



Financial Statements
June 30, 2015

Norman Independent School District No. 29

Norman Independent School District No. 29
 Cleveland County, Oklahoma
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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Norman Independent School District No. 29, as of June 30, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1 and 4 to the financial statements, the District has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, the schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 4 through 11 and 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements; the budgetary comparison schedule – Building Fund; the budgetary comparison schedule – Child Nutrition Fund; the combining statement of changes in assets and liabilities – all activity funds; the statement of statutory, fidelity and honesty bonds; and the schedule of accountants' professional liability insurance affidavit are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, the combining statement of changes in assets and liabilities – all activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2016 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
January 5, 2016

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, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

These statements reflect the implementation of GASB statements 68 and 71 all addressing the accounting and presentation of pension plans which impacts the district-wide financial statements but not the fund financial statements. For the District, this added the District's portion of the unfunded liability of the Oklahoma Teachers Retirement System (OTRS) to the district-wide financial statements. Fiscal Year (FY) 2015 financial statement information reflects these implementations, however, the FY2014 information has not been restated to reflect these implementations because the required information was not available from OTRS. In many instances, the impact of these standards will make some information difficult to compare between FY2015 and FY2014. Further, while the implementation of these standards have had a significant impact on the statements by decreasing net position, management does not believe that it indicates a true negative impact on the financial condition of the institution.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased by approximately \$93 million from last year. Total net position decreased approximately 77 percent over the course of the year.
 - Overall revenues were \$137 million and overall expenses were \$126.3 million.
 - The District increased its outstanding long-term debt \$68.1 million, or 79 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 (required and other). The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

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

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	FY2015	FY2014
Assets		
Current and other assets	\$ 50.2	\$ 53.6
Capital assets	236.5	160.7
Total assets	286.7	214.3
Deferred outflows of resources - pensions*	6.4	-
Liabilities		
Current and other liabilities	7.0	7.3
Long term debt	154.4	86.3
Net pension liability*	82.6	-
Total liabilities	244.0	93.6
Deferred inflows of resources - pensions*	21.4	-
Net position		
Net investment in capital assets	88.2	85.1
Restricted	28.8	25.7
Unrestricted	(89.3)	9.9
	\$ 27.7	\$ 120.7

* Net pension liability and these deferred outflows/inflows of resources have been added in FY15 as a result of the implementation of GASB 68 and 71.

Net Position. As stated above, the implementation of GASB 68 and 71 had a significant impact to beginning net position and decreased the beginning net position by approximately \$103.7 million.

	FY2015	FY2014
Effect of Implementation of GASB 68 and 71:		
Net position at June 30, 2014, as previously reported	\$ 120,693,356	\$ 120,693,356
Cumulative effect of implementation as of July 1, 2014	(103,701,983)	-
Net position at July 1, 2014, as restated	\$ 16,991,373	\$ 120,693,356

As a result of the pension standards implemented in FY15, the District's net position was \$93 million less at June 30, 2015 compared to June 30, 2014. (See Table A-1) Further, note that the net pension liability and deferred outflows/inflows have been added in the FY15 statement of net position. When looking at more comparable amounts, we noted that capital assets increased by \$75.8 million and long term debt increased by \$68.1 million. These increases are largely due to the addition of a capital lease obligation in FY15. See further discussion of these changes in the Capital Asset and Debt Administration section below.

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

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

	FY2015	FY2014
Revenues		
Program Revenues		
Charges for services	\$ 5.8	\$ 6.8
Federal and state grants	16.9	12.9
General revenues		
Property taxes	56.8	54.3
Other taxes	11.4	10.5
State entitlement	46.0	44.1
Other	0.1	0.1
Total revenues	137.0	128.7
Expenses		
Program expenses		
Instruction	64.1	64.8
Support services	43.3	44.1
Non-instruction	11.3	3.8
Interest on long-term debt	0.8	0.8
Depreciation - unallocated	6.7	6.4
Loss on asset disposition	0.1	0.1
Total expenses	126.3	120.0
Increase in net position	\$ 10.7	\$ 8.7

Changes in net position. The District's total revenues increased \$8.3 million to \$137 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 75 cents of every dollar raised. Another 12.3 percent came from state and federal aid for specific programs, and the remainder from fees charged for services and miscellaneous sources. Total revenues surpassed expenses, increasing net position by \$10.7 million.

The total cost of all programs and services increased by \$6.3 million between the two years. The District's expenses are predominantly related to educating and caring for students (85 percent). The purely administrative activities of the District accounted for less than 1 percent of total costs.

The most significant contributors to the fluctuation in net position were the funds used to purchase or build capital assets, and also the funds necessary for repayment of principal on long-term debt issues. Repayments on long-term debt this year were less than debt issued, as a result of the Lease Revenue bonds issued in 2015.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$39.5 million, compared to last year's ending fund balances of \$42.9 million. In comparison to FY14's net decrease in fund balance of \$1.6 million, this year's decrease was \$3.4 million largely due to less bond proceeds in FY15 in comparison to FY14.

General Fund Budgetary Highlights

At the beginning of the 2015 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were increased by approximately \$357,000 from the previous fiscal year. This was due to an increase in the state factor paid for each student enrolled. This increase in the state factor was a result of pressure on the State Legislature from an Education Rally held in March 2014, where thousands of teachers showed up at the state capitol in support of increased funding for education.

This initial allocation in State Aid was increased by \$864,000 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 273 students from the prior year. Our District also reported higher student counts in the weighted categories, thus providing approximately 795 overall student growth in the State Aid funding formula for the District.

- Actual revenues were higher than expected at mid-year, due largely to a high collection rate of property tax revenues. Also, County 4-mill ad valorem revenue and school land earnings revenue increased.
- The actual expenditures were below budget, due primarily to the shifting of expenses to other funds and by expenditure budgets that remained unspent at June 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2015, the District had invested over \$82 million in a broad range of capital assets, including new classroom additions, athletic facilities, computer and audiovisual equipment, and building improvements.

The District anticipates spending approximately \$50 million for capital projects in 2016, with some of the major projects as follows:

- \$3,000,000 to continue the acquisition and installation for the district's technology infrastructure
- \$40,000,000 to continue renovations at the two high schools
- \$7,000,000 for various elementary and middle school site improvements

See additional information regarding Capital Assets in Note 7 to the Notes to the Financial Statements.

Long-term Debt

At year-end the District had \$154.4 million in total long-term debt outstanding (including judgments and compensated absences). This is an increase of 79 percent from last year's amount of \$86.3 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 \$20,245,000 of outstanding bonds.
- \$8,000,000 in new debt was issued during the year.
- The District added debt in the amount of \$80,702,021 with the issuance of a new lease revenue bond.

As the District was finalizing projects from the 2009 lease revenue bonds, planning was underway for another five-year bond election to provide the opportunity to make facility improvements and additions as well as provide quality instructional technology to all students more quickly.

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

See additional information regarding Long-term Debt in Note 3 to the Notes to the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- States are providing less per-pupil funding per student for pre-kindergarten through 12th grade than they did seven years ago – often far less. The reduced levels reflect primarily the lingering effects of the 2007-09 recession.
- Oklahoma leads the nation in funding cuts to the classroom.
- Oklahoma provided more per student funding at the beginning of the fiscal year, but unfortunately that increase dropped at midterm.
- At a time when states and the nation need workers with the skills to master new technologies and adapt to the complexities of a global economy, this decline in state educational investment is cause for concern
- Restoring school funding should be an urgent priority. Steep state-level spending cuts have serious consequences.
- Oklahoma's new leadership in the State Superintendent of Public Instruction office is providing hope for school administrators that school funding will be a focus as we move forward.
- Even with the hope and promised focus on education funding, the reality is our state is suffering a revenue failure this current year. Revenues have fallen below the 5% allowance, meaning agencies will have to take a mid-year cut in budgets. And that cut will likely include schools.
- There is a billion dollar shortfall expected for next fiscal year. The Oklahoma Board of Equalization is expected to meet and adjust the certification numbers for the remainder of fiscal year 2016 and approve the amount lawmakers will have to spend in the fiscal year 2017 budget.
- The District will have to continue to work on maximizing efficiency and doing more with less as the possibility of these cuts for education are determined in this year's legislative session.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash	\$ 43,063,963
Property taxes receivable (net)	4,210,598
Due from other governments	1,948,772
Other receivables	942,513
Other assets	31,603
Inventories	57,512
Nondepreciated capital assets	87,178,686
Depreciated capital assets, net of depreciation	149,313,315
Total Assets	286,746,962
Deferred Outflows of Resources	
Deferred outflows related to pensions	6,468,241
Liabilities	
Accounts payable and other current liabilities	6,908,520
Unavailable revenue	139,333
Long-term obligations	
Due within one year	25,725,316
Due beyond one year - net pension liability	82,635,807
Due beyond one year - other	128,723,469
Total Liabilities	244,132,445
Deferred Inflows of Resources	
Deferred inflows related to pensions	21,361,358
Net Position (Deficit)	
Net investment in capital assets	88,182,626
Restricted for:	
Debt service	24,406,014
School organizations	1,890,335
Child nutrition	910,862
Buildings	1,602,616
Unrestricted (deficit)	(89,271,053)
Total Net Position	\$ 27,721,400

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Activities
Year Ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs					
Governmental Activities:					
Instruction	64,054,285	\$ 81,773	\$ 13,382,003	\$ -	\$ (50,590,509)
Support services	43,317,209	2,641,773	162,183	-	(40,513,253)
Non-instruction services	11,249,824	3,126,250	3,309,793	-	(4,813,781)
Interest on long-term debt	820,666	-	-	-	(820,666)
Loss on disposal of capital assets	9,189	-	-	-	(9,189)
Depreciation - unallocated	6,679,306	-	-	-	(6,679,306)
Total school district	\$ 126,130,479	\$ 5,849,796	\$ 16,853,979	\$ -	(103,426,704)
General Revenues:					
		Taxes			
					30,481,785
					4,356,709
					21,917,613
					11,365,981
					46,021,905
					12,738
					114,156,731
					10,730,027
					120,693,356
					(103,701,983)
					16,991,373
					\$ 27,721,400

Norman Independent School District No. 29
Cleveland County, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Pooled Cash and Investments	\$ 11,149,026	\$ 22,320,643	\$ 9,594,294	\$ 43,063,963
Property Taxes Receivable, net	1,876,791	2,080,371	253,436	4,210,598
Due from Other Governments	1,948,772	-	-	1,948,772
Other Receivables	855,020	-	87,493	942,513
Other Assets	31,603	-	-	31,603
Inventories - Supplies, Materials	57,512	-	-	57,512
Total Assets	\$ 15,918,724	\$ 24,401,014	\$ 9,935,223	\$ 50,254,961
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 6,519,410	\$ -	\$ 4,670	\$ 6,524,080
Unearned Revenue	-	-	115,947	115,947
Total Liabilities	6,519,410	-	120,617	6,640,027
Deferred Inflows of Resources				
Unavailable revenue - taxes	1,611,838	2,258,163	210,118	4,080,119
Total Deferred Inflows of Resources	1,611,838	2,258,163	210,118	4,080,119
Fund Balances				
Nonspendable	57,512	-	-	57,512
Restricted	256,391	22,142,851	7,714,153	30,113,395
Committed	16,824	-	1,890,335	1,907,159
Unassigned	7,456,749	-	-	7,456,749
Fund Balances, End of Year	7,787,476	22,142,851	9,604,488	39,534,815
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,918,724	\$ 24,401,014	\$ 9,935,223	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$325,117,659 and the accumulated depreciation is \$88,625,658.				236,492,001
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the funds.				4,056,733
Deferred outflows/inflows of resources related to the net pension liability are not are not current financial resources and are not recorded in the fund financial statements but are recorded in the governmental activities.				
			\$ 6,468,241	
			(21,361,358)	(14,893,117)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:				
			\$ 72,185,164	
			80,702,021	
			82,635,807	
			10,000	
			384,440	
			1,551,600	(237,469,032)
Total Net Position - Governmental Activities				\$ 27,721,400

Norman Independent School District No. 29
Cleveland County, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 30,868,025	\$ 21,383,691	\$ 4,404,922	\$ 56,656,638
Interest	1,311	789	10,641	12,741
County Revenue	3,395,777	-	-	3,395,777
State Revenue	56,204,124	2	76,726	56,280,852
Federal Revenue	6,626,919	-	3,232,513	9,859,432
Other	1,513,922	878	4,444,979	5,959,779
Total Revenues	98,610,078	21,385,360	12,169,781	132,165,219
Expenditures				
Instruction	62,306,112	-	2,933,753	65,239,865
Support services	35,722,060	-	8,175,037	43,897,097
Non-instruction services	54,305	-	5,297,199	5,351,504
Capital Outlays	-	-	7,559,123	7,559,123
Other Outlays	76,174	-	11,902	88,076
Debt Service				
Judgments	-	5,788	-	5,788
Interest paid	-	1,236,533	-	1,236,533
Principal retirement	-	20,245,000	-	20,245,000
Total Expenditures	98,158,651	21,487,321	23,977,014	143,622,986
Excess (Deficiency) of Revenues over Expenditures	451,427	(101,961)	(11,807,233)	(11,457,767)
Other Financing Sources (Uses)				
Transfers In	1,199	-	1,828	3,027
Transfers Out	-	(789)	(2,238)	(3,027)
Premium on Bonds	-	80,224	-	80,224
Proceeds of Bonds	-	-	8,000,000	8,000,000
Total Other Financing Sources (Uses)	1,199	79,435	7,999,590	8,080,224
Net Change in Fund Balances	452,626	(22,526)	(3,807,643)	(3,377,543)
Beginning Fund Balances	7,334,850	22,165,377	13,412,131	42,912,358
Ending Fund Balances	<u>\$ 7,787,476</u>	<u>\$ 22,142,851</u>	<u>\$ 9,604,488</u>	<u>\$ 39,534,815</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, 2015

Total net changes in fund balances - governmental funds		\$ (3,377,543)
The change in net position reported in the statement of activities is different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental		
Capital asset additions	\$ 82,450,897	
Depreciation	<u>(6,679,306)</u>	75,771,591
In the statement of activities, the loss on disposal of capital assets is reported, where as in the governmental funds proceeds from the		(9,189)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as		73,655
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds,		136,028
Long term debt, such as bond proceeds, are reported as financing sources in governmental funds and thus contribute to the change in		
Debt issued	\$ (8,000,000)	
Revenue lease bond issued	(80,702,021)	
Judgments paid	5,000	
Debt repaid	<u>20,245,000</u>	(68,452,021)
Changes in net pension liabilities are not recorded in the fund financial statements but is recorded in the statement of activities.		27,302,918
Changes in deferred outflows/inflows of resources related to the net pension liability are not are not current financial resources and are		
Deferred outflows of resources	231,499	
Deferred inflows of resources	<u>(21,361,358)</u>	(21,129,859)
Bond premiums are shown as a liability on the statement of net position and as revenue in the governmental fund. The bond premium is		178,665
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is		<u>235,782</u>
Change in net position of governmental activities		<u><u>\$ 10,730,027</u></u>

Note 1 - Summary of Significant Accounting Policies

The Norman Independent School District No. 29 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

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

The Reporting Entity - The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

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

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

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

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

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

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

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

The District reports the following major governmental funds:

- **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

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

Governmental Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 1. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2013 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 34% 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.

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

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

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

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

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

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

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

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

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

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

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

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school construction and building maintenance expenditures as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. Debt service resources are to be used for future servicing of the 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 grant carryover as being committed because their use is imposed by the Board of Education regarding use of expenditures.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has no assigned funds as of June 30, 2015.

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, 2015

As of June 30, 2015, fund balances are comprised of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:				
Nonspendable				
Inventory	\$ 57,512	\$ -	\$ -	\$ 57,512
Restricted for:				
School construction	-	-	4,962,250	4,962,250
Building maintenance	-	-	1,602,616	1,602,616
Debt service reserve	-	22,142,851	-	22,142,851
Food services	-	-	910,862	910,862
Insurance purposes	-	-	223,571	223,571
Gifts from donors	-	-	14,854	14,854
Federal and state grants carryover	256,391	-	-	256,391
Total restricted	<u>256,391</u>	<u>22,142,851</u>	<u>7,714,153</u>	<u>30,113,395</u>
Committed to:				
School programs	-	-	1,890,335	1,890,335
Miscellaneous site grants and Astellas grant carryover	16,824	-	-	16,824
Total committed	<u>16,824</u>	<u>-</u>	<u>1,890,335</u>	<u>1,907,159</u>
Unassigned	7,456,749	-	-	7,456,749
Total fund balances	<u>\$ 7,787,476</u>	<u>\$ 22,142,851</u>	<u>\$ 9,604,488</u>	<u>\$ 39,534,815</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.

Adoption of New Standard - As of July 1, 2014 the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed below and the additional disclosures required by these standards are included in Note 4.

Implementation of GASB Statement No. 68 and GASB Statement No. 71 – As mentioned above, the District adopted GASB 68 and 71. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	Governmental Activities
Beginning net position, as previously reported	\$ 120,693,356
Implementation of GASB 68 & 71	
Net pension obligation	(109,938,725)
Deferred outflows of resources - contributions subsequent to measurement date	6,236,742
Beginning net position, as restated	\$ 16,991,373

Note 2 - Cash and Investments

Deposits - At June 30, 2015, the bank balance of deposits and cash pools was \$48,948,881. 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:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due</u>
Bonds Payable	\$ 83,505,000	\$ 8,000,000	\$ (20,245,000)	\$ 71,260,000	\$ 21,550,000
Deferred Bond Premium	1,103,829	80,224	(258,889)	925,164	321,106
Compensated Absences	1,687,628	574,089	(710,117)	1,551,600	1,551,600
Judgments	15,000	-	(5,000)	10,000	5,000
Lease Revenue Payable	-	80,702,021	-	80,702,021	2,297,610
Total governmental activity long-term liabilities	<u>\$ 86,311,457</u>	<u>\$ 89,356,334</u>	<u>\$ (21,219,006)</u>	<u>\$ 154,448,785</u>	<u>\$ 25,725,316</u>

Bonds payable at June 30, 2015 are composed of the following individual general obligation bond issues:

<u>Original Issue</u>	<u>Annual</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding</u>
\$ 6,440,000	\$ 1,610,000	3/1/2016	1-2%	\$ 1,610,000
23,460,000	5,865,000	3/1/2017	1-2%	11,730,000
25,520,000	6,380,000	3/1/2017	1-2%	19,140,000
28,780,000	7,195,000	3/1/2019	1-2%	28,780,000
2,000,000	500,000	5/1/2019	1-2%	2,000,000
8,000,000	2,000,000	3/1/2020	1.25 - 2%	8,000,000
				<u>\$ 71,260,000</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, 2015 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2016	\$ 21,550,000	\$ 1,036,353	\$ 22,586,353
2017	21,940,000	815,100	22,755,100
2018	16,075,000	478,500	16,553,500
2019	9,695,000	206,400	9,901,400
2020	2,000,000	30,000	2,030,000
	\$ 71,260,000	\$ 2,566,353	\$ 73,826,353

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit for general obligation bonds at June 30, 2015 is approximately \$86,800,000.

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" or "OTRS"), 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. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the System; which can be located at www.ok.gov/OTRS.

Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Contributions - The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2015. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. Contributions to the pension plan from the District were \$6,468,241.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the District reported a liability of \$82,635,807 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the District's proportion was 1.5360%.

For the year ended June 30, 2015, the District recognized pension expense of \$4,838,800 in compensation and benefits expense. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,362,084
Net difference between projected and actual earnings on pension plan investments	-	19,999,274
District contributions subsequent to the measurement date	6,468,241	-
	\$ 6,468,241	\$ 21,361,358

The \$6,468,241 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 5,255,850
2017	5,255,850
2018	5,255,850
2019	5,255,848
2020	256,031
Thereafter	81,929
	\$ 21,361,358

Actuarial Assumptions - The total pension liability as of June 30, 2014, was determined based on an actuarial valuation prepared as if June 30, 2014 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Amortization Method - Level Percentage of Payroll
- Inflation - 3.00%
- Salary Increases - Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
- Investment Rate of Return - 8.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in September 2010 in conjunction with the five year experience study for the period ending June 30, 2009.
- Mortality - RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 2007 to June 2011.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.7%
Domestic Large Cap Equity	10.0%	6.2%
Domestic Mid Cap Equity	13.0%	6.9%
Domestic Small Cap Equity	10.0%	7.0%
International Large Cap Equity	11.5%	7.0%
International Small Cap Equity	6.0%	7.0%
Core Plus Fixed Income	17.5%	2.1%
High-yield Fixed Income	6.0%	4.5%
Private Equity	5.0%	7.9%
Real Estate**	7.0%	5.5%
Master Limited Partnerships	7.0%	7.9%
Total	<u>100.00%</u>	

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

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

Discount Rate - A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013 and June 30, 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 8%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% decrease 7%	Current Discount 8%	1% increase 9%
Net pension liability	\$ 116,058,115	\$ 82,635,807	\$ 54,381,142

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 6 - Operating Leases

The District has leases with vendors for the use of copier machines and postal equipment at District locations. The postal equipment lease is renewable at the District's option for one year increments through June 30, 2018. The total lease expense paid by the District for the year ended June 30, 2015 on these leases was approximately \$24,000.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 2,699,721	\$ -	\$ -	\$ 2,699,721
Construction in Progress	4,289,303	81,007,231	817,569	84,478,965
Total capital assets not being depreciated	<u>6,989,024</u>	<u>81,007,231</u>	<u>817,569</u>	<u>87,178,686</u>
Capital Assets being depreciated:				
Buildings	109,690,920	-	-	109,690,920
Improvements	114,272,814	902,385	-	115,175,199
Furniture and Equipment	3,237,999	233,258	7,754	3,463,503
Musical Instruments	513,397	20,954	298,932	235,419
Computers	401,692	11,673	-	413,365
Vehicles	8,156,954	1,092,965	289,352	8,960,567
Total capital assets being depreciated	<u>236,273,776</u>	<u>2,261,235</u>	<u>596,038</u>	<u>237,938,973</u>
Less accumulated depreciation for:				
Buildings	56,208,284	2,011,808	-	58,220,092
Improvements	18,000,175	3,932,145	-	21,932,320
Furniture and Equipment	1,657,496	183,052	7,754	1,832,794
Musical Instruments	412,887	17,048	289,743	140,192
Computers	377,388	10,403	-	387,791
Vehicles	5,876,971	524,850	289,352	6,112,469
Less total accumulated depreciation	<u>82,533,201</u>	<u>6,679,306</u>	<u>586,849</u>	<u>88,625,658</u>
Total capital assets being depreciated, net	<u>153,740,575</u>	<u>(4,418,071)</u>	<u>9,189</u>	<u>149,313,315</u>
Governmental activity capital assets, net	<u>\$ 160,729,599</u>	<u>\$ 76,589,160</u>	<u>\$ 826,758</u>	<u>\$ 236,492,001</u>

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

Note 8 - Disaggregation of Payable Balances

Governmental Activities:	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total Payables</u>
General and other governmental funds	\$ 261,010	\$ 6,263,070	\$ -	\$ 6,524,080
Reconciliation of balances in fund financials to government-wide statements	<u>-</u>	<u>-</u>	<u>384,440</u>	<u>384,440</u>
Total governmental activities	<u>\$ 261,010</u>	<u>\$ 6,263,070</u>	<u>\$ 384,440</u>	<u>\$ 6,908,520</u>

Note 9 - Contingencies and Commitments

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

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

The District has outstanding construction commitments of \$74 million as of June 30, 2015.

During the year ended June 30, 2015, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2014. No settlements have exceeded coverage levels in place during 2015.

Note 10 - Sublease Agreement

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

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

Date	Principal Payments	Coupon Rate	Interest Payments	Total Payments
7/1/2015	\$ 2,615,000	5.00%	\$ 4,924,181	\$ 7,539,181
7/1/2016	15,535,000	5.00%	4,461,750	19,996,750
7/1/2017	18,580,000	5.00%	3,685,000	22,265,000
7/1/2018	23,185,000	5.00%	2,756,000	25,941,000
7/1/2019	31,935,000	5.00%	1,596,750	33,531,750
	<u>\$ 91,850,000</u>		<u>\$ 17,423,681</u>	<u>\$ 109,273,681</u>

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

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

Date	Estimated General Obligation Bonds to be Issued
7/1/2015	\$ 7,243,000
7/1/2016	19,703,000
7/1/2017	21,883,000
7/1/2018	25,423,000
7/1/2019	32,763,000
	<u>\$ 107,015,000</u>

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

Upon payment of the lease purchase acquisition payments, legal title will go to the District for all construction, acquisition and renovations completed with the revenue lease bonds. The estimated capitalizable sublease activity of \$80,702,021 has been included on the statement of net position as capital assets and a long-term lease. Capitalized interest relating to construction projects is also included with capital assets as such interest is incurred.

Lease bond revenue projects in process at June 30, 2015 totaled approximately \$74 million.



Required Supplementary Information
June 30, 2015

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, 2015

	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 7,298,170	\$ 7,334,851	\$ 7,334,850	\$ 36,681	\$ (1)
Resources (inflows)					
Property Taxes	29,524,100	30,699,000	30,868,025	1,174,900	169,025
Interest	15,110	1,520	1,311	(13,590)	(209)
County Revenue	3,400,000	3,400,000	3,395,777	-	(4,223)
State Revenue	53,478,946	55,773,971	56,204,124	2,295,025	430,153
Federal Revenue	7,497,035	7,652,106	6,626,919	155,071	(1,025,187)
Other	1,865,788	1,533,890	1,515,121	(331,898)	(18,769)
Amounts Available for Appropriation	<u>103,079,149</u>	<u>106,395,338</u>	<u>105,946,127</u>	<u>3,316,189</u>	<u>(449,211)</u>
Charges to Appropriations (outflows)					
Instruction	60,899,013	63,550,696	62,306,112	(2,651,683)	1,244,584
Support Services	36,519,718	36,230,307	35,722,060	289,411	508,247
Non-instruction Services	44,000	44,000	54,305	-	(10,305)
Capital Outlays	245,500	100,240	-	145,260	100,240
Other Outlays	218,286	170,337	76,174	47,949	94,163
Total Charges to Appropriations	<u>97,926,517</u>	<u>100,095,580</u>	<u>98,158,651</u>	<u>(2,169,063)</u>	<u>1,936,929</u>
Budgetary Fund Balance, June 30	<u>\$ 5,152,632</u>	<u>\$ 6,299,758</u>	<u>\$ 7,787,476</u>	<u>\$ 1,147,126</u>	<u>\$ 1,487,718</u>

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

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

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

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of District's Proportionate Share of the Net Pension Liability
for Oklahoma Teachers Retirement System
Year Ended June 30, 2015

	<u>2014</u>
District's proportion of the net pension liability	1.5360%
District's proportionate share of the net pension liability	\$ 82,635,807
District's covered-employee payroll	\$ 61,128,258
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	135%
Plan fiduciary net position as a percentage of the total	72.43%

Notes to Schedule:

Only the 2014 fiscal year is presented because 10-year data is not yet available.

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of District's Contributions
to Oklahoma Teachers Retirement System
Year Ended June 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 6,468,241
Contributions in relation to the contractually required contribution	<u>6,468,241</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 64,127,709
Contributions as a percentage of covered-employee payroll	10.09%

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.



Other Supplementary Information
June 30, 2015

Norman Independent School District No. 29

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2015

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Gifts</u>	<u>Student Activity</u>	<u>Workers' Compensation</u>	<u>Casualty/ Insurance</u>	<u>Total Capital Project Funds</u>	<u>Total</u>
Assets								
Pooled Cash	\$ 1,559,298	\$ 958,173	\$ 14,854	\$ 1,883,080	\$ 26,271	\$ 186,437	\$ 4,966,181	\$ 9,594,294
Property Taxes Receivable, Net	253,436	-	-	-	-	-	-	253,436
Other Receivables	-	68,636	-	7,994	10,863	-	-	87,493
Total Assets	<u>\$ 1,812,734</u>	<u>\$ 1,026,809</u>	<u>\$ 14,854</u>	<u>\$ 1,891,074</u>	<u>\$ 37,134</u>	<u>\$ 186,437</u>	<u>\$ 4,966,181</u>	<u>\$ 9,935,223</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 739	\$ -	\$ -	\$ 3,931	\$ 4,670
Unearned Revenue	-	115,947	-	-	-	-	-	115,947
Total Liabilities	<u>-</u>	<u>115,947</u>	<u>-</u>	<u>739</u>	<u>-</u>	<u>-</u>	<u>3,931</u>	<u>120,617</u>
Deferred Inflows of Resources:								
Unavailable revenue - taxes	210,118	-	-	-	-	-	-	210,118
Total Deferred Inflow of Resources	<u>210,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,118</u>
Fund Balances								
Restricted	1,602,616	910,862	14,854	-	37,134	186,437	4,962,250	7,714,153
Committed	-	-	-	1,890,335	-	-	-	1,890,335
Fund Balances, End of Year	<u>1,602,616</u>	<u>910,862</u>	<u>14,854</u>	<u>1,890,335</u>	<u>37,134</u>	<u>186,437</u>	<u>4,962,250</u>	<u>9,604,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,812,734</u>	<u>\$ 1,026,809</u>	<u>\$ 14,854</u>	<u>\$ 1,891,074</u>	<u>\$ 37,134</u>	<u>\$ 186,437</u>	<u>\$ 4,966,181</u>	<u>\$ 9,935,223</u>

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, 2015

	Building Fund	Child Nutrition	Gifts	Workers' Compensation	Student Activity	Torts	Casualty/ Insurance	Total Capital Project Funds	Total Other Governmental Funds
Revenues									
Property Taxes	\$ 4,404,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,404,922
Interest	66	21	1	1	50	-	5	10,497	10,641
State Revenue	-	76,726	-	-	-	-	-	-	76,726
Federal Revenue	-	3,232,513	-	-	-	-	-	-	3,232,513
Other	172	1,428,157	5,580	10,863	2,981,775	-	18,432	-	4,444,979
Total Revenues	4,405,160	4,737,417	5,581	10,864	2,981,825	-	18,437	10,497	12,169,781
Expenditures									
Current									
Instruction	-	-	3,725	-	886,908	-	-	2,043,120	2,933,753
Support Services	4,389,366	-	15,652	-	1,418,443	-	-	2,351,576	8,175,037
Non-Instruction Services	-	4,631,014	-	-	620,433	-	-	45,752	5,297,199
Capital Outlays	1,500	-	-	-	-	-	19,149	7,538,474	7,559,123
Other Outlays	-	-	-	10,863	-	1,039	-	-	11,902
Total Expenditures	4,390,866	4,631,014	19,377	10,863	2,925,784	1,039	19,149	11,978,922	23,977,014
Excess (Deficiency) of Revenues over Expenditures	14,294	106,403	(13,796)	1	56,041	(1,039)	(712)	(11,968,425)	(11,807,233)
Other Financing Sources (Uses)									
Transfers In	789	-	-	-	-	1,039	-	-	1,828
Transfers Out	-	-	-	-	(1,199)	-	(1,039)	-	(2,238)
Proceeds of Bonds	-	-	-	-	-	-	-	8,000,000	8,000,000
Total Other Financing Sources (Uses)	789	-	-	-	(1,199)	1,039	(1,039)	8,000,000	7,999,590
Net Change in Fund Balances	15,083	106,403	(13,796)	1	54,842	-	(1,751)	(3,968,425)	(3,807,643)
Beginning Fund Balances	1,587,533	804,459	28,650	37,133	1,835,493	-	188,188	8,930,675	13,412,131
Ending Fund Balances	\$ 1,602,616	\$ 910,862	\$ 14,854	\$ 37,134	\$ 1,890,335	\$ -	\$ 186,437	\$ 4,962,250	\$ 9,604,488

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Capital Project Funds
June 30, 2015

	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	Misc Bond Fund	Total Capital Project Funds
Assets										
Pooled Cash	\$ 444,148	\$ 99,655	\$ 424,375	\$ 19,606	\$ 61,180	\$ 164,795	\$ 2,922,020	770,333	\$ 60,069	\$ 4,966,181
Total Assets	<u>\$ 444,148</u>	<u>\$ 99,655</u>	<u>\$ 424,375</u>	<u>\$ 19,606</u>	<u>\$ 61,180</u>	<u>\$ 164,795</u>	<u>\$ 2,922,020</u>	<u>\$ 770,333</u>	<u>\$ 60,069</u>	<u>\$ 4,966,181</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,931	\$ -	\$ -	\$ 3,931
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,931</u>	<u>-</u>	<u>-</u>	<u>3,931</u>
Fund Balances										
Restricted	<u>444,148</u>	<u>99,655</u>	<u>424,375</u>	<u>19,606</u>	<u>61,180</u>	<u>164,795</u>	<u>2,918,089</u>	<u>770,333</u>	<u>60,069</u>	<u>4,962,250</u>
Fund Balances, End of Year	<u>444,148</u>	<u>99,655</u>	<u>424,375</u>	<u>19,606</u>	<u>61,180</u>	<u>164,795</u>	<u>2,918,089</u>	<u>770,333</u>	<u>60,069</u>	<u>4,962,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 444,148</u>	<u>\$ 99,655</u>	<u>\$ 424,375</u>	<u>\$ 19,606</u>	<u>\$ 61,180</u>	<u>\$ 164,795</u>	<u>\$ 2,922,020</u>	<u>\$ 770,333</u>	<u>\$ 60,069</u>	<u>\$ 4,966,181</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Capital Project Funds
Year Ended June 30, 2015

	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	Misc Bond Fund	Total Capital Project Funds
Revenues										
Interest	\$ 11	\$ 3	\$ 16	\$ 3	\$ 5	\$ 23	\$ 101	\$ 10,333	\$ 2	\$ 10,497
Total Revenues	<u>11</u>	<u>3</u>	<u>16</u>	<u>3</u>	<u>5</u>	<u>23</u>	<u>101</u>	<u>10,333</u>	<u>2</u>	<u>10,497</u>
Expenditures										
Current										
Instruction	-	-	54,735	-	183,591	50,783	1,754,011	-	-	2,043,120
Support Services	335	8,034	55,437	59,225	46,021	881,866	1,293,177	-	7,481	2,351,576
Non-Instruction Services	-	-	-	-	-	33,741	12,011	-	-	45,752
Capital Outlays	-	-	131,697	-	-	-	166,777	7,240,000	-	7,538,474
Total Expenditures	<u>335</u>	<u>8,034</u>	<u>241,869</u>	<u>59,225</u>	<u>229,612</u>	<u>966,390</u>	<u>3,225,976</u>	<u>7,240,000</u>	<u>7,481</u>	<u>11,978,922</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(324)</u>	<u>(8,031)</u>	<u>(241,853)</u>	<u>(59,222)</u>	<u>(229,607)</u>	<u>(966,367)</u>	<u>(3,225,875)</u>	<u>(7,229,667)</u>	<u>(7,479)</u>	<u>(11,968,425)</u>
Other Financing Sources (Uses)										
Proceeds of Bonds	-	-	-	-	-	-	-	8,000,000	-	8,000,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>	<u>-</u>	<u>8,000,000</u>
Net Change in Fund Balances	(324)	(8,031)	(241,853)	(59,222)	(229,607)	(966,367)	(3,225,875)	770,333	(7,479)	(3,968,425)
Beginning Fund Balances	444,472	107,686	666,228	78,828	290,787	1,131,162	6,143,964	-	67,548	8,930,675
Ending Fund Balances	<u>\$ 444,148</u>	<u>\$ 99,655</u>	<u>\$ 424,375</u>	<u>\$ 19,606</u>	<u>\$ 61,180</u>	<u>\$ 164,795</u>	<u>\$ 2,918,089</u>	<u>\$ 770,333</u>	<u>\$ 60,069</u>	<u>\$ 4,962,250</u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts GAAP	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 1,546,774	\$ 1,587,533	\$ 1,587,533	\$ 40,759	\$ -
Resources (inflows)					
Property Taxes	4,358,700	4,381,963	4,404,922	23,263	22,959
Interest	1,200	1,201	66	1	(1,135)
Other	12,300	4,000	961	(8,300)	(3,039)
Amounts Available for Appropriation	<u>5,918,974</u>	<u>5,974,697</u>	<u>5,993,482</u>	<u>55,723</u>	<u>18,785</u>
Charges to Appropriations (outflows)					
Support Services	4,667,594	4,656,677	4,389,366	10,917	267,311
Capital Outlays	81,740	3,000	1,500	78,740	1,500
Total Charges to Appropriations	<u>4,749,334</u>	<u>4,659,677</u>	<u>4,390,866</u>	<u>89,657</u>	<u>268,811</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,169,640</u></u>	<u><u>\$ 1,315,020</u></u>	<u><u>\$ 1,602,616</u></u>	<u><u>\$ 145,380</u></u>	<u><u>\$ 287,596</u></u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)
 Year Ended June 30, 2015

	<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	\$ 733,608	\$ 804,459	\$ 804,459	\$ 70,851	\$ -
Resources (inflows)					
Interest	275	300	21	25	(279)
Local Revenue	1,981,236	1,782,000	1,428,157	(199,236)	(353,843)
State Revenue	114,938	80,000	76,726	(34,938)	(3,274)
Federal Revenue	2,998,772	3,270,000	3,232,513	271,228	(37,487)
Amounts Available for Appropriation	<u>5,828,829</u>	<u>5,936,759</u>	<u>5,541,876</u>	<u>107,930</u>	<u>(394,883)</u>
Charges to Appropriations (outflows)					
Non-instruction services	5,060,239	5,060,000	4,631,014	239	428,986
Other Outlays	-	-	-	-	-
Total Charges to Appropriations	<u>5,060,239</u>	<u>5,060,000</u>	<u>4,631,014</u>	<u>239</u>	<u>428,986</u>
Budgetary Fund Balance, June 30	<u><u>\$ 768,590</u></u>	<u><u>\$ 876,759</u></u>	<u><u>\$ 910,862</u></u>	<u><u>\$ 108,169</u></u>	<u><u>\$ 34,103</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, 2015

Assets	Ending Balance As of June 30, 2014	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2015
Football	\$ 21,384	-	\$ 171,791	\$ 110,668	\$ 82,507
Boys Basketball	11,387	-	38,771	42,188	7,970
Girls Basketball	2,277	-	18,976	16,505	4,748
Boys Swimming	817	-	1,400	1,024	1,193
Baseball	519	-	40,335	29,559	11,295
Fast Pitch Softball	5,861	-	19,252	16,677	8,436
Wrestling	4,586	-	9,286	12,419	1,453
Boys Tennis	590	-	4,750	3,790	1,550
Girls Tennis	1,227	-	3,992	3,273	1,946
Slow pitch Softball	1,090	-	5,161	5,395	856
Girls Cross Country	8,615	-	9,759	9,960	8,414
Boys Golf	4,782	-	13,424	14,420	3,786
Boys Cross Country	1,744	-	5,503	5,448	1,799
Boys Soccer	1,565	-	13,049	13,962	652
Volleyball	4,874	-	35,392	25,499	14,767
Boys Track	9,978	-	23,887	25,274	8,591
Girls Track	6,704	-	3,218	4,129	5,793
General Athletics	98,503	-	93,508	116,272	75,739
ASCE	3,741	-	10,565	11,174	3,132
Girls Golf	13	-	10,028	7,367	2,674
Girls Soccer	384	-	16,264	16,298	350
Girls Swimming	400	-	1,225	693	932
AP Tests	57,692	-	111,248	105,879	63,061
Art	48,580	-	6,674	11,333	43,921
Art in Education	117	-	1,883	125	1,875
Coke	399,157	-	197,761	322,783	274,135
Band	29,674	-	73,022	57,450	45,246
Asian Culture/Botball	1,389	-	(1,389)	-	-
Ice Cream Machine	343	-	25,012	23,998	1,357
Save Darfur Club	22	-	-	-	22
Consumer Education	28	-	-	-	28
Cheerleaders	27,649	-	14,907	27,037	15,519
Business	25	-	-	-	25
Link Crew-North	760	-	1,100	1,368	492
Class of 2013	1,108	-	775	880	1,003
Ag Ed (FFA)	12,898	-	54,212	46,074	21,036
Camp Turning Point	1,641	-	8,047	6,767	2,921
Clearing Account	420	-	6,528	6,548	400
Book Club	72	-	1,644	1,657	59
Book Fair	11,645	-	19,625	17,196	14,074
Drama Club	14,010	-	4,350	4,233	14,127
Drafting	-	-	-	895	(895)
Drug Free/Chemical Depend	429	-	785	-	1,214
Black Stud Assoc/Stomp	549	-	-	-	549
Pack Shack/Link Crew	107,287	-	83,248	83,963	106,572
We the People	1,476	-	1,795	1,293	1,978
English	62	-	1,938	1,072	928
Environmental Club	496	-	-	-	496
E.M.H.	69	-	-	-	69
Equip/Repair/Furn	229	-	-	-	229

Norman Independent School District No. 29
Cleveland County, Oklahoma

Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2015

Assets	Ending Balance As of June 30, 2014	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2015
Explo	982	-	-	-	982
Enrichment	139	-	851	940	50
Faculty Services	-	-	8,500	6,458	2,042
African Amer Assoc	130	-	1,337	1,252	215
Field Trips	16,922	-	73,080	74,204	15,798
Parking Decals	7,520	-	4,010	5,705	5,825
G.E.M.S.	884	-	4,259	2,596	2,547
Foreign Language-All	1,293	-	-	252	1,041
French	1,020	-	839	1,210	649
General	156,231	-	363,261	296,982	222,510
Ecology Club	169	-	-	-	169
Gifted and Talented	6,352	-	10,811	12,891	4,272
Class of 2014	834	-	(90)	645	99
5th Grade	6,119	-	19,473	23,517	2,075
Class of 2012	1,323	-	500	1,309	514
6th Grade	3,009	-	4,618	4,627	3,000
7th Grade	1,425	-	6,979	7,266	1,138
8th Grade	5,711	-	22,247	24,378	3,580
Grants	1,963	-	(1,752)	209	2
Home Ec/Krispy Kreme	4,386	-	2,910	3,426	3,870
Class of 2011	1,902	-	2,686	179	4,409
Honor Society	12,013	-	3,425	4,107	11,331
DECA	6,492	-	97,196	91,294	12,394
Instrumental Music	26,578	-	70,251	74,776	22,053
Indigent Student Fund	29	-	-	-	29
Athletic Trainer	5,771	-	17,635	8,477	14,929
Independent Living	250	-	-	-	250
Drill Team	142	-	38	180	-
Spud-North	23,413	-	171,933	189,868	5,478
Leadership Council	28,733	-	10,277	20,720	18,290
Latin	1,806	-	5,141	4,056	2,891
Cultural Diversity	661	-	-	-	661
Library/Media Center	50,517	-	106,146	101,796	54,867
Computers	42	-	-	-	42
FCCLA	240	-	1,784	815	1,209
Natl Art Honor Society	266	-	-	-	266
Modern Dance Club	10,652	-	28,838	25,078	14,412
Misc Transaction	1,056	-	927	-	1,983
Model United Nations	570	-	1,144	1,142	572
Mu Alpha Theta	1,779	-	2,290	2,826	1,243
Music/Drumline	21,523	-	52,445	45,737	28,231
Newspaper/Journalism	7,325	-	1,828	5,366	3,787
Parenting	78	-	-	-	78
Orchestra	30,550	-	55,177	58,971	26,756
NBR Donation	584	-	-	-	584
Office	963	-	-	-	963
Memorial Fund	681	-	(500)	-	181
Poms	1,579	-	21,122	18,275	4,426

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2015

Assets	Ending Balance As of June 30, 2014	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2015
Physical Education	5,024	-	(1,245)	1,712	2,067
Prof Leave/Development	7,348	-	3,569	5,425	5,492
Partners-In-Ed	-	-	500	490	10
PTA-Student	6,977	-	45,553	40,177	12,353
Native American Club	2,009	-	2,966	2,506	2,469
Donations	11,975	-	9,404	1,889	19,490
Outdoor Classroom	4,092	-	-	-	4,092
Global Awareness	120	-	-	-	120
Service Learning	1,512	-	595	-	2,107
Renaissance Program	801	-	-	-	801
Principal	162	-	677	669	170
PSAT/Guidance Serv	16,205	-	694	756	16,143
Prom	22,006	-	25,081	30,224	16,863
Psychology	204	-	-	-	204
Spanish Nat Honor Society	654	-	228	663	219
Model Congress	464	-	167	300	331
School Climate	11,329	-	7,257	6,174	12,412
Recycling	228	-	-	-	228
Resource Center Material	4,216	-	5,308	8,272	1,252
Fundraiser	19,409	-	67,544	64,316	22,637
Orange Thumb	484	-	-	-	484
Sat School/Student Int	1,862	-	(780)	388	694
SADD	120	-	-	-	120
Science	265	-	-	-	265
Social Studies	152	-	-	-	152
TAPP	517	-	-	-	517
Spanish	749	-	3,768	3,202	1,315
Speech	28,785	-	25,481	33,478	20,788
Special Ed/Spec Athletes	2,267	-	8,827	5,340	5,754
Fine Arts	38,909	-	12,957	1,717	50,149
Student Council/Congress	10,096	-	81,564	69,932	21,728
Store-School	4	-	-	-	4
Special Education	490	-	-	-	490
Musicals	3,482	-	7,632	4,942	6,172
Rotary Inter-ACT	949	-	110	93	966
Key Club	1,546	-	1,898	1,029	2,415
6th Grade Books	575	-	896	876	595
Theater Art	2,330	-	423	476	2,277
Technology	13,925	-	1,264	2,417	12,772
Vocal Music	28,589	-	172,029	168,935	31,683
Teen Volun/Parent Outreach	917	-	-	438	479
VRC-Video Resource Center	2,932	-	1,588	398	4,122
PR Fund	79	-	-	-	79
Yearbook	96,142	-	95,085	79,805	111,422
Vegetarian Club	106	-	-	-	106
Elem Fine Arts	615	-	1,882	1,880	617
Wildcat Memories	100	-	-	-	100
Stand for Silence	238	-	1,801	1,834	205

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2015

Assets	Ending Balance As of June 30, 2014	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2015
Interior Design	100	-	-	-	100
Physics	122	-	1,000	1,122	-
Young Democrats	1,110	-	-	30	1,080
Botball	15,437	-	16,595	12,408	19,624
First Grade	18	-	-	18	-
Student Assistance Fund	3,746	-	3,791	6,730	807
Sewing	86	-	140	-	226
Administration	80,371	-	-	5,888	74,483
ROAR	413	-	(164)	249	-
Sociology	301	-	-	-	301
WOW	5,414	-	11,236	6,932	9,718
Anthology	1,491	-	1,148	1,404	1,235
Academic Teams	2,414	-	8,847	7,836	3,425
Republican Club	200	-	-	-	200
Third Grade	1,124	-	(139)	677	308
North-H.O.P.E.	1,239	-	-	-	1,239
Dumbledore's Army	862	-	451	401	912
PBIS	1,471	-	5,382	4,394	2,459
Transition Center	61	-	-	-	61
Pre-Engineering	849	-	70	-	919
Shakespeare	50	-	-	-	50
Quidditch Club	135	-	-	-	135
Logo Royalties	1,866	-	(154)	(18)	1,730
Risk Factor Survey	1	-	-	-	1
FCCLA	228	-	250	196	282
NHS Instrument Fund	1,375	-	-	-	1,375
Art Club	80	-	-	-	80
Step Dance Team	73	-	1,670	1,016	727
Made	500	-	500	196	804
Ilearn Fluently	4	-	-	-	4
WAT-Work Adjustment Train	387	-	375	762	-
Vanderburg Donations	20	-	-	-	20
Plaza Towers	510	-	-	510	-
Tech Now	-	-	122	-	122
Lock In	-	-	8,925	395	8,530
Young Adult Book Club	-	-	33	-	33
Music Club	-	-	260	-	260
Imperialism Club	-	-	829	829	-
Future City/History Day	-	-	140	140	-
Tabletop Gaming Assoc	-	-	50	-	50
Hildebrand Scholarship	-	-	1,025	-	1,025
Big Brothers/Big Sisters	-	-	66	-	66
Autism	-	-	225	-	225
Tracks	-	-	112	40	72
Total assets	\$ 1,835,493	\$ -	\$ 2,981,825	\$ 2,926,983	\$ 1,890,335

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Statement of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2015

Liabilities	Ending Balance As of <u>June 30, 2014</u>	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of <u>June 30, 2015</u>
Liabilities					
Due to Student Groups	<u>1,835,493</u>	<u>-</u>	<u>2,981,825</u>	<u>2,926,983</u>	<u>1,890,335</u>
Total liabilities	<u>\$ 1,835,493</u>	<u>\$ -</u>	<u>\$ 2,981,825</u>	<u>\$ 2,926,983</u>	<u>\$ 1,890,335</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, 2015

NAME	TYPE	COMPANY	BOND #	AMOUNT	BEG DATE	END DATE
Dr. Joseph Siano	Public Official Bond	Travelers Casualty and Surety Company	105321891	\$100,000	7/1/14	6/30/15
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/14	9/15/15
Janine Anne Warren	Public Official Bond	Hartford Fire Insurance Company	38BSBCJ1584	\$100,000	7/21/09	Until cancelled
Norman Public Schools	Commercial Crime Policy	St Paul Travelers	104343265	\$100,000	7/1/04	Until cancelled

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2014	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2015
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (139,297)	\$ 399,189	\$ 333,675	\$ (73,783)
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421, 424, 426	(61,015)	152,172	129,336	(38,179)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(741,883)	2,094,857	1,924,040	(571,066)
Title I, Part A Neglected	84.010	518	(27,394)	86,220	75,383	(16,557)
Title I Cluster			(769,277)	2,181,077	1,999,423	(587,623)
Special Education - Grants to States	84.027	615, 621, 625, 626	(682,363)	2,989,370	3,211,352	(904,345)
Special Education - Preschool Grants	84.173	641, 642	(16,786)	60,735	66,678	(22,729)
Special Education Cluster			(699,149)	3,050,105	3,278,030	(927,074)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(118,987)	360,289	327,017	(85,715)
Title II, Part A, Technical Assistance Allocation	84.367	543	(1,248)	22,536	29,500	(8,212)
			(120,235)	382,825	356,517	(93,927)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2014	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2015
Title III Part A English Language Acquisition	84.365	571, 572	(20,105)	78,373	87,421	(29,153)
Adult Basic Education	84.002	731, 733	(39,878)	77,924	76,340	(38,294)
Title I Neglected/Delinquent	84.013	532	(146,044)	323,189	318,442	(141,297)
Jobs Training-OJT	84.126	456	-	15,641	16,279	(638)
Total U.S. Department of Education			(1,995,000)	6,660,495	6,595,463	(1,929,968)
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	(11,007)	23,656	31,453	(18,804)
Total U.S. Department of the Interior			(11,007)	23,656	31,453	(18,804)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2014	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2015
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Breakfast Program - cash assistance	10.553	764	-	687,503	687,503	-
Lunch Program - cash assistance	10.555	763	-	2,456,635	2,456,635	-
Lunch Program- commodities	10.555	763	-	231,957	231,957	-
Summer Food Service - cash assistance	10.559	766	-	88,374	88,374	-
Child Nutrition Cluster			-	3,464,469	3,464,469	-
Total U.S. Department of Agriculture			-	3,464,469	3,464,469	-
U.S. Department of Justice						
Total			\$ (2,006,007)	\$ 10,148,620	\$ 10,091,385	\$ (1,948,772)

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Norman Independent School District No. 29, Cleveland County, Oklahoma, (the District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The District received federal awards indirectly through pass-through entities.

Note B - Significant Accounting Policies

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

Note C - Commodities

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the District had food commodities totaling \$57,512 in inventories.



**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norman Independent School District No. 29 (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Norman Independent School District No. 29's basic financial statements, and have issued our report thereon dated January 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Norman Independent School District No. 29's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Norman Independent School District No. 29's internal control. Accordingly, we do not express an opinion on the effectiveness of Norman Independent School District No. 29's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-A and 2015-B to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma
January 5, 2016



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

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

Report on Compliance for Each Major Federal Program

We have audited Norman Independent School District No. 29's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Norman Independent School District No. 29's major federal programs for the year ended June 30, 2015. Norman Independent School District No. 29's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of Norman Independent School District No. 29's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Norman Independent School District No. 29's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Norman Independent School District No. 29 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Norman Independent School District No. 29 is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Norman Independent School District No. 29's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Norman Independent School District No. 29's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Oklahoma City, Oklahoma
January 5, 2016

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No

Name of Federal Program or Cluster

CFDA number

Improving Teacher Quality State Grants	84.367
Title I	84.010
Special Education Cluster	84.027, 84.173
Title I Program for Neglected and Delinquent Children and Youth	84.013
Dollar threshold used to distinguish between Type A and Type B programs	\$ 302,742
Auditee qualified as low-risk auditee	No

Section II - Findings Relating to the Financial Statements

2015-A Financial Reporting

- Condition:** The District does not have procedures in place for the preparation of the government wide financial statements and related disclosures as required by generally accepted accounting principles.
- Criteria:** Controls over complete year-end financial reporting process should be in place.

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

Management's Response And Corrective Action Plan:

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

2015-B Material Adjustments

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

**Management's Response
And Corrective Action Plan:**

The District management's decision was to allow auditors to make the necessary year-end adjustments due to complexity of the GASB 68 new pension standard.

Section III - Findings and Questioned Costs for Federal Awards

None.

Section II - Findings Relating to the Financial Statements

- 2014-A Condition: District does not have procedures in place for the preparation of the government wide financial statements, and disclosures, as well as necessary full accrual adjustments required by generally accepted accounting principles (GAAP).
Current Status: Condition still exists. See current year finding 2015-A.
- 2014-B Condition: The District's internal control system did not identify amounts to be recorded for proper presentation with GAAP.
Current Status: Condition still exists. See current year finding 2015-B. This is largely due to the implementation of a new complex accounting standard in the current year.

Section III - Findings and Questioned Costs for Federal Awards

No findings in prior year.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Accountant's Professional liability insurance Affidavit
June 30, 2015

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 2014-2015.

EIDE BAILLY, LLP

Vanessa M. Dutton

Subscribed and sworn to before me on this 5th day of January, 2016.

Jo Carroll
Notary Public

My commission expires 7-21-19

