



Financial Statements and
Reports Required by Uniform Guidance

Norman Independent School District No. 29

June 30, 2022

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

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norman Independent School District No. 29 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norman Independent School District No. 29 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. No restatements were necessary with regards to this new standard. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norman Independent School District No. 29's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Norman Independent School District No. 29's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Norman Independent School District No. 29's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis, the budgetary comparison schedules – General Fund, the schedule of the District's proportionate share of the net pension liability, schedule of the District's contributions - pension, the schedule of the District's proportionate share of the net OPEB liability (asset), and the schedule of the District's contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norman Independent School District No. 29's basic financial statements. The combining nonmajor fund financial statements; the combining schedule of changes in assets and liabilities – all activity funds; and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal *Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements; the combining schedule of changes in assets and liabilities – all activity funds; and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule – Building Fund; the budgetary comparison schedule – Child Nutrition Fund; the schedule of statutory, fidelity and honesty bonds; and schedule of accountant's professional liability insurance affidavit but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023 on our consideration of the Norman Independent School District No. 29'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Norman Independent School District No. 29's 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 Norman Independent School District No. 29's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Oklahoma City, Oklahoma
March 14, 2023

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, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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

FINANCIAL HIGHLIGHTS

- The District's financial status increased by approximately \$28.1 million from last year. Total net position increased approximately 33 percent over the course of the year.
 - Overall revenues were \$199.1 million and overall expenses were \$171 million in FY2022. This is compared to FY2021 revenues of \$172.7 million and expenses of \$177.3 million.
 - The District's portion of the net pension liability decreased by \$73.9 million to \$83.4 million due to actuarial factors relates to the calculation of the net pension liability Oklahoma Teachers Retirement System for the District.

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. It also includes deferred inflows and deferred outflows related to the District. 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)

	FY2022	FY2021
Assets		
Current and other assets	\$ 88.2	\$ 69.8
Capital assets	330.9	345.6
Total assets	419.1	415.4
Deferred outflows of resources	42.3	71.7
Liabilities		
Current and other liabilities	13.7	9.9
Long term debt, including current maturities	186.4	209.1
Net pension liability	83.4	157.3
Total liabilities	283.5	376.3
Deferred inflows of resources	64.7	25.7
Net position		
Net investment in capital assets	161.5	153.8
Restricted	40.9	29.6
Unrestricted	(89.2)	(98.3)
	\$ 113.2	\$ 85.1

Net Position

As a result of the pension standards reflected in both fiscal years presented, the District's unrestricted net position is in a deficit position, decreasing the deficit by \$9.1 million in FY22 (See Table A-1). Again, management does not believe that this indicates a true negative impact on the financial condition of the institution.

The District's change in financial position is the product of many factors. A growth during the year in Federal and state grants, taxes, and state aid had a favorable impact on net position.

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

	FY2022	FY2021
Revenues		
Program Revenues		
Charges for services	\$ 16.5	\$ 4.5
Federal and state grants	29.9	20.6
General revenues		
Property taxes	77.1	75.4
Other taxes	14.4	13.8
State entitlement	60.6	57.0
Other	0.6	1.4
Total revenues	199.1	172.7
Expenses		
Program expenses		
Instruction	85.5	100.8
Support services	59.6	57.3
Non-instruction	11.4	4.5
Interest on long-term debt	2.7	3.5
Depreciation - unallocated	11.8	11.2
Total expenses	171.0	177.3
Increase (Decrease) in net position	\$ 28.1	\$ (4.6)

Changes in net position. The District's total revenues increased \$26.4 million to \$199.1 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 69 cents of every dollar raised. Another 15 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 \$28.1 million.

The total cost of all programs and services decreased by \$6.3 million between the two years largely due to the large fluctuation in the expense impact of the reduction in the net pension liability. The District's expenses are predominantly related to educating and caring for students (80-90 percent). The purely administrative activities of the District accounted for less than 1 percent of total costs.

The most significant contributors to the fluctuation in net position were the funds used to purchase or build capital assets, and also the funds necessary for repayment of principal on long-term debt issues. Repayments on long-term debt this year were more than debt issued in FY22. The net pension liability and the related deferred inflows and outflows of resources also created significant fluctuations largely due to actuarial factors related to the liability.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$66.8 million, compared to last year's ending fund balances of \$54.6 million. In comparison to FY21's net decrease in fund balance of \$7.0 million, this year's increase was \$12.3 million largely due to insurance recoveries.

General Fund Budgetary Highlights

At the beginning of the 2022 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were increased by approximately \$1,800,000 from the previous fiscal year. This was due to an increase in state funding and a slight increase in statewide WADM. This initial allocation in State Aid was increased by approximately \$1,300,000 in December, when the mid-term adjustments were made by the State Department of Education. Our district experienced 3.8% local growth in assessed valuation. Due to the COVID-19 pandemic's impact on enrollment, our District's State Aid funding continued to be calculated using our previous 2019-20 higher enrollment.

- Actual revenues were higher than expected at mid-year, due largely to a high collection rate of property tax revenues. Also, mortgage tax, school land earnings and motor vehicle collections revenue increased.
- The actual expenditures were below budget, due primarily to continued reductions in non-salary administrative budget areas, and by expenditure budgets that remained unspent at June 30, 2022.

OTHER FUNDS

Debt service fund activity was consistent with FY21 with revenues of \$31.2 million in FY21 and \$31.5 million in FY22. Expenditures were \$39.2 million in FY21 and \$30.6 million in FY22.

The 2022 Bond Fund was a new capital project fund in FY22 related to the debt issuance of \$32 million in FY22. This compares to the 2021 Bond Fund that was a major fund in FY21 to present the use of the FY21 debt issuance of \$28.9 million.

The Casualty/Flood Insurance Recovery fund was a new major fund in FY22 due to the large receipt of insurance proceeds in recovery of losses caused by previous weather events.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022, the District had invested in a broad range of capital assets, including site renovations/improvements, furniture and equipment, and vehicles.

The District anticipates spending approximately \$9 million for capital projects in 2023, with some of the major projects as follows:

- \$2.2 million for middle school and high school site improvements
- \$7 million for elementary school improvements

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

Long-term Debt

At year-end the District had \$186.4 million in total long-term debt outstanding (including compensated absences). This is a decrease from last year's amount of \$209.1 million.

In February 2019, the District patrons voted on and approved a six-year bond issue. This issue, for \$186 million, is funded with lease revenue bonds. General obligation bonds will be sold for six years, to make the annual lease revenue payments required. The bond election called for an increase in the targeted sinking fund millage rate from 26 to 30 mills, and this was communicated to the district patrons prior to the vote. The bonds will be issued in a timely manner over six years to meet the projected millage rates to assure citizens will not face any additional taxes beyond the anticipated increase.

FY22 activity included:

- The District continued to pay down its debt, retiring \$56.0 million of outstanding bonds and capital lease payable.
- \$32 million in new bond debt was issued during the year.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The COVID-19 pandemic has continued to impact schools across the nation. School leaders have faced steep challenges and high costs in serving students at home and as well as those returning to the classroom.
- The Federal government has provided financial aid to assist with expenditures related to preventing, preparing for, and responding to COVID-19. Norman Public Schools' share from these federal CARES, ESSER, and ARP relief funds is over \$29 million. The district is continuing to spend these program dollars to fill anticipated budget gaps, meet student needs, retain employees, and cover pandemic-related costs.
- The district is being mindful of the impact on the budget as these one-time funds expire in the next two years. Since the learning loss of students will extend beyond 2024, the district will need to maintain big investments in learning recovery and social-emotional-health supports for years to come.
- The Oklahoma legislature provided additional State funding this year with the intent to reduce class sizes. Continued investment in public schools is critical as we face the challenges of high inflation, teacher shortages, and the diminishing pandemic-related federal funding.
- The Oklahoma economy has grown and provided a surplus for legislators to use as they make budget decisions. There is a push for school choice tax credit funding for families who home school or enroll in other private school programs. We support choice, but we must continue to push for public dollars to fund Public Education.

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, 2022

	Governmental Activities
Assets	
Cash	\$ 73,466,587
Property taxes receivable	6,367,501
Due from other governments	4,841,036
Other receivables	1,304,487
Inventories	170,798
Net OPEB asset	2,079,973
Nondepreciated capital assets	111,719,348
Depreciated capital assets, net of depreciation	219,227,005
Total Assets	419,176,735
Deferred Outflows of Resources	
Deferred outflows related to OPEB	486,662
Deferred outflows related to pensions	41,803,923
Total Deferred Outflows of Resources	42,290,585
Liabilities	
Accounts payable and other current liabilities	13,442,895
Unavailable revenue	251,471
Long-term obligations	
Due within one year	36,317,223
Due beyond one year - net pension liability	83,427,520
Due beyond one year - other	150,041,272
Total Liabilities	283,480,381
Deferred Inflows of Resources	
Deferred inflows related to leases	285,422
Deferred inflows related to OPEB	1,564,613
Deferred inflows related to pensions	62,871,617
Total Deferred Inflows of Resources	64,721,652
Net Position (Deficit)	
Net investment in capital assets	161,504,407
Restricted for:	
Debt service	23,135,698
School organizations	2,515,000
Child nutrition	3,420,994
Buildings	1,662,068
OPEB	1,002,022
Other	9,201,758
Unrestricted (deficit)	(89,176,660)
Total Net Position	\$ 113,265,287

Norman Independent School District No. 29

Cleveland County, Oklahoma

Balance Sheet – Governmental Funds and Reconciliation to Statement of Net Position

June 30, 2022

Assets	General Fund	Debt Service Fund	2022 Bond Fund	Casualty/Flood Insurance Recovery Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 15,894,569	\$ 22,904,416	\$ 7,423,893	\$ 10,303,104	\$ 16,940,605	\$ 73,466,587
Property Taxes Receivable	2,909,025	3,050,242	-	408,234	-	6,367,501
Due from Other Governments	4,728,008	-	-	-	113,028	4,841,036
Other Receivables	1,181,099	39,449	-	44,592	39,347	1,304,487
Inventories - Supplies, Materials	170,798	-	-	-	-	170,798
Total Assets	<u>\$ 24,883,499</u>	<u>\$ 25,994,107</u>	<u>\$ 7,423,893</u>	<u>\$ 10,347,696</u>	<u>\$ 17,501,214</u>	<u>\$ 86,150,409</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	10,312,691	-	36,720	1,695,265	795,429	12,840,105
Unearned Revenue	96,967	-	-	-	154,504	251,471
Total Liabilities	<u>10,409,658</u>	<u>-</u>	<u>36,720</u>	<u>1,695,265</u>	<u>949,933</u>	<u>13,091,576</u>
Deferred Inflows of Resources						
Leases	285,422	-	-	-	-	285,422
Unavailable revenue - taxes	2,675,074	2,858,409	-	-	370,531	5,904,014
Unavailable revenue - other	-	-	-	44,592	-	44,592
Total Deferred Inflows of Resources	<u>2,960,496</u>	<u>2,858,409</u>	<u>-</u>	<u>44,592</u>	<u>370,531</u>	<u>6,234,028</u>
Fund Balances						
Nonspendable	170,798	-	-	-	-	170,798
Restricted	476,543	23,135,698	7,387,173	8,607,839	16,180,750	55,788,003
Committed	164,068	-	-	-	-	164,068
Unassigned	10,701,936	-	-	-	-	10,701,936
Fund Balances, End of Year	<u>11,513,345</u>	<u>23,135,698</u>	<u>7,387,173</u>	<u>8,607,839</u>	<u>16,180,750</u>	<u>66,824,805</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,883,499</u>	<u>\$ 25,994,107</u>	<u>\$ 7,423,893</u>	<u>\$ 10,347,696</u>	<u>\$ 17,501,214</u>	
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 \$479,589,291 and the accumulated depreciation is \$148,642,938.						330,946,353
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.						5,904,014
Grant revenues that 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.						44,592
Deferred outflows/inflows of resources related to the net pension liability and other postemployment benefit (OPEB) asset are not are not current financial resources and are not recorded in the fund financial statements but are recorded in the governmental activities.						
	Deferred outflows of resources				\$ 42,290,585	
	Deferred inflows of resources				(64,436,230)	(22,145,645)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:						
	Bonds Payable (including premiums)				\$ 105,139,447	
	Finance lease payable				1,985,720	
	Long-term Revenue Lease Payable				77,566,474	
	Net Pension Liability				83,427,520	
	Net OPEB Asset				(2,079,973)	
	Accrued Interest on Bonds				602,790	
	Compensated Absences				1,666,854	(268,308,832)
Total Net Position - Governmental Activities						<u>\$ 113,265,287</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Debt Service Fund	2022 Bond Fund	Casualty/Flood Insurance Recovery Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 40,535,741	\$ 30,753,010	\$ -	\$ -	\$ 5,784,706	\$ 77,073,457
Interest	36,388	43,737	67,530	17,551	32,348	197,554
County Revenue	4,725,734	-	-	-	-	4,725,734
State Revenue	70,569,644	-	-	-	57,685	70,627,329
Federal Revenue	16,440,049	-	-	-	7,893,874	24,333,923
Other	2,605,762	49,519	-	11,417,529	3,318,946	17,391,756
Total Revenues	134,913,318	30,846,266	67,530	11,435,080	17,087,559	194,349,753
Expenditures						
Instruction	84,048,311	-	3,743	59,713	2,310,783	86,422,550
Support services	49,195,816	-	76,614	409,060	11,591,737	61,273,227
Non-instruction services	102,389	-	-	-	7,103,615	7,206,004
Capital Outlays	450	-	24,600,000	3,044,006	1,549,029	29,193,485
Other Outlays	156,315	-	-	-	-	156,315
Debt Service						
Interest paid	-	2,142,125	-	-	-	2,142,125
Principal retirement	-	28,410,000	-	-	-	28,410,000
Total Expenditures	133,503,281	30,552,125	24,680,357	3,512,779	22,555,164	214,803,706
Excess (Deficiency) of Revenues over (under) Expenditures	1,410,037	294,141	(24,612,827)	7,922,301	(5,467,605)	(20,453,953)
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	41,684	41,684
Transfers Out	-	(41,684)	-	-	-	(41,684)
Premium on Bonds	-	721,252	-	-	-	721,252
Proceeds from Bonds	-	-	32,000,000	-	-	32,000,000
Total Other Financing Sources (Uses)	-	679,568	32,000,000	-	41,684	32,721,252
Net Change in Fund Balances	1,410,037	973,709	7,387,173	7,922,301	(5,425,921)	12,267,299
Beginning Fund Balances	10,103,308	22,161,989	-	685,538	21,606,671	54,557,506
Ending Fund Balances	<u>\$ 11,513,345</u>	<u>\$ 23,135,698</u>	<u>\$ 7,387,173</u>	<u>\$ 8,607,839</u>	<u>\$ 16,180,750</u>	<u>\$ 66,824,805</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, 2022

Total net changes in fund balances - governmental funds \$ 12,267,299

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays during the period.

	Capital asset additions	\$ 1,591,213	
	Depreciation	<u>(11,844,666)</u>	(10,253,453)

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

(15,350)

The lease revenue bonds are only recorded in governmental activities and not the fund financial statements. As non-capitalizable items are expensed as incurred and recognized in the statement of activities but not the fund financial statements.

(4,337,016)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as unavailable revenues. They are, however, recorded as revenues in the statement of activities.

116,288

Because some grant revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead counted as unavailable revenues. They are, however, recorded as revenues in the statement of activities.

(135,970)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). This year, vacation and sick leave used exceeded amounts earned.

11,194

Long term debt, such as bond proceeds, are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

	Bond proceeds	\$ (32,000,000)	
	Principal repayments	<u>54,720,754</u>	22,720,754

Changes in net pension liabilities and related deferrals are not recorded in the fund financial statements but is recorded in the statement of activities.

7,201,194

Changes in net OPEB asset and related deferrals are not recorded in the fund financial statements but is recorded in the statement of activities.

414,443

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

24,533

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources when paid. In the statement of activities, however, interest expense is recognized as the interest accrued, regardless of when it is due.

108,960

Change in net position of governmental activities

\$ 28,122,876

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 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 activities. Governmental Activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue.

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.
- **2022 Bond Fund** is used to account for the financial resources to be used for the acquisition or construction of major capital facilities as approved by the voters for the 2022 bond issue.
- **Casualty/Flood Insurance Recovery Fund** is used to account for insurance proceeds from damages to the District property based on previous weather events.

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 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 with an original cost of \$5,000 or more are reported at historical cost or acquisition value on the date of donation if acquired by gift. 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 on their start date. 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 and reimbursed for up to 80 days for employees hired before August 1, 2019. Those hired on or after August 1, 2019, may accumulate up to 80 days, but only be reimbursed for up to 20 days. Unused vacation days beyond the 20 maximum will be applied toward the 120 days available under the reimbursement provisions for unused sick leave. Reimbursement for unused vacation is paid at 100% of the employee's current rate of pay.

Deferred Outflows/Inflows of Resources - Deferred outflows represent a consumption of net position that applies to a future period(s) and so they will not be recognized as an outflow of resources (expense) until then. The District's deferred outflows of resources were comprised of statutorily required pension contributions, changes in actuarial assumptions, differences between expected and actual experience, difference between projected differences in pension contributions during the measurement period, and actual earnings on pension plan investments, and changes in proportion that are applicable to future reporting periods. Also reported in deferred outflows are OPEB related changes in proportion, projected differences in OPEB contributions during the measurement period, statutorily required OPEB contributions.

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 such as leases receivable; and at the government-wide level, changes in net pension obligation related to differences between expected and actual experience for pensions, changes of pension assumptions, difference between projected differences in pension contributions during the measurement period, and changes in proportion for pensions that are applicable to future reporting periods. Also reported in deferred inflows at the government-wide level are OPEB related differences between expected and actual experience, actual earnings on OPEB plan investments, changes in proportion, and projected differences in OPEB contributions during the measurement period.

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

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

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

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

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

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

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

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.

Lease receivable - The District, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the value of the lease receivables in addition to any payments received at or before the commencement of the lease term that relate to future periods.

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.

OPEB – For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 benefits 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 includes the following:

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

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

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

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

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

Restricted for Other – General Fund grants, gifts from donors, and insurance purposes.

Restricted for OPEB – The component of net position that reports the net OPEB asset restricted for other post-employment benefits, and deferred outflows of resources netted against its related deferred inflows of resources

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

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

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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, 2022.

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.

As of June 30, 2022, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2022 Bond Fund	Casualty/Flood Insurance Recovery Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:						
Nonspendable						
Inventory	\$ 170,798	\$ -	\$ -	\$ -	\$ -	\$ 170,798
Restricted for:						
School construction	-	-	7,387,173	-	8,465,312	15,852,485
Building maintenance	-	-	-	-	1,662,068	1,662,068
Debt service reserve	-	23,135,698	-	-	-	23,135,698
School programs	-	-	-	-	2,515,000	2,515,000
Food services	-	-	-	-	3,420,994	3,420,994
Insurance purposes	-	-	-	8,607,839	39,487	8,647,326
Gifts from donors	-	-	-	-	77,889	77,889
Miscellaneous site grants and Federal and state grants carryover	476,543	-	-	-	-	476,543
Total restricted	<u>476,543</u>	<u>23,135,698</u>	<u>7,387,173</u>	<u>8,607,839</u>	<u>16,180,750</u>	<u>55,788,003</u>
Committed to:						
Miscellaneous site	164,068	-	-	-	-	164,068
Total committed	<u>164,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,068</u>
Unassigned	10,701,936	-	-	-	-	10,701,936
Total fund balances	<u>\$ 11,513,345</u>	<u>\$ 23,135,698</u>	<u>\$ 7,387,173</u>	<u>\$ 8,607,839</u>	<u>\$ 16,180,750</u>	<u>\$ 66,824,805</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.

Implementation of GASB Statement No. 87: As of July 1, 2021 the District implemented GASB Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to properly classify beginning balances with respect to capital assets. The reclassifications had no impact on change in net position/fund balance or net position/fund balances.

Note 2 - Cash and Investments

Deposits - At June 30, 2022, the bank balance of deposits and cash pools was \$80,327,949. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third-party agent in the District's name.

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

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances (as reclassified)	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 4,363,195	\$ -	\$ -	\$ 4,363,195
Construction in Progress	116,880,332	394,139	9,918,318	107,356,153
Total capital assets not being depreciated	<u>121,243,527</u>	<u>394,139</u>	<u>9,918,318</u>	<u>111,719,348</u>
Capital Assets being depreciated:				
Buildings	120,592,716	-	274,390	120,318,326
Improvements	215,520,509	5,597,862	25,270	221,093,101
Furniture and Equipment	4,528,796	695,101	-	5,223,897
Musical Instruments	295,003	-	-	295,003
Computers	9,057,976	131,075	-	9,189,051
Vehicles	12,172,652	354,338	776,425	11,750,565
Total capital assets being depreciated	<u>362,167,652</u>	<u>6,778,376</u>	<u>1,076,085</u>	<u>367,869,943</u>
Less accumulated depreciation for:				
Buildings	70,408,609	2,249,137	274,390	72,383,356
Improvements	52,568,625	6,783,482	21,256	59,330,851
Furniture and Equipment	3,000,216	260,746	-	3,260,962
Musical Instruments	791,989	16,364	-	808,353
Computers	3,690,754	1,715,090	-	5,405,844
Vehicles	7,398,814	819,847	765,089	7,453,572
Less total accumulated depreciation	<u>137,859,007</u>	<u>11,844,666</u>	<u>1,060,735</u>	<u>148,642,938</u>
Total capital assets being depreciated, net	<u>224,308,645</u>	<u>(5,066,290)</u>	<u>15,350</u>	<u>219,227,005</u>
Governmental activity capital assets, net	<u>\$ 345,552,172</u>	<u>\$ (4,672,151)</u>	<u>\$ 9,933,668</u>	<u>\$ 330,946,353</u>

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

Note 4 - Long-term Liabilities

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

	Beginning	Additions	Reductions	Ending Balance	Amounts Due Within 1 Year
Bonds Payable	\$ 99,180,000	\$ 32,000,000	\$ (28,410,000)	\$ 102,770,000	\$ 29,160,000
Bond Premium	2,393,980	721,252	(745,785)	2,369,447	752,402
Compensated Absences	1,678,048	546,093	(557,287)	1,666,854	1,666,854
Financed Lease Payable	5,032,442	-	(3,046,722)	1,985,720	-
2019 Lease Revenue Payable	100,830,506	-	(23,264,032)	77,566,474	4,737,967
Total governmental activity long-term liabilities	<u>\$ 209,114,976</u>	<u>\$ 33,267,345</u>	<u>\$ (56,023,826)</u>	<u>\$ 186,358,495</u>	<u>\$ 36,317,223</u>

General Obligation Bonds

Bonds payable at June 30, 2022 are composed of the following individual general obligation bond issues:

Original Issue Amount	Annual Installment	Issue Date	Final Maturity Date	Interest Rate	Outstanding Amount at June 30, 2022
\$ 29,480,000	\$ 7,370,000	3/1/2018	3/1/2023	2-3%	\$ 7,370,000
36,820,000	9,205,000	5/1/2019	5/1/2024	2-3%	18,410,000
18,600,000	4,650,000	3/1/2020	3/1/2025	2%	13,950,000
2,800,000	700,000	3/1/2020	3/1/2025	1.5-2.5%	2,100,000
26,540,000	6,635,000	3/1/2021	3/1/2026	1.25%	26,540,000
2,400,000	600,000	3/1/2021	3/1/2026	0.625%	2,400,000
30,100,000	7,525,000	3/1/2022	3/1/2027	2%	30,100,000
1,900,000	475,000	3/1/2022	3/1/2027	2%	1,900,000
					<u>\$ 102,770,000</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, 2022 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2023	\$ 29,160,000	\$ 2,071,875	\$ 31,231,875
2024	29,790,000	1,384,438	31,174,438
2025	20,585,000	757,750	21,342,750
2026	15,235,000	406,688	15,641,688
2027	8,000,000	160,000	8,160,000
	<u>\$ 102,770,000</u>	<u>\$ 4,780,751</u>	<u>\$ 107,550,751</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Notes to Financial Statements

June 30, 2022

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, 2022 is approximately \$80.6 million.

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

Financed Lease Payable

Financed lease payable entered into by the District contain non-appropriation clauses to comply with the state statutes prohibiting 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. The payments on these leases are only made if the governing body appropriates for the payments in each budget year. At June 30, 2022 the financed lease payable for the District consist of the following:

Arvest Bank – amended May 2022 lease purchase agreement to purchase Triad land and building in the original amount of \$1,985,720, with an interest rate of 4.66% and maturity date of November 2026; annual payments of interest only for \$94,537 for the first 4 years, with final annual payment made November 2026 for both principal and interest of \$2,019,393.

	\$ 1,985,720
	\$ 1,985,720
	\$ 1,985,720

The annual requirements to amortize all capital leases payable outstanding as of June 30, 2022 including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total Debt Service
2023	\$ -	\$ 94,537	\$ 94,537
2024	-	94,537	94,537
2025	-	94,537	94,537
2026	-	94,537	94,537
2027	1,985,720	33,672	2,019,392
	\$ 1,985,720	\$ 411,820	\$ 2,397,540

Assets purchased with financed leases are as follows:

	Cost	Accumulated Depreciation	Net
Land	\$ 222,500	\$ -	\$ 222,500
Buildings	2,013,220	(150,991)	1,862,229
Computers	8,392,275	(4,755,623)	3,636,652
	\$ 10,627,995	\$ (4,906,614)	\$ 5,721,381

Lease Revenue Payable - See discussion of lease revenue payables at Note 13.

Note 5 - Leases

The District functions as a landlord in a ground lease agreement which meets the classification requirements of long-term leases under GASB Statement No. 87, *Leases*. As a result, the District recognizes a lease receivable and a deferred inflow of resources. The discount rate used for the present value calculations for the leases is 1.63% with a defined annual payment of \$7,350 ending November 18, 2024 with options to renew expected to occur. The amounts recorded as of June 30, 2022 for lease receivable and the related deferred inflow of resources is \$285,422.

Note 6 - Employee Retirement System

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

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, 2022. 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 \$8,543,079. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$4,522,105 was recognized by the District; these on-behalf payments did not meet the criteria of a special funding situation.

Benefits - Benefit provisions include:

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

- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$83,427,520 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021. Based upon this information, the District's proportion was 1.6330%, a decrease from 0.0246% at June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$5,842,995 in compensation and benefits expense. June 30, 2022, 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	\$ 5,500,972	\$ 3,102,386
Changes of assumptions	12,977,953	830,834
Net difference between projected and actual earnings on pension plan investments	-	43,331,243
Changes in proportion	14,222,740	15,125,525
Differences between District contributions and proportionate share of contributions	559,179	481,629
District contributions subsequent to the measurement date	8,543,079	-
	\$ 41,803,923	\$ 62,871,617

The \$8,543,079 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, 2023.

The average expected remaining life of the Plan is determined by taking the calculated total future service years of the Plan divided by the number of people in the Plan including retirees. The total future service years of the plan are estimated at 5.27 years at June 30, 2021 and are determined using the mortality, termination, retirement and disability assumptions associated with the Plan. Deferred outflows resulting from the difference between projected and actual investment earnings, will be recognized in pension expense over a period of five years.

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

Year ended June 30:	
2023	\$ (5,736,447)
2024	(5,617,840)
2025	(5,387,081)
2026	(12,645,518)
2027	<u>(223,887)</u>
	<u>\$ (29,610,773)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Asset Valuation Method – 5-Year Smoothed Market
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Inflation rate of 2.25% plus productivity increase rate of 0.75% plus step-rate/promotional adjustments with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates for retired member – 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2020.
- Mortality Rates for active members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the ultimate mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2010.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the five year period ending June 30, 2019.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate**	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	100.0%	

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

Discount Rate - A single discount rate of 7.0% was used to measure the total pension liability as of June 30, 2021. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% decrease 6.0%	Current Discount 7.0%	1% increase 8.0%
Net pension liability	\$ 136,363,650	\$ 83,427,520	\$ 39,603,595

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at www.ok.gov/OTRS.

Note 7 - Other Post-Employment Benefits (OPEB)

Plan description - The District as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Teachers Retirement System (OTRS). Title 74 O. S. Sec. 1316.3 defines the health insurance benefits. The authority to establish and amend benefit provisions rests with the State Legislature. OTRS issues a publicly available financial report that can be obtained at www.ok.gov/OTRS.

Benefits provided - OTRS pays a medical insurance supplement to eligible members who elect to continue their employer provided health insurance. The supplement payment is between \$100 and \$105 per month, remitted to the Oklahoma Management Enterprise Services Employees Group Insurance Division, provided the member has ten (10) years of Oklahoma service prior to retirement.

Contributions - Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 5; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 1.5% of normal cost as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the District were \$105,600.

OPEB Liabilities (Assets), OPEB Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the District reported an asset of \$2,079,973 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net OPEB asset was based on the District’s contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, the District’s proportion was 1.6576%, a decrease from 0.0246% at June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense (benefit) of \$(308,875). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 325,634
Changes of assumptions	282,715	-
Net difference between projected and actual earnings on plan investments	-	1,115,552
Changes in proportion	57,918	52,657
Differences between District contributions and proportionate share of contributions	40,429	70,770
District contributions subsequent to the measurement date	105,600	-
	\$ 486,662	\$ 1,564,613

The \$105,600 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ (304,339)
2024	(248,187)
2025	(258,203)
2026	(350,012)
2027	(17,574)
Thereafter	(5,236)
	\$ (1,183,551)

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2021, was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Asset Valuation Method – 5-Year Smoothed Market
- Inflation - 2.25%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Inflation rate of 2.25% plus productivity increase rate of 0.75% plus step-rate/promotional adjustments with less than 25 years of service
- Investment Rate of Return – 7.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in July 2020 in conjunction with the five year experience study for the period ending June 30, 2019
- Mortality Rates for retired member – 2020 GRS Southwest Region Teacher Mortality Table for males and females. Generational mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2020.
- Mortality Rates for active members – Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the ultimate mortality improvement rates from the MP-2014 through MP-2019 tables projected from the year 2010.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	43.5%	4.3%
International Equity	19.0%	5.2%
Fixed Income	22.0%	0.4%
Real Estate**	9.0%	4.3%
Alternative Assets	6.5%	6.5%
Total	100.0%	

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

Discount Rate- A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2021. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). 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 OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.0%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% decrease 6.0%	Current Discount 7.0%	1% increase 8.0%
Net OPEB (asset) liability	\$ (1,336,276)	\$ (2,079,973)	\$ (2,710,136)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OTRS; which can be located at www.ok.gov/OTRS .

Note 8 - 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 9 - Disaggregation of Payable Balances

	Vendors	Salaries and Benefits	Accrued Interest	Total Payables
Governmental Activities:				
General and other governmental funds	\$ 4,677,541	\$ 8,162,564	\$ -	\$ 12,840,105
Reconciliation of balances in fund financials to government-wide statements	-	-	602,790	602,790
Total governmental activities	\$ 4,677,541	\$ 8,162,564	\$ 602,790	\$ 13,442,895

Note 10 - Schedule of Transfers

The transfers for the year ended June 30, 2022 are as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
Debt Service Fund	Building Fund	\$ 41,684	Intrafund Transfer
	Total Transfers between Funds	<u>\$ 41,684</u>	

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

Note 11 - Contingencies and Commitments

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

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

The District has outstanding construction commitments of approximately \$20.9 million as of June 30, 2022.

During the year ended June 30, 2022, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2021. No settlements have exceeded coverage levels in place during 2022.

Note 12 - Cybersecurity Event

On the morning of November 4, 2022, the District discovered it was the victim of a malicious ransomware attack. Upon learning of the event, the District moved quickly to investigate and respond to the event, assess the security of our systems, and notify staff, students, and parents of the event.

With the assistance of third-party data forensics and incident response specialists, the District immediately investigated to determine the full nature and scope of the event and cooperated with law enforcement. The investigation has determined that an unauthorized actor gained access to certain District systems, and that information contained on those systems may have been viewed or taken by the unauthorized actor. The District reviewed of the data in its possession to identify individuals with personal information that was potentially impacted. The District placed notations in the electronic records online for potentially impacted students.

Those notations will describe the type of information that was potentially viewed or taken by the unauthorized actor.

As of the date of this report, the District remains unaware of any actual or attempted misuse of anyone’s personal information as a result of this event. Nevertheless, the District encourages potentially affected individuals to review the steps one can take. The District continues to offer identity theft protection services to all potentially impacted individuals for twelve (12) months, through IDX, the data breach and recovery services expert.

Note 13 - Sublease Agreement

The District entered into a sublease agreement in June 2019 with the Cleveland County Education Facilities Authority (the Authority) in which the Authority advanced \$117,550,000 in educational facilities lease revenue bonds, Series 2019 (lease revenue bonds), to the District for the acquisition and construction of buildings, improvements, and furniture and equipment. These bonds were issued with a premium of \$14.5 million.

The following schedule presents the remaining payment activity of the lease revenue bonds for the Authority’s lease revenue bonds as of June 30, 2022:

	Principal Amount	Premium	Total
	\$ 7,340,000	\$ 243,834	\$ 7,583,834
	16,405,000	1,077,480	17,482,480
	20,465,000	1,972,416	22,437,416
	2,200,000	274,296	2,474,296
	1,250,000	129,387	1,379,387
	44,540,000	6,725,094	51,265,094
	3,000,000	148,890	3,148,890
	22,350,000	3,945,892	26,295,892
	<u>\$ 117,550,000</u>	<u>\$ 14,517,289</u>	<u>\$ 132,067,289</u>

	Principal Amount	Interest	Total
2023	\$ 4,737,967	\$ 1,030,033	\$ 5,768,000
2024	47,195,885	967,115	48,163,000
2025	25,632,622	340,378	25,973,000
	<u>\$ 77,566,474</u>	<u>\$ 2,337,526</u>	<u>\$ 79,904,000</u>

The District has pledged approximately \$138.9 million in future issuances of general obligation bonds to repay these amounts, including interest. The general obligation bonds will be issued prior to the payment due of the lease revenue bond payments.

Norman Independent School District No. 29

Cleveland County, Oklahoma

Notes to Financial Statements

June 30, 2022

The lease revenue bonds were issued at a premium. The related premium per principal amount is as follows:

Principal Amount	Premium	Total
\$ 7,340,000	\$ 243,834	\$ 7,583,834
16,405,000	1,077,480	17,482,480
20,465,000	1,972,416	22,437,416
2,200,000	274,296	2,474,296
1,250,000	129,387	1,379,387
44,540,000	6,725,094	51,265,094
3,000,000	148,890	3,148,890
22,350,000	3,945,892	26,295,892
<u>\$ 117,550,000</u>	<u>\$ 14,517,289</u>	<u>\$ 132,067,289</u>

The annual requirements of the District to pay the lease revenue bonds as of June 30, 2022 including interest payments are as follows:

	Principal Amount	Interest	Total
2023	\$ 4,737,967	\$ 1,030,033	\$ 5,768,000
2024	47,195,885	967,115	48,163,000
2025	25,632,622	340,378	25,973,000
	<u>\$ 77,566,474</u>	<u>\$ 2,337,526</u>	<u>\$ 79,904,000</u>

Upon payment of the lease purchased acquisition payments, legal title will go to the District for all construction, acquisition and renovations completed with the revenue lease bonds. At the start of the lease revenue bond transaction, the estimated capitalizable sublease activity of \$138 million was included on the statement of net position as capital assets and a long-term lease. These financing agreements are accounted for as finance leases for accounting purposes as the title transfers at the end of the lease term.

Lease bond revenue projects in process at June 30, 2022 totaled approximately \$3 million.

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



Financial Statements
Required Supplementary Information
June 30, 2022

**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, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 7,456,847	\$ 10,103,307	\$ 10,103,308	\$ 2,646,460	\$ 1
Resources (inflows)					
Property Taxes	39,113,933	41,036,088	40,535,741	1,922,155	(500,347)
Interest	20,000	16,111	36,388	(3,889)	20,277
County Revenue	4,700,000	4,872,000	4,725,734	172,000	(146,266)
State Revenue	70,420,434	70,020,334	70,569,644	(400,100)	549,310
Federal Revenue	17,386,130	17,485,180	16,440,049	99,050	(1,045,131)
Other	1,735,012	1,844,607	2,605,762	109,595	761,155
Amounts Available for Appropriation	<u>140,832,356</u>	<u>145,377,627</u>	<u>145,016,626</u>	<u>4,545,271</u>	<u>(361,001)</u>
Charges to Appropriations (outflows)					
Instruction	85,466,222	84,584,521	84,048,311	881,701	536,210
Support Services	47,652,447	50,346,570	49,195,816	(2,694,123)	1,150,754
Non-instruction Services	21,750	150,675	102,389	(128,925)	48,286
Capital Outlays	28,152	25,642	450	2,510	25,192
Other Outlays	262,626	464,717	156,315	(202,091)	308,402
Total Charges to Appropriations	<u>133,431,197</u>	<u>135,572,125</u>	<u>133,503,281</u>	<u>(2,140,928)</u>	<u>2,068,844</u>
Budgetary Fund Balance, June 30	<u>\$ 7,401,159</u>	<u>\$ 9,805,502</u>	<u>\$ 11,513,345</u>	<u>\$ 2,404,343</u>	<u>\$ 1,707,843</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 – Pension
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	1.6330%	1.6576%	1.4502%	1.9455%	1.6095%	1.5677%	1.5504%	1.5360%
District's proportionate share of the net pension liability	\$ 83,427,520	\$ 157,313,491	\$ 95,976,887	\$ 117,585,659	\$ 106,571,969	\$ 130,833,885	\$ 94,153,782	\$ 82,635,807
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709	\$ 61,128,259
District's proportionate share of the net pension liability as a percentage of its covered payroll	96%	191%	119%	167%	160%	203%	147%	135%
Plan fiduciary net position as a percentage of the total pension liability	80.80%	63.37%	71.58%	72.74%	69.32%	62.24%	70.31%	72.43%

Notes to Schedule:

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

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

The Plan's net position liability increased between 2015 and 2016 and again between 2018 and 2021 due to changes in assumptions adopted by the System's Board.

The most notable changes during fiscal year 2021 were:

The decrease of the inflation rate from 2.5% to 2.25%

The decrease of the estimated investment rate of return from 7.5% to 7.0%

Changes to retirement age tables based on the five year experience study for the period ending June 30, 2019.

Mortality rate tables were updated to the 2020 GRS Southwest Region Teacher Mortality Table for males and females.

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of District's Pension Contributions to Oklahoma Teachers Retirement System
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>*2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 8,648,679	\$ 8,138,330	\$ 7,962,064	\$ 7,944,342	\$ 6,586,047	\$ 6,586,047	\$ 6,660,331	\$ 6,468,241
Contributions in relation to the contractually required contribution	<u>8,648,679</u>	<u>8,138,330</u>	<u>7,962,064</u>	<u>7,944,342</u>	<u>6,586,047</u>	<u>6,586,047</u>	<u>6,660,331</u>	<u>6,468,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709	\$ 61,128,259
Contributions as a percentage of covered payroll	9.94%	9.89%	9.90%	11.27%	9.87%	10.24%	10.39%	10.58%

Notes to Schedule:

10-year data is not yet available.

*Amount of contributions reduced by \$74,284 due to implementation of GASB Statement No. 75. Amounts prior to 2017 have not been determined.

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	1.6330%	1.6576%	1.4502%	1.9455%	1.6095%
District's proportionate share of the net OPEB liability (asset)	\$ (2,079,973)	\$ (164,217)	\$ (896,746)	\$ (1,257,268)	\$ (717,757)
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-2.39%	-0.20%	-1.12%	-1.78%	-1.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	129.91%	102.30%	115.07%	115.41%	110.40%

Information to present a 10 year schedule is not yet available.

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of District's OPEB Contributions to Oklahoma Teachers Retirement System
 Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 105,600	\$ 15,300	\$ 14,969	\$ 53,227	\$ 109,299	\$ 104,574
Contributions in relation to the contractually required contribution	<u>105,600</u>	<u>15,300</u>	<u>14,969</u>	<u>53,227</u>	<u>109,299</u>	<u>104,574</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 86,977,748	\$ 82,314,554	\$ 80,395,676	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044
Contributions as a percentage of covered payroll	0.12%	0.02%	0.02%	0.08%	0.16%	0.16%

Information to present a 10 year schedule is not yet available.



Financial Statements
Other Supplementary Information
June 30, 2022

**Norman Independent School District
No. 29**

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2022

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Gifts</u>	<u>Student Activity</u>	<u>Workers' Compensation</u>	<u>Total Capital Project Funds</u>	<u>Governmental Funds</u>
Assets							
Pooled Cash and Investments	\$ 1,940,622	\$ 3,527,697	\$ 83,447	\$ 2,550,877	\$ 39,487	\$ 8,798,475	\$ 16,940,605
Property Taxes Receivable	408,234	-	-	-	-	-	408,234
Due from Other Governments	-	113,028	-	-	-	-	113,028
Other Receivables	7,410	29,942	-	1,995	-	-	39,347
Total Assets	<u>\$ 2,356,266</u>	<u>\$ 3,670,667</u>	<u>\$ 83,447</u>	<u>\$ 2,552,872</u>	<u>\$ 39,487</u>	<u>\$ 8,798,475</u>	<u>\$ 17,501,214</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts Payable and Accrued Liabilities	\$ 323,667	\$ 95,169	\$ 5,558	\$ 37,872	\$ -	\$ 333,163	\$ 795,429
Unearned Revenue	-	154,504	-	-	-	-	154,504
Total Liabilities	<u>323,667</u>	<u>249,673</u>	<u>5,558</u>	<u>37,872</u>	<u>-</u>	<u>333,163</u>	<u>949,933</u>
Deferred Inflows of Resources							
Unavailable revenue - taxes	370,531	-	-	-	-	-	370,531
Total Deferred Inflow of Resources	<u>370,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,531</u>
Fund Balances							
Restricted	1,662,068	3,420,994	77,889	2,515,000	39,487	8,465,312	16,180,750
Fund Balances, End of Year	<u>1,662,068</u>	<u>3,420,994</u>	<u>77,889</u>	<u>2,515,000</u>	<u>39,487</u>	<u>8,465,312</u>	<u>16,180,750</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,356,266</u>	<u>\$ 3,670,667</u>	<u>\$ 83,447</u>	<u>\$ 2,552,872</u>	<u>\$ 39,487</u>	<u>\$ 8,798,475</u>	<u>\$ 17,501,214</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

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

Year Ended June 30, 2022

	Building Fund	Child Nutrition	Gifts	Student Activity	Workers' Compensation	Total Capital Project Funds	Total Other Governmental Funds
Revenues							
Property Taxes	\$ 5,784,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,784,706
Interest	4,630	5,405	194	5,047	72	17,000	32,348
State Revenue	-	57,685	-	-	-	-	57,685
Federal Revenue	-	7,893,874	-	-	-	-	7,893,874
Other	62,716	314,377	151,990	2,789,863	-	-	3,318,946
Total Revenues	5,852,052	8,271,341	152,184	2,794,910	72	17,000	17,087,559
Expenditures							
Instruction	-	-	187	772,946	-	1,537,650	2,310,783
Support Services	5,175,908	236,089	86,258	1,220,944	-	4,872,538	11,591,737
Non-Instruction Services	-	6,418,189	-	685,426	-	-	7,103,615
Capital Outlays	3,000	3,270	-	922	-	1,541,837	1,549,029
Total Expenditures	5,178,908	6,657,548	86,445	2,680,238	-	7,952,025	22,555,164
Excess (Deficiency) of Revenues over Expenditures	673,144	1,613,793	65,739	114,672	72	(7,935,025)	(5,467,605)
Other Financing Sources (Uses)							
Transfers In	41,684	-	-	-	-	-	41,684
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	41,684	-	-	-	-	-	41,684
Net Change in Fund Balances	714,828	1,613,793	65,739	114,672	72	(7,935,025)	(5,425,921)
Beginning Fund Balances	947,240	1,807,201	12,150	2,400,328	39,415	16,400,337	21,606,671
Ending Fund Balances	\$ 1,662,068	\$ 3,420,994	\$ 77,889	\$ 2,515,000	\$ 39,487	\$ 8,465,312	\$ 16,180,750

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Capital Project Funds
June 30, 2022

	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	2017 Bond Fund	2018 Bond Fund	2019 Bond Fund	2020 Bond Fund	2021 Bond Fund	Total Capital Project Funds
Assets									
Pooled Cash and Investments	\$ 85,675	\$ 20,073	\$ 61,282	\$ 150,849	\$ 454,029	\$ 2,394,151	\$ 655,627	\$ 4,976,789	\$ 8,798,475
Total Assets	<u>\$ 85,675</u>	<u>\$ 20,073</u>	<u>\$ 61,282</u>	<u>\$ 150,849</u>	<u>\$ 454,029</u>	<u>\$ 2,394,151</u>	<u>\$ 655,627</u>	<u>\$ 4,976,789</u>	<u>\$ 8,798,475</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,717	\$ 124,056	\$ 86,390	\$ 333,163
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,717</u>	<u>124,056</u>	<u>86,390</u>	<u>333,163</u>
Fund Balances Restricted	<u>85,675</u>	<u>20,073</u>	<u>61,282</u>	<u>150,849</u>	<u>454,029</u>	<u>2,271,434</u>	<u>531,571</u>	<u>4,890,399</u>	<u>8,465,312</u>
Fund Balances, End of Year	<u>85,675</u>	<u>20,073</u>	<u>61,282</u>	<u>150,849</u>	<u>454,029</u>	<u>2,271,434</u>	<u>531,571</u>	<u>4,890,399</u>	<u>8,465,312</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 85,675</u>	<u>\$ 20,073</u>	<u>\$ 61,282</u>	<u>\$ 150,849</u>	<u>\$ 454,029</u>	<u>\$ 2,394,151</u>	<u>\$ 655,627</u>	<u>\$ 4,976,789</u>	<u>\$ 8,798,475</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

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

Year Ended June 30, 2022

	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	2017 Bond Fund	2018 Bond Fund	2019 Bond Fund	2020 Bond Fund	2021 Bond Fund	Total Capital Project Funds
Revenues									
Interest	\$ 156	\$ 36	\$ 112	\$ 275	\$ 830	\$ 4,493	\$ 1,587	\$ 9,511	\$ 17,000
Total Revenues	<u>156</u>	<u>36</u>	<u>112</u>	<u>275</u>	<u>830</u>	<u>4,493</u>	<u>1,587</u>	<u>9,511</u>	<u>17,000</u>
Expenditures									
Instruction	-	-	-	-	-	163,154	977,679	396,817	1,537,650
Support Services	-	-	-	58	20	1,079,685	1,903,861	1,888,914	4,872,538
Capital Outlays	-	-	-	-	63,903	209,273	980,000	288,661	1,541,837
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>	<u>63,923</u>	<u>1,452,112</u>	<u>3,861,540</u>	<u>2,574,392</u>	<u>7,952,025</u>
Net Change in Fund Balances	156	36	112	217	(63,093)	(1,447,619)	(3,859,953)	(2,564,881)	217
Beginning Fund Balances	<u>85,519</u>	<u>20,037</u>	<u>61,170</u>	<u>150,632</u>	<u>517,122</u>	<u>3,719,053</u>	<u>4,391,524</u>	<u>7,455,280</u>	<u>16,400,337</u>
Ending Fund Balances	<u>\$ 85,675</u>	<u>\$ 20,073</u>	<u>\$ 61,282</u>	<u>\$ 150,849</u>	<u>\$ 454,029</u>	<u>\$ 2,271,434</u>	<u>\$ 531,571</u>	<u>\$ 4,890,399</u>	<u>\$ 8,465,312</u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Building Fund (Unaudited)
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 629,412	\$ 947,240	\$ 947,240	\$ 317,828	\$ -
Resources (inflows)					
Property Taxes	5,723,562	5,849,984	5,784,706	126,422	(65,278)
Interest	2,300	2,111	4,630	(189)	2,519
State Revenue	1	1	-	-	(1)
Other	43,629	20,000	104,400	(23,629)	84,400
Amounts Available for Appropriation	<u>6,398,904</u>	<u>6,819,336</u>	<u>6,840,976</u>	<u>420,432</u>	<u>21,640</u>
Charges to Appropriations (outflows)					
Support Services	5,262,475	5,166,970	5,175,908	95,505	(8,938)
Capital Outlays	15,000	12,000	3,000	3,000	9,000
Total Charges to Appropriations	<u>5,277,475</u>	<u>5,178,970</u>	<u>5,178,908</u>	<u>98,505</u>	<u>62</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,121,429</u></u>	<u><u>\$ 1,640,366</u></u>	<u><u>\$ 1,662,068</u></u>	<u><u>\$ 518,937</u></u>	<u><u>\$ 21,702</u></u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 1,257,717	\$ 1,807,201	\$ 1,807,201	\$ 549,484	\$ -
Resources (inflows)					
Interest	2,000	2,000	5,405	-	3,405
Local Revenue	123,014	190,212	314,377	67,198	124,165
State Revenue	55,691	57,685	57,685	1,994	-
Federal Revenue	4,869,497	7,108,092	7,893,874	2,238,595	785,782
Amounts Available for Appropriation	<u>6,307,919</u>	<u>9,165,190</u>	<u>10,078,542</u>	<u>2,857,271</u>	<u>913,352</u>
Charges to Appropriations (outflows)					
Non-instruction services	4,996,460	6,800,000	6,418,189	(1,803,540)	381,811
Capital Outlays	3,540	203,540	3,270	(200,000)	200,270
Other Outlays	-	-	236,089	-	(236,089)
Total Charges to Appropriations	<u>5,000,000</u>	<u>7,003,540</u>	<u>6,657,548</u>	<u>(2,003,540)</u>	<u>345,992</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,307,919</u></u>	<u><u>\$ 2,161,650</u></u>	<u><u>\$ 3,420,994</u></u>	<u><u>\$ 853,731</u></u>	<u><u>\$ 1,259,344</u></u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

Activities	Ending Balance As of <u>June 30, 2021</u>	Total <u>Receipts</u>	Total <u>Disbursements</u>	Ending Balance As of <u>June 30, 2022</u>
Assets				
Football	\$ 59,588	\$ 77,039	\$ 83,237	\$ 53,390
Boys Basketball	19,589	30,379	31,840	18,128
Girls Basketball	662	21,258	21,258	662
Boys Swimming	2,653	1,640	1,640	2,653
Baseball	5,888	36,547	42,435	-
FastPitch Softball	3,352	17,419	17,456	3,315
Wrestling	440	11,699	11,699	440
Boys Tennis	1,286	4,793	5,103	976
Girls Tennis	1,375	5,999	6,309	1,065
Slowpitch Softball	757	20,330	17,312	3,775
Girls Cross Country	737	4,690	4,690	737
Boys Golf	3,066	18,178	18,678	2,566
Boys Cross Country	818	6,385	6,385	818
Boys Soccer	1,735	18,895	18,895	1,735
Volleyball	16,653	22,514	30,500	8,667
Boys Track	13,201	38,442	42,251	9,392
Girls Track	6,214	5,786	5,786	6,214
General Athletics	44,821	183,756	158,124	70,453
ASCE	19,082	-	-	19,082
Girls Golf	1,804	6,739	6,939	1,604
Girls Soccer	7,583	25,388	25,388	7,583
Girls Swimming	1,595	1,640	1,640	1,595
AP Tests	96,756	40,609	77,430	59,935
Art	38,445	4,548	2,354	40,639
Art in Education	34	-	-	34
Coke	188,294	6,896	57,888	137,302
Band	16,221	50,105	46,850	19,476
Snack Shack	54,983	33,004	44,768	43,219
Save Darfur Club	22	-	-	22
Consumer Education	28	-	-	28
Cheerleaders	17,020	57,990	41,650	33,360
Business	115	-	-	115
Link Crew	1,186	785	1,270	701
Freshmen	11	-	-	11
Ag Ed (FFA)	40,546	56,753	55,166	42,133
Camp Turning Point	7,387	(2,300)	161	4,926
Clearing Account	823	77	-	900
Book Club	75	-	-	75
Book Fair	16,192	13,234	11,099	18,327
Drama Club	6,925	5,407	5,192	7,140
Drafting	-	-	-	-
Drug Free/Chemical Depend	1,141	-	-	1,141
Black Stud Assoc/Stomp	249	40	-	289
Pack Shack/Link Crew	30,822	46,161	33,769	43,214
OK Youth & Government	185	-	-	185
English	319	-	-	319
Environmental Club	283	-	-	283

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

	Balance As of June 30, 2021	Total Receipts	Total Disbursements	Balance As of June 30, 2022
Explo	\$ 482	\$ -	\$ -	\$ 482
Enrichment	749	-	256	493
Faculty Services	1,263	854	-	2,117
African Amer Assoc	2,636	354	621	2,369
Field Trips	54,481	19,739	16,829	57,391
Parking Decals	32,161	485	5,634	27,012
G.E.M.S.	3,278	55	686	2,647
Foreign Language-All	881	-	223	658
French	1,011	287	151	1,147
Principal	271,795	151,899	184,847	238,847
Ecology Club	47	-	-	47
Gifted and Talented	4,068	1,620	2,930	2,758
Hispanic & Latino Students	499	890	434	955
Sophomore	3,536	(1,607)	962	967
5th Grade	1,761	802	2,437	126
Junior	3,619	491	708	3,402
6th Grade	272	4,160	4,000	432
7th Grade	4,234	-	-	4,234
8th Grade	11,403	28	4,410	7,021
Grants	2	268	268	2
FACS	3,801	295	1,232	2,864
Senior	8,199	1,541	1,146	8,594
Honor Society	9,694	5,764	4,990	10,468
DECA	28,411	157,573	145,658	40,326
Instrumental Music	56,852	75,394	86,909	45,337
Indigent Student Fund	3,704	-	-	3,704
Athletic Trainer	13,002	7,000	6,587	13,415
Independent Living	1,550	-	-	1,550
Spud-North	30,912	253,447	238,312	46,047
Leadership Council	11,750	1,584	6,564	6,770
Latin	4,792	859	759	4,892
Cultural Diversity	886	-	-	886
Library/Media Center	51,999	107,189	91,441	67,747
Computers	42	-	-	42
Natl Art Honor Society	1,951	-	-	1,951
Modern Dance Club	16,198	185	-	16,383
Misc Transaction	1,498	-	-	1,498
Model United Nations	38	-	-	38
Mu Alpha Theta	2,189	1,830	1,748	2,271
Music/Drumline	35,773	36,393	29,982	42,184
Newspaper/Journalism	2,738	-	-	2,738
Parenting	78	-	-	78
Orchestra	55,848	30,528	26,077	60,299
Office	1,057	-	352	705
Memorial Fund	181	-	-	181
Poms	1,788	920	1,458	1,250
Physical Education	2,229	-	710	1,519
Prof Leave/Development	11,094	-	1,502	9,592
Partners-In-Ed	593	-	-	593

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

	Ending Balance As of June 30, 2021	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2022
PTA-Student	\$ 12,998	\$ 47,073	\$ 27,636	\$ 32,435
Native American Club	7,031	-	851	6,180
Donations	13,569	1,026	310	14,285
Outdoor Classroom	2,092	-	-	2,092
Global Awareness	279	-	-	279
Service Learning	8,103	1,130	334	8,899
Renaissance Program	971	-	-	971
PSAT/Guidance Serv	1,597	45	-	1,642
Prom	28,956	33,184	25,513	36,627
Psychology	204	-	-	204
Spanish Nat Honor Society	808	-	-	808
Model Congress	327	-	-	327
School Climate	14,372	-	150	14,222
Recycling	228	-	-	228
Resource Center Material	(4,955)	5,621	5,703	(5,037)
Fundraiser	31,517	74,653	63,878	42,292
Orange Thumb	484	-	-	484
Sat School/Student Int	20	-	-	20
SADD	120	-	-	120
Science	593	-	-	593
Gay/Straight Alliance	730	88	143	675
Spanish	1,238	357	357	1,238
Speech	38,013	19,677	23,222	34,468
Special Ed/Spec Athletes	20,581	-	965	19,616
Fine Arts	98,977	30,715	26,738	102,954
Student Council/Congress	30,945	52,901	39,192	44,654
Store-School	4	-	-	4
Special Education	584	514	485	613
Musicals	8,689	1,108	1,075	8,722
Rotary Inter-ACT	1,337	200	-	1,537
Key Club	2,620	-	-	2,620
6th Grade Books	609	-	-	609
Theater Art	6,856	1,166	1,555	6,467
Technology	10,551	2,445	300	12,696
Vocal Music	41,013	40,474	49,260	32,227
Teen Volun/Parent Outreach	1,506	97	84	1,519
VRC-Video Resource Center	7,823	131	389	7,565
PR Fund	79	-	-	79
Yearbook	89,962	42,335	32,253	100,044
Vegetarian Club	406	-	-	406
Elem Music/Art	5,127	4,000	5,847	3,280
Wildcat Memories	100	-	-	100
Stand For Silence	4	-	-	4
Interior Design	100	-	-	100
Young Democrats	1,036	125	-	1,161
Life Skills	1,200	-	-	1,200
Botball	14,755	1,556	5,828	10,483
Student Assistance Fund	3,687	2,863	3,251	3,299
Sewing	226	-	-	226

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

	Ending Balance As of June 30, 2021	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2022
Administration	\$ 89,136	\$ (3,000)	\$ 2,940	\$ 83,196
Sociology	301	-	-	301
WOW	11,484	9,430	7,654	13,260
Anthology	5,411	1,675	1,997	5,089
Academic Teams	7,038	545	1,005	6,578
Republican Club	492	-	69	423
Third Grade	124	-	-	124
Dumbledore's Army	735	-	-	735
Transition Center	61	-	-	61
Pre Engineering	6,903	7,307	6,906	7,304
Quidditch Club	135	-	-	135
Chinese Club	666	-	96	570
Logo Royalties	2,234	1,104	-	3,338
FCCLA	2,919	900	1,617	2,202
Art Club	80	-	-	80
Step Dance Team	834	-	-	834
Made	1,032	-	-	1,032
Ilearn Fluently	4	-	-	4
Pulling for Root	20	-	-	20
Tech Now	567	-	-	567
Lock In	2,102	-	-	2,102
Young Adult Book Club	34	-	-	34
Music Club	260	-	-	260
Future City/History Day	16	-	-	16
Tabletop Gaming Assoc	2,781	-	-	2,781
Hildebrand Scholarship	1,025	-	-	1,025
Big Brothers/Big Sisters	184	-	-	184
Autism	39	-	-	39
Tracks	72	-	-	72
Trust Club	499	-	-	499
Avid	100	-	-	100
Timberwolf Pantry	1,672	-	999	673
Garden Club	775	-	62	713
German Club	1,826	25	239	1,612
Norman Arts Council	3,501	-	-	3,501
Class of 66 Scholarship	1,750	-	-	1,750
Triathlon Club	2,137	-	-	2,137
Sports Marketing	2,630	(2,000)	-	630
Literacy Magazine	576	(526)	-	50
6th Grade Lightning Thief	2,913	-	-	2,913
Watch Dogs	310	-	-	310
After School Detention	941	-	-	941
Anime/Cosplay Club	173	-	-	173
Counselor Donation	13	300	230	83
Joe Lawson Memorial	952	-	-	952
Capstone	12	-	-	12
Student Store	177	(177)	-	-
Irving Edition	342	1,766	1,591	517
Fine Arts Sponsorships	358	150	(50)	558

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

	Ending Balance As of June 30, 2021	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2022
Administration	\$ 89,136	\$ (3,000)	\$ 2,940	\$ 83,196
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Autism	39	-	-	39
Tracks	72	-	-	72
Trust Club	499	-	-	499
Avid	100	-	-	100
Timberwolf Pantry	1,672	-	999	673
Garden Club	775	-	62	713
German Club	1,826	25	239	1,612
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Triathlon Club	2,137	-	-	2,137
Sports Marketing	2,630	(2,000)	-	630
Literacy Magazine	576	(526)	-	50
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Watch Dogs	310	-	-	310
After School Detention	941	-	-	941
Anime/Cosplay Club	173	-	-	173
Counselor Donation	13	300	230	83
Joe Lawson Memorial	952	-	-	952
Capstone	12	-	-	12
Student Store	177	(177)	-	-
Irving Edition	342	1,766	1,591	517
Fine Arts Sponsorships	358	150	(50)	558

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

	Ending Balance As of <u>June 30, 2021</u>	Total Receipts	Total Disbursements	Ending Balance As of <u>June 30, 2022</u>
North Place Student Store	\$ 1,019	\$ (1,019)	\$ -	\$ -
Tigers Helping Tigers	3,571	-	1,708	1,863
Christians on Campus	149	-	-	149
Breakfast Club	230	-	-	230
Anti Bullying Club	122	-	-	122
Technology Student Assoc	15,578	13,826	5,766	23,638
NHS Rocketry	20	-	-	20
Women's Advocacy	85	787	439	433
Ritchey Revocable Trust	569	-	-	569
Ethics Club	400	-	-	400
Teacher Support	600	-	-	600
Hatch Donations	1,623	-	567	1,056
Summer Band Camp	-	5,540	867	4,673
Wednesday Warriors	188	-	-	188
Thrift Club	236	-	-	236
American Sign Language	141	-	-	141
Moch Donation	10	-	-	10
Picture Commission	130,329	51,170	18,865	162,634
Solar Panels	8,537	4,017	186	12,368
NHS Outdoor Stage	-	-	-	-
Sponsorships	31,617	1,500	10,286	22,831
Girls Group	802	-	-	802
SRO Donation	524	200	-	724
Norman Water Club	234	575	758	51
Kindness Club	80	90	-	170
Running Club	591	-	-	591
Project Linus	258	1,100	978	380
Rho Kappa	109	161	-	270
Transition Program	1,026	-	-	1,026
Equip/Repair/Furn	229	-	-	229
First Grade	89	-	-	89
NHS Instrument Fund	-	70	-	70
Concessions	-	207,606	206,435	1,171
School Stores	30,856	147,969	174,196	4,629
Celebration of Excellence	14,950	37,680	37,265	15,365
Vending	1,196	27,218	27,218	1,196
Astronomy	-	1,388	1,388	-
Concessions-Athletics	-	56,796	-	56,796
Concessions-District	-	32,024	-	32,024
Mathematica	-	86,500	45,639	40,861
NN Courtyard	-	200	-	200
Supt's Activity Fund	-	3,750	1,060	2,690
Travel Club	-	1,128	-	1,128
Rounding	(44)	(1)	(42)	(3)
Total assets	<u>\$ 2,400,328</u>	<u>\$ 2,794,910</u>	<u>\$ 2,680,238</u>	<u>\$ 2,515,000</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2022

Liabilities

Due to Student Groups	<u>\$ 2,400,328</u>	<u>\$ 2,794,910</u>	<u>\$ 2,680,238</u>	<u>\$ 2,515,000</u>
Total liabilities	<u><u>\$ 2,400,328</u></u>	<u><u>\$ 2,794,910</u></u>	<u><u>\$ 2,680,238</u></u>	<u><u>\$ 2,515,000</u></u>

Note 1 - Basis of Presentation

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

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of Statutory, Fidelity, and Honesty Bonds (Unaudited)
 Year Ended June 30, 2022

NAME	TYPE	COMPANY	BOND #	AMOUNT	BEG DATE	END DATE
Dr. Nick Migliorino	Public Official Bond	Travelers Casualty and Surety Company	106784796	\$100,000	7/1/21	6/30/22
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/21	9/15/22
Janine Anne Warren	Public Official Bond	Hartford Fire Insurance Company	38BSBCJ1584	\$100,000	11/16/21	11/16/22
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, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Deferred Revenue (Accounts Receivable) July 01, 2021	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2022
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	n/a	\$ (240,443)	\$ 401,790	\$ 456,782	\$ (295,435)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	(84,121)	133,366	112,189	(62,944)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(1,058,687)	2,516,269	2,155,394	(697,812)
Title I, Part A Neglected	84.010	518	(11,368)	24,909	18,047	(4,506)
Title I			<u>(1,070,055)</u>	<u>2,541,178</u>	<u>2,173,441</u>	<u>(702,318)</u>
Special Education - Grants to States	84.027	613, 621, 625	(930,528)	2,673,025	3,221,610	(1,479,113)
COVID 19 Special Education	84.027	651	(105,935)	105,935	-	-
COVID 19 Special Education (ARP Flowthrough)	84.027	628	-	45,767	169,173	(123,406)
Special Education - Preschool Grants	84.173	641, 642	(13,000)	109,273	135,841	(39,568)
Special Education Cluster			<u>(1,049,463)</u>	<u>2,934,000</u>	<u>3,526,624</u>	<u>(1,642,087)</u>
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(86,557)	274,765	274,923	(86,715)
Title III Part A English Language Acquisition	84.365	571, 572	(24,458)	101,109	101,350	(24,699)
Title IV Student Support and Enrichment Program	84.424A	552	(31,521)	117,818	86,429	(132)
Adult Basic Education	84.002	731, 733	(29,127)	74,408	76,408	(31,127)
Title I Neglected/Delinquent	84.013	532	(21,080)	145,104	145,843	(21,819)
Jobs Training-OJT	84.126	456	-	4,433	4,433	-

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Deferred Revenue (Accounts Receivable) July 01, 2021	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2022
COVID-19 Education Stabilization Fund (ESF)						
Emergency Relief Fund (ESSER)						
GEER-CARES State Level	84.425C	721	-	200,933	200,933	-
School Counselor Corps	84.425U	722	-	72,086	128,000	(55,914)
Student Teacher Stipend	84.425U	725	-	10,494	10,494	-
ESSERF/CARES Act-COVID	84.425D	788	(712,986)	1,597,141	885,142	(987)
ESSER II-COVID	84.425D	793	(385,816)	2,465,067	2,104,462	(25,211)
ESSER II State Level Set Aside	84.425D	794	-	935,640	935,640	-
American Rescue Plan-ESSER III	84.425U	795	-	3033006	3,500,090	(467,084)
ARP-ESSER III Homeless	84.425U	796	-	5,372	5,404	(32)
Total ESF			<u>(1,098,802)</u>	<u>8,319,739</u>	<u>7,770,165</u>	<u>(549,228)</u>
Total U.S. Department of Education			<u>(3,735,627)</u>	<u>15,047,710</u>	<u>14,728,587</u>	<u>(3,416,504)</u>
U.S. Department of the Interior						
Passed through the Oklahoma State Department of Education						
Indian Education - Assistance to Schools						
Johnson O'Malley Program (477 cluster)	15.130	563	\$ -	\$ 55,964	\$ 55,964	\$ -
Total U.S. Department of the Interior			<u>-</u>	<u>55,964</u>	<u>55,964</u>	<u>-</u>
Federal Communications Commission						
Passed through the Oklahoma State Department of Education						
Emergency Connectivity Fund Program	32.009	774	-	-	835,068	(835,068)
Total Federal Communications Commission			<u>-</u>	<u>-</u>	<u>835,068</u>	<u>(835,068)</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Norman Independent School District No. 29 (the District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or fund balance of the District.

Note 2 – Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No federal financial assistance has been provided to a subrecipient.

Note 3 — Indirect Cost Rate

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

Note 4 — Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.



**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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 have not been 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 and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as 2022-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We consider the deficiency described as 2022-002 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Report on 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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

Norman Independent School District No. 29's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Oklahoma City, Oklahoma
March 14, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Norman Independent School District No. 29’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Norman Independent School District No. 29’s major federal programs for the year ended June 30, 2022. 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.

In our opinion, Norman Independent School District No. 29 (the District) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Norman Independent School District No. 29 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Norman Independent School District No. 29’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Oklahoma City, Oklahoma
March 14, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified Yes

Significant deficiencies identified not
 considered to be material weaknesses Yes

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

Material weaknesses identified Yes

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 Uniform Guidance
 2 CFR 200.516: No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Education Stabilization Fund (ESF)	84.425D, 84.425U
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323
COVID-19 Emergency Connectivity Fund Program	32.009
Special Education Cluster	84.027, 84.173
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

2022-001 Material Adjustments

Material Weakness in Internal Controls over Financial Reporting

Criteria: Controls over complete year-end financial reporting process should be in place. Controls should be in place to record all amounts in accordance with generally accepted accounting principles.

Condition: The District does have procedures in place for the preparation of the fund financial statements and government wide financial statements and related disclosures as required by generally accepted accounting principles.

However, certain adjustments were noted in the financial statements and the schedule of expenditures of federal awards (SEFA):

- Certain capital assets required beginning balance reclassifications which also impacted beginning accumulated depreciation. Some disposals were also not properly removed. Lastly, the trust accounts for the lease revenue bonds were not timely reconciled to help identify discrepancies in the construction in progress.
- Accrual of certain liabilities were required as identified in our search for unrecorded liabilities.
- Two programs needed to be added to the SEFA in order to be complete.
- Adjustments for Federal Emergency Management Agency funds needed to be made to correctly state receivables, deferred revenues, and revenues.
- Adjustments to properly state the P-Card liability by fund.

We also identified immaterial differences between provided-by-client schedules and the general ledger that had not been reconciled for the interest payable and accounts payable.

Cause: While there are several controls in place to ensure proper presentation in accordance with GAAP certain elements required to properly record all adjustments in accordance with generally accepted accounting principles were not fully implemented.

Context: We noted instances that resulted in adjustments to capital assets and related depreciation, cash, liabilities, revenues, and expenses. Additionally, an audit adjustment was made to the SEFA.

Norman Independent School District No. 29

Cleveland County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Effect: The District is at risk for material misstatements and incomplete or inaccurate financial statements. Further, certain adjustments resulted as part of the audit.

Recommendation: Certain controls should be put in place to ensure that adjustments are made to properly state financials in accordance with GAAP.

Views of Responsible
Officials:

- Management does have controls in place for recording financial transactions properly in the fund financial statements
- Management understands the importance of ensuring that adjustments are made to properly state government-wide financials in accordance with generally accepted accounting principles.
- Management will put additional procedures in place to ensure all elements required to properly record adjustments are followed.

2022-002 Student Activity funds
Significant Deficiency in Internal Controls over Financial Reporting; Compliance

Condition: Certain student activity receipts were not properly reconciled prior to the time of deposit to justify that amounts were deposited timely and accurately.

Criteria: Oklahoma Statutes Section 70-5-129 related to student activity funds states “deposits subject to the requirements of this section shall be made by the end of the next business day; however, if the deposit for a day totals less than \$100, a school district may accumulate monies required to be deposited into the fund on a daily basis until the total accumulated balance of deposits equals or exceeds \$100...shall deposit accumulated monies not less than one time per week.”

Cause: In some cases, there are some processes that are not in place to ensure that the teacher sponsor receipts were properly received and deposited within the prescribed timeframe determined by state statute.

There were other instances where the original receipt could not be reconciled to the deposit to support whether or not the activity fund receipt followed state statutes.

Context: Approximately 25% of deposits tested (10 in our sample of 40) contained an exception. Out of these exceptions 6 did not have proper reconciliation and deposit records to ensure that amounts were properly received by the Financial Secretary and timely deposited. The remaining 4 exceptions were not deposited timely.

Norman Independent School District No. 29

Cleveland County, Oklahoma

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Effect: Failure to comply with State law indicating a failure to exercise control over funds received from student activities.

Recommendation: Requirements for daily submission of student activity funds should be monitored for all sites by District administration.

Response and
Corrective Action Plan: The District administration has been communicating these receipt and deposit legal requirements to site staff. Financial secretary turnover and vacancies contributed to this finding. We will continue to work with Principals and financial secretaries, with an emphasis on the importance of proper reconciliation as well as timely depositing of following these legal requirements.

Section III – Federal Award Findings and Questioned Costs

2022-003

Suspension and Debarment Control

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), Assistance Listing #93.323; Special Education Cluster, Assistance Listing #84.027 and #84.173; Emergency Connectivity Fund (ECF) Program, Assistance Listing #32.009

Compliance Requirement: Suspension and Debarment

Material Weakness in Internal Control over Compliance

Criteria:

Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.beta.sam.gov/> (click on Search Record, then click on Advanced Search-Exclusions) (**Note:** The OMB guidance at 2 CFR Part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition:

During the fiscal year ended June 30, 2022, it does not appear that the expenditures under the federal grants have a consistent control in place to check applicable vendors for potential suspension and/or debarment for covered transactions. Any such controls are not documented for a proper audit trail.

No vendors selected in our testwork were listed as suspended or debarred.

Norman Independent School District No. 29

Cleveland County, Oklahoma

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Cause: The District does not appear to have a consistent process in place to check vendors under covered transactions (\$25,000 or more) in accordance with federal regulations.

Effect: The District could be out of compliance with federal requirements regarding suspension and debarment controls by potentially contracting with a suspended or debarred vendor.

Context/Sampling: No covered transactions in our nonstatistical sample appeared to have a verifiable control in place to identify the vendor as suspended or debarred prior to transacting with that vendor.

Repeat Finding
From Prior Year: No

Questioned costs: None, no vendors in our samples were listed as suspended or debarred.

Recommendation: Control procedures should be implemented to ensure that all vendors under covered transactions are checked against the federal website for vendors that could be suspended or debarred prior to transacting with such vendors or another process as allowed by the federal regulations discussed above.

Views of
Responsible
Officials: We agree with the finding. The Purchasing Director does check all new applicable vendors for potential debarment, but has not retained written documentation of his process. We will now ensure documentation is retained.

2022-004

Unmet Need

Emergency Connectivity Fund (ECF) Program, Assistance Listing #32.009

Compliance Requirement: Special Tests – Unmet Need

Material Weakness in Internal Control over Compliance

Criteria:

To ensure that funding is focused on *unmet need*, the Commission requires schools, library, and consortia to certify, as part of their funding application, that they are only seeking support for eligible equipment and/or broadband provided to students and school staff who would otherwise lack access to connected devices and/or broadband connectivity sufficient to engage in remote learning.

At the application stage, school need only provide the best estimates of their unmet need. They may use whatever method they deem appropriate for estimating unmet need and are not required to provide any documentation to support these estimates when they submit their ECF FCC Form 471 application.

When schools file for requests for reimbursement, however, they should only request reimbursement for eligible equipment and services provided to students or school staff who would otherwise lack broadband services and/or devices sufficient to engage in remote learning. For example, if a school requested ECF funding to support the broadband services at the homes of 100 students based on an estimate of those that lacked services, but it determines during the school year that only 90 students have unmet need, the school should only seek reimbursement for the services provided to those 90 students. Schools may also be asked to provide documentation to support actual costs of assigned equipment and/or services after funds have been committed).

Condition:

During the fiscal year ended June 30, 2022, it does not appear that the District had a control in place to monitor unmet need and to ensure that the federal reimbursement was for students or staff who have an unmet need for the devices reimbursed by the federal program.

Cause:

The District does not appear to have a consistent process in place to validate unmet need requirements of the District for purposes of this federal program.

Norman Independent School District No. 29

Cleveland County, Oklahoma

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Effect: The District could be out of compliance with federal requirements by receiving a reimbursement of federal funds for ECF devices and other services that were not provided to students or staff with unmet needs.

Context/Sampling: While the District does monitor if there is an unmet need when providing devices, they do not have an established control to ensure there is an unmet need before reimbursement is requested, and therefore, no control testing could be performed on a sample of items.

Repeat Finding
From Prior Year: No

Questioned costs: None reported.

Recommendation: Control procedures should be implemented to ensure that devices/services are provided to students and staff with unmet needs (i.e. application for checkout with identifying reason for the need).

Views of
Responsible
Officials: The Technology Services team did determine the unmet need for the devices utilizing a parent survey but did not have additional documentation to support that a control was in place to ensure unmet need before requesting reimbursement. We will ensure we have documentation that the unmet need still exists with any future requests for federal reimbursement.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
June 30, 2022

STATE OF OKLAHOMA)
County of Oklahoma) ss
)

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 2021-2022.

EIDE BAILLY, LLP

Vanessa M. Dutta

Subscribed and sworn to before me on this 14 day of March, 2023.

Erika Ackley
Notary Public

My commission expires 1/27/27

