



Financial Statements
June 30, 2012

Norman Independent School District No. 29

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Norman Independent School District No. 29 (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 27, respectively, 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements as a whole. The information shown in the table of contents as other supplementary information 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 Organizations*, and is also not a required part of the basic financial statements of the District. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Eide Bailly LLP

Oklahoma City, Oklahoma
December 12, 2012

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, 2012. 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 assets increased approximately 13.3 percent over the course of the year.
 - Overall revenues were \$123.8 million and overall expenses were \$110.9 million.
 - The District decreased its outstanding long-term debt \$11.2 million, or 9.12 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 assets 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 assets 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 assets* and how they have changed. Net assets – 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 assets 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 Assets
(in millions of dollars)

	2011	2012
Current and other assets	\$65.9	\$64.3
Capital assets	163.0	165.3
Total assets	228.9	229.6
Long-term debt outstanding	122.8	112.0
Other liabilities	9.1	7.7
Total liabilities	131.9	119.7
Net assets:		
Invested in capital assets, net of debt	63.0	53.3
Restricted	22.4	43.0
Unrestricted	11.6	13.6
Total net assets	97.0	109.9

Net Assets. The District’s *combined* net assets were larger on June 30, 2012, than they were the year before – increasing nearly \$12.9 million from \$97 million to approximately \$109.9 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. Growth during the year in taxes was a significant contributor to this improvement. Another notable factor was that despite the fact the Federal and State grant funds decreased, State entitlement payments to school districts increased.

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

	2011	2012
Revenues		
Program Revenues		
Charges for services	\$5.8	\$6.2
Federal and state grants	19.4	12.6
General revenues		
Property taxes	50.3	53.2
Other taxes	10.0	9.7
State entitlement	38.3	41.9
Other general revenues	0.2	0.2
Total revenues	124.0	123.8
Expenses		
Program expenses		
Instruction	65.7	61.2
Support services	37.1	38.1
Non-instruction	6.4	5.8
Interest on long-term debt	2.1	0.7
Depreciation-unallocated	5.0	5.1
Total expenses	116.3	110.9
Increase in net assets	\$7.7	\$12.9

Changes in net assets. The District's total revenues decreased \$0.2 million to \$123.8 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 76.8 cents of every dollar raised. Another 10.2 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 assets to \$12.9 million.

The total cost of all programs and services decreased by \$5.4 million to \$110.9 million. The District's expenses are predominantly related to educating and caring for students (89.6 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 assets 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 2012.

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 \$52.4 million, compared to last year's ending fund balances of \$54.4 million.

With the exception of the General Fund, Debt Service Fund, Child Nutrition Fund, Student Activity Fund, 2012 Bond Fund, and the Casualty/Insurance Fund, all of the District's governmental funds had more expenditures than revenues in 2012.

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 2012 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were reduced by approximately \$2 million from the previous fiscal year. This was due to the elimination of Federal Stabilization funding that had been used in 2010 and 2011 to replace the loss in State appropriations. The expected deficit triggered conservative revenue budgeting and reduced expenditure budgets.

This initial reduction in State Aid was nearly 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 350 students from the prior year. Our District also reported higher student counts in the weighted categories, thus providing approximately 1,000 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 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, 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2012, the District had invested over \$45 million (including \$39.6 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 \$20 million for capital projects in 2013, with some of the major projects as follows:

- \$3,000,000 to complete the construction of a new elementary school
- \$6,000,000 to finish renovation projects at both high schools
- \$2,000,000 to finish renovation projects at several elementary schools
- \$1,200,000 to complete three elementary classroom additions

- \$4,500,000 to begin renovations at the administration building
- \$1,500,000 to complete the district-wide intelligent classroom project

Long-term Debt

At year-end the District had \$112 million in total long-term debt outstanding. This is a decrease of 9 percent from last year's amount of \$123.1 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 \$17,140,000 of outstanding bonds, and making a principal payment on the Lease Revenue bonds of \$17,570,000.
- \$23,460,000 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 \$23,460,000 issued this year was the 3rd 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 continue to improve for the State of Oklahoma.
- The State's 2013 budget negotiated by the Governor and legislative leaders increased by \$253 million, or 3.8% and there was additional funding for targeted priorities in human services, health care, transportation and public safety. However, education ended up with only a .7% increase over 2012. So education funding is falling flat.
- Common education remains the largest single source of state appropriations, but its share of total appropriations in 2013 has fallen to 34.1%, the lowest level since at least fiscal year 2000.
- 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 Assets
June 30, 2012

	Governmental Activities
Assets	
Cash	\$ 54,407,785
Property taxes receivable (net)	5,150,599
Due from other governments	3,484,688
Other receivables	772,914
Other assets	359,531
Inventories	127,243
Nondepreciated capital assets	76,704,259
Depreciated capital assets, net of depreciation	88,560,443
Total Assets	229,567,462
Liabilities	
Accounts payable and other current liabilities	7,541,925
Deferred revenue	120,804
Long-term obligations	
Due within one year	41,029,706
Due beyond one year	71,006,663
Total Liabilities	119,699,098
Net Assets	
Invested in capital assets, net of related debt	53,857,048
Restricted for:	
Debt service	38,083,520
School organizations	1,933,461
Child nutrition	344,612
Buildings	2,657,650
Unrestricted	12,992,073
Total Net Assets	\$ 109,868,364

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Activities
Year Ended June 30, 2012

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Changes in Net Assets
Governmental Activities:					Total Governmental Activities
Instruction	\$ 61,220,085	\$ 79,518	\$ 9,600,751	\$ -	\$ (51,539,816)
Support services	38,142,225	2,431,401	147,445	-	(35,563,379)
Non-instruction services	5,760,360	3,720,779	2,872,178	-	832,597
Interest on long-term debt	676,784	-	-	-	(676,784)
Interest on judgments	755	-	-	-	(755)
Depreciation - unallocated	5,134,194	-	-	-	(5,134,194)
Total school district	\$ 110,934,403	\$ 6,231,698	\$ 12,620,374	\$ -	(92,082,331)
General Revenues:					
		Taxes			
		Property taxes, levied for general purposes			28,466,078
		Property taxes, levied for building purposes			4,058,039
		Property taxes, levied for debt service			20,630,036
		General taxes			9,694,668
		State aid - formula grants			41,935,567
		Investment earnings			139,539
		Total General Revenues			104,923,927
		Change in net assets			12,841,596
Net assets - beginning					97,026,768
Net assets - ending					\$ 109,868,364

Norman Independent School District No. 29
Cleveland County, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2012

Assets	General Fund	Debt Service Fund	2010 Bond Fund	2012 Bond Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 12,879,230	\$ 20,193,101	\$ 9,312,109	\$ 3,377,551	\$ 8,645,794	\$ 54,407,785
Property Taxes Receivable, net	2,731,663	2,046,150	-	-	41,118	4,818,931
Due from Other Governments	3,153,020	-	-	-	331,668	3,484,688
Other Receivables	745,857	1,600	3,900	-	353,225	1,104,582
Other Assets	-	-	-	344,681	14,850	359,531
Inventories - Supplies, Materials	127,243	-	-	-	-	127,243
Total Assets	<u>\$ 19,637,013</u>	<u>\$ 22,240,851</u>	<u>\$ 9,316,009</u>	<u>\$ 3,722,232</u>	<u>\$ 9,386,655</u>	<u>\$ 64,302,760</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and Accrued Liabilities	\$ 6,128,092	\$ -	\$ 517,529	\$ -	\$ 92,032	\$ 6,737,653
Deferred Revenue	2,661,452	1,990,174	-	-	478,847	5,130,473
Total Liabilities	<u>8,789,544</u>	<u>1,990,174</u>	<u>517,529</u>	<u>-</u>	<u>570,879</u>	<u>11,868,126</u>
Fund Balances						
Nonspendable	127,243	-	-	-	-	127,243
Restricted	1,761,232	20,250,677	8,798,480	3,722,232	6,882,315	41,414,936
Committed	32,069	-	-	-	1,933,461	1,965,530
Assigned	50,422	-	-	-	-	50,422
Unassigned	8,876,503	-	-	-	-	8,876,503
Fund Balances, End of Year	<u>10,847,469</u>	<u>20,250,677</u>	<u>8,798,480</u>	<u>3,722,232</u>	<u>8,815,776</u>	<u>52,434,634</u>
Total Liabilities and Fund Balances	<u>\$ 19,637,013</u>	<u>\$ 22,240,851</u>	<u>\$ 9,316,009</u>	<u>\$ 3,722,232</u>	<u>\$ 9,386,655</u>	
Amounts reported for governmental activities in the statement of net assets 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 \$236,785,748 and the accumulated depreciation is \$71,521,046.						165,264,702
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.						5,009,669
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)	\$ 66,034,385
					Long-Term Revenue Lease Payable	44,330,000
					Accrued Interest on Bonds	658,530
					Accrued Interest on Long-Term Lease Payable	145,742
					Long-Term Judgment Payable	7,500
					Compensated Absences	1,664,484
						<u>(112,840,641)</u>
Total Net Assets - Governmental Activities						<u>\$ 109,868,364</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2012

	General Fund	Debt Service Fund	2010 Bond Fund	2012 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 28,153,372	\$ 20,158,046	\$ -	\$ -	\$ 4,017,596	\$ 52,329,014
Interest	27,742	66,600	19,670	4,480	21,046	139,538
County Revenue	3,142,734	-	-	-	-	3,142,734
State Revenue	50,477,955	-	-	-	76,929	50,554,884
Federal Revenue	6,893,027	-	-	-	2,794,693	9,687,720
Other	1,842,076	888	-	-	4,565,464	6,408,428
Total Revenues	90,536,906	20,225,534	19,670	4,480	11,475,728	122,262,318
Expenditures						
Instruction	56,627,812	-	1,866,427	13,283	2,317,699	60,825,221
Support services	32,238,786	-	439,677	13,965	5,890,316	38,582,744
Non-instruction services	141,209	-	13,132	-	5,251,775	5,406,116
Capital Outlays	38,126	-	2,667,500	19,715,000	1,845,194	24,265,820
Other Outlays	253,282	-	-	-	31,701	284,983
Debt Service						
Judgments	-	8,255	-	-	-	8,255
Interest paid	-	1,574,610	-	-	-	1,574,610
Principal retirement	-	17,140,000	-	-	-	17,140,000
Total Expenditures	89,299,215	18,722,865	4,986,736	19,742,248	15,336,685	148,087,749
Excess (Deficiency) of Revenues over Expenditures	1,237,691	1,502,669	(4,967,066)	(19,737,768)	(3,860,957)	(25,825,431)
Other Financing Sources (Uses)						
Transfers In	12,555	-	-	-	37,459	50,014
Transfers Out	-	(37,459)	-	-	(12,555)	(50,014)
Premium on Bonds	-	394,363	-	-	-	394,363
Proceeds of Bonds	-	-	-	23,460,000	-	23,460,000
Total Other Financing Sources (Uses)	12,555	356,904	-	23,460,000	24,904	23,854,363
Net Change in Fund Balances	1,250,246	1,859,573	(4,967,066)	3,722,232	(3,836,053)	(1,971,068)
Beginning Fund Balances	9,597,223	18,391,104	13,765,546	-	12,651,829	54,405,702
Ending Fund Balances	<u>\$ 10,847,469</u>	<u>\$ 20,250,677</u>	<u>\$ 8,798,480</u>	<u>\$ 3,722,232</u>	<u>\$ 8,815,776</u>	<u>\$ 52,434,634</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, 2012

Total net changes in fund balances - governmental funds \$ (1,971,068)

The change in nets assets 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	\$ 7,401,788	
	Depreciation	<u>(5,134,194)</u>	2,267,594

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.

795,857

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.

23,300

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 assets, 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 assets.

	Debt issued	\$ (23,460,000)	
	Judgments paid	7,500	
	Debt repaid	<u>34,710,000</u>	11,257,500

Bond premiums are shown as a liability on the statement of net assets and as revenue in the governmental fund. The bond premium is amortized against interest expense using the effective interest method.

(196,563)

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.

700,026

The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the accrual-based government-wide financial statements.

(35,050)

Change in net assets of governmental activities

\$ 12,841,596

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 Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt - The component of net assets 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 assets 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 assets 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 assets 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 assets 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, 2012

As of June 30, 2012, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2010 Bond Fund	2012 Bond Fund	Other Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 127,243	\$ -	\$ -	\$ -	\$ -
Restricted for:					
School construction	-	-	8,798,480	3,722,232	3,351,635
Building maintenance	-	-	-	-	2,617,207
Debt service reserve	-	20,250,677	-	-	-
Food services	-	-	-	-	379,662
Insurance purposes	-	-	-	-	523,455
Gifts from donors	-	-	-	-	10,356
Federal and state grants carryover	1,761,232	-	-	-	-
Total restricted	<u>1,761,232</u>	<u>20,250,677</u>	<u>8,798,480</u>	<u>3,722,232</u>	<u>6,882,315</u>
Committed to:					
School programs	-	-	-	-	1,933,461
Miscellaneous site grants and Astellas grant carryover	<u>32,069</u>	-	-	-	-
Total committed	<u>32,069</u>	-	-	-	<u>1,933,461</u>
Assigned to:					
Student allocation carryover	<u>50,422</u>	-	-	-	-
Unassigned					
Total fund balances	<u>\$ 10,847,469</u>	<u>\$ 20,250,677</u>	<u>\$ 8,798,480</u>	<u>\$ 3,722,232</u>	<u>\$ 8,815,776</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, 2012, 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	\$ 59,060,000	\$ 23,460,000	\$ (17,140,000)	\$ 65,380,000	\$ 18,750,000
Deferred Bond Premium	457,822	394,363	(197,800)	654,385	247,722
Compensated Absences	1,687,784	588,980	(612,280)	1,664,484	1,664,483
Judgments	15,000	-	(7,500)	7,500	7,500
Lease Revenue Payable	61,900,000	-	(17,570,000)	44,330,000	20,360,000
 Total governmental activity long-term liabilities	 <u>\$ 123,120,606</u>	 <u>\$ 24,443,343</u>	 <u>\$ (35,527,580)</u>	 <u>\$ 112,036,369</u>	 <u>\$ 41,029,705</u>

Bonds payable at June 30, 2012 are composed of the following individual general obligation bond issues:

Original Issue Amount	Annual Installment	Maturity Date	Interest Rate	Outstanding Amount at June 30, 2012
\$ 20,760,000	\$ 5,190,000	3/1/2013	2.875-3.0%	\$ 5,190,000
22,240,000	5,560,000	1/1/2014	4-5%	11,120,000
25,560,000	6,390,000	3/1/2015	2-3%	19,170,000
6,440,000	1,610,000	3/1/2016	1-2%	6,440,000
23,460,000	5,865,000	3/1/2017	1-2%	23,460,000
				<u>\$ 65,380,000</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, 2012 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2013	\$ 18,750,000	\$ 2,171,500	\$ 20,921,500
2014	19,425,000	1,793,630	21,218,630
2015	13,865,000	1,032,193	14,897,193
2016	7,475,000	496,800	7,971,800
2017	5,865,000	439,875	6,304,875
	<u>\$ 65,380,000</u>	<u>\$ 5,933,998</u>	<u>\$ 71,313,998</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, 2012 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, 2012. 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, 2012, 2011 and 2010 were \$8,502,702, \$9,138,351, and \$9,280,831, 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, 2012 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, 2013. The postal equipment lease is renewable at the District's option for one year increments through June 30, 2013. The District also made payments on a portable building at the administration location. The total lease expense paid by the District for the year ended June 30, 2012 on these leases was approximately \$238,000. Total lease expense anticipated for fiscal year 2013 is approximately \$130,000.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 2,699,721	\$ -	\$ -	\$ 2,699,721
Construction in Progress	67,983,372	6,275,003	253,837	74,004,538
Total capital assets not being depreciated	<u>70,683,093</u>	<u>6,275,003</u>	<u>253,837</u>	<u>76,704,259</u>
Capital Assets being depreciated:				
Buildings	92,291,353	179,614	-	92,470,967
Improvements	56,366,413	308,802	-	56,675,215
Furniture and Equipment	2,317,967	573,588	-	2,891,555
Musical Instruments	430,295	-	-	430,295
Computers	427,619	39,704	-	467,323
Vehicles	6,867,220	278,914	-	7,146,134
Total capital assets being depreciated	158,700,867	1,380,622	-	160,081,489
Less total accumulated depreciation	<u>66,386,852</u>	<u>5,134,194</u>	<u>-</u>	<u>71,521,046</u>
Total capital assets being depreciated, net	<u>92,314,015</u>	<u>(3,753,572)</u>	<u>-</u>	<u>88,560,443</u>
Governmental activity capital assets, net	<u>\$ 162,997,108</u>	<u>\$ 2,521,431</u>	<u>\$ 253,837</u>	<u>\$ 165,264,702</u>

Note 8 - Disaggregation of Payable Balances

Governmental Activities:	Vendors	Salaries and Benefits	Accrued Interest	Total Payables
General	\$ 264,721	\$ 6,472,932	\$ -	\$ 6,737,653
Reconciliation of balances in fund financials to government-wide statements	-	-	804,272	804,272
Total governmental activities	\$ 264,721	\$ 6,472,932	\$ 804,272	\$ 7,541,925

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 \$18.2 million dollars as of June 30, 2012.

During the year ended June 30, 2012, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2011. No settlements have exceeded coverage levels in place during 2012.

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, 2012

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 assets 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, 2012 totaled approximately \$41,736,000.



Required Supplementary Information
June 30, 2012

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, 2012

	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	\$ 8,287,678	\$ 9,597,228	\$ 9,597,223	\$ 1,309,550	\$ (5)
Resources (inflows)					
Property Taxes	27,150,000	28,244,471	28,153,372	1,094,471	(91,099)
Interest	14,379	26,950	27,742	12,571	792
County Revenue	2,970,000	3,050,000	3,142,734	80,000	92,734
State Revenue	44,900,128	50,285,680	50,477,955	5,385,552	192,275
Federal Revenue	11,876,454	7,453,518	6,893,027	(4,422,936)	(560,491)
Other	1,808,731	1,931,244	1,854,631	122,513	(76,613)
Amounts Available for Appropriation	<u>97,007,370</u>	<u>100,589,091</u>	<u>100,146,684</u>	<u>3,581,721</u>	<u>(442,407)</u>
Charges to Appropriations (outflows)					
Instruction	59,059,471	57,668,127	56,627,812	1,391,344	1,040,315
Support Services	30,149,994	33,617,739	32,238,786	(3,467,745)	1,378,953
Non-instruction Services	38,279	41,813	141,209	(3,534)	(99,396)
Capital Outlays	90,286	90,286	38,126	-	52,160
Other Outlays	551,361	356,094	253,282	195,267	102,812
Total Charges to Appropriations	<u>89,889,391</u>	<u>91,774,059</u>	<u>89,299,215</u>	<u>(1,884,668)</u>	<u>2,474,844</u>
Budgetary Fund Balance, June 30	<u>\$ 7,117,979</u>	<u>\$ 8,815,032</u>	<u>\$ 10,847,469</u>	<u>\$ 1,697,053</u>	<u>\$ 2,032,437</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, 2012

Norman Independent School District No. 29

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2012

	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	2011 Bond Fund		Misc Bond Fund
Assets												
Pooled Cash	\$ 2,614,564	\$ 167,658	\$ 10,356	\$ 24,505	\$ 1,949,462	\$ 477,448	\$ 5,243,993	\$ 465,213	\$ 328,211	\$ 1,641,967	\$ 966,410	\$ 8,645,794
Property Taxes Receivable, Net	372,786	-	-	-	-	-	372,786	-	-	-	-	372,786
Other Receivables and Assets	-	331,668	-	21,502	55	-	353,225	-	-	14,850	-	368,075
Total Assets	\$ 2,987,350	\$ 499,326	\$ 10,356	\$ 46,007	\$ 1,949,517	\$ 477,448	\$ 5,970,004	\$ 465,213	\$ 328,211	\$ 1,656,817	\$ 966,410	\$ 9,386,655
Liabilities and Fund Balances												
Liabilities												
Accounts Payable	\$ 8,934	\$ 2,026	\$ -	\$ -	\$ 16,056	\$ -	\$ 27,016	\$ -	\$ 60,420	\$ 4,596	\$ -	\$ 92,032
Deferred Revenue	361,209	117,638	-	-	-	-	478,847	-	-	-	-	478,847
Total Liabilities	370,143	119,664	-	-	16,056	-	505,863	-	60,420	4,596	-	570,879
Fund Balances												
Restricted	2,617,207	379,662	10,356	46,007	-	477,448	3,530,680	465,213	267,791	1,652,221	966,410	6,882,315
Committed	-	-	-	-	1,933,461	-	1,933,461	-	-	-	-	1,933,461
Fund Balances, End of Year	2,617,207	379,662	10,356	46,007	1,933,461	477,448	5,464,141	465,213	267,791	1,652,221	966,410	8,815,776
Total Liabilities and Fund Balances	\$ 2,987,350	\$ 499,326	\$ 10,356	\$ 46,007	\$ 1,949,517	\$ 477,448	\$ 5,970,004	\$ 465,213	\$ 328,211	\$ 1,656,817	\$ 966,410	\$ 9,386,655

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, 2012

	Other Special Revenue Funds						Total Special Revenue Funds	Capital Projects				Total Other Governmental Funds
	Building Fund	Child Nutrition	Gifts	Workers' Compensation	Student Activity	Casualty/ Insurance		2008 Bond Fund	2009 Bond Fund	2011 Bond Fund	Misc Bond Fund	
Revenues												
Property Taxes	\$ 4,017,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,017,596	\$ -	\$ -	\$ -	\$ -	\$ 4,017,596
Interest	6,720	645	24	58	3,653	861	11,961	1,155	1,582	4,413	1,935	21,046
State Revenue	-	76,929	-	-	-	-	76,929	-	-	-	-	76,929
Federal Revenue	-	2,794,693	-	-	-	-	2,794,693	-	-	-	-	2,794,693
Other	174	1,807,195	2,000	-	2,628,985	127,110	4,565,464	-	-	-	-	4,565,464
Total Revenues	4,024,490	4,679,462	2,024	58	2,632,638	127,971	11,466,643	1,155	1,582	4,413	1,935	11,475,728
Expenditures												
Current												
Instruction	-	-	-	-	708,811	20,235	729,046	48,696	197,505	1,342,452	-	2,317,699
Support Services	4,026,644	-	460	-	1,090,372	70,406	5,187,882	67,040	110,783	471,414	53,197	5,890,316
Non-Instruction Services	-	4,615,546	-	-	607,588	-	5,223,134	-	-	28,641	-	5,251,775
Capital Outlays	287,677	-	-	-	5,108	400	293,185	199,077	1,271,469	81,463	-	1,845,194
Other Outlays	-	-	5,662	11,289	14,750	-	31,701	-	-	-	-	31,701
Total Expenditures	4,314,321	4,615,546	6,122	11,289	2,426,629	91,041	11,464,948	314,813	1,579,757	1,923,970	53,197	15,336,685
Excess (Deficiency) of Revenues over Expenditures	(289,831)	63,916	(4,098)	(11,231)	206,009	36,930	1,695	(313,658)	(1,578,175)	(1,919,557)	(51,262)	(3,860,957)
Other Financing Sources (Uses)												
Transfers In	37,459	-	-	-	-	-	37,459	-	-	-	-	37,459
Transfers Out	-	-	-	-	(12,555)	-	(12,555)	-	-	-	-	(12,555)
Total Other Financing Sources (Uses)	37,459	-	-	-	(12,555)	-	24,904	-	-	-	-	24,904
Net Change in Fund Balances	(252,372)	63,916	(4,098)	(11,231)	193,454	36,930	26,599	(313,658)	(1,578,175)	(1,919,557)	(51,262)	(3,836,053)
Beginning Fund Balances	2,869,579	315,746	14,454	57,238	1,740,007	440,518	5,437,542	778,871	1,845,966	3,571,778	1,017,672	12,651,829
Ending Fund Balances	\$ 2,617,207	\$ 379,662	\$ 10,356	\$ 46,007	\$ 1,933,461	\$ 477,448	\$ 5,464,141	\$ 465,213	\$ 267,791	\$ 1,652,221	\$ 966,410	\$ 8,815,776

Norman Independent School District No. 29
Cleveland County, Oklahoma
Budgetary Comparison Schedule – Building Fund (Unaudited)
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts GAAP	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 2,144,824	\$ 2,869,580	\$ 2,869,579	\$ 724,756	\$ (1)
Resources (inflows)					
Property Taxes	3,960,000	4,016,179	4,017,596	56,179	1,417
Interest	5,000	5,013	6,720	13	1,707
Other	30,000	40,000	37,633	10,000	(2,367)
Amounts Available for Appropriation	<u>6,139,824</u>	<u>6,930,772</u>	<u>6,931,528</u>	<u>790,948</u>	<u>756</u>
Charges to Appropriations (outflows)					
Support Services	4,477,382	4,258,379	4,026,644	219,003	231,735
Capital Outlays	112,000	300,506	287,677	(188,506)	12,829
Total Charges to Appropriations	<u>4,589,382</u>	<u>4,558,885</u>	<u>4,314,321</u>	<u>30,497</u>	<u>244,564</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,550,442</u></u>	<u><u>\$ 2,371,887</u></u>	<u><u>\$ 2,617,207</u></u>	<u><u>\$ 821,445</u></u>	<u><u>\$ 245,320</u></u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)
 Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 443,905	\$ 315,746	\$ 315,746	\$ (128,159)	\$ -
Resources (inflows)					
Interest	1,100	2,500	645	1,400	(1,855)
Local Revenue	2,089,899	1,917,006	1,807,195	(172,893)	(109,811)
State Revenue	77,830	76,929	76,929	(901)	-
Federal Revenue	2,431,000	2,678,000	2,794,693	247,000	116,693
Amounts Available for Appropriation	<u>5,043,734</u>	<u>4,990,181</u>	<u>4,995,208</u>	<u>(53,553)</u>	<u>5,027</u>
Charges to Appropriations (outflows)					
Non-instruction services	<u>4,680,549</u>	<u>4,670,520</u>	<u>4,615,546</u>	<u>10,029</u>	<u>54,974</u>
Total Charges to Appropriations	<u>4,680,549</u>	<u>4,670,520</u>	<u>4,615,546</u>	<u>10,029</u>	<u>54,974</u>
Budgetary Fund Balance, June 30	<u><u>\$ 363,185</u></u>	<u><u>\$ 319,661</u></u>	<u><u>\$ 379,662</u></u>	<u><u>\$ (43,524)</u></u>	<u><u>\$ 60,001</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, 2012

Activities	Beginning Balance As of July 1, 2011	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2012
Football	\$ (19,073)	\$ -	\$ 140,009	\$ (97,205)	\$ 23,731
Boys Basketball	(2,210)	-	32,188	(27,275)	2,703
Girls Basketball	2,954	-	28,212	(30,973)	193
Boys Swimming	20	-	1,534	(1,257)	297
Baseball	1,936	-	45,751	(44,272)	3,415
Fast Pitch Softball	827	-	17,324	(14,013)	4,138
Wrestling	5,442	-	14,748	(19,355)	835
Boys Tennis	74	-	2,980	(2,482)	572
Girls Tennis	2,066	-	1,940	(2,910)	1,096
Slow pitch Softball	1,135	-	17,645	(16,531)	2,249
Girls Cross Country	587	-	7,978	(6,363)	2,202
Boys Golf	(599)	-	15,147	(11,195)	3,353
Boys Cross Country	-	-	4,876	(3,075)	1,801
Boys Soccer	1,229	-	18,700	(20,363)	(434)
Volleyball	4,761	-	14,646	(18,591)	816
Boys Track	4,014	-	17,774	(13,948)	7,840
Girls Track	(102)	-	6,790	(3,650)	3,038
General Athletics	163,786	-	62,417	(73,823)	152,380
ASCE	(1,307)	-	11,020	(10,570)	(857)
Girls Golf	(4,032)	-	9,118	(3,374)	1,712
Girls Soccer	602	-	9,024	(9,506)	120
Girls Swimming	3	-	1,034	(1,157)	(120)
AP Tests	26,531	-	83,012	(34,941)	74,602
Art	42,827	-	11,427	(9,407)	44,847
Art in Education	3,378	-	-	(225)	3,153
Coke	597,845	-	11,875	(63,831)	545,889
Band	9,974	-	113,759	(103,403)	20,330
Asian Culture/Botball	1,751	-	(1,751)	(1,220)	(1,220)
Ice Cream Machine	(16,832)	-	12,069	(22,404)	(27,167)
Save Darfur Club	22	-	-	-	22
Consumer Education	28	-	-	-	28
Cheerleaders	46,300	-	12,576	(34,889)	23,987
Business	-	-	290	(290)	-
Link Crew-North	760	-	1,500	(1,651)	609
Class of 2013	631	-	-	-	631
Academic Banquet	398	-	(300)	-	98
Ag Ed (FFA)	15,015	-	36,106	(42,989)	8,132
Camp Turning Point	5,734	-	5,785	(6,396)	5,123
Clearing Account	368	-	15,535	(15,369)	534
Book Club	73	-	512	(526)	59
Book Fair	7,834	-	22,244	(18,959)	11,119
Drama Club	10,654	-	1,590	(1,460)	10,784
Drug Free/Chemical Depend	434	-	104	-	538
Black Stud Assoc/Stomp	682	-	-	-	682
Pack Shack/Link Crew	112,947	-	100,843	(114,284)	99,506
We the People	89	-	1,660	(1,493)	256
English	493	-	(400)	-	93
Environmental Club	561	-	(100)	-	461
E.M.H.	269	-	-	-	269
Equip/Repair/Furn	1,885	-	8,000	(728)	9,157

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2012

	Beginning Balance As of July 1, 2011	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2012
Explo	966	-	4,475	(3,741)	1,700
Enrichment	496	-	2,083	(2,283)	296
Faculty Services	963	-	8,000	(7,583)	1,380
African Amer Assoc	31	-	1,483	(804)	710
Field Trips	4,798	-	79,028	(73,691)	10,135
Parking Decals	5,965	-	(3,869)	(630)	1,466
G.E.M.S.	505	-	4,879	(3,657)	1,727
Foreign Language-All	1,233	-	315	(225)	1,323
French	1,402	-	1,216	(1,371)	1,247
General	170,001	-	393,268	(325,679)	237,590
Ecology Club	217	-	36	(54)	199
Gifted and Talented	11,020	-	8,062	(8,438)	10,644
Latino Leadership	155	-	(155)	-	-
Class of 2014	852	-	791	(1,822)	(179)
Kort Nicholson Benefit	(253)	-	-	-	(253)
5th Grade	131	-	20,657	(17,489)	3,299
Class of 2012	49	-	3,067	(1,478)	1,638
6th Grade	2,689	-	2,517	(2,887)	2,319
7th Grade	(1,382)	-	12,102	(9,595)	1,125
8th Grade	1,104	-	8,824	(6,728)	3,200
Grants	(11,715)	-	201	(3,978)	(15,492)
Home Ec/Krispy Kreme	791	-	6,409	(6,255)	945
Class of 2011	2,360	-	-	-	2,360
Honor Society	11,350	-	3,726	(3,012)	12,064
DECA	8,964	-	40,870	(42,190)	7,644
Instrumental Music	8,856	-	181,568	(172,948)	17,476
Indigent Student Fund	1,172	-	(650)	-	522
Athletic Trainer	2,939	-	8,563	(6,700)	4,802
Independent Living	500	-	(250)	-	250
Drill Team	677	-	855	(1,050)	482
Spud-North	18,893	-	142,773	(113,199)	48,467
Leadership Council	22,683	-	25,840	(19,337)	29,186
Latin	1,368	-	2,988	(3,107)	1,249
Cultural Diversity	147	-	-	-	147
Library/Media Center	39,658	-	94,803	(85,791)	48,670
Computers	1	-	224	(147)	78
FCCLA	847	-	487	(583)	751
Natl Art Honor Society	(735)	-	-	-	(735)
Modern Dance Club	4,428	-	17,503	(15,111)	6,820
Misc Transaction	1,409	-	(180)	-	1,229
Model United Nations	863	-	2,525	(2,850)	538
Mu Alpha Theta	1,174	-	2,098	(1,955)	1,317
Music/Drumline	27,957	-	51,760	(47,783)	31,934
Clusters/GT	27	-	-	-	27
Newspaper/Journalism	5,119	-	8,273	(7,940)	5,452
NPS Foundation	(19,405)	-	10,383	(436)	(9,458)
Parenting	78	-	-	-	78
Orchestra	23,086	-	17,458	(16,589)	23,955
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, 2012

	Beginning Balance As of July 1, 2011	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2012
Office	1,406	-	(48)	(11)	1,347
Memorial Fund	981	-	(300)	-	681
Poms	4,137	-	3,075	(5,397)	1,815
Physical Education	2,262	-	3,007	(364)	4,905
Prof Leave/Development	(4,847)	-	1,598	(3,146)	(6,395)
Partners-In-Ed	20	-	38	-	58
PTA-Student	4,355	-	27,809	(31,259)	905
Norman Invitational Tourn	(1)	-	1	-	-
Warriors for Peace	8	-	-	-	8
Native American Club	3,842	-	(537)	(1,210)	2,095
Advanced Leadership II	2	-	(2)	-	-
Donations	25,317	-	(2,316)	(6,547)	16,454
9th NIT	-	-	1,870	(1,870)	-
Tutoring	(607)	-	-	(23)	(630)
Outdoor Classroom	5,088	-	-	(346)	4,742
Global Awareness	308	-	-	-	308
Service Learning	1,535	-	794	(620)	1,709
Renaissance Program	801	-	-	-	801
Principal	2,098	-	436	(31)	2,503
PSAT/Guidance Serv	25,405	-	3,661	(4,388)	24,678
Prom	14,256	-	20,704	(22,086)	12,874
Psychology	275	-	(71)	-	204
Spanish Nat Honor Society	339	-	-	-	339
Model Congress	268	-	302	(185)	385
School Climate	(1,450)	-	9,044	(7,511)	83
Recycling	359	-	55	-	414
Writer's Guild	11	-	-	-	11
Resource Center Material	3,363	-	4,533	(4,756)	3,140
Fundraiser	26,823	-	18,823	(28,320)	17,326
Orange Thumb	859	-	(225)	-	634
Sat School/Student Int	(19,397)	-	14,534	(3,661)	(8,524)
SADD	389	-	(300)	-	89
Science	469	-	(470)	-	(1)
Social Studies	152	-	(100)	-	52
TAPP	177	-	231	-	408
Spanish	503	-	2,255	(2,089)	669
Speech	17,134	-	22,727	(20,760)	19,101
Special Ed/Spec Athletes	4,217	-	1,661	(1,936)	3,942
Fine Arts	17,788	-	17,870	(2,666)	32,992
Student Council/Congress	16,629	-	65,306	(60,736)	21,199
Store-School	4	-	-	-	4
Tyler Flint Memorial	(355)	-	(115)	-	(470)
Special Education	855	-	-	-	855
Musicals	305	-	-	-	305
Rotary Inter-ACT	903	-	390	(211)	1,082
Key Club	360	-	1,150	(822)	688
6th Grade Books	499	-	888	(1,379)	8
Theater Art	2,040	-	1,444	(2,066)	1,418
Teacher's Sunshine	793	-	(38)	(431)	324
Technology	17,998	-	834	(3,317)	15,515
Vocal Music	9,864	-	159,207	(138,903)	30,168
Teen Volun/Parent Outreach	2,705	-	2,012	(2,744)	1,973

Norman Independent School District No. 29
Cleveland County, Oklahoma

Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2012

	Ending Balance As of <u>July 1, 2011</u>	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of <u>June 30, 2012</u>
VRC-Video Resource Center	(1,942)	-	4,926	(353)	2,631
PR Fund	(1,401)	-	3,000	(705)	894
Yearbook	93,342	-	116,193	(122,308)	87,227
Vegetarian Club	106	-	-	-	106
Elem Fine Arts	615	-	152	(1)	766
Wildcat Memories	(30)	-	-	-	(30)
Stand for Silence	238	-	1,098	(1,276)	60
Carolyn Ahern Scholarship	(68)	-	168	(99)	1
Interior Design	100	-	-	-	100
Physics	122	-	-	-	122
Young Democrats	930	-	-	-	930
Botball	9,149	-	13,922	(17,017)	6,054
First Grade	52	-	-	-	52
Student Assistance Fund	(7,933)	-	8,081	(6)	142
Sewing	58	-	1,105	(974)	189
Administration	46,564	-	-	-	46,564
ROAR	843	-	-	-	843
Sociology	205	-	80	(65)	220
2nd Grade	204	-	(115)	(31)	58
WOW	16,786	-	9,915	(6,031)	20,670
Anthology	1,210	-	1,025	(550)	1,685
Academic Teams	1,156	-	1,098	(2,080)	174
Republican Club	305	-	-	-	305
Third Grade	369	-	287	(394)	262
Ike-Field Trips	-	-	-	(1,000)	(1,000)
Capital Art-Jefferson	-	-	211	(211)	-
North-H.O.P.E.	-	-	1,402	(459)	943
Dumbledore's Army	-	-	655	(364)	291
PBIS	-	-	5,000	-	5,000
Transition Center	-	-	501	-	501
	<u>\$ 1,740,007</u>	<u>\$ -</u>	<u>\$ 2,632,638</u>	<u>\$ (2,439,184)</u>	<u>\$ 1,933,461</u>
Liabilities					
Due to Student Groups	<u>1,740,007</u>	<u>-</u>	<u>2,632,638</u>	<u>(2,439,184)</u>	<u>1,933,461</u>
	<u>\$ 1,740,007</u>	<u>\$ -</u>	<u>\$ 2,632,638</u>	<u>\$ (2,439,184)</u>	<u>\$ 1,933,461</u>

Note 1 - Basis of Presentation

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

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Statement of Statutory, Fidelity, and Honesty Bonds (Unaudited)
 Year Ended June 30, 2012

NAME	TYPE	COMPANY	BOND #	AMOUNT	BEG DATE	END DATE
Dr. Joseph Siano	Public Official Bond	Travelers Casualty and Surety Company	105321891	\$100,000	7/01/11	7/1/12
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/11	9/16/12
Janine Anne Warren	Public Official Bond	Hartford Fire Insurance Company	38BSBCJ1584	\$100,000	11/16/04	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, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2011	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2012
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (88,735)	\$ 289,044	\$ 274,756	\$ (74,447)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	(55,673)	128,035	110,671	(38,309)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(742,742)	1,536,105	1,888,492	(1,095,129)
Title I, School Improvement	84.010	515	-	-	34,725	(34,725)
Title I, Part A Neglected	84.010	518	(21,341)	34,436	82,470	(69,375)
Title I Neglected/Delinquent	84.013	532	(78,190)	208,147	292,999	(163,042)
ARRA, Title I, Improving Basic Programs	84.389	516	(223,080)	289,579	66,499	-
ARRA, Title I, Local Delinquent	84.389	533	(4,581)	9,609	5,028	-
ARRA, Title I, Neglected	84.389	534	(12,495)	12,495	-	-
Title I Cluster			<u>(1,082,429)</u>	<u>2,090,371</u>	<u>2,370,213</u>	<u>(1,362,271)</u>
Special Education - Grants to States	84.027	613, 615, 621	(888,169)	2,654,671	3,060,770	(1,294,268)
ARRA, Special Education - Grants to States	84.391	622	(354,216)	554,624	200,408	-
Special Education - Preschool Grants	84.173	641, 642	(27,160)	67,962	71,715	(30,913)
ARRA, Special Education - Preschool Grants	84.392	643	(1,295)	1,295	-	-
Special Education Cluster			<u>(1,270,840)</u>	<u>3,278,552</u>	<u>3,332,893</u>	<u>(1,325,181)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(180,881)	358,366	389,118	(211,633)
Title II, Part A, Technical Assistance Allocation	84.366	543	(6,795)	27,916	28,407	(7,286)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2011	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2012
Title II, Part D, Enhancing Education Through Technology ARRA, Educational Technology	84.386	549	(82,679)	110,457	27,778	-
Title II, Part D, Enhancing Education Through Technology	84.318X	546	(507)	507	-	-
Title II, Part D, Enhancing Education Through Technology, Twenty-Five Percent Technology for Professional Development	84.318X	548	(413)	413	-	-
Total Title II, Part D Cluster			<u>(83,599)</u>	<u>111,377</u>	<u>27,778</u>	<u>-</u>
Title III Part A English Language Acquisition	84.365	571, 572	<u>(65,999)</u>	<u>87,001</u>	<u>79,503</u>	<u>(58,501)</u>
Adult Basic Education	84.002	731	(37,798)	112,160	135,081	(60,719)
ARRA - Adult Basic Ed	84.002		-	1,707	1,707	-
English Literacy/Civics	84.002	732	(804)	804	-	-
Total Adult Basic Education and English Literacy			<u>(38,602)</u>	<u>114,671</u>	<u>136,788</u>	<u>(60,719)</u>
Temporary Assistance for Needy Families (TANF)	93.558	735	<u>(25,004)</u>	<u>61,336</u>	<u>51,000</u>	<u>(14,668)</u>
Education Jobs Fund	84.410	790	<u>(552,039)</u>	<u>552,039</u>	-	-
Jobs Training-OJT	84.126	456	-	38,459	38,459	-
Total U.S. Department of Education			<u>(3,450,596)</u>	<u>7,137,167</u>	<u>6,839,586</u>	<u>(3,153,015)</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2011	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2012
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	563/564	-	53,442	53,442	-
U.S. Department of Agriculture Passed through the Oklahoma State Department of Education Cash Assistance:						
Breakfast Program	10.553		-	502,091	563,897	(61,806)
Lunch Program	10.555		-	1,955,093	2,181,563	(226,470)
Lunch Program- Commodities	10.555		11,660	151,826	150,687	12,799
Summer Food Service	10.559		-	5,841	49,233	(43,392)
Summer Food Service- Commodities	10.559		190	-	190	-
Child Nutrition Cluster			11,850	2,614,851	2,945,570	(318,869)
Total			<u>\$ (3,438,746)</u>	<u>\$ 9,805,460</u>	<u>\$ 9,838,598</u>	<u>\$ (3,471,884)</u>

Note 1 - Basis of Presentation
The above schedule of expenditures of federal awards includes the federal grant activity of Norman Independent School District No. 29, Cleveland County, Oklahoma. The schedule is prepared using a cash receipts and disbursements basis. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.



**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 the 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, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in the accompanying schedule of findings and questioned costs as items 12-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 is required to be reported under *Government Auditing Standards*.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the board of education, management, others within the District, Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Oklahoma City, Oklahoma
December 12, 2012



CPAs & BUSINESS ADVISORS

**Independent Auditor's Report on Compliance with Requirements
That Could have a Direct and Material Effect on Each Major
Program and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

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

Compliance

We have audited Norman Independent School District No. 29's (District) 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 the District's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Norman Independent School District No. 29's management. Our responsibility is to express an opinion on Norman Independent School District No. 29's compliance based on our audit.

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 types of 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. Our audit does not provide a legal determination on Norman Independent School District No. 29's compliance with those requirements.

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 on each of its major federal programs for the year ended June 30, 2012.

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Internal Control Over Compliance

Management of Norman Independent School District No. 29 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 of compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, the board of education, others within the entity, the Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Oklahoma City, Oklahoma
December 12, 2012

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Financial Statements

Type of auditor's report issued	Unqualified
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	Unqualified
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 Cluster	84.010, 84.389
Title II, Part D, Education Technology State Grants	84.367
Special Education Cluster	84.027, 84.173, 84.391
Child Nutrition Cluster	10.553, 10.555, 10.556
Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Auditee qualified as low-risk auditee	No

Section II - Findings Relating to the Financial Statements

12-1 Financial Reporting

- Condition:** The 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.
- Additionally, the District's internal control system did not identify amounts to be recorded for accounts payable that related to construction expenditures and prepaid expenses that related to software license and maintenance agreements beginning July 1, 2012. Lastly, the District's internal control system did not identify certain errors in the Schedule of Expenditures of Federal Awards (SEFA).
- 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.
- Accounts payable and prepaid expenses should be recorded based on service dates and the SEFA should be reconciled to the District's General Ledger.
- Cause:** The District did not prepare the government wide financial statements and necessary adjustments and major fund determination.
- Accounts payable for construction related expenditures and one student activity expenditure was not recorded by the District based on service dates. Payments for software license and maintenance agreements related to fiscal year 2013 were recorded as expenses in fiscal year 2012. Lastly, accounts receivable was not recorded properly on the SEFA.
- Context:** The District did prepare the fund level financial statements and supplemental schedules. However, the District did not prepare the government wide financial statements, related adjustments, disclosures and major fund determinations.
- The District's accounts payable at year-end did not include all fiscal year activity. Also, the District's expenses at year-end include expenses related to the next fiscal year. Lastly, an accounts receivable balance related to FY 2011 was not removed from the SEFA and an accounts receivable balance at June 30, 2012 was not included on the SEFA.
- Effect:** The District is at risk for material misstatements and incomplete disclosures. Additionally, material audit adjustments were made due to understatement of accounts payable and prepaid expenses at year end. Lastly, material audit adjustments were made to the SEFA.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Recommendation: The Board should evaluate and weigh the costs against the benefits of preparing their own complete financial statements.

We do recommend a control process be put in place to properly capture year end accounts payable amounts and prepaid expenses based on actual service dates. We recommend a control process be put in place to reconcile the SEFA to the General Ledger.

Response: The District converted to a new financial software system during the fiscal year. Implementation of the new software is ongoing and administration plans to have all processes reviewed and controls in place to ensure government wide financial statements are prepared and all supporting schedules are reviewed and reconciled. A thorough review of accruals and prepaid expenses will occur at year-end to ensure payments are charged to the correct fiscal year.

Section III - Findings and Questioned Costs for Federal Awards

None.

Section II - Findings Relating to the Financial Statements

- 11-1 Condition: District does not have procedures in place for the preparation of the government wide financial statements, disclosures, major fund determination, as well as necessary full accrual adjustments required by generally accepted accounting principles.
Current Status: Condition still exists. See current year finding 12-1.
- 11-2 Condition: The District's internal control system did not identify amounts to be recorded for accounts payable that related to construction expenditures.
Current Status: Condition still exists. See current year finding 12-1.
- 11-3 Condition: The District's internal control system did not identify accurate additions and disposals for current year activity relating to capital assets. In addition, capital assets from all District funds were not included on management schedules.
Current Status: No similar findings found during current year.

Section III - Findings and Questioned Costs for Federal Awards

- 11-4 Variances in Reporting
U.S Department of Agriculture passed through the Oklahoma State Department of Education
Child Nutrition Cluster CFDA# 10.553, 10.555, 10.559
Condition: Daily site meal count reports did not agree to Child Nutrition administrative reports used to complete the monthly claims submitted to the State Department of Education for reimbursement.
Current Status: No similar findings found during current year.
- 11-5 Eligibility Determination
U.S Department of Agriculture passed through the Oklahoma State Department of Education
Child Nutrition Cluster CFDA# 10.553, 10.555, 10.559
Condition: A student application could not be provided by Child Nutrition to support eligibility determinations and an income amount was input incorrectly for another student application.
Current Status: No similar findings found during current year.
- 11-6 Lack of Suspension/Debarment Control
U.S Department of Education passed through the Oklahoma State Department of Education
Title II, Part D Enhancing Technology State Grants Cluster CFDA# 84.318, 84.386 (FY11 Pass Through Grantor #546, 548, 549)
Title I Cluster CFDA# 84.010, 84.389 (FY11 Pass Through Grantor #511, 516, 518, 532, 533, 534)
Special Education Cluster CFDA# 84.027, 84.173, 84.391, 84.392, 84.323 (FY11 Pass Through Grantor # 613, 615, 621, 622, 623, 625, 641, 642, 643, 651)
Condition: The District did not have controls in place to verify vendors paid with Title II Part D, Title I, and Special Education federal funds were not suspended or debarred per the *Excluded Parties List System*.
Current Status: No similar findings found during current year.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Accountant's Professional liability insurance Affidavit
June 30, 2012

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

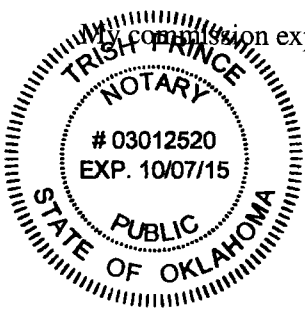
The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Norman Independent School District No. 29 for the audit year 2011-2012.

EIDE BAILLY, LLP

Vanessa M. Dutton

Subscribed and sworn to before me on this 13 day of December, 2012.

[Signature]
Notary Public



My commission expires 10/7/15
03012520