



Financial Statements
June 30, 2013

Norman Independent School District No. 29

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)	38
Schedule of Expenditures of Federal Awards	39
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>	41
Independent Auditor’s report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance	43
Schedule of Findings and Questioned Costs.....	45
Summary of Prior Year Findings	48
Schedule of Accountant’s Professional Liability insurance Affidavit (Unaudited)	49



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, 2013, 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. 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, 2013, 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.

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 11, 2013 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.

Eide Bailly LLP

Oklahoma City, Oklahoma
December 11, 2013

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, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status improved from last year. Total net position increased approximately 13.3 percent over the course of the year.
 - Overall revenues were \$125.4 million and overall expenses were \$119.9 million.
 - The District decreased its outstanding long-term debt \$13.3 million, or 11.9 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 – are 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* – Most of 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.

Most of 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)

	2012	2013
Current and other assets	\$64.3	\$56.9
Capital assets	165.3	166.0
Total assets	229.6	222.9
Long-term debt outstanding	112.0	98.7
Other liabilities	7.7	8.9
Total liabilities	119.7	107.6
Net position:		
Invested in capital assets, net of debt	53.3	41.4
Restricted	43.0	45.2
Unrestricted	13.6	28.7
Total net position	109.9	115.3

Net Position. The District's *combined* net position was larger on June 30, 2013, than they were the year before – increasing nearly \$5 million from \$110 million to approximately \$115 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 Federal and State grant funds increased and State entitlement payments to school districts increased.

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

	2012	2013
Revenues		
Program Revenues		
Charges for services	\$6.2	\$6.0
Federal and state grants	12.6	13.2
General revenues		
Property taxes	53.2	53.3
Other taxes	9.7	10.4
State entitlement	41.9	42.4
Other general revenues	0.2	0.1
Total revenues	123.8	125.4
Expenses		
Program expenses		
Instruction	61.2	64.8
Support services	38.1	42.5
Non-instruction	5.8	6.6
Interest on long-term debt	0.7	0.9
Depreciation-unallocated	5.1	5.1
Total expenses	110.9	119.9
Increase in net position	\$12.9	\$5.5

Changes in net position. The District's total revenues increased \$1.6 million to \$125.4 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 76.4 cents of every dollar raised. Another 10.5 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 \$5.5 million.

The total cost of all programs and services increased by \$9 million to \$119.9 million. The District's expenses are predominantly related to educating and caring for students (89.5 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 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported *combined* fund balances of \$44.6 million, compared to last year's ending fund balances of \$52.4 million.

With the exception of the Debt Service Fund, 2013 Bond Fund, Child Nutrition Fund, Gifts Fund, and the Workers Compensation Fund, all of the District's governmental funds had more expenditures than revenues in 2013.

The excess expenditure over revenues in most all Bond Funds was attributable to the payment on bond projects in subsequent years following receipt of bond proceeds. Also, the Bond Fund expenditures exceeded revenues as the District dealt with decreased state funding and utilized undesignated bond dollars to pay for some instructional materials and technology that were allowable from these funds.

General Fund Budgetary Highlights

At the beginning of the 2013 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were reduced by approximately \$700,000 from the previous fiscal year. This was due to the statewide increase in Average Daily Membership (ADM) and the increase in charter/virtual schools. The expected deficit triggered conservative revenue budgeting and reduced expenditure budgets.

This initial reduction in State Aid was reversed 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 200 students from the prior year. Our District also reported higher student counts in the weighted categories, thus providing approximately 450 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 increased, and motor vehicle collections and school land earnings were higher than expected.
- 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, 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2013, the District had invested over \$19.7 million (including \$14.6 million in lease revenue projects) 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 \$3.3 million for capital projects in 2014, with two of the major projects as follows:

- \$1,000,000 to finish renovation projects at both high schools
- \$2,000,000 to begin renovations at the administration building

Long-term Debt

At year-end the District had \$99 million in total long-term debt outstanding. This is a decrease of 11.9 percent from last year's amount of \$112.0 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 \$18,750,000 of outstanding bonds, and making a principal payment on the Lease Revenue bonds of \$20,360,000.
- \$25,520,000 in new debt was issued during the year.

In recent history the District held a school bond election each year. The District held its first multi-year bond election in 2008. The District's 2008 bond election was a two-year bond for \$43 million, the largest bond election taken to the patrons in the District's history.

In December 2009, the District planned another multi-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 is being funded with lease revenue bonds. The bonds are being issued in a timely manner over five years to match current millage rates to assure citizens will not face any additional taxes. The \$25,520,000 issued this year was the 4th in the 5 year series.

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:

- On a positive note, current revenue trends for the State of Oklahoma continue a slight improvement over last year, but some categories of State revenue collections are not meeting budget projections
- Oklahoma has made some of the deepest cuts to funding for local schools of any state in the country
- Lawmakers have passed numerous new mandates on students and schools in recent years, even as they cut funding needed to implement them.
- The education funding reductions Oklahoma has made in recent years hamper economic recovery, as fewer teaching jobs are available. By undermining education reform, the cuts make it less likely that Oklahoma can develop the highly skilled workforce needed to compete in today's global economy.
- Our schools are being setup for failure by denying resources they need for success.
- The result is a continuing squeeze on school budgets and cuts to even more critical programs.
- The District will have to continue to work on maximizing efficiency and doing more with less.

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, 2013

	Governmental Activities
Assets	
Cash	\$ 48,795,731
Property taxes receivable (net)	4,368,329
Due from other governments	1,991,547
Other receivables	784,024
Other assets	846,816
Inventories	111,504
Nondepreciated capital assets	32,603,000
Depreciated capital assets, net of depreciation	133,415,381
Total Assets	222,916,332
Liabilities	
Accounts payable and other current liabilities	8,752,023
Deferred revenue	101,958
Long-term obligations	
Due within one year	45,424,803
Due beyond one year	53,318,980
Total Liabilities	107,597,764
Net Position	
Invested in capital assets, net of related debt	41,362,679
Restricted for:	
Debt service	40,989,362
School organizations	1,846,549
Child nutrition	438,388
Buildings	1,956,241
Unrestricted	28,725,349
Total Net Position	\$ 115,318,568

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Activities
Year Ended June 30, 2013

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Changes in Net Position Total Governmental Activities
Functions/Programs					
Governmental Activities:					
Instruction	\$ 64,757,494	\$ 58,385	\$ 9,957,854	\$ -	\$ (54,741,255)
Support services	42,530,827	2,556,286	149,716	-	(39,824,825)
Non-instruction services	6,640,187	3,346,950	3,001,216	-	(292,021)
Interest on long-term debt	911,241	-	-	-	(911,241)
Depreciation - unallocated	5,098,596	-	-	-	(5,098,596)
Total school district	\$ 119,938,345	\$ 5,961,621	\$ 13,108,786	\$ -	(100,867,938)
General Revenues:					
		Taxes			
					28,536,373
					4,068,900
					20,706,600
					10,436,721
					42,428,137
					141,413
					106,318,144
					5,450,206
					109,868,362
					\$ 115,318,568

Norman Independent School District No. 29

Cleveland County, Oklahoma

Balance Sheet – Governmental Funds

June 30, 2013

Assets	General Fund	Debt Service Fund	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 12,319,747	\$ 21,454,472	\$ 2,919,517	\$ 12,101,995	\$ 48,795,731
Property Taxes Receivable, net	2,140,959	1,938,877	-	218,395	4,298,231
Due from Other Governments	1,956,498	-	-	35,049	1,991,547
Other Receivables	751,626	-	-	67,447	819,073
Other Assets	2,000	-	844,816	-	846,816
Inventories - Supplies, Materials	111,504	-	-	-	111,504
Total Assets	\$ 17,282,334	\$ 23,393,349	\$ 3,764,333	\$ 12,422,886	\$ 56,862,902
Liabilities and Fund Balances					
Liabilities					
Accounts payable and Accrued Liabilities	\$ 6,404,029	\$ -	\$ -	\$ 1,692,459	\$ 8,096,488
Deferred Revenue	2,028,597	1,852,027	-	367,137	4,247,761
Total Liabilities	8,432,626	1,852,027	-	2,059,596	12,344,249
Fund Balances					
Nonspendable	111,504	-	-	-	111,504
Restricted	969,188	21,541,322	3,764,333	8,551,790	34,826,633
Committed	16,006	-	-	1,846,549	1,862,555
Unassigned	7,753,010	-	-	-	7,753,010
Fund Balances, End of Year	8,849,708	21,541,322	3,764,333	10,398,339	44,553,702
Total Liabilities and Fund Balances	\$ 17,282,334	\$ 23,393,349	\$ 3,764,333	\$ 12,457,935	
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 \$242,638,023 and the accumulated depreciation is \$76,619,642.					166,018,381
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 deferred in the funds.					4,145,803
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)	\$ 73,068,405
				Long-Term Revenue Lease Payable	23,970,000
				Accrued Interest on Bonds	576,730
				Accrued Interest on Long-Term Lease Payable	78,805
				Compensated Absences	1,705,378
					(99,399,318)
Total Net Position - Governmental Activities					\$ 115,318,568

Norman Independent School District No. 29
Cleveland County, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2013

	General Fund	Debt Service Fund	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 29,147,937	\$ 20,844,747	\$ -	\$ 4,159,527	\$ 54,152,211
Interest	28,815	46,770	27,824	38,005	141,414
County Revenue	3,299,073	-	-	-	3,299,073
State Revenue	51,625,166	2	-	78,973	51,704,141
Federal Revenue	7,050,532	-	-	2,921,674	9,972,206
Other	1,659,666	954	-	4,608,096	6,268,716
Total Revenues	92,811,189	20,892,473	27,824	11,806,275	125,537,761
Expenditures					
Instruction	59,892,425	-	7,453	4,408,365	64,308,243
Support services	34,642,196	-	1,038	8,166,522	42,809,756
Non-instruction services	52,165	-	-	5,302,410	5,354,575
Capital Outlays	123,847	-	21,775,000	4,871,330	26,770,177
Other Outlays	112,494	-	-	29,988	142,482
Debt Service					
Judgments	-	7,500	-	-	7,500
Interest paid	-	1,306,167	-	-	1,306,167
Principal retirement	-	18,750,000	-	-	18,750,000
Total Expenditures	94,823,127	20,063,667	21,783,491	22,778,615	159,448,900
Excess (Deficiency) of Revenues over Expenditures	(2,011,938)	828,806	(21,755,667)	(10,972,340)	(33,911,139)
Other Financing Sources (Uses)					
Transfers In	14,178	-	-	48,370	62,548
Transfers Out	-	(48,370)	-	(14,178)	(62,548)
Premium on Bonds	-	510,209	-	-	510,209
Proceeds of Bonds	-	-	25,520,000	-	25,520,000
Total Other Financing Sources (Uses)	14,178	461,839	25,520,000	34,192	26,030,209
Net Change in Fund Balances	(1,997,760)	1,290,645	3,764,333	(10,938,148)	(7,880,930)
Beginning Fund Balances	10,847,468	20,250,677	-	21,336,487	52,434,632
Ending Fund Balances	<u>\$ 8,849,708</u>	<u>\$ 21,541,322</u>	<u>\$ 3,764,333</u>	<u>\$ 10,398,339</u>	<u>\$ 44,553,702</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, 2013

Total net changes in fund balances - governmental funds \$ (7,880,930)

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 capital outlays exceeds depreciation during the period.

Capital assets	\$ 6,301,326	
Depreciation	<u>(5,517,656)</u>	783,670

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

(29,991)

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 deferred revenues. They are, however, recorded as revenues in the statement of activities.

(863,866)

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.

(40,894)

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	\$ (25,520,000)	
Judgments paid	7,500	
Debt repaid	<u>39,110,000</u>	13,597,500

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.

(264,020)

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.

148,737

Change in net position of governmental activities

\$ 5,450,206

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.
- **2010 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 2010 bond issue.
- **2012 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 2012 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.

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 advalorem 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, 2011 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 assigned funds for student allocation carryovers.

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, 2013

As of June 30, 2013, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2013 Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 111,504	\$ -	\$ -	\$ -	\$ 111,504
Restricted for:					
School construction	-	-	3,764,333	5,629,966	9,394,299
Building maintenance	-	-	-	2,046,868	2,046,868
Debt service reserve	-	21,541,322	-	-	21,541,322
Food services	-	-	-	438,388	438,388
Insurance purposes	-	-	-	419,933	419,933
Gifts from donors	-	-	-	16,635	16,635
Federal and state grants carryover	969,188	-	-	-	969,188
Total restricted	<u>969,188</u>	<u>21,541,322</u>	<u>3,764,333</u>	<u>8,551,790</u>	<u>34,826,633</u>
Committed to:					
School programs	-	-	-	1,846,549	1,846,549
Miscellaneous site grants and Astellas grant carryover	<u>16,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,006</u>
Total committed	<u>16,006</u>	<u>-</u>	<u>-</u>	<u>1,846,549</u>	<u>1,862,555</u>
Unassigned	7,753,010	-	-	-	7,753,010
Total fund balances	<u>\$ 8,849,708</u>	<u>\$ 21,541,322</u>	<u>\$ 3,764,333</u>	<u>\$ 10,398,339</u>	<u>\$ 44,553,702</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, 2013, the bank balance of deposits and cash pools was \$60,244,422. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Note 3 - 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	\$ 65,380,000	\$ 25,520,000	\$ (18,750,000)	\$ 72,150,000	\$ 19,425,000
Deferred Bond Premium	654,385	510,209	(246,189)	918,405	324,425
Compensated Absences	1,664,484	633,739	(592,845)	1,705,378	1,705,378
Judgments	7,500	-	(7,500)	-	-
Lease Revenue Payable	44,330,000	-	(20,360,000)	23,970,000	23,970,000
Total governmental activity long-term liabilities	<u>\$ 112,036,369</u>	<u>\$ 26,663,948</u>	<u>\$ (39,956,534)</u>	<u>\$ 98,743,783</u>	<u>\$ 45,424,803</u>

Bonds payable at June 30, 2013 are composed of the following individual general obligation bond issues:

Original Issue Amount	Annual Installment	Maturity Date	Interest Rate	Outstanding Amount at June 30, 2013
\$ 22,240,000	\$ 5,560,000	1/1/2014	4-5%	\$ 5,560,000
25,560,000	6,390,000	3/1/2015	2-3%	12,780,000
6,440,000	1,610,000	3/1/2016	1-2%	4,830,000
23,460,000	5,865,000	3/1/2017	1-2%	23,460,000
25,520,000	6,380,000	3/1/2017	1-2%	25,520,000
				<u>\$ 72,150,000</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, 2013 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2014	\$ 19,425,000	\$ 1,238,771	\$ 20,663,771
2015	20,245,000	812,211	21,057,211
2016	13,855,000	492,030	14,347,030
2017	12,245,000	279,375	12,524,375
2018	6,380,000	95,700	6,475,700
	<u>\$ 72,150,000</u>	<u>\$ 2,918,087</u>	<u>\$ 75,068,087</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, 2013 is approximately \$79,490,000.

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, 2013. 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, 2013, 2012 and 2011 were \$9,697,450, \$8,502,702, and \$9,138,351, 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, 2013 were \$717,823.

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 copier lease is renewable at the District's option for one year increments through June 30, 2014. 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, 2013 on these leases was approximately \$181,000. Total lease expense anticipated for fiscal year 2014 is approximately \$21,000.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 2,699,721	\$ -	\$ -	\$ 2,699,721
Construction in Progress	74,004,538	5,063,471	49,164,730	29,903,279
Total capital assets not being depreciated	<u>76,704,259</u>	<u>5,063,471</u>	<u>49,164,730</u>	<u>32,603,000</u>
Capital Assets being depreciated:				
Buildings	92,470,967	2,842	-	92,473,809
Improvements	56,675,215	49,275,196	-	105,950,411
Furniture and Equipment	2,891,555	245,901	92,039	3,045,417
Musical Instruments	430,295	44,925	-	475,220
Computers	467,323	4,181	75,079	396,425
Vehicles	7,146,134	829,540	281,933	7,693,741
Total capital assets being depreciated	<u>160,081,489</u>	<u>50,402,585</u>	<u>449,051</u>	<u>210,035,023</u>
Less accumulated depreciation for:				
Buildings	52,309,798	2,022,590	-	54,332,388
Improvements	11,380,077	2,836,292	-	14,216,369
Furniture and Equipment	1,454,086	155,445	62,049	1,547,482
Musical Instruments	385,454	12,033	-	397,487
Computers	434,173	8,638	75,078	367,733
Vehicles	5,557,458	482,658	281,933	5,758,183
Less total accumulated depreciation	<u>71,521,046</u>	<u>5,517,656</u>	<u>419,060</u>	<u>76,619,642</u>
Total capital assets being depreciated, net	<u>88,560,443</u>	<u>44,884,929</u>	<u>29,991</u>	<u>133,415,381</u>
Governmental activity capital assets, net	<u>\$ 165,264,702</u>	<u>\$ 49,948,400</u>	<u>\$ 49,194,721</u>	<u>\$ 166,018,381</u>

Note 8 - Disaggregation of Payable Balances

Governmental Activities:	Vendors	Salaries and Benefits	Accrued Interest	Total Payables
General	\$ 2,024,917	\$ 6,071,571	\$ -	\$ 8,096,488
Reconciliation of balances in fund financials to government-wide statements	-	-	655,535	655,535
Total governmental activities	<u>\$ 2,024,917</u>	<u>\$ 6,071,571</u>	<u>\$ 655,535</u>	<u>\$ 8,752,023</u>

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 \$3.34 million dollars as of June 30, 2013.

During the year ended June 30, 2013, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2012. No settlements have exceeded coverage levels in place during 2013.

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, 2013

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, 2013 totaled approximately \$17,694,000.



Required Supplementary Information
June 30, 2013

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, 2013

	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	\$ 8,815,032	\$ 10,847,468	\$ 10,847,468	\$ 2,032,436	\$ -
Resources (inflows)					
Property Taxes	29,244,471	28,761,150	29,147,937	(483,321)	386,787
Interest	26,950	26,000	28,815	(950)	2,815
County Revenue	3,150,000	3,250,000	3,299,073	100,000	49,073
State Revenue	48,705,680	50,962,836	51,625,166	2,257,156	662,330
Federal Revenue	6,173,518	7,973,805	7,050,532	1,800,287	(923,273)
Other	1,866,245	1,709,444	1,673,844	(156,801)	(35,600)
Amounts Available for Appropriation	<u>97,981,896</u>	<u>103,530,703</u>	<u>103,672,835</u>	<u>5,548,807</u>	<u>142,132</u>
Charges to Appropriations (outflows)					
Instruction	57,588,127	59,756,914	59,892,425	(2,168,787)	(135,511)
Support Services	33,617,739	36,114,227	34,642,196	(2,496,488)	1,472,031
Non-instruction Services	41,813	40,800	52,165	1,013	(11,365)
Capital Outlays	90,286	389,332	123,847	(299,046)	265,485
Other Outlays	356,094	306,770	112,494	49,324	194,276
Total Charges to Appropriations	<u>91,694,059</u>	<u>96,608,043</u>	<u>94,823,127</u>	<u>(4,913,984)</u>	<u>1,784,916</u>
Budgetary Fund Balance, June 30	<u>\$ 6,287,837</u>	<u>\$ 6,922,660</u>	<u>\$ 8,849,708</u>	<u>\$ 634,823</u>	<u>\$ 1,927,048</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, 2013

Norman Independent School District No. 29

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2013

	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		Misc Bond Fund
Assets														
Pooled Cash	\$ 2,028,957	\$ 524,871	\$ 16,635	\$ 26,469	\$ 1,847,277	\$ 371,962	\$ 4,816,171	\$ 444,714	\$ 161,078	\$ 4,451,514	\$ 376,027	\$ 1,440,669	\$ 411,822	\$ 12,101,995
Property Taxes Receivable, Net	253,444	-	-	-	-	-	253,444	-	-	-	-	-	-	253,444
Due from Other Governments	35,049	-	-	-	-	-	35,049	-	-	-	-	-	-	35,049
Other Receivables and Assets	-	43,140	-	21,502	2,805	-	67,447	-	-	-	-	-	-	67,447
Total Assets	\$ 2,317,450	\$ 568,011	\$ 16,635	\$ 47,971	\$ 1,850,082	\$ 371,962	\$ 5,172,111	\$ 444,714	\$ 161,078	\$ 4,451,514	\$ 376,027	\$ 1,440,669	\$ 411,822	\$ 12,457,935
Liabilities and Fund Balances														
Liabilities														
Accounts Payable	\$ -	\$ 33,068	\$ -	\$ -	\$ 3,533	\$ -	\$ 36,601	\$ -	\$ -	\$ 1,654,238	\$ 1,620	\$ -	\$ -	\$ 1,692,459
Deferred Revenue	270,582	96,555	-	-	-	-	367,137	-	-	-	-	-	-	367,137
Total Liabilities	270,582	129,623	-	-	3,533	-	403,738	-	-	1,654,238	1,620	-	-	2,059,596
Fund Balances														
Restricted	2,046,868	438,388	16,635	47,971	-	371,962	2,921,824	444,714	161,078	2,797,276	374,407	1,440,669	411,822	8,551,790
Committed	-	-	-	-	1,846,549	-	1,846,549	-	-	-	-	-	-	1,846,549
Fund Balances, End of Year	2,046,868	438,388	16,635	47,971	1,846,549	371,962	4,768,373	444,714	161,078	2,797,276	374,407	1,440,669	411,822	10,398,339
Total Liabilities and Fund Balances	\$ 2,317,450	\$ 568,011	\$ 16,635	\$ 47,971	\$ 1,850,082	\$ 371,962	\$ 5,172,111	\$ 444,714	\$ 161,078	\$ 4,451,514	\$ 376,027	\$ 1,440,669	\$ 411,822	\$ 12,457,935

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, 2013

	Other Special Revenue Funds						Capital Projects						Total Other Governmental Funds	
	Building Fund	Child Nutrition	Gifts	Workers' Compensation	Student Activity	Casualty/ Insurance	Total Special Revenue Funds	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund		Misc Bond Fund
Revenues														
Property Taxes	\$ 4,159,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,159,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,159,527
Interest	6,455	1,447	31	45	4,593	1,046	13,617	1,024	433	14,993	2,020	3,779	2,139	38,005
State Revenue	-	78,973	-	-	-	-	78,973	-	-	-	-	-	-	78,973
Federal Revenue	-	2,921,674	-	-	-	-	2,921,674	-	-	-	-	-	-	2,921,674
Other	9,121	1,725,876	13,000	12,569	2,777,138	70,392	4,608,096	-	-	-	-	-	-	4,608,096
Total Revenues	4,175,103	4,727,970	13,031	12,614	2,781,731	71,438	11,781,887	1,024	433	14,993	2,020	3,779	2,139	11,806,275
Expenditures														
Current														
Instruction	-	-	-	-	983,479	19,999	1,003,478	6,500	1,393	1,397,081	461,504	1,538,409	-	4,408,365
Support Services	4,691,914	-	-	-	1,228,902	43,613	5,964,429	10,036	86,714	530,940	801,971	715,705	56,727	8,166,522
Non-Instruction Services	-	4,669,243	-	-	629,499	-	5,298,742	-	-	0	0	3,668	-	5,302,410
Capital Outlays	101,898	-	-	-	-	113,312	215,210	4,987	19,039	4,088,176	16,359	27,559	500,000	4,871,330
Other Outlays	-	-	6,752	10,650	12,586	-	29,988	-	-	-	-	-	-	29,988
Total Expenditures	4,793,812	4,669,243	6,752	10,650	2,854,466	176,924	12,511,847	21,523	107,146	6,016,197	1,279,834	2,285,341	556,727	22,778,615
Excess (Deficiency) of Revenues over Expenditures	(618,709)	58,727	6,279	1,964	(72,735)	(105,486)	(729,960)	(20,499)	(106,713)	(6,001,204)	(1,277,814)	(2,281,562)	(554,588)	(10,972,340)
Other Financing Sources (Uses)														
Transfers In	48,370	-	-	-	-	-	48,370	-	-	-	-	-	-	48,370
Transfers Out	-	-	-	-	(14,178)	-	(14,178)	-	-	-	-	-	-	(14,178)
Total Other Financing Sources (Uses)	48,370	-	-	-	(14,178)	-	34,192	-	-	-	-	-	-	34,192
Net Change in Fund Balances	(570,339)	58,727	6,279	1,964	(86,913)	(105,486)	(695,768)	(20,499)	(106,713)	(6,001,204)	(1,277,814)	(2,281,562)	(554,588)	(10,938,148)
Beginning Fund Balances	2,617,207	379,661	10,356	46,007	1,933,462	477,448	5,464,141	465,213	267,791	8,798,480	1,652,221	3,722,231	966,410	21,336,487
Ending Fund Balances	\$ 2,046,868	\$ 438,388	\$ 16,635	\$ 47,971	\$ 1,846,549	\$ 371,962	\$ 4,768,373	\$ 444,714	\$ 161,078	\$ 2,797,276	\$ 374,407	\$ 1,440,669	\$ 411,822	\$ 10,398,339

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts GAAP	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 2,371,887	\$ 2,617,208	\$ 2,617,207	\$ 245,321	\$ (1)
Resources (inflows)					
Property Taxes	4,166,179	4,102,110	4,159,527	(64,069)	57,417
Interest	5,013	7,000	6,455	1,987	(545)
Other	40,000	40,000	57,491	-	17,491
Amounts Available for Appropriation	<u>6,583,079</u>	<u>6,766,318</u>	<u>6,840,680</u>	<u>183,239</u>	<u>74,362</u>
Charges to Appropriations (outflows)					
Support Services	4,663,379	4,968,505	4,691,914	(305,126)	276,591
Capital Outlays	320,506	116,669	101,898	203,837	14,771
Total Charges to Appropriations	<u>4,983,885</u>	<u>5,085,174</u>	<u>4,793,812</u>	<u>(101,289)</u>	<u>291,362</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,599,194</u></u>	<u><u>\$ 1,681,144</u></u>	<u><u>\$ 2,046,868</u></u>	<u><u>\$ 81,950</u></u>	<u><u>\$ 365,724</u></u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)
 Year Ended June 30, 2013

	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	\$ 319,661	\$ 379,660	\$ 379,661	\$ 59,999	\$ 1
Resources (inflows)					
Interest	2,500	600	1,447	(1,900)	847
Local Revenue	2,017,006	1,827,000	1,725,876	(190,006)	(101,124)
State Revenue	76,929	157,946	78,973	81,017	(78,973)
Federal Revenue	2,778,000	2,810,000	2,921,674	32,000	111,674
Amounts Available for Appropriation	<u>5,194,096</u>	<u>5,175,206</u>	<u>5,107,631</u>	<u>(18,890)</u>	<u>(67,575)</u>
Charges to Appropriations (outflows)					
Non-instruction services	<u>4,868,563</u>	<u>4,835,000</u>	<u>4,669,243</u>	<u>33,563</u>	<u>165,757</u>
Total Charges to Appropriations	<u>4,868,563</u>	<u>4,835,000</u>	<u>4,669,243</u>	<u>33,563</u>	<u>165,757</u>
Budgetary Fund Balance, June 30	<u><u>\$ 325,533</u></u>	<u><u>\$ 340,206</u></u>	<u><u>\$ 438,388</u></u>	<u><u>\$ 14,673</u></u>	<u><u>\$ 98,182</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, 2013

Assets	Beginning Balance As of July 1, 2012	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2013
Football	\$ 23,732	\$ (12,114)	\$ 136,903	\$ (160,021)	\$ (11,500)
Boys Basketball	2,703	(4,612)	40,425	(41,688)	(3,172)
Girls Basketball	193	(1,827)	34,807	(30,140)	3,033
Boys Swimming	297	(20)	860	(240)	897
Baseball	3,415	(380)	36,891	(39,315)	611
Fast Pitch Softball	4,138	2,127	9,986	(15,897)	354
Wrestling	833	(2,550)	38,747	(39,305)	(2,275)
Boys Tennis	572	(74)	2,805	(2,306)	997
Girls Tennis	1,096	(66)	2,171	(2,105)	1,096
Slow pitch Softball	2,248	(360)	11,613	(12,173)	1,328
Girls Cross Country	2,202	112	5,646	(6,876)	1,084
Boys Golf	3,353	4,229	12,715	(11,761)	8,536
Boys Cross Country	1,802	527	4,640	(5,378)	1,591
Boys Soccer	(434)	(313)	13,737	(14,124)	(1,134)
Volleyball	815	(479)	12,127	(17,650)	(5,187)
Boys Track	7,840	(1,032)	26,189	(27,321)	5,676
Girls Track	3,038	257	10,505	(8,670)	5,130
General Athletics	152,380	13,845	104,675	(122,801)	148,099
ASCE	(857)	2,532	10,190	(8,571)	3,294
Girls Golf	1,713	4,149	3,012	(4,215)	4,659
Girls Soccer	120	142	12,617	(13,082)	(203)
Girls Swimming	(120)	113	700	(80)	613
AP Tests	74,601	(6,133)	91,261	(128,438)	31,291
Art	44,848	(10,874)	9,300	(4,217)	39,057
Art in Education	3,153	300	(1,379)	(351)	1,723
Coke	545,888	48,061	64,370	(84,077)	574,242
Band	20,330	(8,266)	48,928	(47,998)	12,994
Asian Culture/Botball	(1,220)	(1,389)	3,099	(1,850)	(1,360)
Ice Cream Machine	(27,167)	8,522	17,071	(8,698)	(10,272)
Save Darfur Club	22	-	-	-	22
Consumer Education	28	-	-	-	28
Cheerleaders	23,986	(14,226)	26,497	(34,906)	1,351
Business	-	-	578	(388)	190
Link Crew-North	609	(760)	-	(1,802)	(1,953)
Class of 2013	631	(518)	1,263	(648)	728
Academic Banquet	98	681	(98)	-	681
Ag Ed (FFA)	8,132	(6,349)	42,890	(50,981)	(6,308)
Camp Turning Point	5,124	(914)	4,229	(6,172)	2,267
Clearing Account	533	(229)	15,592	(16,032)	(136)
Book Club	58	(14)	362	(363)	43
Book Fair	11,119	(2,798)	22,993	(22,756)	8,558
Drama Club	10,784	(859)	5,277	(4,220)	10,982
Drafting	-	200	-	-	200
Drug Free/Chemical Depend	539	13	268	(463)	357
Black Stud Assoc/Stomp	683	91	(75)	(59)	640
Pack Shack/Link Crew	99,506	(19,032)	77,934	(72,414)	85,994
We the People	255	(89)	398	(425)	139
English	93	-	-	-	93
Environmental Club	461	44	-	(265)	240
E.M.H.	269	(70)	-	-	199
Equip/Repair/Furn	9,157	159	6,800	(19,056)	(2,940)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2013

	Beginning Balance As of <u>July 1, 2012</u>	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of <u>June 30, 2013</u>
Explo	1,701	37	-	(742)	996
Enrichment	296	131	700	(495)	632
Faculty Services	1,379	5,851	7,000	(6,858)	7,372
African Amer Assoc	710	-	442	(1,022)	130
Field Trips	10,135	(974)	74,927	(69,588)	14,500
Parking Decals	1,466	(2,380)	3,850	(608)	2,328
G.E.M.S.	1,727	569	2,004	(3,678)	622
Foreign Language-All	1,322	(402)	408	(493)	835
French	1,248	(138)	627	(822)	915
General	238,541	19,577	297,344	(326,118)	229,344
Ecology Club	199	-	33	-	232
Gifted and Talented	10,643	(1,350)	14,363	(16,905)	6,751
Class of 2014	(179)	15	1,001	(793)	44
Kort Nicholson Benefit	(253)	(2,506)	-	-	(2,759)
5th Grade	3,300	323	16,430	(17,838)	2,215
Class of 2012	1,638	63	3,347	(3,170)	1,878
6th Grade	2,318	(1,974)	8,124	(7,571)	897
7th Grade	1,126	(60)	10,227	(10,904)	389
8th Grade	3,199	(3,423)	17,807	(17,723)	(140)
Grants	(15,492)	1,424	12,880	-	(1,188)
Home Ec/Krispy Kreme	947	(358)	4,377	(3,015)	1,951
Class of 2011	2,360	(722)	(1,203)	-	435
Honor Society	12,063	(51)	3,080	(4,260)	10,832
DECA	7,645	5,716	54,864	(57,508)	10,717
Instrumental Music	17,476	(8,446)	156,168	(92,040)	73,158
Indigent Student Fund	522	-	(494)	-	28
Athletic Trainer	4,802	121	1,000	(5,371)	552
Independent Living	250	-	-	-	250
Drill Team	482	68	534	(903)	181
Liftathon	-	1,748	-	-	1,748
Spud-North	48,467	(12,881)	213,682	(251,809)	(2,541)
Leadership Council	29,186	(4,873)	19,830	(19,882)	24,261
Latin	1,248	(136)	2,903	(2,796)	1,219
Cultural Diversity	147	1,991	514	-	2,652
Library/Media Center	48,670	1,969	111,925	(108,887)	53,677
Computers	79	15	-	(37)	57
FCCLA	751	253	1,059	(1,221)	842
Natl Art Honor Society	(735)	-	-	-	(735)
Modern Dance Club	6,820	14	22,271	(19,852)	9,253
Misc Transaction	1,229	3,000	64	-	4,293
Model United Nations	538	(570)	2,942	(3,040)	(130)
Mu Alpha Theta	1,317	1,023	2,937	(2,783)	2,494
Music/Drumline	31,933	5,063	56,820	(53,891)	39,925
Clusters/GT	27	-	(27)	-	-
Newspaper/Journalism	5,452	5,351	8,776	(9,367)	10,212
NPS Foundation	(10,427)	9,683	-	(9)	(753)
Parenting	78	-	-	-	78
Orchestra	23,955	(1,678)	22,208	(19,109)	25,376
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, 2013

Assets	Beginning Balance As of July 1, 2012	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2013
Office	1,346	-	-	(384)	962
Memorial Fund	681	-	-	-	681
Poms	1,816	(483)	11,254	(8,935)	3,652
Physical Education	4,905	(535)	1,640	(2,432)	3,578
Prof Leave/Development	(6,394)	5,681	4,164	(3,983)	(532)
Partners-In-Ed	58	1,050	828	-	1,936
PTA-Student	906	4,635	17,925	(17,346)	6,120
Norman Invitational Tourn	-	1	-	-	1
Warriors for Peace	8	-	-	-	8
Native American Club	2,095	36	791	(1,661)	1,261
Donations	16,293	(4,952)	(2,695)	(4,202)	4,444
9th NIT	-	-	2,269	(2,269)	-
Tutoring	(629)	247	-	(2,039)	(2,421)
Outdoor Classroom	4,742	(276)	-	-	4,466
Global Awareness	308	619	-	-	927
Service Learning	1,708	(854)	864	(1,557)	161
Renaissance Program	801	-	-	-	801
Principal	2,504	(161)	(1,192)	-	1,151
PSAT/Guidance Serv	24,678	(54)	225	(8,238)	16,611
Prom	12,874	(3,844)	28,715	(26,160)	11,585
Psychology	-	204	-	-	204
Spanish Nat Honor Society	543	(329)	650	(352)	512
Model Congress	384	(142)	507	(550)	199
School Climate	83	2,296	8,303	(8,262)	2,420
Recycling	414	(126)	59	(280)	67
Writer's Guild	11	260	(11)	-	260
Resource Center Material	3,141	1,392	11,429	(10,302)	5,660
Fundraiser	17,525	(7,503)	29,980	(28,205)	11,797
Orange Thumb	634	206	(250)	-	590
Sat School/Student Int	(8,523)	2,168	(90)	(1,295)	(7,740)
SADD	89	(120)	-	-	(31)
Science	-	(265)	-	-	(265)
Social Studies	52	(152)	(52)	-	(152)
TAPP	408	-	109	-	517
Spanish	667	629	245	-	1,541
Speech	19,100	(2,782)	29,927	(26,190)	20,055
Special Ed/Spec Athletes	3,941	1,566	10,850	(10,042)	6,315
Math Donation-Longfellow	-	781	-	-	781
Fine Arts	32,992	(6,268)	11,097	(671)	37,150
Student Council/Congress	21,199	7,080	61,131	(61,752)	27,658
Store-School	4	32	-	-	36
Tyler Flint Memorial	(470)	-	-	-	(470)
Special Education	855	-	-	-	855
Musicals	304	(304)	19,558	(15,364)	4,194
Rotary Inter-ACT	1,084	(80)	120	(236)	888
Key Club	687	(24)	1,200	(843)	1,020
6th Grade Books	8	(500)	1,036	(1,021)	(477)
Theater Art	1,417	1,032	2,101	(1,231)	3,319
Teacher's Sunshine	286	38	(176)	-	148
Technology	15,514	3,851	29,978	(32,580)	16,763
Vocal Music	30,168	1,743	195,359	(199,243)	28,027
Teen Volun/Parent Outreach	1,973	281	3,183	(3,890)	1,547

Norman Independent School District No. 29
Cleveland County, Oklahoma

Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2013

Assets	Ending Balance As of July 1, 2012	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2013
VRC-Video Resource Center	2,631	4,819	1,966	(2,905)	6,511
PR Fund	894	366	-	(184)	1,076
Yearbook	87,228	(10,233)	126,146	(118,173)	84,968
Vegetarian Club	106	-	-	-	106
Elem Fine Arts	767	(615)	79	(400)	(169)
Wildcat Memories	(30)	(100)	-	-	(130)
Stand for Silence	60	(238)	-	-	(178)
Carolyn Ahern Scholarship	1	68	-	-	69
Interior Design	100	-	-	-	100
Physics	122	-	-	-	122
Young Democrats	930	(73)	371	-	1,228
Botball	6,054	(5,132)	13,094	(10,607)	3,409
First Grade	70	(18)	-	-	52
Student Assistance Fund	141	70	548	(124)	635
Sewing	189	356	585	(605)	525
Administration	46,564	-	-	-	46,564
ROAR	843	-	(329)	-	514
Sociology	220	(74)	100	(29)	217
2nd Grade	58	-	-	-	58
WOW	20,670	(5,414)	12,133	(6,198)	21,191
Anthology	1,684	(408)	315	(702)	889
Academic Teams	175	(109)	2,029	(1,387)	708
Republican Club	305	(2)	-	-	303
Third Grade	264	(177)	484	-	571
Ike-Field Trips	(1,000)	-	-	-	(1,000)
North-H.O.P.E.	945	-	294	-	1,239
Dumbledore's Army	291	-	490	(394)	387
PBIS	5,000	-	-	(1,965)	3,035
Transition Center	501	-	-	(440)	61
Pre-Engineering	-	-	1,000	(151)	849
Shakespeare	-	-	1,500	(1,450)	50
Parkinson's Project	-	-	12,910	(8,930)	3,980
Quidditch Club	-	-	135	-	135
Logo Royalties	-	-	507	-	507
Risk Factor Survey	-	-	1,080	(1,079)	1
Total assets	\$ 1,933,462	\$ -	\$ 2,781,731	\$ (2,868,644)	\$ 1,846,549
Liabilities					
Due to Student Groups	1,933,462	-	2,781,731	(2,868,644)	1,846,549
Total liabilities	\$ 1,933,462	\$ -	\$ 2,781,731	\$ (2,868,644)	\$ 1,846,549

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, 2013

NAME	TYPE	COMPANY	BOND #	AMOUNT	BEG DATE	END DATE
Dr. Joseph Siano	Public Official Bond	Travelers Casualty and Surety Company	105321891	\$100,000	7/01/12	7/1/13
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/12	9/16/13
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, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2012	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2013
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (74,447)	\$ 164,128	\$ 311,080	\$ (221,399)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	(38,309)	63,348	225,762	(200,723)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(1,095,129)	1,546,438	2,200,433	(1,749,124)
Title I, School Improvement	84.010	515	(34,725)	-	-	(34,725)
Title I, Part A Neglected	84.010	518	(69,375)	59,742	88,845	(98,478)
Title I Cluster			(1,199,229)	1,606,180	2,289,278	(1,882,327)
		613, 615, 621				
Special Education - Grants to States	84.027	625, 626	(1,294,268)	2,553,873	3,246,587	(1,986,982)
Special Education - Preschool Grants	84.173	641, 642	(30,913)	52,125	68,363	(47,151)
Special Education Cluster			(1,325,181)	2,605,998	3,314,950	(2,034,133)
ARRA, WIA Adult Program	17.258	692	-	284	284	-
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(211,633)	289,131	417,276	(339,778)
Title II, Part A, Technical Assistance Allocation	84.367	543	(7,286)	27,818	29,500	(8,968)
Title III Part A English Language Acquisition	84.365	571, 572	(58,501)	47,571	61,615	(72,545)
Adult Basic Education	84.002	731	(60,719)	16,864	99,862	(143,717)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2012	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2013
Temporary Assistance for Needy Families (TANF)	93.558	735	(14,668)	38,807	52,211	(28,072)
Education Jobs Fund - ARRA	84.410	790	-	133,852	133,852	-
Title I Neglected/Delinquent	84.013	532	(163,042)	163,649	202,585	(201,978)
Jobs Training-OJT	84.126	456	-	17,475	18,818	(1,343)
Total U.S. Department of Education			(3,153,015)	5,175,105	7,157,073	(5,134,983)
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	-	27,309	27,309	-
U.S. Department of Agriculture Passed through the Oklahoma State Department of Education Cash Assistance:						
Breakfast Program	10.553	764	(61,806)	612,501	612,501	(61,806)
Lunch Program	10.555	763	(213,671)	2,261,988	2,261,988	(213,671)
Summer Food Service	10.559	766	(43,392)	47,185	47,185	(43,392)
Child Nutrition Cluster			(318,869)	2,921,674	2,921,674	(318,869)
Total U.S. Department of Agriculture			(318,869)	2,921,674	2,921,674	(318,869)
Total			\$ (3,471,884)	\$ 8,124,088	\$ 10,106,056	\$ (5,453,852)

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, 2013, 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 11, 2013.

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 2013-A and 2013-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 cursive script that reads "Eide Sully LLP".

Oklahoma City, Oklahoma
December 11, 2013



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, 2013. 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, 2013.

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 11, 2013

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

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

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
Title I - Grants to Local Educational Agencies	84.010
Special Education Cluster	84.027, 84.173
Indian Education Grants to Local Educational Agencies	84.060
Education Jobs Fund (Ed Jobs) - ARRA	84.410
Dollar threshold used to distinguish between Type A and Type B programs	\$ 303,182
Auditee qualified as low-risk auditee	No

Section II - Findings Relating to the Financial Statements

2013-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.

2013-B Material Adjustments

- Condition:** The District's internal control system did not identify amounts to be recorded for accounts payable and capital assets. Additionally, the District's internal control system did not identify a certain error in the Schedule of Expenditures of Federal Awards (SEFA).
- 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:** Accounts payable for construction related expenditures for approximately \$500,000 was not recorded by the District based on service dates which was also noted in the prior year. Additionally, an adjustment of approximately \$6.4 million was made to properly state capital assets. Lastly, one federal program of approximately \$133,000 was not recorded properly on the SEFA.
- Context:** The District's accounts payable and capital assets at year-end did not include all fiscal year activity. Lastly, the SEFA did not accurately reflect all federal expenditures of the District.
- Effect:** The District is at risk for material misstatements. Additionally, material audit adjustments were made due to understatement of accounts payable and capital assets. Lastly, a material audit adjustment was made to the SEFA.
- 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. We recommend a control process be put in place to reconcile the SEFA to the General Ledger.

**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

- 12-1 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 findings 2013-A and 2013-B.

Section III - Findings and Questioned Costs for Federal Awards

No findings in prior year.

