



Financial Statements
June 30, 2014

Norman Independent School District No. 29

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Table of Contents
 June 30, 2014

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	11
Statement of Activities.....	12
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Notes to Financial Statements.....	16
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund (Unaudited)	28
Notes to Required Supplementary Information	29
Other Supplementary Information	
Combining NonMajor Fund Financial Statements	
Combining Balance Sheet – Other Governmental Funds	30
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds	31
Budgetary Comparison Schedule – Building Fund (Unaudited)	32
Budgetary Comparison Schedule – Child Nutrition (Unaudited)	33
Combining Statement of Changes in Assets and Liabilities – All Activity Funds	34
Statement of Statutory, Fidelity, and Honesty Bonds (Unaudited).....	39
Schedule of Expenditures of Federal Awards.....	40
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 <i>Government Auditing Standards</i>	43
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance.....	45
Schedule of Findings and Questioned Costs.....	47
Summary of Prior Year Findings	50
Schedule of Accountant’s Professional Liability Insurance Affidavit (Unaudited).....	51



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, 2014, 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 principle 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, 2014, 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.

Correction of Error

As discussed in Note 11 to the financial statements, an error resulting in the overstatement of capital assets as of June 30, 2013, was discovered by management of the District during the current year. Accordingly, an adjustment has been made to the net position of the governmental activities to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule – General Fund on pages 4 through 10 and 28 through 29 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 schedule – Child Nutrition Fund; the combining statement of changes in assets and liabilities – all activity funds; the statement 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 U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, the combining statement 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 and individual nonmajor fund financial statements 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 statement 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 5, 2014 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 Sully LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
December 5, 2014

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, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased by approximately \$8.7 million from last year. Total net position increased approximately 7.8 percent over the course of the year.
 - Overall revenues were \$128.6 million and overall expenses were \$119.9 million.
 - The District decreased its outstanding long-term debt \$12.4 million, or 13 percent.

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. 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 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>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building Maintenance
Required financial statements	1) Statement of net position 2) Statement of activities	1) Balance Sheet 2) Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	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
Type of inflow/outflow information	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.

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 and liabilities – 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)

	2013	2014
Current and other assets	\$56.9	\$53.6
Capital assets	162.7	160.7
Total assets	219.6	214.3
Long-term debt outstanding	98.7	86.3
Other liabilities	8.9	7.3
Total liabilities	107.6	93.6
Net position:		
Net investment in capital assets	75.1	85.1
Restricted	24.8	25.7
Unrestricted	12.1	9.9
Total net position	112.0	120.7

Net Position. The District's *combined* net position was larger on June 30, 2014, than they were the year before – increasing nearly \$9 million from \$112 million to approximately \$120.7 million. (See Table A-1) Most of this improvement is mainly due to capital outlays to purchase or build capital assets, the recognition of property taxes earned, even though not yet collected, and also a result of long-term debt repayments more than debt issued.

The District's improved financial position is the product of many factors. A slight growth during the year in taxes was a contributor to this improvement. Other notable factors were the charges for services increased and State entitlement payments to school districts increased.

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

	2013	2014
Revenues		
Program Revenues		
Charges for services	\$6.0	\$6.8
Federal and state grants	13.2	12.9
General revenues		
Property taxes	53.3	54.3
Other taxes	10.4	10.5
State entitlement	42.4	44.1
Loss on asset disposition	0.0	(0.1)
Other general revenues	0.1	0.1
Total revenues	125.4	128.6
Expenses		
Program expenses		
Instruction	64.8	64.8
Support services	42.5	44.1
Non-instruction	6.6	3.8
Interest on long-term debt	0.9	0.8
Depreciation-unallocated	5.1	6.4
Total expenses	119.9	119.9
Increase in net position	\$5.5	\$8.7

Changes in net position. The District's total revenues increased \$3.2 million to \$128.6 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 76.5 cents of every dollar raised. Another 10.0 percent came from state and federal aid for specific programs, and the remainder from fees charged for services and miscellaneous sources. Total revenues surpassed expenses, increasing net position by \$8.7 million.

The total cost of all programs and services were consistent between the two years. The District's expenses are predominantly related to educating and caring for students (90 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 more than debt issued, as a result of the Lease Revenue bond principal payment made in 2014.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$42.9 million, compared to last year's ending fund balances of \$44.6 million. In comparison to FY13's net decrease in fund balance of \$7.9 million, this year's decrease was only \$1.7 million largely due to more bond proceeds in FY14 in comparison to FY13.

General Fund Budgetary Highlights

At the beginning of the 2014 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were increased by approximately \$166,000 from the previous fiscal year. This was due to a slight increase in the state factor paid for each student enrolled.

This initial allocation in State Aid was increased by \$1.1 million in January, when the mid-term adjustments were made by the State Department of Education. Our District's first nine weeks student enrollment increased approximately 475 students from the prior year. Our District also reported higher student counts in the weighted categories, thus providing approximately 750 overall student growth in the State Aid funding formula for the District.

- Actual revenues were higher than expected at midyear, due largely to a high collection rate of property tax revenues. Also, County 4-mill ad valorem revenue 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, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the District had invested over \$29.9 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 \$18 million for capital projects in 2015, with some of the major projects as follows:

- \$6,000,000 to begin the acquisition and installation for the district's technology infrastructure
- \$6,000,000 to begin renovations at the two high schools
- \$6,000,000 for various elementary and middle school site improvements

Long-term Debt

At year-end the District had \$86.3 million in total long-term debt outstanding. This is a decrease of 13 percent from last year's amount of \$98.7 million. (More detailed information about the District's long-term liabilities is presented in Note 3 to the financial statements.)

- The District continued to pay down its debt, retiring \$19,425,000 of outstanding bonds, and making a final principal payment on the Lease Revenue bonds of \$23,970,000.
- \$30,780,000 in new debt was issued during the year.

In December 2009, the District planned a five-year bond election to provide the opportunity to make facility improvements and additions as well as provide quality instructional technology to all students more quickly. This \$109 million bond issue was funded with lease revenue bonds. The bonds were issued in a timely manner over five years to match current millage rates to assure citizens would not face any additional taxes. The \$30,780,000 issued this year was the 5th in the 5 year series.

In February 2014, the District patrons voted on and approved another five-year bond issue. This issue, for \$126 million, is again funded with lease revenue bonds. General obligation bonds will be sold each of the next five years, to make the annual lease revenue payments required.

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:

- States across the nation have cut school funding since the 2007-09 recession. Oklahoma has made some of the deepest cuts to funding for local schools of any state in the country.
- Oklahoma Public Schools have approximately \$159 million fewer state aid formula dollars today than at the same time in 2009.
- Even though many states are now providing more funding per student than they did a year ago, funding has not increased enough to make up for cuts in past years.
- Oklahoma provided more per student funding at the beginning of the fiscal year, but unfortunately that increase dropped at midterm, and districts ended the year with even less funding per student than the prior year.
- Costs are rising, and local school districts are hard pressed to replace large reductions in State funding
- Lawmakers have passed numerous new mandates on students and schools in recent years, even as they cut funding needed to implement them.
- Educators understand that today's students are our future. Schools want to embrace high academic standards, but need the proper investment by the state in order to accomplish this goal.
- 2014 was an election year, and new leadership in the State Superintendent of Public Instruction office is providing hope for school administrators that school funding will be a focus as we move forward.
- The District will have to continue to work on maximizing efficiency and doing more with less as the possibility of restored funding for education is determined in this year's legislative session.

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, 2014

	Governmental Activities
Assets	
Cash	\$ 45,635,486
Property taxes receivable (net)	4,297,967
Due from other governments	2,006,007
Other receivables	657,537
Other assets	881,722
Inventories	66,222
Nondepreciated capital assets	6,989,024
Depreciated capital assets, net of depreciation	153,740,575
Total Assets	214,274,540
Liabilities	
Accounts payable and other current liabilities	7,171,691
Unavailable revenue	98,036
Long-term obligations	
Due within one year	22,284,634
Due beyond one year	64,026,823
Total Liabilities	93,581,184
Net Position	
Net investment in capital assets	85,051,446
Restricted for:	
Debt service	21,562,708
School organizations	1,835,494
Child nutrition	804,460
Buildings	1,551,175
Unrestricted	9,888,073
Total Net Position	\$ 120,693,356

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Activities
Year Ended June 30, 2014

		Program Revenues			Net (Expense) Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction	\$ 64,839,722	\$ 98,716	\$ 9,657,713	\$ -	\$ (55,083,293)
Support services	44,104,621	2,863,819	194,977	-	(41,045,825)
Non-instruction services	3,809,382	3,791,003	3,088,688	-	3,070,309
Interest on long-term debt	767,838	-	-	-	(767,838)
Judgments	15,000	-	-	-	(15,000)
Depreciation - unallocated	6,355,319	-	-	-	(6,355,319)
Total school district	\$ 119,891,882	\$ 6,753,538	\$ 12,941,378	\$ -	(100,196,966)
General Revenues:					
		Taxes			
		Property taxes, levied for general purposes			29,328,638
		Property taxes, levied for building purposes			4,181,497
		Property taxes, levied for debt service			20,757,925
		General taxes			10,549,440
		State aid - formula grants			44,156,662
		Loss on disposal of capital asset			(140,209)
		Investment earnings			57,706
		Total General Revenues			108,891,659
		Change in net position			8,694,693
		Net position - beginning, as originally reported			115,318,568
		Prior period adjustment (note 11)			(3,319,905)
		Net position - beginning, as adjusted			111,998,663
		Net position - ending			\$ 120,693,356

Norman Independent School District No. 29
Cleveland County, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2014

Assets	General Fund	Debt Service Fund	2014 Bond Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 10,967,694	\$ 22,044,429	\$ 5,277,642	\$ 7,345,721	\$ 45,635,486
Property Taxes Receivable, net	1,926,405	2,112,150	-	259,412	4,297,967
Due from Other Governments	2,006,007	-	-	-	2,006,007
Other Receivables	558,286	-	-	99,251	657,537
Other Assets	-	-	881,722	-	881,722
Inventories - Supplies, Materials	66,222	-	-	-	66,222
Total Assets	\$ 15,524,614	\$ 24,156,579	\$ 6,159,364	\$ 7,704,384	\$ 53,544,941
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable and Accrued Liabilities	\$ 6,424,697	\$ -	\$ 15,400	\$ 111,369	\$ 6,551,466
Total Liabilities	6,424,697	-	15,400	111,369	6,551,466
Deferred Inflows of Resources					
Unavailable revenue - taxes	1,765,066	1,991,202	-	324,846	4,081,114
Total Deferred Inflows of Resources	1,765,066	1,991,202	-	324,846	4,081,114
Fund Balances					
Nonspendable	66,222	-	-	-	66,222
Restricted	1,213,083	22,165,377	6,143,964	5,432,675	34,955,099
Committed	17,901	-	-	1,835,494	1,853,395
Unassigned	6,037,645	-	-	-	6,037,645
Fund Balances, End of Year	7,334,851	22,165,377	6,143,964	7,268,169	42,912,361
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,524,614	\$ 24,156,579	\$ 6,159,364	\$ 7,704,384	
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 \$243,262,800 and the accumulated depreciation is \$82,533,201.					160,729,599
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.					3,983,078
Long-term liabilities, including bonds payable, 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)	\$ 84,608,829
				Judgments	15,000
				Accrued Interest on Bonds	541,420
				Accrued Interest on Long-Term Lease Payable	78,805
				Compensated Absences	1,687,628
					<u>(86,931,682)</u>
Total Net Position - Governmental Activities					\$ 120,693,356

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2014

	General Fund	Debt Service Fund	2014 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 29,567,328	\$ 20,618,750	\$ -	\$ 4,217,855	\$ 54,403,933
Interest	2,803	47,283	669	6,955	57,710
County Revenue	3,234,020	-	-	-	3,234,020
State Revenue	53,719,147	2	-	76,625	53,795,774
Federal Revenue	6,673,586	-	-	3,011,514	9,685,100
Other	1,933,176	742	-	5,077,112	7,011,030
Total Revenues	95,130,060	20,666,777	669	12,390,061	128,187,567
Expenditures					
Instruction	60,567,736	-	123,240	3,738,155	64,429,131
Support services	35,674,477	-	2,422	8,606,788	44,283,687
Non-instruction services	47,670	-	-	5,023,784	5,071,454
Capital Outlays	224,187	-	24,511,043	1,861,341	26,596,571
Other Outlays	106,099	-	-	79,244	185,343
Debt Service					
Judgments	-	-	-	-	-
Interest paid	-	1,127,571	-	-	1,127,571
Principal retirement	-	19,425,000	-	-	19,425,000
Total Expenditures	96,620,169	20,552,571	24,636,705	19,309,312	161,118,757
Excess (Deficiency) of Revenues over Expenditures	(1,490,109)	114,206	(24,636,036)	(6,919,251)	(32,931,190)
Other Financing Sources (Uses)					
Transfers In	12,270	-	-	55,616	67,886
Transfers Out	(37,018)	-	-	(30,868)	(67,886)
Premium on Bonds	-	509,849	-	-	509,849
Proceeds of Bonds	-	-	30,780,000	-	30,780,000
Total Other Financing Sources (Uses)	(24,748)	509,849	30,780,000	24,748	31,289,849
Net Change in Fund Balances	(1,514,857)	624,055	6,143,964	(6,894,503)	(1,641,341)
Beginning Fund Balances	8,849,708	21,541,322	-	14,162,672	44,553,702
Ending Fund Balances	<u>\$ 7,334,851</u>	<u>\$ 22,165,377</u>	<u>\$ 6,143,964</u>	<u>\$ 7,268,169</u>	<u>\$ 42,912,361</u>

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, 2014

Total net changes in fund balances - governmental funds \$ (1,641,341)

The change in net position reported in the statement of activities is different because:

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.

Capital asset additions	\$ 4,526,652	
Depreciation	<u>(6,355,319)</u>	(1,828,667)

In the statement of activities, the loss on disposal of capital assets is reported, where as in the governmental funds proceeds from the sale increase financial resources if funds are received. The change in net position differs from the change in fund balance by the cost of assets disposed, net of related depreciation.

(140,209)

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.

(162,725)

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.

17,750

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.

Debt issued	\$ (30,780,000)	
Judgments issued	(15,000)	
Debt repaid	<u>43,395,000</u>	12,600,000

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.

(185,424)

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.

35,309

Change in net position of governmental activities

\$ 8,694,693

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. The District's net position are reported in three parts – invested in capital assets, net of related debt; 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 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.
- **2014 Bond Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities as approved by the voters for the 2014 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 Inflows of Resources - Deferred inflows of resources include amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion (availability) has not been met.

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 Foundation and Salary Incentive Aid allocation has 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 as of October 1, 2012 and earlier. 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 41% 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.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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:

Investment in Capital Assets, Net of Related Debt - 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 report 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 report the assets restricted for use by Child Nutrition program.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

Governmental Fund Financial Statements – The District has adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, on July 1, 2010, which redefined 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 revenue note 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. Other purposes are restricted for insurance purposes, scholarship purposes from contributors and federal and state grant carryovers.

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. The District has classified school program activities, miscellaneous site grants and Astellas grant carryover as being committed because their use is imposed by the Board of Education regarding use of expenditures.

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, 2014.

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, 2014

As of June 30, 2014, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2014 Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 66,222	\$ -	\$ -	\$ -	\$ 66,222
Restricted for:					
School construction	-	-	6,143,964	2,786,712	8,930,676
Building maintenance	-	-	-	1,587,533	1,587,533
Debt service reserve	-	22,165,377	-	-	22,165,377
Food services	-	-	-	804,460	804,460
Insurance purposes	-	-	-	225,320	225,320
Gifts from donors	-	-	-	28,650	28,650
Federal and state grants carryover	1,213,083	-	-	-	1,213,083
Total restricted	<u>1,213,083</u>	<u>22,165,377</u>	<u>6,143,964</u>	<u>5,432,675</u>	<u>34,955,099</u>
Committed to:					
School programs	-	-	-	1,835,494	1,835,494
Miscellaneous site grants and Astellas grant carryover	17,901	-	-	-	17,901
Total committed	<u>17,901</u>	<u>-</u>	<u>-</u>	<u>1,835,494</u>	<u>1,853,395</u>
Unassigned	6,037,645	-	-	-	6,037,645
Total fund balances	<u>\$ 7,334,851</u>	<u>\$ 22,165,377</u>	<u>\$ 6,143,964</u>	<u>\$ 7,268,169</u>	<u>\$ 42,912,361</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, 2014, the bank balance of deposits and cash pools was \$52,142,501. 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.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Notes to Financial Statements
June 30, 2014

Note 3 - Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds Payable	\$ 72,150,000	\$ 30,780,000	\$ (19,425,000)	\$ 83,505,000	\$ 20,245,000
Deferred Bond Premium	918,405	509,849	(324,425)	1,103,829	347,006
Compensated Absences	1,705,378	711,419	(729,169)	1,687,628	1,687,628
Judgments	-	15,000	-	15,000	5,000
Lease Revenue Payable	23,970,000	-	(23,970,000)	-	-
Total governmental activity long-term liabilities	<u>\$ 98,743,783</u>	<u>\$ 32,016,268</u>	<u>\$ (44,448,594)</u>	<u>\$ 86,311,457</u>	<u>\$ 22,284,634</u>

Bonds payable at June 30, 2014 are composed of the following individual general obligation bond issues:

Original Issue Amount	Annual Installment	Maturity Date	Interest Rate	Outstanding Amount at June 30, 2014
\$ 25,560,000	\$ 6,390,000	3/1/2015	2-3%	\$ 6,390,000
6,440,000	1,610,000	3/1/2016	1-2%	3,220,000
23,460,000	5,865,000	3/1/2017	1-2%	17,595,000
25,520,000	6,380,000	3/1/2017	1-2%	25,520,000
28,780,000	7,195,000	3/1/2019	1-2%	28,780,000
2,000,000	500,000	5/1/2019	1-2%	2,000,000
				<u>\$ 83,505,000</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, 2014 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2015	\$ 20,245,000	\$ 1,236,534	\$ 21,481,534
2016	21,550,000	916,353	22,466,353
2017	19,940,000	695,100	20,635,100
2018	14,075,000	398,500	14,473,500
2019	7,695,000	151,400	7,846,400
	<u>\$ 83,505,000</u>	<u>\$ 3,397,887</u>	<u>\$ 86,902,887</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 at June 30, 2014 is approximately \$85,115,000.

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

Note 4 - Employee Retirement System

Plan Description - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System"), a cost-sharing, multiple-employer public employee retirement system (PERS). 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 PERS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for PERS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

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.

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, 2014. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. The District's contributions to PERS (net of retirement credit paid by the State of Oklahoma) for the years ending June 30, 2014, 2013 and 2012 were \$9,892,855, \$9,697,450, and \$8,502,702, respectively, equal to the required contributions for each year. State of Oklahoma contributions to the System on behalf of the District's employees for the year ended June 30, 2014 were \$701,942.

Note 5 - 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 6 - 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, 2014 on these leases was approximately \$24,000. Total lease expense anticipated for fiscal year 2015 is approximately \$129,000 when a new copier lease will be in effect.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 2,699,721	\$ -	\$ -	\$ 2,699,721
Construction in Progress, as restated	26,583,373	3,072,905	25,366,975	4,289,303
Total capital assets not being depreciated	<u>29,283,094</u>	<u>3,072,905</u>	<u>25,366,975</u>	<u>6,989,024</u>
Capital Assets being depreciated:				
Buildings	92,473,809	17,217,111	-	109,690,920
Improvements	105,950,411	8,330,315	7,912	114,272,814
Furniture and Equipment	3,045,417	256,631	64,049	3,237,999
Musical Instruments	475,220	38,177	-	513,397
Computers	396,425	5,267	-	401,692
Vehicles	7,693,741	973,221	510,008	8,156,954
Total capital assets being depreciated	<u>210,035,023</u>	<u>26,820,722</u>	<u>581,969</u>	<u>236,273,776</u>
Less accumulated depreciation for:				
Buildings	54,332,388	1,875,896	-	56,208,284
Improvements	14,216,369	3,783,819	13	18,000,175
Furniture and Equipment	1,547,482	165,930	55,916	1,657,496
Musical Instruments	397,487	15,400	-	412,887
Computers	367,733	9,655	-	377,388
Vehicles	5,758,183	504,619	385,831	5,876,971
Less total accumulated depreciation	<u>76,619,642</u>	<u>6,355,319</u>	<u>441,760</u>	<u>82,533,201</u>
Total capital assets being depreciated, net	<u>133,415,381</u>	<u>20,465,403</u>	<u>140,209</u>	<u>153,740,575</u>
Governmental activity capital assets, net	<u>\$ 162,698,475</u>	<u>\$ 23,538,308</u>	<u>\$ 25,507,184</u>	<u>\$ 160,729,599</u>

Note 8 - Disaggregation of Payable Balances

Governmental Activities:	Vendors	Salaries and Benefits	Accrued Interest	Total Payables
General	\$ 394,701	\$ 6,156,765	\$ -	\$ 6,551,466
Reconciliation of balances in fund financials to government-wide statements	-	-	620,225	620,225
Total governmental activities	\$ 394,701	\$ 6,156,765	\$ 620,225	\$ 7,171,691

Note 9 - 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 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 \$130,000 dollars as of June 30, 2014.

During the year ended June 30, 2014, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2013. No settlements have exceeded coverage levels in place during 2014.

Note 10 - Sublease Agreement

The District entered into a sublease agreement on June 1, 2010 with the Cleveland County Education Facilities Authority (the Authority) in which the Authority advanced \$61,900,000 in educational facilities lease revenue bonds, Series 2010, to the District for the acquisition and construction of buildings, improvements, and furniture and equipment. The District will use future general obligation bonds for repayment of the funds to the Authority.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Notes to Financial Statements
June 30, 2014

The following schedule presents the revenue and payment activity per the agreement:

Period Ending	Gross General Obligation Bonds Issued	Estimated Fees	Lease Purchase Acquisition Payments	Lease Rent Payments	Principal Payments	Coupon Rate	Interest Payments	Total Payments
12/1/2010	\$ -	\$ -	\$ -	\$ 1,500	\$ -		\$ 1,194,075	\$ -
6/1/2011	2,505,000	(50,000)	2,455,000	1,500	-		1,194,075	2,388,150
12/1/2011	-	-	-	1,500	-		1,194,075	-
6/1/2012	19,775,000	(60,000)	19,715,000	1,500	17,570,000	3.50%	1,194,075	19,958,150
12/1/2012	-	-	-	1,500	-		886,600	-
6/1/2013	21,835,000	(60,000)	21,775,000	1,500	20,360,000	3.50%	886,600	22,133,200
12/1/2013	-	-	-	1,500	-		479,400	-
6/1/2014	24,530,000	(60,000)	24,470,000	1,500	23,970,000	3.50%	479,400	24,928,800
	<u>\$ 68,645,000</u>	<u>\$ (230,000)</u>	<u>\$ 68,415,000</u>	<u>\$ 12,000</u>	<u>\$ 61,900,000</u>		<u>\$ 7,508,300</u>	<u>\$ 69,408,300</u>

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

The Authority makes semi-annual rent payments of \$1,500 to the District beginning December 1, 2010. Annual fees, which include trustee fees of \$5,500 paid annually in advance and issuer fees of .10% of bond balance paid annually in arrears, will be a total of \$208,600.

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 sublease activity has been included on the statement of net position as capital assets and long-term lease. Capitalized interest relating to construction projects is also included with capital assets. Lease bond revenue projects in process at June 30, 2014 totaled approximately \$409,000.

Note 11 - Correction of Error

During the current year, management determined that construction in progress as of June 30, 2013 was overstated by \$3,319,905 due to a capital lease being recorded in prior years that either did not meet capitalization requirements and should have been expensed as incurred or were duplicated in other capital asset accounts as such assets were acquired. The issue was discovered and corrected in FY2014 as a prior period adjustment.

The impact of the prior period adjustment on beginning net position was as follows:

	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 115,318,568
Correction of error - overstated capital assets	<u>(3,319,905)</u>
Beginning net position, as restated	<u><u>\$ 111,998,663</u></u>



Required Supplementary Information
June 30, 2014

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, 2014

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 6,922,660	\$ 8,849,708	\$ 8,849,708	\$ 1,927,048	\$ -
Resources (inflows)					
Property Taxes	28,761,150	29,524,100	29,567,328	762,950	43,228
Interest	26,000	15,110	2,803	(10,890)	(12,307)
County Revenue	3,350,000	3,300,000	3,234,020	(50,000)	(65,980)
State Revenue	50,427,836	53,988,946	53,719,147	3,561,110	(269,799)
Federal Revenue	7,599,806	7,664,035	6,673,586	64,229	(990,449)
Other	1,709,444	1,865,788	1,945,446	156,344	79,658
Amounts Available for Appropriation	<u>98,796,896</u>	<u>105,207,687</u>	<u>103,992,038</u>	<u>6,410,791</u>	<u>(1,215,649)</u>
Charges to Appropriations (outflows)					
Instruction	58,742,914	61,576,013	60,567,736	(2,833,099)	1,008,277
Support Services	35,500,026	35,825,718	35,674,477	(325,692)	151,241
Non-instruction Services	40,800	44,000	47,670	(3,200)	(3,670)
Capital Outlays	389,332	245,500	224,187	143,832	21,313
Other Outlays	306,770	218,286	143,117	88,484	75,169
Total Charges to Appropriations	<u>94,979,842</u>	<u>97,909,517</u>	<u>96,657,187</u>	<u>(2,929,675)</u>	<u>1,252,330</u>
Budgetary Fund Balance, June 30	<u>\$ 3,817,054</u>	<u>\$ 7,298,170</u>	<u>\$ 7,334,851</u>	<u>\$ 3,481,116</u>	<u>\$ 36,681</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.



Other Supplementary Information
June 30, 2014

Norman Independent School District No. 29

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2014

	Other Special Revenue Funds						Capital Projects						Total Other Governmental Funds		
	Building Fund	Child Nutrition	Gifts	Workers' Compensation	Student Activity	Casualty/Insurance	Total	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund		2013 Bond Fund	Misc Bond Fund
Assets															
Pooled Cash	\$ 1,562,345	\$ 831,959	\$ 28,650	\$ 25,418	\$ 1,834,260	\$ 188,188	\$ 4,470,820	\$ 444,472	\$ 107,687	\$ 754,416	\$ 78,828	\$ 290,788	1,131,162	\$ 67,548	\$ 7,345,721
Property Taxes Receivable, Net	259,412	-	-	-	-	-	259,412	-	-	-	-	-	-	-	259,412
Due from Other Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables and Assets	-	63,123	-	33,216	2,912	-	99,251	-	-	-	-	-	-	-	99,251
Total Assets	\$ 1,821,757	\$ 895,082	\$ 28,650	\$ 58,634	\$ 1,837,172	\$ 188,188	\$ 4,829,483	\$ 444,472	\$ 107,687	\$ 754,416	\$ 78,828	\$ 290,788	\$ 1,131,162	\$ 67,548	\$ 7,704,384
Liabilities, Deferred Inflows of Resources, and Fund Balances															
Liabilities															
Accounts Payable	\$ -	\$ -	\$ -	\$ 21,502	\$ 1,678	\$ -	\$ 23,180	\$ -	\$ -	\$ 88,189	\$ -	\$ -	\$ -	\$ -	\$ 111,369
Total Liabilities	-	-	-	21,502	1,678	-	23,180	-	-	88,189	-	-	-	-	111,369
Deferred Inflows of Resources:															
Unavailable revenue - taxes	234,224	90,622	-	-	-	-	324,846	-	-	-	-	-	-	-	324,846
Total Deferred Inflow of Resources	234,224	90,622	-	-	-	-	324,846	-	-	-	-	-	-	-	324,846
Fund Balances															
Restricted	1,587,533	804,460	28,650	37,132	-	188,188	2,645,963	444,472	107,687	666,227	78,828	290,788	1,131,162	67,548	5,432,675
Committed	-	-	-	-	1,835,494	-	1,835,494	-	-	-	-	-	-	-	1,835,494
Fund Balances, End of Year	1,587,533	804,460	28,650	37,132	1,835,494	188,188	4,481,457	444,472	107,687	666,227	78,828	290,788	1,131,162	67,548	7,268,169
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,821,757	\$ 895,082	\$ 28,650	\$ 58,634	\$ 1,837,172	\$ 188,188	\$ 4,829,483	\$ 444,472	\$ 107,687	\$ 754,416	\$ 78,828	\$ 290,788	\$ 1,131,162	\$ 67,548	\$ 7,704,384

Norman Independent School District No. 29

Cleveland County, Oklahoma

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

Year Ended June 30, 2014

	Other Special Revenue Funds									Total Special Revenue Funds	Capital Projects						Total Other Governmental Funds
	Building Fund	Child Nutrition	Gifts	Workers' Compensation	Student Activity	Co-Op	MAPS	Torts	Casualty/ Insurance		2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	
Revenues																	
Property Taxes	\$ 4,217,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,217,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,148	248	9	14	1,001	-	-	184	2,604	237	85	1,995	96	633	1,122	183	4,217,855
State Revenue	-	76,625	-	-	-	-	-	-	76,625	-	-	-	-	-	-	-	6,955
Federal Revenue	-	3,011,514	-	-	-	-	-	-	3,011,514	-	-	-	-	-	-	-	76,625
Other	148	1,678,851	21,483	22,365	3,101,920	35,665	-	1,844	5,077,112	-	-	-	-	-	-	-	3,011,514
Total Revenues	4,219,151	4,767,238	21,492	22,379	3,102,921	35,665	-	1,844	12,385,710	237	85	1,995	96	633	1,122	183	12,390,061
Expenditures																	
Current																	
Instruction	-	-	-	-	1,182,046	-	-	-	1,182,046	-	-	22,404	280,689	301,475	1,688,854	262,687	3,738,155
Support Services	4,620,708	-	9,282	-	1,282,201	31,679	-	352,898	6,296,768	479	47,691	378,370	13,571	847,215	940,924	81,770	8,606,788
Non-Instruction Services	-	4,398,212	-	-	618,424	-	-	-	5,016,636	-	-	-	1,415	1,218	4,515	-	5,023,784
Capital Outlays	57,778	-	-	-	586	-	37,018	27,298	122,680	-	5,785	1,732,270	-	606	-	-	1,861,341
Other Outlays	-	2,954	195	33,218	19,775	2,660	-	20,442	79,244	-	-	-	-	-	-	-	79,244
Total Expenditures	4,678,486	4,401,166	9,477	33,218	3,103,032	34,339	37,018	20,442	12,697,374	479	53,476	2,133,044	295,675	1,150,514	2,634,293	344,457	19,309,312
Excess (Deficiency) of Revenues over Expenditures	(459,335)	366,072	12,015	(10,839)	(111)	1,326	(37,018)	(18,598)	(311,664)	(242)	(53,391)	(2,131,049)	(295,579)	(1,149,881)	(2,633,171)	(344,274)	(6,919,251)
Other Financing Sources (Uses)																	
Transfers In	-	-	-	-	-	-	37,018	18,598	55,616	-	-	-	-	-	-	-	55,616
Transfers Out	-	-	-	-	(10,944)	(1,326)	-	-	(30,868)	-	-	-	-	-	-	-	(30,868)
Proceeds of Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	(10,944)	(1,326)	37,018	18,598	24,748	-	-	-	-	-	-	-	24,748
Net Change in Fund Balances	(459,335)	366,072	12,015	(10,839)	(11,055)	-	-	-	(183,774)	(242)	(53,391)	(2,131,049)	(295,579)	(1,149,881)	(2,633,171)	(344,274)	(6,894,503)
Beginning Fund Balances	2,046,868	438,388	16,635	47,971	1,846,549	-	-	-	4,768,373	444,714	161,078	2,797,276	374,407	1,440,669	3,764,333	411,822	14,162,672
Ending Fund Balances	\$ 1,587,533	\$ 804,460	\$ 28,650	\$ 37,132	\$ 1,835,494	\$ -	\$ -	\$ -	\$ 4,481,457	\$ 444,472	\$ 107,687	\$ 666,227	\$ 78,828	\$ 290,788	\$ 1,131,162	\$ 67,548	\$ 7,268,169

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts GAAP	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 1,681,144	\$ 2,046,869	\$ 2,046,868	\$ 365,725	\$ (1)
Resources (inflows)					
Property Taxes	4,102,110	4,246,700	4,217,855	144,590	(28,845)
Interest	7,000	1,200	1,148	(5,800)	(52)
Other	40,000	12,300	148	(27,700)	(12,152)
Amounts Available for Appropriation	<u>5,830,254</u>	<u>6,307,069</u>	<u>6,266,019</u>	<u>476,815</u>	<u>(41,050)</u>
Charges to Appropriations (outflows)					
Support Services	4,829,552	4,678,555	4,620,708	150,997	57,847
Capital Outlays	66,669	81,740	57,778	(15,071)	23,962
Total Charges to Appropriations	<u>4,896,221</u>	<u>4,760,295</u>	<u>4,678,486</u>	<u>135,926</u>	<u>81,809</u>
Budgetary Fund Balance, June 30	<u><u>\$ 934,033</u></u>	<u><u>\$ 1,546,774</u></u>	<u><u>\$ 1,587,533</u></u>	<u><u>\$ 612,741</u></u>	<u><u>\$ 40,759</u></u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)
 Year Ended June 30, 2014

	<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	\$ 340,206	\$ 438,387	\$ 438,388	\$ 98,181	\$ 1
Resources (inflows)					
Interest	600	275	248	(325)	(27)
Local Revenue	2,427,000	1,881,236	1,678,851	(545,764)	(202,385)
State Revenue	157,946	114,938	76,625	(43,008)	(38,313)
Federal Revenue	2,810,000	2,998,772	3,011,514	188,772	12,742
Amounts Available for Appropriation	<u>5,735,752</u>	<u>5,433,608</u>	<u>5,205,626</u>	<u>(302,144)</u>	<u>(227,982)</u>
Charges to Appropriations (outflows)					
Non-instruction services	4,935,000	4,700,000	4,398,212	235,000	301,788
Other Outlays	-	-	2,954	-	(2,954)
Total Charges to Appropriations	<u>4,935,000</u>	<u>4,700,000</u>	<u>4,401,166</u>	<u>235,000</u>	<u>301,788</u>
Budgetary Fund Balance, June 30	<u><u>\$ 800,752</u></u>	<u><u>\$ 733,608</u></u>	<u><u>\$ 804,460</u></u>	<u><u>\$ (67,144)</u></u>	<u><u>\$ 70,852</u></u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2014

Assets	Beginning Balance As of July 1, 2013	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2014
Football	\$ (11,500)	\$ 12,114	\$ 141,795	\$ 121,025	\$ 21,384
Boys Basketball	(3,172)	4,612	51,892	41,946	11,386
Girls Basketball	3,033	1,827	23,676	26,259	2,277
Boys Swimming	897	20	-	100	817
Baseball	611	380	42,028	42,500	519
Fast Pitch Softball	354	(2,127)	20,226	12,592	5,861
Wrestling	(2,275)	2,550	14,461	10,150	4,586
Boys Tennis	997	74	1,715	2,196	590
Girls Tennis	1,096	66	4,823	4,758	1,227
Slow pitch Softball	1,328	360	7,008	7,606	1,090
Girls Cross Country	1,084	(113)	20,298	12,654	8,615
Boys Golf	8,536	(2,875)	11,636	12,515	4,782
Boys Cross Country	1,591	(528)	5,077	4,396	1,744
Boys Soccer	(1,134)	313	18,544	16,158	1,565
Volleyball	(5,187)	479	33,678	24,096	4,874
Boys Track	5,676	1,032	24,142	20,872	9,978
Girls Track	5,130	(257)	7,976	6,145	6,704
General Athletics	148,099	(10,761)	75,540	114,375	98,503
ASCE	3,294	(2,531)	12,307	9,329	3,741
Girls Golf	4,659	(4,149)	3,271	3,768	13
Girls Soccer	(203)	(142)	17,969	17,240	384
Girls Swimming	613	(113)	-	100	400
AP Tests	31,291	6,133	112,939	92,671	57,692
Art	39,057	11,775	7,345	9,597	48,580
Art in Education	1,723	(300)	(1,104)	202	117
Coke	574,242	(50,266)	(14,887)	109,932	399,157
Band	12,994	8,266	209,376	200,961	29,675
Asian Culture/Botball	(1,360)	1,389	1,360	-	1,389
Ice Cream Machine	(10,272)	(8,522)	30,299	11,162	343
Save Darfur Club	22	-	-	-	22
Consumer Education	28	-	-	-	28
Cheerleaders	1,351	14,226	41,260	29,188	27,649
Business	190	-	-	165	25
Link Crew-North	(1,953)	760	2,223	270	760
Class of 2013	728	518	524	662	1,108
Academic Banquet	681	(681)	-	-	-
Ag Ed (FFA)	(6,308)	6,349	58,464	45,607	12,898
Camp Turning Point	2,267	914	4,379	5,919	1,641
Clearing Account	(136)	253	13,659	13,356	420
Book Club	43	14	15	-	72
Book Fair	8,558	2,798	17,295	17,006	11,645
Drama Club	10,982	859	4,902	2,733	14,010
Drafting	200	(200)	-	-	-
Drug Free/Chemical Depend	357	(13)	186	101	429
Black Stud Assoc/Stomp	640	(91)	-	-	549
Pack Shack/Link Crew	85,994	19,032	88,942	86,681	107,287
We the People	139	89	1,856	608	1,476
English	93	(1)	2,248	2,278	62
Environmental Club	240	56	200	-	496
E.M.H.	199	(30)	(100)	-	69
Equip/Repair/Furn	(2,940)	(159)	3,328	-	229

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2014

	Balance As of July 1, 2013	Total Adjustments	Total Receipts	Total Disbursements	Balance As of June 30, 2014
Explo	996	(37)	49	26	982
Enrichment	632	(131)	858	1,220	139
Faculty Services	7,372	(5,851)	5,667	7,188	-
African Amer Assoc	130	-	-	-	130
Field Trips	14,500	(26)	69,273	66,825	16,922
Parking Decals	2,328	2,380	3,439	627	7,520
G.E.M.S.	622	(569)	4,326	3,495	884
Foreign Language-All	835	403	228	173	1,293
French	915	138	1,042	1,075	1,020
General	229,344	(23,751)	345,830	395,192	156,231
Ecology Club	232	-	26	90	168
Gifted and Talented	6,751	1,350	10,176	11,925	6,352
Class of 2014	44	(15)	3,140	2,335	834
Kort Nicholson Benefit	(2,759)	2,506	253	-	-
5th Grade	2,215	(324)	25,615	21,387	6,119
Class of 2012	1,878	(63)	(492)	-	1,323
6th Grade	897	1,974	7,549	7,412	3,008
7th Grade	389	60	12,620	11,644	1,425
8th Grade	(140)	3,423	20,678	18,250	5,711
Grants	(1,188)	(1,424)	5,014	439	1,963
Home Ec/Krispy Kreme	1,951	357	5,756	3,678	4,386
Class of 2011	435	722	2,598	1,853	1,902
Honor Society	10,832	50	2,443	1,312	12,013
DECA	10,717	(5,717)	69,271	67,779	6,492
Instrumental Music	73,158	8,446	292,739	347,765	26,578
Indigent Student Fund	28	-	-	-	28
Athletic Trainer	552	(121)	11,000	5,660	5,771
Independent Living	250	-	-	-	250
Drill Team	181	(68)	303	274	142
Liftathon	1,748	(1,748)	-	-	-
Spud-North	(2,541)	12,881	185,176	172,103	23,413
Leadership Council	24,261	4,874	24,427	24,829	28,733
Latin	1,219	136	3,115	2,664	1,806
Cultural Diversity	2,652	(1,991)	284	284	661
Library/Media Center	53,677	(1,969)	109,286	110,477	50,517
Computers	57	(15)	-	-	42
FCCLA	842	(254)	1,091	1,439	240
Natl Art Honor Society	(735)	1	1,000	-	266
Modern Dance Club	9,253	(14)	18,899	17,486	10,652
Misc Transaction	4,293	(3,000)	(237)	-	1,056
Model United Nations	(130)	570	130	-	570
Mu Alpha Theta	2,494	(1,023)	2,341	2,033	1,779
Music/Drumline	39,925	(5,063)	42,761	56,098	21,525
Newspaper/Journalism	10,212	(5,352)	9,495	7,030	7,325
NPS Foundation	(753)	(8,713)	9,466	-	-
Parenting	78	-	-	-	78
Orchestra	25,376	1,679	59,340	55,845	30,550
NBR Donation	584	-	-	-	584

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2014

	Balance As of July 1, 2013	Total Adjustments	Total Receipts	Total Disbursements	Balance As of June 30, 2014
Office	962	1	-	-	963
Memorial Fund	681	-	-	-	681
Poms	3,652	483	4,933	7,489	1,579
Physical Education	3,578	535	1,923	1,012	5,024
Prof Leave/Development	(532)	(5,681)	16,404	2,843	7,348
Partners-In-Ed	1,936	(1,050)	(326)	560	-
PTA-Student	6,120	(4,635)	31,493	26,000	6,978
Norman Invitational Tourn	1	(1)	-	-	-
Warriors for Peace	8	-	(8)	-	-
Native American Club	1,261	(36)	1,929	1,145	2,009
Donations	4,444	5,113	5,694	3,276	11,975
Tutoring	(2,421)	(247)	2,871	203	-
Outdoor Classroom	4,466	1	(375)	-	4,092
Global Awareness	927	(619)	(188)	-	120
Service Learning	161	854	795	298	1,512
Renaissance Program	801	-	-	-	801
Principal	1,151	162	(199)	952	162
PSAT/Guidance Serv	16,611	54	(460)	-	16,205
Prom	11,585	3,827	27,904	21,310	22,006
Psychology	204	-	-	-	204
Spanish Nat Honor Society	512	125	195	178	654
Model Congress	199	142	523	400	464
School Climate	2,420	(2,296)	25,086	13,881	11,329
Recycling	67	126	35	-	228
Writer's Guild	260	(260)	-	-	-
Resource Center Material	5,660	(1,393)	11,206	11,257	4,216
Fundraiser	11,797	8,644	34,980	36,012	19,409
Orange Thumb	590	(206)	100	-	484
Sat School/Student Int	(7,740)	(2,168)	12,359	589	1,862
SADD	(31)	120	32	-	121
Science	(265)	265	265	-	265
Social Studies	(152)	152	152	-	152
TAPP	517	-	-	-	517
Spanish	1,541	(630)	2,185	2,347	749
Speech	20,055	2,782	33,545	27,597	28,785
Special Ed/Spec Athletes	6,315	(1,566)	3,200	5,682	2,267
Math Donation-Longfellow	781	(782)	-	-	(1)
Fine Arts	37,150	6,269	(1,558)	2,952	38,909
Student Council/Congress	27,658	(7,080)	64,713	75,195	10,096
Store-School	36	(32)	-	-	4
Tyler Flint Memorial	(470)	-	227	(243)	-
Special Education	855	-	-	365	490
Musicals	4,194	304	(1,000)	16	3,482
Rotary Inter-ACT	888	80	100	119	949
Key Club	1,020	24	1,505	1,003	1,546
6th Grade Books	(477)	500	1,351	799	575
Theater Art	3,319	(1,032)	240	196	2,331
Teacher's Sunshine	148	-	(148)	-	-
Technology	16,763	(3,851)	16,757	15,744	13,925
Vocal Music	28,027	(1,743)	150,085	147,780	28,589
Teen Volun/Parent Outreach	1,547	(281)	(155)	194	917

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2014

Assets	Ending Balance As of July 1, 2013	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2014
VRC-Video Resource Center	6,511	(4,819)	1,479	240	2,931
PR Fund	1,076	(365)	-	632	79
Yearbook	84,968	10,233	97,972	97,031	96,142
Vegetarian Club	106	-	-	-	106
Elem Fine Arts	(169)	615	1,724	1,555	615
Wildcat Memories	(130)	100	-	(130)	100
Stand for Silence	(178)	238	178	-	238
Hanging of the Green	69	(68)	(1)	-	-
Interior Design	100	-	-	-	100
Physics	122	-	-	-	122
Young Democrats	1,228	73	635	825	1,111
Botball	3,409	5,133	11,640	4,745	15,437
First Grade	52	18	(52)	-	18
Student Assistance Fund	635	(70)	3,548	367	3,746
Sewing	525	(357)	380	462	86
Administration	46,564	-	33,807	-	80,371
ROAR	514	-	-	101	413
Sociology	217	74	107	96	302
2nd Grade	58	-	(58)	-	-
WOW	21,191	5,414	(14,468)	6,723	5,414
Anthology	889	409	1,148	955	1,491
Academic Teams	708	108	4,895	3,297	2,414
Republican Club	303	2	275	380	200
Third Grade	571	177	1,080	704	1,124
Ike-Field Trips	(1,000)	-	1,000	-	-
North-H.O.P.E.	1,239	-	-	-	1,239
Dumbledore's Army	387	-	1,179	704	862
PBIS	3,035	1	-	1,565	1,471
Transition Center	61	-	-	-	61
Pre-Engineering	849	-	-	-	849
Shakespeare	50	-	-	-	50
Parkinson's Project	3,980	-	(3,980)	-	-
Quidditch Club	135	-	-	-	135
Logo Royalties	507	-	1,358	-	1,865
Risk Factor Survey	1	-	-	-	1
FCCLA	-	-	479	251	228
NHS Instrument Fund	-	-	1,375	-	1,375
Art Club	-	-	80	-	80
Step Dance Team	-	-	73	-	73
Made	-	-	500	-	500
Ilearn Fluently	-	-	960	956	4
WAT-Work Adjustment Train	-	-	830	443	387
Vanderburg Donations	-	-	14,528	14,508	20
Plaza Towers	-	-	3,134	2,624	510
Total assets	<u>\$ 1,846,549</u>	<u>\$ -</u>	<u>\$ 3,102,921</u>	<u>\$ 3,113,976</u>	<u>\$ 1,835,494</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma

Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2014

	Beginning Balance As of <u>July 1, 2013</u>	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of <u>June 30, 2014</u>
Liabilities					
Due to Student Groups	<u>1,846,549</u>	<u>-</u>	<u>3,102,921</u>	<u>3,113,976</u>	<u>1,835,494</u>
Total liabilities	<u>\$ 1,846,549</u>	<u>\$ -</u>	<u>\$ 3,102,921</u>	<u>\$ 3,113,976</u>	<u>\$ 1,835,494</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
 Statement of Statutory, Fidelity, and Honesty Bonds (Unaudited)
 Year Ended June 30, 2014

NAME	TYPE	COMPANY	BOND #	AMOUNT	BEG DATE	END DATE
Dr. Joseph Siano	Public Official Bond	Travelers Casualty and Surety Company	105321891	\$100,000	7/01/13	6/30/14
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/13	9/15/14
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, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2013	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2014
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (146,952)	\$ 317,023	\$ 309,368	\$ (139,297)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	(162,415)	218,165	116,765	(61,015)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(654,227)	1,807,729	1,895,385	(741,883)
Title I, Part A Neglected	84.010	518	(29,103)	103,263	101,554	(27,394)
Title I Cluster			(683,330)	1,910,992	1,996,939	(769,277)
Special Education - Grants to States	84.027	615, 621, 625, 626	(692,714)	3,342,159	3,331,808	(682,363)
Special Education - Preschool Grants	84.173	641, 642	(16,238)	67,964	68,512	(16,786)
Special Education Cluster			(708,952)	3,410,123	3,400,320	(699,149)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(128,146)	297,608	288,449	(118,987)
Title II, Part A, Technical Assistance Allocation	84.367	543	(1,682)	29,934	29,500	(1,248)
Total CFDA 84.367			(129,828)	327,542	317,949	(120,235)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2013	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2014
Title III Part A English Language Acquisition	84.365	571, 572	(14,043)	82,647	88,709	(20,105)
Adult Basic Education	84.002	731	(57,296)	90,836	73,418	(39,878)
Title I Part B, Math and Science	84.366	542	-	35,665	35,665	-
Title I Neglected/Delinquent	84.013	532	(38,936)	182,984	290,092	(146,044)
Jobs Training-OJT	84.126	456	(1,342)	20,800	19,458	-
Total U.S. Department of Education			(1,956,498)	6,632,976	6,671,478	(1,995,000)
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	-	26,763	37,770	(11,007)
Total U.S. Department of the Interior			-	26,763	37,770	(11,007)
U.S. Department of Health and Human Services						
Passed through the Oklahoma State Department of Education						
Temporary Assistance for Needy Families (TANF)	93.558	735	(13,404)	36,199	22,795	-
Total U.S. Department of Health and Human Services			(13,404)	36,199	22,795	-

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2013	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2014
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Breakfast Program - cash assistance	10.553	764	-	629,420	629,420	-
Lunch Program - cash assistance	10.555	763	(35,049)	2,017,927	1,982,878	-
Lunch Program- commodities	10.555	763		338,475	338,475	-
Summer Food Service - cash assistance	10.559	766	-	60,741	60,741	-
Child Nutrition Cluster			(35,049)	3,046,563	3,011,514	-
Total U.S. Department of Agriculture			(35,049)	3,046,563	3,011,514	-
Total			<u>\$ (1,991,547)</u>	<u>\$ 9,706,302</u>	<u>\$ 9,720,762</u>	<u>\$ (2,006,007)</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Norman Independent School District No. 29, Cleveland County, Oklahoma. The schedule is prepared using a cash receipts and disbursements basis. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Nonmonetary assistance, if and when received, is reported in the schedule at the fair market value of commodities received.



**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, 2014, 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 5, 2014.

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 2014-A and 2014-B to be material weaknesses.

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

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 Bailly LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
December 5, 2014



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Oklahoma City, Oklahoma
December 5, 2014

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2014

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness 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 weakness identified No

 Significant deficiencies identified not
 considered to be material weaknesses None reported

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 Circular A-133,
 Section .510(a) No

Name of Federal Program or Cluster CFDA number

Child Nutrition Cluster 10.553, 10.555, 10.559

Special Education Cluster 84.027, 84.173

Dollar threshold used to distinguish
 between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee No

Section II - Findings Relating to the Financial Statements

2014-A Financial Reporting

- Condition: The District does not have procedures in place for the preparation of the government wide financial statements and related disclosures and major fund determination as required by generally accepted accounting principles.
- 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 adjustments, including footnote disclosures, in accordance with generally accepted accounting principles.
- Cause: The District did not prepare the government wide financial statements and necessary adjustments and major fund determination.
- Context: The District did prepare the fund level financial statements and supplemental schedules. However, the District did not prepare the government wide financial statements, disclosures and major fund determinations.
- Effect: The District is at risk for incomplete disclosures and improper fund presentation.
- Recommendation: The Board should evaluate and weigh the costs against the benefits of preparing their own complete financial statements.

Management's Response
And Corrective Action Plan:

Continued implementation of the District's financial software is ongoing and administration plans to utilize the software capabilities for preparation of the government wide financial statements and related disclosures and major fund determination.

2014-B Material Adjustments

Condition:	The District's internal control system did not identify amounts to be recorded for capital assets.
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).
Cause:	Controls to ensure completeness of construction in progress were not in place.
Context:	The District's construction in progress did not properly include all activity in accordance with generally accepted accounting principles.
Effect:	The District is at risk for material misstatements. As a result of the audit procedures, we identified \$1.9 million that were not properly capitalized as construction in progress.
Recommendation:	We recommend a control process be put in place to properly capture year end amounts in order to be presented in accordance with GAAP.

Management's Response
And Corrective Action Plan:

All invoices and related expenditures were properly paid. However, the documentation of those payments was not recorded correctly on year end schedules. Administration will put procedures in place and conduct a thorough review of all schedules submitted for audit purposes, to ensure that year end amounts are reported correctly.

Section III - Findings and Questioned Costs for Federal Awards

None.

Section II - Findings Relating to the Financial Statements

- 13-1 Condition: District does not have procedures in place for the preparation of the government wide financial statements, disclosures, major fund determination, as well as necessary full accrual adjustments required by generally accepted accounting principles.
 Current Status: Condition still exists. See current year finding 2014-A.
- 13-2 Condition: The District's internal control system did not identify amounts to be recorded for accounts payable and capital assets.
 Current Status: Condition still exists. See current year finding 2014-B.

Section III - Findings and Questioned Costs for Federal Awards

No findings in prior year.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Accountant's Professional liability insurance Affidavit
June 30, 2014

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 2013-2014.

EIDE BAILLY, LLP

Vanessa M. Dutton

Subscribed and sworn to before me on this 5th day of December, 2014.

Jo Carroll

Notary Public

My commission expires 7-21-15

