

NORWOOD SCHOOL DISTRICT NO. CO14
CHEROKEE COUNTY, OKLAHOMA

FINANCIAL STATEMENTS AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2024

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**NORWOOD SCHOOL DISTRICT CO14
CHEROKEE COUNTY, OKLAHOMA
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Norwood School District No. CO14
Cherokee County, Oklahoma

Opinions

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Norwood School District No. CO14, Cherokee 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2024, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2024, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note I.

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 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 I and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance

March 28, 2025

A handwritten signature in black ink, appearing to read "Drew Kimble", with a stylized flourish at the end.

Drew Kimble CPA

COMBINED FINANCIAL STATEMENTS

NORWOOD SCHOOL DISTRICT NO. 14
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 Note 1) 2024
	General	Special Revenue	Expendable Trust and Agency	General Long- Term Debt	
<u>ASSETS</u>					
Cash and Investments	\$ 512,050.19	\$ 169,018.52	\$ 18,938.11	\$ -	\$ 700,006.82
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-
Lease Agreements	-	-	-	-	-
Total Assets	<u>\$ 512,050.19</u>	<u>\$ 169,018.52</u>	<u>\$ 18,938.11</u>	<u>\$ -</u>	<u>\$ 700,006.82</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Warrants Payable	\$ 92,257.93	\$ 2,839.55	\$ -	\$ -	\$ 95,097.48
Due to Others	-	-	18,938.11	-	18,938.11
Long-term Debt	-	-	-	-	-
Capitalized Lease Obligations Payable	-	-	-	-	-
Total Liabilities	<u>92,257.93</u>	<u>2,839.55</u>	<u>18,938.11</u>	<u>-</u>	<u>114,035.59</u>
Fund Balances:					
Restricted	-	166,178.97	-	-	166,178.97
Unassigned	<u>419,792.26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,792.26</u>
Total Fund Balances	<u>419,792.26</u>	<u>166,178.97</u>	<u>-</u>	<u>-</u>	<u>585,971.23</u>
Total Liabilities and Fund Balances	<u>\$ 512,050.19</u>	<u>\$ 169,018.52</u>	<u>\$ 18,938.11</u>	<u>\$ -</u>	<u>\$ 700,006.82</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

NORWOOD SCHOOL DISTRICT NO. 14
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCE
-ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS- REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	
Revenues Collected:			
Local Sources	\$ 393,201.40	\$ 44,964.25	\$ 438,165.65
Intermediate Sources	26,423.37	-	26,423.37
State Sources	1,183,353.88	39,214.49	1,222,568.37
Interest Earnings	-	-	-
Non-Revenue Receipts	-	-	-
Federal Sources	151,788.15	120,797.25	272,585.40
Total Revenues Collected	<u>\$ 1,754,766.80</u>	<u>\$ 204,975.99</u>	<u>\$ 1,959,742.79</u>
Expenditures			
Instruction	1,119,890.44	-	1,119,890.44
Support Services	533,442.95	62,713.00	596,155.95
Operation of Non-Instruction Services	104,791.47	83,060.97	187,852.44
Other Outlays:	-	-	-
Reimbursements	-	40,000.00	40,000.00
Debt Service Requirements	-	-	-
Total Liabilities	<u>1,758,124.86</u>	<u>185,773.97</u>	<u>1,943,898.83</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	<u>(3,358.06)</u>	<u>19,202.02</u>	<u>15,843.96</u>
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues collected over (under) expenditures	<u>(3,358.06)</u>	<u>19,202.02</u>	<u>15,843.96</u>
Cash Fund Balances, Beginning of Year	<u>423,150.32</u>	<u>146,976.95</u>	<u>570,127.27</u>
Cash Fund Balances, End of Year	<u>\$ 419,792.26</u>	<u>\$ 166,178.97</u>	<u>\$ 585,971.23</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

NORWOOD SCHOOL DISTRICT NO. 14
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS
BUDGETED GOVERNMENTAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund			Special Revenue Funds		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
REVENUES COLLECTED:						
Local sources	\$ 252,426.52	\$ 252,426.52	\$ 393,201.40	\$ 38,047.00	\$ 38,047.00	\$ 44,964.25
Intermediate sources	21,786.38	21,786.38	26,423.37	-	-	-
Interest Earnings	-	-	-	-	-	-
State sources	1,140,406.53	1,140,406.53	1,183,353.88	809.00	809.00	39,214.49
Federal sources	249,556.77	249,556.77	151,788.15	106,495.25	106,495.25	120,797.25
Total revenues collected	<u>1,664,176.20</u>	<u>1,664,176.20</u>	<u>1,754,766.80</u>	<u>145,351.25</u>	<u>145,351.25</u>	<u>\$ 204,975.99</u>
EXPENDITURES PAID:						
Instruction	1,282,326.52	1,282,326.52	1,119,890.44	-	-	-
Support services	685,000.00	685,000.00	533,442.95	162,812.06	162,812.06	62,713.00
Non-instructional services	120,000.00	120,000.00	104,791.47	89,516.14	89,516.14	83,060.97
Capital outlays	-	-	-	-	-	-
Other outlays:	-	-	-	-	-	-
Correcting Entry	-	-	-	40,000.00	40,000.00	40,000.00
Debt Service Requirements	-	-	-	-	-	-
Total expenditures paid	<u>2,087,326.52</u>	<u>2,087,326.52</u>	<u>1,758,124.86</u>	<u>292,328.20</u>	<u>292,328.20</u>	<u>185,773.97</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(423,150.32)</u>	<u>(423,150.32)</u>	<u>(3,358.06)</u>	<u>(146,976.95)</u>	<u>(146,976.95)</u>	<u>19,202.02</u>
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	(423,150.32)	(423,150.32)	(3,358.06)	(146,976.95)	(146,976.95)	19,202.02
Fund balance, beginning of year	<u>423,150.32</u>	<u>423,150.32</u>	<u>423,150.32</u>	<u>146,976.95</u>	<u>146,976.95</u>	<u>146,976.95</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,792.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,178.97</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NORWOOD SCHOOL DISTRICT NO. CO14
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Norwood School District No. CO14 (the “District”) have been prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is an other comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The accounting policies are prescribed or permitted by the Oklahoma State Department of Education and conform to the system of accounting authorized by the State of Oklahoma. The following is a summary of the more significant accounting policies:

A. REPORTING ENTITY

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

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

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, 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.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

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

B. FUND ACCOUNTING

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

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

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

Governmental Fund Types

Governmental Funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds), the acquisition or construction of general fixed assets (Capital Projects Funds), and the servicing of general long-term debt (Debt Service Funds).

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

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds — Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The District did not maintain a co-op fund during the 2023-24 fiscal year.

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

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

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

Debt Service Fund - The Debt Service Fund is the District's Sinking fund 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. The District did not have a Debt Service Fund ins fiscal year 2023-2024.

Capital Projects Fund - The Capital Projects Fund is the District's Bond Fund used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, construction and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment. The District did not have a Capital Projects Fund in fiscal year 2023-2024.

Proprietary Fund Types

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the District (Internal Service Funds). The District does not have any Proprietary Funds.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Agency Fund - The Agency Fund is the School Activities Fund used to account for monies collected principally through fund-raising 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.

Account Groups

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

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

General Fixed Asset Account Group - This account group is used to account for property, plant, and equipment of the District. This District does not maintain a record of its general fixed assets, and accordingly, a statement of general fixed assets, required by accounting principles generally accepted in the United States of America, is not included in the financial statements. Land, buildings, nonstructural improvements, and all other physical assets in all funds are considered expenditures in the year of acquisition, and are not recorded as assets for financial statement purposes.

Memorandum Only - Total Column

The total column on the 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 or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- 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 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 proprietary fund types and trust funds.

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

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETS AND BUDGETARY ACCOUNTING - ESTIMATE OF NEEDS

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 and Special Revenue Funds (Building Fund and Child Nutrition Fund) that includes revenues and expenditures.

The 2023-2024 Estimate of Needs was approved by the Board and subsequently filed with the county clerk. The Estimate of Needs was approved by the excise board and the requested levies were made.

E. ENCUMBRANCES

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. Appropriations not used or encumbered lapse at the end of the year.

F. 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 bank certificates of deposit with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2024, is not material to the financial statements. Purchases for inventory items are considered expenditures at the time the items were encumbered.

Fixed Assets and Property, Plant, and Equipment - The General Fixed Asset Account Group is not presented. The amount that should be recorded in the General Fixed Asset Account Group is not known.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences - In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits or vacation leave. Vested accumulated rights to receive sick pay benefits or vacation leave would be reported in the General Long-Term Debt Account Group since none of the vested sick leave is expected to be liquidated with expendable available financial resources; however, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has not been reported as an expenditure or a fund liability of the governmental fund that will pay it since the combined financial statements have been prepared on the regulatory basis of accounting. Vested accumulated rights to receive sick pay benefits have not been reported in the General Long-Term Debt Account Group since the combined financial statements have been prepared on the regulatory basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

Long-Term Debt - Long-Term Debt is recognized as a liability of 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.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

G. REVENUES, 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 earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the General Fund.

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

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

NOTE 2: CASH AND INVESTMENTS

The District's investment 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, 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.

In accordance with state statutes, the District's investment policy:

Deposits and Investments - The District's cash deposits and investments at June 30, 2024, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the District or by its agent in the District's name.

Therefore, the District's cash deposits and investments at June 30, 2024, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

Custodial Credit Risk — Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District.

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

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2: CASH AND INVESTMENTS (continued)

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

- a. Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

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

NOTE 3: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2024.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4: GENERAL LONG-TERM DEBT

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

General long-term debt of the District consists of a capital lease. Debt service requirements for bonds are paid solely from the fund balance and the future revenues of the debt service fund. Capital leases are normally paid from general, special revenue and capital project funds.

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

	Capital Lease
Balance, July 1, 2023	\$ 25,334
Retirements	<u>(25,334)</u>
Balance, June 30, 2024	\$ -

NOTE 5: EMPLOYMENT RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is cost-sharing, multiple-employer defined benefit public employee retirement system (PERS) administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). Under the System, the District, the State of Oklahoma, and the participating employees make contributions. 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.

The System issues an independent financial report, financial statements and required supplementary information that can be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

NORWOOD SCHOOL DISTRICT NO. C014
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5: EMPLOYMENT RETIREMENT SYSTEM (Continued)

Funding Policy

The District, the State of Oklahoma, and the participating employee may make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer paid fringe benefits. The required contribution for the participating members is 7.0% of compensation.

Basis of Accounting

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

Funding Progress - The pension benefit obligations is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The Oklahoma Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The System issues an 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

NOTE 6: CONTINGENCIES AND OTHER COMMITMENTS

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.

**NORWOOD SCHOOL DISTRICT NO. CO14
NOTES TO THE FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 6: CONTINGENCIES AND OTHER COMMITMENTS (Continued)

Federal Grants

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

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2023-24 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards. The District did fall under this threshold during the 2023-24 fiscal year; therefore, this schedule is not required and is for information purposes only.

Litigation District

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

NOTE 7: INSURANCE COVERAGE

The District purchases commercial insurance policies covering property casualty loss, public liability, school board member and administrator liability, and worker's compensation. The District also purchases surety bonds for employees in all positions required by state law to be bonded.

NOTE 10: RISK MANAGEMENT

The District participates in a risk pool for worker's compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 28, 2025, which is the date the financial statements were available to be issued.

DREW KIMBLE
Certified Public Accountant

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

March 28, 2025

The Honorable Board of Education
Norwood School District No. CO14
Cherokee 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 the Norwood School District, No. CO14, Cherokee County, Oklahoma (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, and have issued our report thereon dated March 28, 2025, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Drew Kimble".

Drew Kimble, CPA

COMBINING FINANCIAL STATEMENTS

NORWOOD SCHOOL DISTRICT NO. 14
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2024

	Building Fund	Child Nutrition Fund	Total
<u>ASSETS</u>			
Cash and Investments	\$ 144,884.82	\$ 24,133.70	\$ 169,018.52
Total Assets	<u>\$ 144,884.82</u>	<u>\$ 24,133.70</u>	<u>\$ 169,018.52</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Warrants/Checks Payable	\$ -	\$ 2,839.55	\$ 2,839.55
Encumbrances	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 2,839.55</u>	<u>\$ 2,839.55</u>
Fund Balances:			
Restricted	<u>144,884.82</u>	<u>21,294.15</u>	<u>166,178.97</u>
Total Fund Balances	<u>144,884.82</u>	<u>21,294.15</u>	<u>166,178.97</u>
Total Liabilities and Fund Balances	<u>\$ 144,884.82</u>	<u>\$ 24,133.70</u>	<u>\$ 169,018.52</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

NORWOOD SCHOOL DISTRICT NO. 14
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
JUNE 30, 2024

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected:						
Local Sources	\$ 36,071.00	\$ -	\$ 42,688.25	\$ 1,976.00	\$ -	\$ 2,276.00
Interest Earnings	-	-	-	-	-	-
State Sources	-	-	38,168.51	809.00	-	1,045.98
Federal Sources	-	-	-	106,495.25	-	120,797.25
Total Revenues Collected	<u>\$ 36,071.00</u>	<u>\$ -</u>	<u>\$ 80,856.76</u>	<u>\$ 109,280.25</u>	<u>\$ -</u>	<u>\$ 124,119.23</u>
Expenditures						
Support Services	162,812.06	-	62,713.00	-	-	-
Operation of Non-Instruction Services	-	-	-	89,516.14	-	83,060.97
Facilities Acquisition and Construction Services	-	-	-	-	-	-
Other Outlays:						
Reimbursements	-	-	-	40,000.00	-	40,000.00
Total Expenditures	<u>162,812.06</u>	<u>-</u>	<u>62,713.00</u>	<u>129,516.14</u>	<u>-</u>	<u>123,060.97</u>
Excess of revenues collected over (under) expenditures	<u>(126,741.06)</u>	<u>-</u>	<u>18,143.76</u>	<u>(20,235.89)</u>	<u>-</u>	<u>1,058.26</u>
Cash Fund Balances, Beginning of Year	<u>126,741.06</u>	<u>-</u>	<u>126,741.06</u>	<u>20,235.89</u>	<u>-</u>	<u>20,235.89</u>
Cash Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,884.82</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,294.15</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

NORWOOD SCHOOL DISTRICT NO. 14
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - AGENCY FUNDS
JUNE 30, 2024

	Balance July 1, 2023	Additions	Adjustments/ Transfers	Deletions	Balance June 30, 2024
<u>ASSETS</u>					
Cash	\$ 16,856.35	\$ 59,249.11	\$ -	\$ 57,167.35	\$ 18,938.11
<u>LIABILITIES</u>					
<u>Funds held for school organizations:</u>					
Vending/Concessions/Athletics	\$ 6,160.60	\$ 14,074.19	\$ -	\$ 12,967.98	\$ 7,266.81
Carnival/Christmas Fund	5,015.02	14,438.55	-	16,249.20	3,204.37
Graduation/Miscellaneous	3,863.64	8,186.00	-	7,812.32	4,237.32
Yearbook	1,145.97	1,527.00	-	1,740.00	932.97
8th Grade Class	661.53	17,659.55	-	15,035.56	3,285.52
Bookfair	9.59	3,363.82	-	3,362.29	11.12
Total Activities - All Agency Funds	\$ 16,856.35	\$ 59,249.11	\$ -	\$ 57,167.35	\$ 18,938.11

The accompanying notes and auditor's report are an integral part of these financial statements.

**NORWOOD SCHOOL DISTRICT NO. C014
SCHEDULE OF FEDERAL AWARDS EXPENED
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Grant: Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Balance at June 30, 2023</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Balance at June 30, 2024</u>
U.S. DEPARTMENT OF EDUCATION						
<u>Direct Programs:</u>						
Title VII	84.060	561	-	20,535.00	20,535.00	-
Rural Education Achievement	84.358	588	-	8,751.00	8,751.00	-
			-	29,286.00	29,286.00	-
<u>Pass-through State Department of Education</u>						
Title I	84.010	511	-	61,782.36	61,782.36	-
Title V, Part B	84.358	586	-	19,509.49	19,509.49	-
ESSER III	84.425U	795	-	67.03	67.03	-
Subtotal			-	67.03	67.03	-
Special Education Cluster						
IDEA B Flow Through	84.027	628	-	609.16	609.16	-
Flow Through IDEA B	84.027	621	-	38,640.52	38,640.52	-
Preschool IDEA B	84.173	641	208.40	1,046.96	838.56	-
Cluster Total			208.40	40,296.64	40,088.24	-
U.S. DEPARTMENT OF AGRICULTURE						
<u>Pass-through State Department of Education</u>						
School Breakfast Program - Cash Assistance	10.553	764	-	31,335.09	31,335.09	-
National School Lunch Program	10.555	763	(20,235.89)	81,233.45	80,175.19	(21,294.15)
CCC-Supply Chain Assistance	10.555	759	(8,707.60)	8,228.71	16,936.31	-
Cluster Total			(28,943.49)	120,797.25	128,446.59	(21,294.15)
<u>Pass-through State Department of Human Services</u>						
Non Cash Assistance: Commodities - Note 2	10.565	385	-	7,018.80	7,018.80	-
<u>Other Federal Programs</u>						
Flood Control	12.112	774	-	846.63	846.63	-
TOTAL FEDERAL ASSISTANCE			<u>\$ (28,735.09)</u>	<u>\$ 278,757.57</u>	<u>\$ 286,198.51</u>	<u>\$ (21,294.15)</u>

Note 1 - Funds were expended and properly reported in prior years.

Note 2 - Commodities received were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by the amount.

Note 3 - Basis of Accounting: is presented on an other comprehensive basis of accounting conforming with accounting practices prescribed or permitted by the Oklahoma State Department of Education.

DREW KIMBLE
Certified Public Accountant

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

March 28, 2025

The Honorable Board of Education
Norwood School District No. CO14
Cherokee 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 the Norwood School District, No. CO14, Cherokee County, Oklahoma (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, and have issued our report thereon dated March 28, 2025, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Drew Kimble".

Drew Kimble, CPA

**NORWOOD SCHOOL DISTRICT NO. C014
STATEMENT OF PRIOR YEAR FINDINGS
JUNE 30, 2024**

PRIOR YEAR FINDINGS:

There were no prior year findings.

**NORWOOD SCHOOL DISTRICT NO. C014
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2023 TO JUNE 30, 2024**

State of Oklahoma

County of Cherokee

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 Norwood School for the audit year 2023-2024.

Drew Kimble, C.P.A.

By Drew Kimble
Authorized Agent

Subscribed and sworn to before me this 28 day of March, 2025.



Lori Denise Kimble
Notary Public

My Commission Expires: 10-9-2027
My Commission Number: 19010185



OKLAHOMA Education

Audit Acknowledgement

Audit Year: 2023-2024

District Name Norwood

District Number C014

County Name Cherokee

County Code 11

The annual independent audit was presented to the Board of Education in a meeting conducted in accordance with the Open Meeting Act 25 O.S. Section 301-314 on April 14, 2025.

The audit was presented by Drew Kimble, CPA, PLLP Drew Kimble
(Independent Auditor) (Independent Auditor's Signature)

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

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

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

Signature of the Board of Education:

Ci Wynn
Superintendent
[Signature]
Board of Education President

Board of Education Vice President

[Signature]
Board of Education Member

[Signature]
Board of Education Member

Board of Education Member

Board of Education Member

Subscribed and sworn before me on April 14, 2025

My Commission expires July 2, 2028

Rhonda Leatherman
(Notary Public)

