



Financial Statements and  
Reports Required by Uniform Guidance  
June 30, 2017

# Norman Independent School District No. 29

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## Independent Auditor's Report

To the Board of Education  
Norman Independent School District No. 29  
Norman, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Norman Independent School District No. 29 (District) as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Norman Independent School District No. 29, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, the schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 4 through 11 and 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements; the budgetary comparison schedule – Building Fund; the budgetary comparison schedule – Child Nutrition Fund; the combining schedule of changes in assets and liabilities – all activity funds; the schedule of statutory, fidelity, and honesty bonds; and the schedule of accountants' professional liability insurance affidavit are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, the combining schedule of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor fund financial statements, the combining schedule of changes in assets and liabilities – all activity funds, 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.

The budgetary comparison schedule – Building Fund, budgetary comparison schedule – Child Nutrition Fund, the schedule of statutory, fidelity and honesty bonds; and the schedule of accountants’ professional liability insurance affidavit have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 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 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 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
December 1, 2017

This section of Norman Independent School District's (NISD or the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

These statements reflect the implementation of GASB statements 68 and 71 all addressing the accounting and presentation of pension plans which impacts the district-wide financial statements but not the fund financial statements for both years presented. For the District, this includes the District's portion of the unfunded liability of the Oklahoma Teachers Retirement System (OTRS) to the district-wide financial statements. While the implementation of these standards have had a significant impact on the statements by decreasing net position, management does not believe that it indicates a true negative impact on the financial condition of the institution.

### FINANCIAL HIGHLIGHTS

- The District's financial status decreased by approximately \$4.5 million from last year. Total net position decreased approximately 12 percent over the course of the year.
  - Overall revenues were \$142.5 million and overall expenses were \$147 million.
  - The District's portion of the net pension liability increased by \$36.6 million due to a larger overall pension liability for Oklahoma Teachers Retirement System.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts -- management's discussion and analysis (this section), the basic financial statements, and supplementary information (required and other). The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operation in more detail than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information (required and other) that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Figure A-1  
Major Features of District-Wide and Fund Financial Statements**

	<u>District-wide Statements</u>	<u>Fund Financial Statements Governmental Funds</u>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building Maintenance
<b>Required financial statements</b>	1) Statement of net position 2) Statement of activities	1) Balance Sheet 2) Statement of revenues, expenditures, and changes in fund balances
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Figure A-1 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

### District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. As stated above, the district-wide statements were significantly impacted by the implementation of new standards related to recording the District's portion of the net pension liability.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are categorized as governmental activities.

- *Governmental activities* – The District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid formula finance most of these activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues.

The District's basic services are included in *governmental funds*, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.



**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-1**  
**Norman Public School's Net Position**  
(in millions of dollars)

	FY2017	FY2016
Assets		
Current and other assets	\$ 58.2	\$ 58.2
Capital assets	232.0	234.7
Total assets	290.2	292.9
Deferred outflows of resources - pensions	39.3	12.0
Liabilities		
Current and other liabilities	7.9	9.0
Long term debt, including current maturities	154.3	154.1
Net pension liability	130.8	94.2
Total liabilities	293.0	257.3
Deferred inflows of resources - pensions	3.0	9.6
Net position		
Net investment in capital assets	86.1	84.7
Restricted	29.9	29.3
Unrestricted	(82.5)	(76.0)
	\$ 33.5	\$ 38.0

**Net Position.**

As a result of the pension standards reflected in both fiscal years presented, the District's unrestricted net position is in a deficit position, increasing by \$6.5 million in FY17. (See Table A-1). Again, management does not believe that this indicates a true negative impact on the financial condition of the institution.

The District's change in financial position is the product of many factors. A slight growth during the year in taxes had a favorable impact on net position. Other notable factors were the decrease in Federal and state grants and State entitlement payments to school districts decreased.

**Table A-2**  
**Changes in Norman Public School's Net Position**  
(in millions of dollars)

	FY2017	FY2016
Revenues		
Program Revenues		
Charges for services	\$ 6.3	\$ 6.5
Federal and state grants	16.6	17.7
General revenues		
Property taxes	61.2	60.0
Other taxes	13.1	12.0
State entitlement	45.0	47.6
Other	0.3	0.3
Total revenues	142.5	144.1
Expenses		
Program expenses		
Instruction	72.1	64.2
Support services	46.3	43.1
Non-instruction	20.5	18.9
Interest on long-term debt	1.0	0.9
Depreciation - unallocated	7.1	6.8
Total expenses	147.0	133.9
Increase in net position	\$ (4.5)	\$ 10.2

**Changes in net position.** The District's total revenues decreased \$1.6 million to \$142.5 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 75 cents of every dollar raised. Another 11.6 percent came from state and federal aid for specific programs, and the remainder from fees charged for services and miscellaneous sources. Total expenses surpassed revenues, decreasing net position by \$4.5 million.

The total cost of all programs and services increased by \$13.1 million between the two years. The District's expenses are predominantly related to educating and caring for students (80-85 percent). The purely administrative activities of the District accounted for less than 1 percent of total costs.

The most significant contributors to the fluctuation in net position were the funds used to purchase or build capital assets, and also the funds necessary for repayment of principal on long-term debt issues. Repayments on long-term debt this year were approximately the same as debt issued in FY17. The net pension liability and the related deferred inflows and outflows of resources also created significant fluctuations largely due to actuarial factors related to the liability.

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported *combined* fund balances of \$46.2 million, compared to last year's ending fund balances of \$45.7 million. In comparison to FY16's net increase in fund balance of \$6.1 million, this year's decrease was \$5.6 million largely due to the variance in bond proceeds in FY17 in comparison to FY16.

### **General Fund Budgetary Highlights**

At the beginning of the 2017 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were decreased by approximately \$560,000 from the previous fiscal year. This was due to a decrease in the District's weighted average daily membership and an increase in State Aid chargeables.

This initial allocation in State Aid was decreased by \$2,149,000 in January, when the mid-term adjustments were made by the State Department of Education. Our District's first nine weeks student enrollment decreased by 102 students from the prior year. However, our District reported higher student counts in the weighted categories, thus providing a 96 overall student growth in the State Aid funding formula for the District.

- Due to State revenue shortfalls, our State Aid was reduced \$1,079,000 in February and then another \$77,000 reduction occurred in June.
- Actual revenues were higher than expected at mid-year, due largely to a high collection rate of property tax revenues. Also, County 4-mill ad valorem revenue, school land earnings, and motor vehicle collections revenue increased.
- The actual expenditures were below budget, due primarily to the shifting of expenses to other funds and by expenditure budgets that remained unspent at June 30, 2017.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

By the end of 2017, the District had invested over \$4.3 million in a broad range of capital assets, including new classroom additions, athletic facilities, computer and audiovisual equipment, and building improvements.

The District anticipates spending approximately \$13 million for capital projects in 2018, with some of the major projects as follows:

- \$6,800,000 to finalize renovations at the two high schools
- \$4,800,000 for various elementary and middle school site improvements

See additional information regarding Capital Assets in Note 3 to the Notes to the Financial Statements.

### **Long-term Debt**

At year-end the District had \$154.3 million in total long-term debt outstanding (including compensated absences). This is consistent with last year's amount of \$154.1 million.

- The District continued to pay down its debt, retiring \$21.9 million of outstanding bonds.
- \$25,940,000 in new debt was issued during the year.

In February 2014, the District patrons voted on and approved five-year bond issue. This issue, for \$126 million, is funded with lease revenue bonds. General obligation bonds will be sold for five years, to make the annual lease revenue payments required. The bonds will be issued in a timely manner over five years to match current millage rates to assure citizens will not face any additional taxes.

See additional information regarding Long-term Debt in Note 4 to the Notes to the Financial Statements.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Many states are providing less per-pupil funding per student than they did nine years ago – often far less. The reduced levels reflect primarily the lingering effects of the 2007-09 recession.
- Oklahoma's cuts to per-pupil funding are nearly 24 percent, by far the deepest in the nation since the economic recession.
- Oklahoma did provide slightly more funding per student at the beginning of fiscal year 2017 versus 2016, but that funding is still over \$200 less per student than in 2010.
- By February 2017 a State Revenue shortfall of .7% caused the State Board of Education to approve funding cuts to common education in the Spring.
- The District state funding reductions resulting from this state revenue shortfall surpassed \$1.1 million.
- Restoring school funding should be an urgent priority. Steep state-level spending cuts have serious consequences.
- Oklahoma's historic teacher shortage will continue to grow without a long-term vision and funding plan for education that includes competitive teacher pay.
- Our state's tax cuts, incentives, and credits have led to funding challenges for vital state services and for public education. Oklahoma desperately needs a long-term plan for funding education that's focused on providing a high-quality education for every child.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designated to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer's Office, Norman Public School District, 131 South Flood, Norman, OK 73069.

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Statement of Net Position  
June 30, 2017

	Governmental Activities
<b>Assets</b>	
Cash	\$ 48,331,015
Property taxes receivable (net)	5,287,290
Due from other governments	2,140,141
Other receivables	1,177,142
Other assets	1,257,497
Inventories	21,600
Nondepreciated capital assets	76,676,736
Depreciated capital assets, net of depreciation	155,331,716
Total Assets	290,223,137
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	39,288,211
<b>Liabilities</b>	
Accounts payable and other current liabilities	7,771,463
Unavailable revenue	133,071
Long-term obligations	
Due within one year	42,519,490
Due beyond one year - net pension liability	130,833,885
Due beyond one year - other	111,740,824
Total Liabilities	292,998,733
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	3,037,421
<b>Net Position (Deficit)</b>	
Net investment in capital assets	86,105,490
Restricted for:	
Debt service	23,562,932
School organizations	1,965,689
Child nutrition	1,096,462
Buildings	3,238,788
Unrestricted (deficit)	(82,494,167)
Total Net Position	\$ 33,475,194

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Statement of Activities  
Year Ended June 30, 2017

		Program Revenues		Net (Expense) Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
Instruction	\$ 72,103,227	\$ 29,423	\$ 12,554,344	\$ (59,519,460)
Support services	46,306,299	2,966,783	444,573	(42,894,943)
Non-instruction services	20,472,657	3,272,189	3,581,700	(13,618,768)
Interest on long-term debt	1,008,480	-	-	(1,008,480)
Depreciation - unallocated	7,049,938	-	-	(7,049,938)
Total school district	\$ 146,940,601	\$ 6,268,395	\$ 16,580,617	\$ (124,091,589)
General Revenues:				
	Taxes			
				33,988,555
				4,954,132
				22,268,729
				13,125,268
				44,952,160
				327,613
				119,616,457
			Change in net position	(4,475,132)
Net position - beginning				\$ 37,950,326
Net position - ending				\$ 33,475,194

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Balance Sheet – Governmental Funds  
June 30, 2017

Assets	General Fund	Debt Service Fund	2017 Bond Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 11,631,101	\$ 23,389,552	\$ 2,963,550	\$ 10,346,812	\$ 48,331,015
Property Taxes Receivable, net	2,253,260	2,719,406	-	314,624	5,287,290
Due from Other Governments	2,140,141	-	-	-	2,140,141
Other Receivables	1,075,363	-	-	104,844	1,180,207
Other Assets	-	-	1,257,497	-	1,257,497
Inventories - Supplies, Materials	21,600	-	-	-	21,600
<b>Total Assets</b>	<b><u>\$ 17,121,465</u></b>	<b><u>\$ 26,108,958</u></b>	<b><u>\$ 4,221,047</u></b>	<b><u>\$ 10,766,280</u></b>	<b><u>\$ 58,217,750</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 6,824,590	\$ -	\$ 3,208	\$ 211,750	\$ 7,039,548
Unearned Revenue	-	-	-	105,382	105,382
<b>Total Liabilities</b>	<b><u>6,824,590</u></b>	<b><u>-</u></b>	<b><u>3,208</u></b>	<b><u>317,132</u></b>	<b><u>7,144,930</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - taxes	2,036,707	2,546,026	-	275,591	4,858,324
<b>Total Deferred Inflows of Resources</b>	<b><u>2,036,707</u></b>	<b><u>2,546,026</u></b>	<b><u>-</u></b>	<b><u>275,591</u></b>	<b><u>4,858,324</u></b>
<b>Fund Balances</b>					
Nonspendable	21,600	-	-	-	21,600
Restricted	528,303	23,562,932	4,217,839	10,173,557	38,482,631
Unassigned	7,710,265	-	-	-	7,710,265
<b>Fund Balances, End of Year</b>	<b><u>8,260,168</u></b>	<b><u>23,562,932</u></b>	<b><u>4,217,839</u></b>	<b><u>10,173,557</u></b>	<b><u>46,214,496</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 17,121,465</u></b>	<b><u>\$ 26,108,958</u></b>	<b><u>\$ 4,221,047</u></b>	<b><u>\$ 10,766,280</u></b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$334,244,587 and the accumulated depreciation is \$102,236,135.					232,008,452
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the funds.					4,830,635
Deferred outflows/inflows of resources related to the net pension liability are not current financial resources and are not recorded in the fund financial statements but are recorded in the governmental activities.					
Deferred outflows of resources				\$ 39,288,211	
Deferred inflows of resources				<u>(3,037,421)</u>	36,250,790
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:					
Bonds Payable (including premiums)				\$ 79,121,432	
Long-term Revenue Lease Payable				73,700,000	
Net Pension Liability				130,833,885	
Accrued Interest on Bonds				734,980	
Compensated Absences				<u>1,438,882</u>	<u>(285,829,179)</u>
<b>Total Net Position - Governmental Activities</b>					<b><u>\$ 33,475,194</u></b>



Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2017

	General Fund	Debt Service Fund	2017 Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 33,578,295	\$ 21,966,048	\$ -	\$ 4,881,718	\$ 60,426,061
Interest	32,419	138,021	100,695	56,478	327,613
County Revenue	3,758,296	-	-	-	3,758,296
State Revenue	54,341,397	2	-	53,081	54,394,480
Federal Revenue	7,188,516	-	-	3,528,111	10,716,627
Other	2,388,565	26,750	-	5,044,570	7,459,885
<b>Total Revenues</b>	<b>101,287,488</b>	<b>22,130,821</b>	<b>100,695</b>	<b>13,563,958</b>	<b>137,082,962</b>
<b>Expenditures</b>					
Instruction	64,273,819	-	-	2,869,363	67,143,182
Support services	37,261,294	-	806	6,636,659	43,898,759
Non-instruction services	15,371	-	-	5,671,194	5,686,565
Capital Outlays	105,491	-	21,880,000	1,094,036	23,079,527
Other Outlays	169,825	128,988	-	-	298,813
Debt Service					
Judgments	-	5,000	-	-	5,000
Interest paid	-	1,234,147	-	-	1,234,147
Principal retirement	-	21,940,000	-	-	21,940,000
<b>Total Expenditures</b>	<b>101,825,800</b>	<b>23,308,135</b>	<b>21,880,806</b>	<b>16,271,252</b>	<b>163,285,993</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(538,312)	(1,177,314)	(21,780,111)	(2,707,294)	(26,203,031)
<b>Other Financing Sources (Uses)</b>					
Transfers In	9,548	-	-	130,000	139,548
Transfers Out	-	(130,000)	-	(9,548)	(139,548)
Premium on Bonds	-	778,070	-	-	778,070
Proceeds from Bonds	-	-	25,940,000	-	25,940,000
<b>Total Other Financing Sources (Uses)</b>	<b>9,548</b>	<b>648,070</b>	<b>25,940,000</b>	<b>120,452</b>	<b>26,718,070</b>
Net Change in Fund Balances	(528,764)	(529,244)	4,159,889	(2,586,842)	515,039
Beginning Fund Balances	8,788,932	24,092,176	57,950	12,760,399	45,699,457
Ending Fund Balances	\$ 8,260,168	\$ 23,562,932	\$ 4,217,839	\$ 10,173,557	\$ 46,214,496

# Norman Independent School District No. 29

Cleveland County, Oklahoma

## Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2017

Total net changes in fund balances - governmental funds		\$ 515,039						
The change in net position reported in the statement of activities is different because:								
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays during the period.</p>								
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Capital asset additions</td> <td style="text-align: right;">\$ 4,387,837</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;"><u>(7,049,938)</u></td> </tr> </table>	Capital asset additions	\$ 4,387,837	Depreciation	<u>(7,049,938)</u>	(2,662,101)		
Capital asset additions	\$ 4,387,837							
Depreciation	<u>(7,049,938)</u>							
<p>Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as unavailable revenues. They are, however, recorded as revenues in the statement of activities.</p>								
		837,969						
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave used exceeded amounts earned.</p>								
		4,661						
<p>Long term debt, such as bond proceeds, are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>								
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Debt issued</td> <td style="text-align: right;">\$ (25,940,000)</td> </tr> <tr> <td>Judgments paid</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Debt repaid</td> <td style="text-align: right;"><u>26,144,411</u></td> </tr> </table>	Debt issued	\$ (25,940,000)	Judgments paid	5,000	Debt repaid	<u>26,144,411</u>	209,411
Debt issued	\$ (25,940,000)							
Judgments paid	5,000							
Debt repaid	<u>26,144,411</u>							
<p>Changes in net pension liabilities are not recorded in the fund financial statements but is recorded in the statement of activities.</p>								
		(36,680,103)						
<p>Changes in deferred outflows/inflows of resources related to the net pension liability are not current financial resources and are not recorded in the fund financial statements but are recorded in the governmental activities.</p>								
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Deferred outflows of resources</td> <td style="text-align: right;">\$ 27,304,508</td> </tr> <tr> <td>Deferred inflows of resources</td> <td style="text-align: right;"><u>6,547,888</u></td> </tr> </table>	Deferred outflows of resources	\$ 27,304,508	Deferred inflows of resources	<u>6,547,888</u>	33,852,396		
Deferred outflows of resources	\$ 27,304,508							
Deferred inflows of resources	<u>6,547,888</u>							
<p>Bond premiums are shown as a liability on the statement of net position and as revenue in the governmental fund. The bond premium is amortized against interest expense using the effective interest method.</p>								
		(369,504)						
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources when paid. In the statement of activities, however, interest expense is recognized as the interest accrued, regardless of when it is due.</p>								
		<u>(182,900)</u>						
Change in net position of governmental activities		<u><u>\$ (4,475,132)</u></u>						

## **Note 1 - Summary of Significant Accounting Policies**

The Norman Independent School District No. 29 (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 for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

The District's financial statements are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

**The 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 governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

**Basic Financial Statements – Government-Wide Statements** - The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental Activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. These statements also recognize deferred outflows of resources and deferred inflows of resources. The District's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are clearly identifiable with a specific function. Program revenues must be directly associated with the function. Charges for services include charges and fees to students, or customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

All interfund transactions are eliminated in the district-wide statements.

The net costs are normally covered by general revenue (property taxes, State and Federal aid, other taxes etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Major individual governmental funds are reported in separate columns in the fund financial statements.

**Basic Financial Statements – Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources, and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund categories.

The District reports the following major governmental funds:

- **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **2017 Bond Fund** is used to account for the financial resources to be used for the acquisition or construction of major capital facilities as approved by the voters for the 2017 bond issue.

Additionally, the District reports the following fund types included in the Other Governmental Funds column:

**Governmental Funds:**

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund.
2. **Capital Project Funds** – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual:** The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual:** The funds' financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Inventories** - Inventories in the general fund consist of expendable supplies held for the District’s use and are carried at cost using the first-in, first-out method. Inventories are accounted for using the consumption method where materials and supplies are recorded as an expenditure when used rather than when purchased.

On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue at fair value at the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

**Capital Assets** - Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School Buildings	50 years
Site Improvements	20 years
Portable Classrooms	25 years
Kitchen Equipment	15 years
Business Machines and Computers	5 years
Licensed Vehicles	8 years
Audio Visual Equipment, Musical Instruments	10 years

**Compensated Absences** - Certified District employees earn sick leave starting the first day of the school year, as defined for each individual. Support personnel are eligible for paid sick leave benefits after 90 days. Sick leave is accrued at different rates depending on number of contract days worked. Unused sick leave is cumulative up to 185 days. Upon termination, resignation, retirement or death, unused sick leave is reimbursable up to a maximum of 120 days at rates varying from \$5 per day for the first 30 days to \$25 per day for the last 20 days. Vacation days accrue by month only after the completion of the full month. The rate of accrual is based on the number of contract days an employee works. Vacation may be accumulated up to 80 days. Reimbursement for unused vacation is paid at 100% of the employee's current rate of pay.

**Deferred Outflows/Inflows of Resources** – Deferred outflows represent a consumption of net position that applies to a future period(s) and so they will not be recognized as an outflow of resources (expense) until then. The District’s deferred outflows of resources were comprised of statutorily required pension contributions, changes in actuarial assumptions, and changes in proportion that are applicable to future reporting periods.

Deferred inflows are the acquisition of net position by the District that is applicable to a future reporting period. The District’s deferred inflows of resources were comprised of amounts recognized as receivables but not revenues in the governmental funds because the revenue recognition criteria (availability) has not been met and, at the government-wide level, changes in net pension obligation related to experience that are applicable to future reporting periods.

**Budgets and Budgetary Accounting** - The District is required by state law to prepare an annual budget. The District by resolution of the Board of Education has adopted the School District Budget Act. This act requires that within the thirty-day period preceding the beginning of each fiscal year, a budget shall be approved by the governing body. The original budget is to be amended after the June financial activity has been recorded, the annual allocations have been released, and the property tax valuations have been certified for all affected counties within the district.

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

**Deposits** - The District considers all cash on hand, demand deposits, money market checking and certificates of deposit, held at an individual bank which are subject to early withdrawal penalties no matter what the maturity period, to be cash. All short-term cash surpluses are maintained in a cash pool, the earnings from which are allocated to each fund based on month-end deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the insured deposit.

**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 1. 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.

Property taxes receivable by the District include uncollected taxes assessed in prior years. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements. No provision has been made for uncollectible amounts because uncollectible amounts are considered insignificant.

**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. Approximately 40% of the District's revenue comes from state sources.

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 programs 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.

**Interfund Transfers** - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

**Bond Premium** - Bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position and Fund Balance** - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used.

Net position on the Statement of Net Position include the following:

Net investment in Capital Assets - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service - The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by enabling legislation and debt covenants.

Restricted for Buildings - The component of net position that reports the excess of property taxes and other revenue collected in excess of expenses for operation of the District's buildings. This amount is restricted by enabling legislation.

Restricted for School Organizations - The component of net position that reports the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for Child Nutrition - The component of net position that reports the assets restricted for use by Child Nutrition program.

Unrestricted – The difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements – The District follows Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, which defines how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventory as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction and building maintenance expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the debt and are restricted through debt covenants. Food service resources are to be used for the District's child nutrition program and are restricted through federal and state regulations. The District has classified school program activities, miscellaneous site grants and grant carryover as being restricted because their use is imposed by the Oklahoma State Department of Education or other authority regarding use of expenditures. Other purposes are restricted for insurance purposes and scholarship purposes from contributors.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. There were no committed balances as of June 30, 2017.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has no assigned funds as of June 30, 2017.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements. The Board of Education, however, has made it a goal to achieve and maintain a minimum fund balance of 5% in the general fund of the current year total revenue collections as well as a minimum fund balance in the building fund of 35% of the current year total revenue collections.



Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

As of June 30, 2017, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2017 Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 21,600	\$ -	\$ -	\$ -	\$ 21,600
Restricted for:					
School construction	-	-	4,217,839	3,435,611	7,653,450
Building maintenance	-	-	-	3,238,788	3,238,788
Debt service reserve	-	23,562,932	-	-	23,562,932
School programs	-	-	-	1,965,689	1,965,689
Food services	-	-	-	1,096,462	1,096,462
Insurance purposes	-	-	-	407,505	407,505
Gifts from donors	-	-	-	29,502	29,502
Miscellaneous site grants and Astellas grant carryover	314,456	-	-	-	314,456
Federal and state grants carryover	213,847	-	-	-	213,847
Total restricted	<u>528,303</u>	<u>23,562,932</u>	<u>4,217,839</u>	<u>10,173,557</u>	<u>38,482,631</u>
Unassigned	<u>7,710,265</u>	-	-	-	<u>7,710,265</u>
Total fund balances	<u>\$ 8,260,168</u>	<u>\$ 23,562,932</u>	<u>\$ 4,217,839</u>	<u>\$ 10,173,557</u>	<u>\$ 46,214,496</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

## Note 2 - Cash and Investments

**Deposits** - At June 30, 2017, the bank balance of deposits and cash pools was \$56,800,687. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

**Interest Rate Risk** – 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.

**Note 3 - Capital Assets**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 3,024,091	\$ -	\$ -	\$ 3,024,091
Construction in Progress	83,456,194	3,742,916	13,546,465	73,652,645
Total capital assets not being depreciated	86,480,285	3,742,916	13,546,465	76,676,736
Capital Assets being depreciated:				
Buildings	109,690,920	-	-	109,690,920
Improvements	120,375,010	13,648,484	-	134,023,494
Furniture and Equipment	3,577,151	85,733	-	3,662,884
Musical Instruments	235,419	-	-	235,419
Computers	444,222	150,353	-	594,575
Vehicles	9,203,684	306,816	149,941	9,360,559
Total capital assets being depreciated	243,526,406	14,191,386	149,941	257,567,851
Less accumulated depreciation for:				
Buildings	60,214,770	1,977,548	-	62,192,318
Improvements	25,920,727	4,254,749	-	30,175,476
Furniture and Equipment	2,029,986	200,487	-	2,230,473
Musical Instruments	152,632	578,731	-	731,363
Computers	401,928	25,983	-	427,911
Vehicles	6,616,095	12,440	149,941	6,478,594
Less total accumulated depreciation	95,336,138	7,049,938	149,941	102,236,135
Total capital assets being depreciated, net	148,190,268	7,141,448	-	155,331,716
Governmental activity capital assets, net	\$ 234,670,553	\$ 10,884,364	\$ 13,546,465	\$ 232,008,452

Depreciation is not allocated by function in the statement of activities.

**Note 4 - Long-term Liabilities**

The long-term liability balances and activity for the year were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within 1 Year</u>
Bonds Payable	\$ 73,470,000	\$ 25,940,000	\$ (21,940,000)	\$ 77,470,000	\$ 22,015,000
Deferred Bond Premium	1,281,928	778,070	(408,566)	1,651,432	485,608
Compensated Absences	1,443,543	555,695	(560,356)	1,438,882	1,438,882
Judgments	5,000	-	(5,000)	-	-
Lease Revenue Payable	77,904,411	-	(4,204,411)	73,700,000	18,580,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total governmental activity long-term liabilities	<u>\$ 154,104,882</u>	<u>\$ 27,273,765</u>	<u>\$ (27,118,333)</u>	<u>\$ 154,260,314</u>	<u>\$ 42,519,490</u>

Bonds payable at June 30, 2017 are composed of the following individual general obligation bond issues:

<u>Original Issue Amount</u>	<u>Annual Installment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding Amount at June 30, 2017</u>
\$ 25,520,000	\$ 6,380,000	3/1/2018	1-2%	\$ 6,380,000
28,780,000	7,195,000	3/1/2019	1-2%	14,390,000
2,000,000	500,000	5/1/2019	1-2%	1,000,000
8,000,000	2,000,000	3/1/2020	1.25 - 2%	6,000,000
23,760,000	5,940,000	3/1/2021	.05-3%	23,760,000
25,940,000	6,485,000	3/1/2022	2-3%	25,940,000
				<u>\$ 77,470,000</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences are generally liquidated by the general fund.

The annual requirements to amortize all bond debt outstanding as of June 30, 2017 including interest payments are as follows:

<u>Period Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 22,015,000	\$ 1,545,770	\$ 23,560,770
2019	22,120,000	1,270,700	23,390,700
2020	14,425,000	845,800	15,270,800
2021	12,425,000	537,900	12,962,900
2022	6,485,000	194,550	6,679,550
	<u>\$ 77,470,000</u>	<u>\$ 4,394,720</u>	<u>\$ 81,864,720</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit for general obligation bonds at June 30, 2017 is approximately \$96,104,000.

Proceeds of general obligation bond issues are recorded in the capital project funds and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections.

See additional discussion of lease revenue payable at Note 11.

### **Note 5 - Employee Retirement System**

**Plan Description** - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System" or "OTRS"), a cost-sharing, multiple-employer public employee retirement plan (the Plan). The System is administered by a board of trustees. PERS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the OTRS Board of Trustees. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the System; which can be located at [www.ok.gov/OTRS](http://www.ok.gov/OTRS).

**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 educational institutions who work at least 20 hours per week.

**Contributions** - 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 was required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2017. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. Contributions to the pension plan from the District were approximately \$6,691,000.

**Benefits** - Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2017, the District reported a liability of \$130,833,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2016. Based upon this information, the District's proportion was 1.5677%.

For the year ended June 30, 2017, the District recognized pension expense of \$7,420,660 in compensation and benefits expense. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,037,421
Changes of assumptions	15,754,242	-
Net difference between projected and actual earnings on pension plan investments	15,273,041	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,570,307	-
District contributions subsequent to the measurement date	6,690,621	-
	\$ 39,288,211	\$ 3,037,421

The \$6,690,621 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 5.71 years at June 30, 2016 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows resulting from the difference between projected and actual investment earnings, will be recognized in pension expense over a period of five years.

Other than contributions provided subsequent to the measurement date, deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Inflows of Resources	Deferred Outflows of Resources
2018	\$ 6,164,178	\$ 531,948
2019	6,164,178	531,948
2020	6,164,178	531,948
2021	6,164,178	531,948
2022	5,985,789	531,948
Thereafter	1,955,089	377,681
	\$ 32,597,590	\$ 3,037,421

**Actuarial Assumptions** - The total pension liability as of June 30, 2017, was determined based on an actuarial valuation prepared as of June 30, 2016 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living increases – None
- Salary Increases - Composed of 3.00% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 7.50%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five-year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement- Males: RP-2000 Combined Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members - RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

The actuarial assumptions used in the July 01, 2016, valuation were based on the results of an actuarial experience study for the period July 2007 to June 2011.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.2%
Domestic Large Cap Equity	10.0%	5.8%
Domestic Mid Cap Equity	13.0%	6.3%
Domestic Small Cap Equity	10.0%	7.0%
International Large Cap Equity	11.5%	6.6%
International Small Cap Equity	6.0%	6.6%
Core Plus Fixed Income	17.5%	1.6%
High-yield Fixed Income	6.0%	4.9%
Private Equity	5.0%	8.3%
Real Estate**	7.0%	4.5%
Master Limited Partnerships	7.0%	7.7%
Total	100.00%	

\* The Domestic All Cap Equity total expected return is a combination of 3 rates - US Large cap, US Mid Cap and US Small cap

\*\* The Real Estate total expected return is a combination of US Direct Real Estate (unlevered) and US Value added Real Estate (unlevered)

**Discount Rate** - A single discount rate of 7.5% was used to measure the total pension liability as of June 30, 2016. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% decrease 6.5%	Current Discount 7.5%	1% increase 8.5%
Net pension liability	\$ 171,971,371	\$ 130,833,885	\$ 97,369,703

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at [www.ok.gov/OTRS](http://www.ok.gov/OTRS).



**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 and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note 7 - Operating Leases**

The District has leases with vendors for the use of copier machines and postal equipment at District locations. The postal equipment lease is renewable at the District's option for one year increments through June 30, 2018. The total lease expense paid by the District for the year ended June 30, 2017 on these leases was approximately \$220,000.

**Note 8 - Disaggregation of Payable Balances**

Governmental Activities:	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total Payables</u>
General and other governmental funds	\$ 750,682	\$ 6,285,801	\$ -	\$ 7,036,483
Reconciliation of balances in fund financials to government-wide statements	<u>-</u>	<u>-</u>	<u>734,980</u>	<u>734,980</u>
Total governmental activities	<u>\$ 750,682</u>	<u>\$ 6,285,801</u>	<u>\$ 734,980</u>	<u>\$ 7,771,463</u>

**Note 9 - Schedule of Transfers**

The transfers for the year ended June 30, 2017 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
Debt Service Fund	Building Fund	\$ 130,000	Intrafund Transfer
Student Activity Fund	General Fund	<u>9,548</u>	Operating Transfer
	Total Transfers between Funds	<u>\$ 139,548</u>	

Transfers are used for (1) reimbursement of funds collected by one fund that are accounted for in another fund and (2) return of funds in excess of budgetary requirements.

**Note 10 - Contingencies and 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.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

The District has outstanding construction commitments of approximately \$13 million as of June 30, 2017.

During the year ended June 30, 2017, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2016. No settlements have exceeded coverage levels in place during 2017.

**Note 11 - Sublease Agreement**

The District entered into a sublease agreement in 2014 with the Cleveland County Education Facilities Authority (the Authority) in which the Authority advanced \$91,850,000 in educational facilities lease revenue bonds, Series 2014 (lease revenue bonds), to the District for the acquisition and construction of buildings, improvements, and furniture and equipment.

The following schedule presents the payment activity of the lease revenue bonds per the agreement:

Date	Principal Payments	Coupon Rate	Interest Payments	Total Payments
7/1/2017	\$ 18,580,000	5.00%	\$ 3,220,500	\$ 21,800,500
7/1/2018	23,185,000	5.00%	2,176,375	25,361,375
7/1/2019	31,935,000	5.00%	798,375	32,733,375
	<u>\$ 73,700,000</u>		<u>\$ 6,195,250</u>	<u>\$ 79,895,250</u>

The trustee bank holds the cash and makes payments after authorization from the District.

The District will use future general obligation bonds for repayment of the lease revenue bonds to the Authority, estimated as follows:

<u>Date</u>	<u>Estimated General Obligation Bonds to be Issued</u>
7/1/2017	\$ 21,940,000
7/1/2018	25,480,000
7/1/2019	<u>32,820,000</u>
	<u>\$ 80,240,000</u>

Annual fees, which vary annually by approximately \$31,000 to \$97,000, will be an estimated total of \$363,840.

Upon payment of the lease purchase acquisition payments, legal title will go to the District for all construction, acquisition and renovations completed with the revenue lease bonds. The estimated capitalizable sublease activity of \$77,904,411 has been included on the statement of net position as capital assets and a long-term lease. Capitalized interest relating to construction projects is also included with capital assets as such interest is incurred.

Lease bond revenue projects in process at June 30, 2017 totaled approximately \$13 million.



Required Supplementary Information  
June 30, 2017

# Norman Independent School District No. 29

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Budgetary Comparison Schedule – General Fund (Unaudited)  
Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 7,966,444	\$ 8,788,933	\$ 8,788,932	\$ 822,489	\$ (1)
Resources (inflows)					
Property Taxes	31,946,339	34,052,306	33,578,295	2,105,967	(474,011)
Interest	25,020	20,020	32,419	(5,000)	12,399
County Revenue	3,560,000	3,800,000	3,758,296	240,000	(41,704)
State Revenue	53,201,027	53,471,909	54,341,397	270,882	869,488
Federal Revenue	8,130,532	8,252,847	7,188,516	122,315	(1,064,331)
Other	1,609,012	1,761,550	2,398,113	152,538	636,563
Amounts Available for Appropriation	<u>106,438,374</u>	<u>110,147,565</u>	<u>110,085,968</u>	<u>3,709,191</u>	<u>(61,597)</u>
Charges to Appropriations (outflows)					
Instruction	61,286,224	64,961,291	64,273,819	(3,675,067)	687,472
Support Services	34,712,273	37,981,884	37,261,294	(3,269,611)	720,590
Non-instruction Services	60,000	8,597	15,371	51,403	(6,774)
Capital Outlays	160,240	144,702	105,491	15,538	39,211
Other Outlays	172,030	277,953	169,825	(105,923)	108,128
Total Charges to Appropriations	<u>96,390,767</u>	<u>103,374,427</u>	<u>101,825,800</u>	<u>(6,983,660)</u>	<u>1,548,627</u>
Budgetary Fund Balance, June 30	<u>\$ 10,047,607</u>	<u>\$ 6,773,138</u>	<u>\$ 8,260,168</u>	<u>\$ (3,274,469)</u>	<u>\$ 1,487,030</u>

**Budgeting** – Oklahoma statutes required that the District Board of Education approve a budget within thirty days of the beginning of each fiscal year. The school district’s budget is to contain a budget summary accompanied by a minimum of the following for each fund in tabular form:

1. Actual revenues and expenditures for the immediate prior fiscal year.
2. Revenues and expenditures for the current fiscal year as shown by the budget as amended.
3. Estimated revenues and expenditures for the budget year.

A public hearing on the proposed budget must be held within forty-five days preceding the beginning of the budgetary year.

The District shall amend the original budget after June 30 of each year after the June financial activity has been recorded, the annual Foundation and Salary Incentive Aid allocation has been released, and the property tax valuations have been certified for all affected counties with the District.

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Schedule of District's Proportionate Share of the Net Pension Liability  
 for Oklahoma Teachers Retirement System  
 Year Ended June 30, 2017

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	2016	2015	2014
District's proportion of the net pension liability	1.5677%	1.5504%	1.5360%
District's proportionate share of the net pension liability	\$ 130,833,885	\$ 94,153,782	\$ 82,635,807
District's covered-employee payroll	\$ 64,343,044	\$ 64,127,709	\$ 61,128,259
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203%	147%	135%
Plan fiduciary net position as a percentage of the total pension	62.24%	70.31%	72.43%

**Notes to Schedule:**

Only three fiscal years are presented because 10-year data is not yet available.

The amounts present for each fiscal year were determined as of 6/30

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of District's Contributions to Oklahoma Teachers Retirement System  
Year Ended June 30, 2017

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,690,621	\$ 6,660,331	\$ 6,468,241
Contributions in relation to the contractually required contribution	<u>6,690,621</u>	<u>6,660,331</u>	<u>6,468,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709
Contributions as a percentage of covered-employee payroll	10.03%	10.35%	10.09%

**Notes to Schedule:**

Only three fiscal years are presented because 10-year data is not yet available.





Other Supplementary Information  
June 30, 2017

# Norman Independent School District No. 29

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Balance Sheet – Other Governmental Funds  
June 30, 2017

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Gifts</u>	<u>Student Activity</u>	<u>Workers' Compensation</u>	<u>Casualty/ Insurance</u>	<u>Total Capital Project Funds</u>	<u>Total</u>
Assets								
Pooled Cash and Investments	\$ 3,359,195	\$ 1,142,878	\$ 29,502	\$ 1,997,781	\$ 37,454	\$ 370,051	\$ 3,409,951	\$ 10,346,812
Property Taxes Receivable, Net	314,624	-	-	-	-	-	-	314,624
Other Receivables	-	78,252	-	932	-	-	25,660	104,844
<b>Total Assets</b>	<b><u>\$ 3,673,819</u></b>	<b><u>\$ 1,221,130</u></b>	<b><u>\$ 29,502</u></b>	<b><u>\$ 1,998,713</u></b>	<b><u>\$ 37,454</u></b>	<b><u>\$ 370,051</u></b>	<b><u>\$ 3,435,611</u></b>	<b><u>\$ 10,766,280</u></b>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable and Accrued Liabilities	\$ 159,440	\$ 19,286	\$ -	33,024	\$ -	\$ -	\$ -	\$ 211,750
Unearned Revenue	-	105,382	-	-	-	-	-	105,382
<b>Total Liabilities</b>	<b><u>159,440</u></b>	<b><u>124,668</u></b>	<b><u>-</u></b>	<b><u>33,024</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>317,132</u></b>
Deferred Inflows of Resources:								
Unavailable revenue - taxes	275,591	-	-	-	-	-	-	275,591
<b>Total Deferred Inflow of Resources</b>	<b><u>275,591</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>275,591</u></b>
Fund Balances								
Restricted	3,238,788	1,096,462	29,502	1,965,689	37,454	370,051	3,435,611	10,173,557
<b>Fund Balances, End of Year</b>	<b><u>3,238,788</u></b>	<b><u>1,096,462</u></b>	<b><u>29,502</u></b>	<b><u>1,965,689</u></b>	<b><u>37,454</u></b>	<b><u>370,051</u></b>	<b><u>3,435,611</u></b>	<b><u>10,173,557</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 3,673,819</u></b>	<b><u>\$ 1,221,130</u></b>	<b><u>\$ 29,502</u></b>	<b><u>\$ 1,998,713</u></b>	<b><u>\$ 37,454</u></b>	<b><u>\$ 370,051</u></b>	<b><u>\$ 3,435,611</u></b>	<b><u>\$ 10,766,280</u></b>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Governmental Funds

Year Ended June 30, 2017

	Building Fund	Child Nutrition	Gifts	Student Activity	Workers' Compensation	Casualty/ Insurance	Total Capital Project Funds	Total Other Governmental Funds
<b>Revenues</b>								
Property Taxes	\$ 4,881,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,881,718
Interest	22,923	-	129	9,157	218	1,794	22,257	56,478
State Revenue	-	53,081	-	-	-	-	-	53,081
Federal Revenue	-	3,528,111	-	-	-	-	-	3,528,111
Other	1,170	1,515,531	23,061	3,296,265	-	208,543	-	5,044,570
<b>Total Revenues</b>	<b>4,905,811</b>	<b>5,096,723</b>	<b>23,190</b>	<b>3,305,422</b>	<b>218</b>	<b>210,337</b>	<b>22,257</b>	<b>13,563,958</b>
<b>Expenditures</b>								
Instruction	-	-	-	1,043,668	-	19,188	1,806,507	2,869,363
Support Services	3,802,670	-	11,013	1,392,478	-	19,416	1,411,082	6,636,659
Non-Instruction Services	12,772	5,014,286	-	636,574	-	-	7,562	5,671,194
Capital Outlays	140,160	-	-	11,530	-	342,819	599,527	1,094,036
<b>Total Expenditures</b>	<b>3,955,602</b>	<b>5,014,286</b>	<b>11,013</b>	<b>3,084,250</b>	<b>-</b>	<b>381,423</b>	<b>3,824,678</b>	<b>16,271,252</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>950,209</b>	<b>82,437</b>	<b>12,177</b>	<b>221,172</b>	<b>218</b>	<b>(171,086)</b>	<b>(3,802,421)</b>	<b>(2,707,294)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers In	130,000	-	-	-	-	-	-	130,000
Transfers Out	-	-	-	(9,548)	-	-	-	(9,548)
<b>Total Other Financing Sources (Uses)</b>	<b>130,000</b>	<b>-</b>	<b>-</b>	<b>(9,548)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,452</b>
<b>Net Change in Fund Balances</b>	<b>1,080,209</b>	<b>82,437</b>	<b>12,177</b>	<b>211,624</b>	<b>218</b>	<b>(171,086)</b>	<b>(3,802,421)</b>	<b>(2,586,842)</b>
<b>Beginning Fund Balances</b>	<b>2,158,579</b>	<b>1,014,025</b>	<b>17,325</b>	<b>1,754,065</b>	<b>37,236</b>	<b>541,137</b>	<b>7,238,032</b>	<b>12,760,399</b>
<b>Ending Fund Balances</b>	<b>\$ 3,238,788</b>	<b>\$ 1,096,462</b>	<b>\$ 29,502</b>	<b>\$ 1,965,689</b>	<b>\$ 37,454</b>	<b>\$ 370,051</b>	<b>\$ 3,435,611</b>	<b>\$ 10,173,557</b>

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Balance Sheet – Capital Project Funds  
June 30, 2017

	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	Total Capital Project Funds
<b>Assets</b>										
Pooled Cash and Investments	\$ 204,445	\$ 97,531	\$ 119,549	\$ 19,522	\$ 7,486	\$ 27,928	\$ 1,203,637	556,107	\$ 1,173,746	\$ 3,409,951
Other Receivables and Assets	-	-	-	-	-	16,500	3,065	-	6,095	25,660
<b>Total Assets</b>	<u>\$ 204,445</u>	<u>\$ 97,531</u>	<u>\$ 119,549</u>	<u>\$ 19,522</u>	<u>\$ 7,486</u>	<u>\$ 44,428</u>	<u>\$ 1,206,702</u>	<u>\$ 556,107</u>	<u>\$ 1,179,841</u>	<u>\$ 3,435,611</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>										
Fund Balances Restricted	204,445	97,531	119,549	19,522	7,486	44,428	1,206,702	556,107	1,179,841	3,435,611
Fund Balances, End of Year	<u>204,445</u>	<u>97,531</u>	<u>119,549</u>	<u>19,522</u>	<u>7,486</u>	<u>44,428</u>	<u>1,206,702</u>	<u>556,107</u>	<u>1,179,841</u>	<u>3,435,611</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 204,445</u>	<u>\$ 97,531</u>	<u>\$ 119,549</u>	<u>\$ 19,522</u>	<u>\$ 7,486</u>	<u>\$ 44,428</u>	<u>\$ 1,206,702</u>	<u>\$ 556,107</u>	<u>\$ 1,179,841</u>	<u>\$ 3,435,611</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Project Funds

Year Ended June 30, 2017

	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	Total Capital Project Funds
Building Revenues										
Interest	\$ 1,192	\$ 586	\$ 916	\$ 114	\$ 100	\$ 422	\$ 8,130	\$ 3,243	\$ 7,554	\$ 22,257
Total Revenues	1,192	586	916	114	100	422	8,130	3,243	7,554	22,257
Expenditures										
Instruction	-	-	21,635	-	8,592	-	95,767	-	1,680,513	1,806,507
Support Services	-	-	-	-	-	26,156	139,226	1,000	1,244,700	1,411,082
Non-Instruction Services	-	-	-	-	-	-	7,562	-	-	7,562
Capital Outlays	-	-	10,000	-	-	86,649	502,878	-	-	599,527
Total Expenditures	-	-	31,635	-	8,592	112,805	745,433	1,000	2,925,213	3,824,678
Net Change in Fund Balances	1,192	586	(30,719)	114	(8,492)	(112,383)	(737,303)	2,243	(2,917,659)	(3,802,421)
Beginning Fund Balances	203,253	96,945	150,268	19,408	15,978	156,811	1,944,005	553,864	4,097,500	7,238,032
Ending Fund Balances	\$ 204,445	\$ 97,531	\$ 119,549	\$ 19,522	\$ 7,486	\$ 44,428	\$ 1,206,702	\$ 556,107	\$ 1,179,841	\$ 3,435,611

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Budgetary Comparison Schedule – Building Fund (Unaudited)  
 Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts GAAP	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 1,527,056	\$ 2,158,578	2,158,579	\$ 631,522	\$ 1
Resources (inflows)					
Property Taxes	4,665,000	4,922,246	4,881,718	257,246	(40,528)
Interest	220	4,000	22,923	3,780	18,923
Other	27,000	60,000	131,170	33,000	71,170
Amounts Available for Appropriation	<u>6,219,276</u>	<u>7,144,824</u>	<u>7,194,390</u>	<u>925,548</u>	<u>49,566</u>
Charges to Appropriations (outflows)					
Support Services	4,488,319	4,125,019	3,802,670	363,300	322,349
Non-instruction services		12,772	12,772	(12,772)	-
Capital Outlays	80,000	152,658	140,160	(72,658)	12,498
Total Charges to Appropriations	<u>4,568,319</u>	<u>4,290,449</u>	<u>3,955,602</u>	<u>277,870</u>	<u>334,847</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,650,957</u></u>	<u><u>\$ 2,854,375</u></u>	<u><u>\$ 3,238,788</u></u>	<u><u>\$ 1,203,418</u></u>	<u><u>\$ 384,413</u></u>

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)  
 Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 1,010,331	\$ 1,014,025	\$ 1,014,025	\$ 3,694	\$ -
Resources (inflows)					
Interest	20	20	-	-	(20)
Local Revenue	1,531,000	1,570,000	1,515,531	39,000	(54,469)
State Revenue	-	54,000	53,081	54,000	(919)
Federal Revenue	3,492,449	3,500,000	3,528,111	7,551	28,111
Amounts Available for Appropriation	<u>6,033,800</u>	<u>6,138,045</u>	<u>6,110,748</u>	<u>104,245</u>	<u>(27,297)</u>
Charges to Appropriations (outflows)					
Non-instruction services	<u>4,900,000</u>	<u>5,300,000</u>	<u>5,014,286</u>	<u>(400,000)</u>	<u>285,714</u>
Total Charges to Appropriations	<u>4,900,000</u>	<u>5,300,000</u>	<u>5,014,286</u>	<u>(400,000)</u>	<u>285,714</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,133,800</u></u>	<u><u>\$ 838,045</u></u>	<u><u>\$ 1,096,462</u></u>	<u><u>\$ (295,755)</u></u>	<u><u>\$ 258,417</u></u>

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2017

Activities	Ending Balance As of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2017
<b>Assets</b>				
Football	\$ 44,995	\$ 108,021	\$ 100,470	\$ 52,546
Boys Basketball	6,624	43,306	40,352	9,578
Girls Basketball	1,802	25,903	20,875	6,830
Boys Swimming	924	339	500	763
Baseball	7,374	44,456	41,866	9,964
FastPitch Softball	9,244	25,706	20,517	14,433
Wrestling	1,282	7,226	6,407	2,101
Boys Tennis	1,255	1,734	1,989	1,000
Girls Tennis	1,954	907	2,172	689
Slowpitch Softball	1,207	5,867	5,931	1,143
Girls Cross Country	5,099	8,322	9,898	3,523
Boys Golf	6,855	15,395	14,612	7,638
Boys Cross Country	4,447	3,530	5,456	2,521
Boys Soccer	926	17,547	16,198	2,275
Volleyball	11,938	24,183	19,771	16,350
Boys Track	11,772	30,439	29,486	12,725
Girls Track	3,983	7,920	6,053	5,850
General Athletics	79,915	186,201	175,116	91,000
ASCE	7,019	33,015	36,814	3,220
Girls Golf	6,805	5,890	5,502	7,193
Girls Soccer	274	26,051	13,688	12,637
Girls Swimming	617	600	500	717
AP Tests	46,258	125,576	114,949	56,885
Art	45,053	14,053	14,536	44,570
Art in Education	210	718	928	-
Coke	184,483	179,832	162,331	201,984
Band	41,128	60,161	73,715	27,574
Ice Cream Machine	7,630	67,955	49,731	25,854
Save Darfur Club	22	-	-	22
Consumer Education	28	-	-	28
Cheerleaders	11,621	48,242	44,012	15,851
Business	115	-	-	115
Link Crew-North	49	1,482	1,531	-
Freshmen	11	3,397	431	2,977
Ag Ed (FFA)	27,835	34,706	31,914	30,627
Camp Turning Point	5,198	8,366	5,201	8,363
Clearing Account	399	9,646	9,995	50
Book Club	58	-	-	58
Book Fair	17,453	21,384	25,317	13,520
Drama Club	15,951	3,830	1,744	18,037
Drug Free/Chemical Depend	1,214	-	73	1,141
Black Stud Assoc/Stomp	549	55	-	604
Pack Shack/Link Crew	70,096	112,720	128,003	54,813
We the People	840	145	985	-
English	313	70	259	124
Environmental Club	283	-	-	283
E.M.H.	773	-	169	604
Equip/Repair/Furn	229	-	-	229



Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2017

Assets	Ending Balance As of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2017
Explo	482	-	-	482
Enrichment	234	993	983	244
Faculty Services	222	8,005	6,226	2,001
African Amer Assoc	215	918	416	717
Field Trips	21,162	89,308	74,068	36,402
Parking Decals	3,590	21,661	21,719	3,532
G.E.M.S.	3,529	6,366	2,744	7,151
Foreign Language-All	820	74	265	629
French	715	460	210	965
General	222,931	280,972	266,561	237,342
Ecology Club	169	-	-	169
Gifted and Talented	3,209	7,669	8,443	2,435
Sophomore	1,781	3,601	42	5,340
5th Grade	1,982	31,838	29,481	4,339
Junior	2,379	17,455	10,095	9,739
6th Grade	770	6,455	6,033	1,192
7th Grade	2,093	7,001	5,047	4,047
8th Grade	4,286	18,215	12,339	10,162
Grants	2	-	-	2
FACS	3,059	1,942	1,652	3,349
Senior	3,291	9,201	7,600	4,892
Honor Society	10,638	4,642	5,258	10,022
DECA	10,824	101,158	105,087	6,895
Instrumental Music	34,716	111,724	85,009	61,431
Indigent Student Fund	29	-	-	29
Athletic Trainer	11,113	6,734	5,883	11,964
Independent Living	250	-	-	250
Spud-North	5,416	252,442	230,218	27,640
Leadership Council	11,519	21,773	21,960	11,332
Latin	3,221	2,213	2,015	3,419
Cultural Diversity	734	-	-	734
Library/Media Center	45,754	104,808	103,905	46,657
Computers	42	-	-	42
FCCLA	2,160	2,537	2,226	2,471
Natl Art Honor Society	266	-	-	266
Modern Dance Club	16,869	22,503	26,597	12,775
Misc Transaction	1,908	(35)	-	1,873
Model United Nations	410	2,013	1,805	618
Mu Alpha Theta	2,582	3,576	4,579	1,579
Music/Drumline	18,187	55,227	55,601	17,813
Drafting	-	63	63	-
Newspaper/Journalism	3,978	3,197	2,692	4,483
Parenting	78	-	-	78
Orchestra	35,329	40,322	33,351	42,300
NBR Donation	584	-	-	584
Office	1,291	-	-	1,291
Memorial Fund	181	-	-	181
Poms	1,335	24,704	24,379	1,660

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2017

Assets	Ending Balance As of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2017
Physical Education	2,923	1,403	2,566	1,760
Prof Leave/Development	10,741	4,045	578	14,208
Partners-In-Ed	10	543	-	553
PTA-Student	14,697	66,805	51,783	29,719
Native American Club	3,258	1,489	779	3,968
Donations	16,397	(4,147)	1,794	10,456
Outdoor Classroom	4,092	(3,000)	-	1,092
Global Awareness	279	-	-	279
Service Learning	2,601	1,052	453	3,200
Renaissance Program	801	170	-	971
Principal	5,169	3,739	8,261	647
PSAT/Guidance Serv	16,863	(15,790)	-	1,073
Prom	24,519	20,905	16,922	28,502
Psychology	204	-	-	204
Spanish Nat Honor Society	399	165	-	564
Model Congress	529	463	486	506
School Climate	12,513	6,987	743	18,757
Recycling	228	-	-	228
Resource Center Material	1,462	-	6,992	(5,530)
Fundraiser	22,998	35,127	39,704	18,421
Orange Thumb	484	-	-	484
Sat School/Student Int	673	-	653	20
SADD	120	-	-	120
Science	234	1,659	1,322	571
Social Studies	152	2,054	1,315	891
TAPP	517	-	-	517
Spanish	1,670	1,189	1,585	1,274
Speech	17,489	43,783	36,309	24,963
Special Ed/Spec Athletes	8,202	14,556	13,885	8,873
Fine Arts	63,646	12,886	3,063	73,469
Student Council/Congress	23,893	62,464	60,731	25,626
Store-School	4	-	-	4
Special Education	490	1,846	975	1,361
Musicals	7,124	13,026	8,638	11,512
Rotary Inter-ACT	1,057	126	359	824
Key Club	2,422	305	195	2,532
6th Grade Books	886	-	-	886
Theater Art	2,653	1,519	646	3,526
Technology	11,788	15,049	12,026	14,811
Vocal Music	26,289	295,820	292,452	29,657
Teen Volun/Parent Outreach	578	3,159	2,039	1,698
VRC-Video Resource Center	5,098	1,670	604	6,164
PR Fund	79	-	-	79
Yearbook	114,749	43,719	65,435	93,033
Vegetarian Club	106	-	-	106
Elem Music/Art	632	11,587	9,278	2,941
Wildcat Memories	100	-	-	100
Stand For Silence	5	-	-	5

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2017

Assets	Ending Balance As of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2017
Interior Design	100	-	-	100
Young Democrats	1,080	-	-	1,080
Clusters/GT	-	1,184	734	450
Botball	16,893	6,486	9,393	13,986
Student Assistance Fund	395	2,448	2,500	343
Sewing	226	-	-	226
Administration	74,483	-	-	74,483
Sociology	301	-	-	301
WOW	12,923	9,766	3,857	18,832
Anthology	1,650	2,238	2,116	1,772
Academic Teams	2,106	4,724	1,731	5,099
Republican Club	445	660	806	299
Third Grade	124	-	-	124
North-H.O.P.E.	-	-	-	-
Dumbledore's Army	754	284	303	735
PBIS	136	856	992	-
Transition Center	61	-	-	61
Pre Engineering	899	6,459	5,521	1,837
Shakespeare	50	-	-	50
Quidditch Club	135	-	-	135
Logo Royalties	3,844	2,852	-	6,696
Risk Factor Survey	1	-	-	1
FCCLA	382	1,093	395	1,080
NHS Instrument Fund	1,375	-	-	1,375
Art Club	80	-	-	80
Step Dance Team	1,304	(50)	88	1,166
Made	1,091	(60)	-	1,031
Ilearn Fluently	4	-	-	4
Vanderburg Donations	20	-	-	20
Tech Now	122	567	122	567
Lock In	884	478	-	1,362
Young Adult Book Club	34	-	-	34
Music Club	260	-	-	260
Future City/History Day	150	-	95	55
Tabletop Gaming Assoc	50	2,591	-	2,641
Hildebrand Scholarship	1,025	-	-	1,025
Big Brothers/Big Sisters	184	-	-	184
Autism	225	-	-	225
Tracks	72	-	-	72
Fundraiser	-	5,559	4,771	788
Trust Ckub	20	506	76	450
Avid	-	296	296	-
Timberwolf Pantry	977	1,453	1,039	1,391
Garden Club	128	1,229	856	501
German Club	44	2,394	1,194	1,244
Norman Arts Council	3,401	-	-	3,401
Class of 66 Scholarship	1,750	-	-	1,750
Triathlon Club	1,609	500	1,751	358

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds  
Year Ended June 30, 2017

Assets	Ending Balance As of June 30, 2016	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2017
Sports Marketing	-	4,154	1,133	3,021
Literacy Magazine	-	1,007	660	347
6th Grade Lightning Thief	-	994	-	994
Watch Dogs	-	300	77	223
After School Detention	-	1,000	67	933
Anime/Cosplay Club	-	194	173	21
Counselor Donation	-	1,138	145	993
Joe Lawson Memorial	-	1,150	-	1,150
Coins for Cowboys	-	719	719	-
Tiger Fuel	-	2,840	835	2,005
Capstone	-	309	309	-
Student Store	-	4,100	3,924	176
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total assets	<u>\$ 1,754,065</u>	<u>\$ 3,305,422</u>	<u>\$ 3,093,798</u>	<u>\$ 1,965,689</u>
Liabilities				
Due to Student Groups	<u>1,754,065</u>	<u>3,305,422</u>	<u>3,093,798</u>	<u>1,965,689</u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total liabilities	<u>\$ 1,754,065</u>	<u>\$ 3,305,422</u>	<u>\$ 3,093,798</u>	<u>\$ 1,965,689</u>

**Note 1 - Basis of Presentation**

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with generally accepted accounting principles.

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Schedule of Statutory, Fidelity, and Honesty Bonds (Unaudited)  
 Year Ended June 30, 2017

<b>NAME</b>	<b>TYPE</b>	<b>COMPANY</b>	<b>BOND #</b>	<b>AMOUNT</b>	<b>BEG DATE</b>	<b>END DATE</b>
Dr. Nick Migliorino	Public Official Bond	Travelers Casualty and Surety Company	106784796	\$100,000	7/1/16	6/30/17
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/16	9/15/17
Janine Anne Warren	Public Official Bond	Hartford Fire Insurance Company	38BSBCJ1584	\$100,000	7/21/09	Until cancelled
Norman Public Schools	Commercial Crime Policy	St Paul Travelers	104343265	\$100,000	7/1/04	Until cancelled

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2016	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2017
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ 105,982	\$ 78,796	\$ 365,648	\$ (180,870)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	75,910	2,552	140,089	(61,627)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	782,844	664,810	2,218,517	(770,863)
Title I, School Improvement	84.010	515	-	-	9,377	(9,377)
Title I, Part A Neglected Title I Cluster	84.010	518	28,117	46,906	103,171	(28,148)
			<u>810,961</u>	<u>711,716</u>	<u>2,331,065</u>	<u>(808,388)</u>
Special Education - Grants to States	84.027	613, 621, 625	709,607	1,841,588	3,301,814	(750,619)
Special Education - Preschool Grants Special Education Cluster	84.173	641, 642	16,701	34,140	68,104	(17,263)
			<u>726,308</u>	<u>1,875,728</u>	<u>3,369,918</u>	<u>(767,882)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	159,666	30,861	262,363	(71,836)
Title II, Part A, Technical Assistance Allocation	84.367	543	2,392	25,044	29,500	(2,064)
			<u>162,058</u>	<u>55,905</u>	<u>291,863</u>	<u>(73,900)</u>

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2016	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2017
Title III Part A English Language Acquisition	84.365	571, 572	31,532	31,258	80,696	(17,906)
Adult Basic Education	84.002	731, 733	43,616	(23,654)	72,028	(52,066)
Title I Neglected/Delinquent	84.013	532	120,517	141,385	383,738	(121,836)
Jobs Training-OJT	84.126	456	-	57,286	57,286	-
Total U.S. Department of Education			2,076,884	2,930,972	7,092,331	(2,084,475)
U.S. Department of the Interior						
Passed through the Oklahoma State Department of Education Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563	-	12,099	17,999	(5,900)
Total U.S. Department of the Interior			-	12,099	17,999	(5,900)
U.S. Department of Health and Human Services						
Passed through the Oklahoma State Department of Health Projects of Regional and National Significance Discretionary Grants	93.243	771, 772	199	28,221	78,186	(49,766)
Total U.S. Department of Health and Human Services			199	28,221	78,186	(49,766)

Norman Independent School District No. 29  
 Cleveland County, Oklahoma  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2016	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2017
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Breakfast Program - cash assistance	10.553	764	-	781,183	781,183	-
Lunch Program - cash assistance	10.555	763	-	2,646,022	2,646,022	-
Lunch Program- commodities	10.555	763	-	308,456	308,456	-
Summer Food Service - cash assistance	10.559	766	-	100,906	100,906	-
			-	<u>3,836,567</u>	<u>3,836,567</u>	-
Child Nutrition Cluster			-	<u>3,836,567</u>	<u>3,836,567</u>	-
Total U.S. Department of Agriculture			-	<u>3,836,567</u>	<u>3,836,567</u>	-
				<u>\$ 2,077,083</u>	<u>\$ 6,807,859</u>	<u>\$ 11,025,083</u>
						<u>\$ (2,140,141)</u>



**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Norman Independent School District No. 29 (the District), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The District received federal awards both directly from federal agencies and indirectly through pass-through entities. No federal financial assistance has been provided to a subrecipient.

**Note B – Significant Accounting Policies**

Governmental fund types account for the District's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The District's summary of significant accounting policies is presented in Note 1 in the District's basic financial statements.

The District has not elected to use the 10% de minimis cost rate.

**Note C — Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2017, the District had food commodities totaling \$21,600 in inventory.



**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***

To the Board of Education  
Norman Independent School District No. 29  
Norman, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norman Independent School District No. 29 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Norman Independent School District No. 29's basic financial statements, and have issued our report thereon dated December 1, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Norman Independent School District No. 29's internal control over financial reporting (internal control) to determine the 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 Norman Independent School District No. 29's internal control. Accordingly, we do not express an opinion on the effectiveness of Norman Independent School District No. 29's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-A and 2017-B to be material weaknesses.

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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.

### **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 determination of financial statement amounts. 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*.

### **The District's Response to Findings**

The District's responses to the findings identified in our audit are described in the schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
December 1, 2017



## **Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Education  
Norman Independent School District No. 29  
Norman, Oklahoma:

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

We have audited Norman Independent School District No. 29’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Norman Independent School District No. 29’s major federal programs for the year ended June 30, 2017. Norman Independent School District No. 29’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### **Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for each of Norman Independent School District No. 29’s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Norman Independent School District No. 29’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Norman Independent School District No. 29’s compliance.

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

In our opinion, Norman Independent School District No. 29 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2017.

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

Management of Norman Independent School District No. 29 is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Norman Independent School District No. 29's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Norman Independent School District No. 29's 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 compliance requirement 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 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 and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

Norman Independent School District No. 29's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Norman Independent School District No. 29's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Oklahoma City, Oklahoma  
December 1, 2017

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes

Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
Title I, Grants to Local Educational Agencies	84.010
Special Education Cluster	
Grants to States	84.027
Preschool Grants	84.173
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

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**Section II – Financial Statement Findings**

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2017-A Financial Reporting  
Material Weakness in Internal Controls over Financial Reporting

- Criteria:** Controls over complete year-end financial reporting process should be in place.
- Controls should be in place over the preparation of government wide financial statements and required accrual adjustments, including footnote disclosures, in accordance with generally accepted accounting principles.
- Condition:** The District does not have procedures in place for the preparation of the government wide financial statements and related disclosures as required by generally accepted accounting principles.
- Cause:** The District did not prepare the government wide financial statements and necessary adjustments.
- Context:** The District did prepare the fund level financial statements and supplemental schedules. However, the District did not prepare the government wide financial statements, and disclosures.
- Effect:** The District is at risk for material misstatements and incomplete or inaccurate disclosures.
- Recommendation:** The Board should evaluate and weigh the costs against the benefits of preparing their own complete financial statements.

Views of Responsible  
Officials:

The District continues to prepare the fund level financial statements and supplemental schedules. The District understands that generally accepted accounting principles require government wide financial statements be prepared, but the implementation of GASB 68 continues to be complex and the plan is to consider adjustments and preparation by the District in future years.

2017-B Material Adjustments  
Material Weakness in Internal Controls over Financial Reporting

- Criteria:** Controls over complete year-end financial reporting process should be in place, including all adjustments necessary to be presented in accordance with Generally Accepted Accounting Principles (GAAP).
- Condition:** The District's internal control system did not identify amounts to be recorded for the pension standard (GASB 68). GASB 68 requires several adjustments to be made that impacts both the statement of net position and the statement of changes in net position but does not impact the fund financial statements.
- Cause:** Controls to ensure full implementation of the new pension standard were not in place.
- Effect:** The District is at risk for material misstatements. As a result of the audit procedures, several material adjustments were made in order to present the financial statements in accordance with GAAP due to the new standard. This is not unusual in these circumstances due to the complexity of this standard.
- Context:** The District's financial statements did not include all required adjustments required to be in accordance with generally accepted accounting principles.
- Recommendation:** We recommend a control process be put in place to properly record the related pension adjustments in order to be presented in accordance with GAAP.
- Views of Responsible Officials:**  
The District management's decision was to allow auditors to make the necessary year-end adjustments due to complexity of the GASB 68 pension standard.



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**Section III – Federal Award Findings and Questioned Costs**

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<b>2017-001</b>	<b>Time and Effort Control Title I, Grants to Local Educational Agencies, CFDA # 84.010 Allowable Costs/Cost Principles Significant Deficiency in Internal Control over Compliance</b>
Criteria:	Non-Federal entities must implement proper internal controls to ensure compliance with documentation of employee time and effort regulations including 2 CFR section 200.430(i)(1)(vii). The current control structure requires a semi-annual certification by both the employee and their supervisor if they work on any federal programs.
Condition:	The District does appear to have a control in place to obtain these certifications from District employees. However, some of the employees in our sample had variances in the certification percentages and the actual amounts charged to the federal program.
Cause:	Due to a change in staffing, an error was made to the certifications that resulted in incorrect percentages to be used.
Effect:	Some employees' certifications did not adequately support actual federal expenditures charged to this program. Management was able to subsequently support the actual amounts charged to the federal program.
Questioned costs:	None
Context/Sampling:	Six items in our sample of 30 employees had conflicting certifications. Non statistical sampling was utilized.
Repeat Finding From Prior Year:	No
Views of Responsible Officials:	We agree with the finding. Corrective measures have already been put into place.

Norman Independent School District No. 29  
Cleveland County, Oklahoma  
Schedule of Accountant's Professional liability insurance Affidavit  
June 30, 2017

STATE OF OKLAHOMA )  
 ) ss  
County of Oklahoma )

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 Norman Independent School District No. 29 for the audit year 2016-2017.

EIDE BAILLY, LLP

Vanessa M. Dutton

Subscribed and sworn to before me on this 13<sup>th</sup> day of December, 2017.

Jo Carroll  
Notary Public

My commission expires 7-21-19

