600	\$ 1,228,713	\$ 562,641

Newcastle School District No. I-001, McClain County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Trust & Agency Funds
For the Year Ended June 30, 2024

<u>ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Native Ed Enrichment	\$ 1,400	\$ 0	\$ 0	\$ 1,400
PE	8,220	18,267	11,809	14,677
Principals	56,269	50,479	69,768	36,979
Stuco	32,196	0	9,783	22,413
Technology	1,215	0	0	1,215
Vocal Music	15,730	12,124	9,641	18,213
Yearbook	42,514	7,371	21,718	28,167
Robotics	16,115	0	0	16,115
Club-SOAAR (Multicultural)	535	0	0	535
MS Broadcasting	574	642	508	708
STRUT Week	0	17,008	1,737	15,272
District SPED Activity Fund	73	0	0	73
Internships	0	100	0	100
Justin Case Closet	0	270	0	270
Class of 2024-Prom	14,685	18,465	10,765	22,385
Class 2025	1,089	0	0	1,089
Class 2027	491	0	0	491
Class 2028	118	0	0	118
Class 2029	1,134	0	0	1,134
Class 2030	1,365	0	0	1,365
Class 2031	2,422	479	0	2,901
Class 2032	80	0	0	80
Class 2033	433	0	0	433
Class 2034	1,119	1,653	1,320	1,452
Class 2035	1,205	8,663	9,655	213
Class 2036	655	9,378	8,610	1,423
Class 2037	805	6,897	6,755	946
Sub Total Activities	\$ 200,441	\$ 151,794	\$ 162,069	\$ 190,167
Total Activities	\$ 713,194	\$ 1,430,394	\$ 1,390,782	\$ 752,807

Newcastle School District No. 1-001, McClain County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

			Federal	Through	Deferred Revenue		Federal	Federal	Deferred Revenue	Indirect Cost
Federal Grantor/Pass Through			Assistance	Grantor's	(Accounts		Grant	Grant	(Accounts	included in
Grantor/Program Title				Project	Receivable)				Receivable)	Grant
U.S. Department of Education			Listing #	Number	July 1, 2023		Receipts	Expenditures	June 30, 2024	Expenditures
<u>Direct Programs:</u>										
Indian Education Title VII			84.060A	561	(19,979)		88,648	84,930	(16,261)	1,673
<u>Passed Through Oklahoma State Department of Education:</u>										
Title I, Basic			84.010	511/786	(37,798)		254,229	260,880	(44,448)	5,304
Title I, Neglected			84.010	518	(2,015)		5,825	6,995	(3,185)	147
Title I					(39,813)		260,054	267,874	(47,634)	5,451
IDEA-B Flowthrough			84.027	621	(63,254)		417,034	441,982	(88,202)	9,260
IDEA-B - Secondary Transition Services			84.027X	618	0		1,073	1,073	0	0
American Rescue Plan (ARP) IDEA-B Flowthrough			84.027X	628	(11,115)		11,115	0	0	0
IDEA-B Preschool			84.173	641	0		0	5,161	(5,161)	108
Special Education Cluster					(74,368)		429,221	448,215	(93,362)	9,368
Title II, Part A,			84.367	541	(1,380)		32,283	35,551	(4,648)	745
Title VI, Part B Rural and Low Income			84.358	587	(8,616)		44,954	36,338	(0)	761
Title IV, Part A			84.424A	552	0		8,421	9,672	(1,251)	202
OK SCHOOLS COVID-19 PREVENTION			93.323	723	(19,083)		19,083	0	0	0
ARP ESSER III OKLAHOMA PAID STUDENT			84.425U	725	0		5,248	5,248	0	0
ARP ESSER - Science of Reading			84.425U	726	0		7,752	4,521	3,231	0
ARP ESSER III			84.425U	795	236,247		710,123	1,011,950	(65,581)	15,227
ARP ESSER-School Counselor Corps Grant			84.425U	722	(17,173)		186,438	171,482	(2,217)	0
COVID-19 ESSER FUNDS					219,074		909,561	1,193,202	(64,567)	15,227
<u>Passed Through Oklahoma Department of Vocational Education</u>										
Carl Perkins			84.048	421/424	(8,732)		21,630	16,123	(3,225)	0
Total U.S. Department of Education					47,103	1,813,853	2,091,906	(230,949)	33,427	
<u>Passed Through Department of Community Services</u>										
Chickasaw Nation COVID-19	(Note 5)		21.019	772	0		0	0	0	0
Total Chickasaw Nation COVID-19 Subaward					0	0	0	0	0	
<u>U.S. Department of Agriculture</u>										
<u>Passed Through State Department of Education:</u>										
Commodity Credit Corporation Supply Chain Asst.			10.555	759	2,367		64,882	0	67,249	0
Breakfast Program			10.553	764	353,125		146,857	0	499,982	0
Lunch Program			10.555	763	321,368		443,400	533,267	231,500	0
Summer Food Program			10.559	766	77,848		0	0	77,848	0
Commodities Distributed-Lunch	(Note 3)		10.555	N/A	0		53,590	53,590	0	0
Child Nutrition Cluster					754,708		708,729	586,857	876,580	0
P-EBT Program			10.649	760	1,242		0	0	1,242	0
Total U.S. Department of Agriculture					755,950	708,729	586,857	877,822	0	
<u>U.S. Department of Interior</u>										
<u>Passed through Bureau of Indian Affairs:</u>										
Johnson O'Malley	(Note 4)		15.130	563	(12,806)		15,557	18,415	(15,664)	0
Total U.S. Department of Interior					(12,806)	15,557	18,415	(15,664)	0	
TOTAL FEDERAL ASSISTANCE					790,247	2,538,139	2,697,177	631,209	33,427	

Newcastle School District No. I-001, McClain County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net position or cash flows of the School.

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

Note 3 – Food Distribution – Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

Note 4 – Johnson O'Malley – We adjusted the beginning balance to match actual receivables of \$12,806. The true receivable for this program is \$2,485 that was received on 7-19-24.

Note 5 – Chickasaw Nation-Covid 19 – We are adjusting schedule to remove the program. The school has no requirements to track these funds.

**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
Newcastle School District No. I-001
McClain 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, within the combined financial statements of Newcastle School District No. I-001, McClain County, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 28, 2025. The report on these financial statements was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 Newcastle School District No. I-001, McClain County, Oklahoma's, internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2024-001).

Report on Compliance and Other Matters

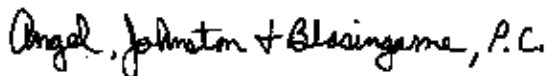
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Newcastle School District No. I-001, McClain County, Oklahoma's, Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Newcastle School District No. I-001, McClain County, Oklahoma's response to the findings identified in our audit and described in the attached corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Chickasha, Oklahoma
January 28, 2025

**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
Newcastle School District No. I-001
McClain County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Newcastle School District No. I-001, McClain County, Oklahoma's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. 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, Newcastle School District No. I-001, McClain County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Newcastle School District No. I-001, McClain County, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Districts 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 Newcastle School District No. I-001, McClain County, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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 effective 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.

Angel, Johnston + Blossingame, P.C.

Chickasha, Oklahoma
January 28, 2025

Newcastle School District No. I-001, McClain County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2024

Summary of Auditor's Results

Financial Statements:

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements-regulatory basis 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.

Internal Control Over Financial Reporting: _____ Yes X No
Material Weakness(es) identified?

Significant Deficiencies identified not considered _____ X Yes _____ No
to be material weaknesses?

Noncompliance material to financial statements _____ Yes X No
noted?

Federal Awards:

Type of auditor's report issued on compliance for major programs:

Unmodified-Regulatory Basis of Accounting

Internal Control Over Major Programs:
Material Weakness(es) identified? _____ Yes X No

Significant Deficiencies identified not considered _____ Yes X No
to be material weaknesses?

Audit Findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)? _____ Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee Qualified as low-risk auditee under Uniform Guidance? _____ Yes X No

Identification of Major Programs:

Federal Assistance Listing Number
84.425U

Name of Federal Program or Cluster
Covid 19 Esser Funds

Newcastle School District No. I-001, McClain County, Oklahoma
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2024
(Continued)

Findings-Financial Statement Audit

2024-001 – Statement of Condition – During our testing of the end of year reserves, we noted the General fund reserves were overstated by \$256,895.93, the Building Fund by \$152,917.07, and the Bond Fund 32 by \$17,455.80. It appears the district did not have a legal liability obligating the district as of June 30, 2024.

Criteria – According to OAC 210:25-5-2(b), “At the close of the fiscal year, appropriations will be reserved for any contracts pending for outstanding encumbrances (contracted for but not completed and/or paid for) by providing to the treasurer, the auditor, and the local school board...”

Cause/Effect of Condition - The district failed to review the reserves at year-end. The district was in the process of transitioning financial personnel and the new personnel thought the old personnel had adjusted the reserves. The school district’s expenditures for the General Fund are overstated by \$256,895.93, the Building Fund by \$152,917.07, and the Bond Fund 32 by \$17,455.80. The school district’s General Fund balance is understated by \$256,895.93, the Building Fund by \$152,917.07, and the Bond Fund 32 by \$17,455.80. Therefore, we have adjusted the General Fund, Building Fund, and Bond Fund 32 financials by removing the year-end reserves of \$256,895.93, \$152,917.07, and \$17,455.80, respectively.

Recommendation – The district should only reserve contract pending for outstanding encumbrances (contracted for, but not completed and/or paid.)

Findings and Questioned Costs – Major Federal Award Programs Audit

(none)

OTHER OKLAHOMA DEPARTMENT OF EDUCATION REQUIRED INFORMATION

Newcastle School District No. I-001, McClain County, Oklahoma
Statement of Statutory, Fidelity and Honesty Bonds
For the Year Ended June 30, 2024

Bonding Company	Person Covered	Bond Number	Coverage Amount	Effective Dates
RLI Insurance	Superintendent	LSM1822832	\$ 250,000	7/01/2023 to 7/01/2024
RLI Insurance	Treasurer	LSM1705117	\$ 250,000	7/01/2023 to 7/01/2024
RLI Insurance	Encumbrance clerk	LSM1518517	\$ 25,000	7/01/2023 to 7/01/2024
RLI Insurance	Minutes Clerk	LSM0479452	\$ 25,000	7/01/2023 to 7/01/2024
RLI Insurance	Activity Fund Custodian	LSM1518517	\$ 25,000	7/01/2023 to 7/01/2024

**Newcastle School District No. I-001, McClain County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
For the Year Ended June 30, 2024**

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Newcastle School District No. I-001, McClain County, Oklahoma*, for the audit year 2023-2024.

ANGEL, JOHNSTON, & BLASINGAME, P.C.

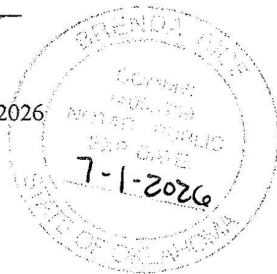
Steve Blasingame

by _____

Subscribed and sworn to before me this 30 day of January 2025.

Brenda Rice
Notary Public

My Commission Expires 07-01-2026



SCHOOL'S CORRECTIVE ACTION PLAN



Newcastle Public Schools

Dr. Cathy Walker, Superintendent
Newcastle Public Schools
101 N. Main, Newcastle, OK 73065
405-387-2890

NEWCASTLE PUBLIC SCHOOL DISTRICT

MCCLAIN COUNTY

AUDIT FINDINGS
CORRECTIVE ACTION PLAN

AUDIT YEAR 2024

AUDIT FINDING REFERENCE NUMBER: 2024-001-Statement of Condition

DESCRIPTION OF FINDING:

During our testing of the end of year reserves, we noted the General fund reserves were overstated by \$256,895.93, the Building Fund by \$152,917.07, and the Bond Fund 32 by \$17,455.80.

CONTACT PERSON: Lynda Chmil

STEPS IMPLEMENTED: We are implementing deadlines for the closing of Purchase Orders (POs). To ensure a smooth process, Lynda and Shasta will begin meeting in early spring to initiate the process of closing open POs.

They will work together to review and assess which POs need to remain open and which can be closed. This review will help streamline our processes and improve our operational efficiency.

COMPLETION DATE: 1/28/2025