

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 24, 2017

NEW ISSUE – Book-Entry-Only

Ratings: Moody's ____
Oklahoma #1

It is anticipated prior to delivery of the 2017 Combined Purpose Bonds, Bond Counsel will render an opinion which states interest on the 2017 Combined Purpose Bonds is excludable from the gross income of the payee thereof in the computation of Federal income tax under present law and interpretation thereof. In addition, such interest is not treated as a preference item in calculating alternative minimum taxable income imposed under the Internal Revenue Code of 1986 (the "Code"). Under the Code, however, interest on the 2017 Combined Purpose Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. Furthermore, an individual who owns the 2017 Combined Purpose Bonds may be required, under the Code, to include in gross income a portion of his or her Social Security or railroad retirement payments. See "TAX EXEMPTIONS" herein. Interest on the Bonds is exempt from Oklahoma Income taxes.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**INDEPENDENT SCHOOL DISTRICT NUMBER 29
CLEVELAND COUNTY, OKLAHOMA
(Norman School District)**

\$25,940,000

General Obligation Combined Purpose Bonds, Series 2017

Dated: March 1, 2017

Due: March 1, As Shown Below

Interest on the \$25,940,000 Independent School District Number 29, Cleveland County, Oklahoma, General Obligation Combined Purpose Bonds, Series 2017 (the "Bonds" or the "2017 Combined Purpose Bonds") will accrue from March 1, 2017, (the "Dated Date") and will be payable March 1 and September 1 of each year commencing March 1, 2018, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein. The initial Paying Agent/Registrar is BOKF, NA, (the "Paying Agent/Registrar").

The 2017 Combined Purpose Bonds constitute direct and general obligations of Independent School District No. 29 of Cleveland County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2017 Combined Purpose Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
3-1-2019	\$6,485,000		
3-1-2020	6,485,000		
3-1-2021	6,485,000		
3-1-2022	6,485,000		

The 2017 Combined Purpose Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and _____, Bond Counsel, _____, Oklahoma. It is anticipated that the 2017 Combined Purpose Bonds in definitive form will be available for delivery on or about April 20, 2017.

Financial Advisor

BOK Financial Securities, Inc.

Official Statement Dated March __, 2017

REGARDING USE OF THE OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2017 Combined Purpose Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

The information contained in this Official Statement, including the cover page and exhibits hereto, has been obtained from public officials, official records and from other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Financial Advisor. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any time subsequent to its date.

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 29 of Cleveland County, Oklahoma, and the purchasers or holders of any of the 2017 Combined Purpose Bonds.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSIONS.

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OFFICIAL STATEMENT

INDEPENDENT SCHOOL DISTRICT NO. 2 CLEVELAND COUNTY, OKLAHOMA (Norman School District)

relating to

\$25,940,000

General Obligation Combined Purpose Bonds, Series 2017

INTRODUCTION

Independent School District No. 29 of Cleveland County, Oklahoma, also known as the Norman School District (the "School District") is issuing its \$25,940,000 General Obligation Combined Purpose Bonds, Series 2017 (the "Bonds" or the "2017 Combined Purpose Bonds") to provide funds for the purpose of making or acquiring capital improvements and purchasing equipment within and for the benefit of the School District. The 2017 Combined Purpose Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2017 Combined Purpose Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District is located primarily in the City of Norman and Cleveland County. The City of Norman is the state's third largest city and lies approximately 20 miles south of Oklahoma City in the center of the State of Oklahoma. According to the U.S. Census Bureau, the population of the School District as of 2013 was 112,966 people.

The School District has included herein as Exhibit A, a copy of its Financial Statements as of June 30, 2016 together with Auditor's Report. Exhibit A should be read in its entirety.

THE BONDS

Description

The 2017 Combined Purpose Bonds shall bear interest at the rates and mature on the dates as shown on the cover of this Official Statement. Interest on the Bonds will accrue from March 1, 2017, and will be payable March 1 and September 1 of each year commencing March 1, 2018, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System Only" herein.

Redemption Prior to Maturity

The 2017 Combined Purpose Bonds are not subject to redemption prior to maturity.

Registration

The 2017 Combined Purpose Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2017 Combined Purpose Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive Bonds representing their interest in the 2017 Combined Purpose Bonds purchased. See "Book-Entry-Only System" below.

The 2017 Combined Purpose Bonds are transferable by their registered owner(s) in person or by their attorney(ies) duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of the Series 2017 Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Series 2017 Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

Book-Entry-Only System

The information in this section concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system has been obtained from DTC, and the School District and the Underwriters take no responsibility for the accuracy thereof.

DTC will act as securities depository for the 2017 Combined Purpose Bonds. The 2017 Combined Purpose Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2017 Bond certificate will be issued for each maturity of the 2017 Combined Purpose Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2017 Combined Purpose Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Combined Purpose Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Combined Purpose Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in the 2017 Combined Purpose Bonds, except in the event that use of the book-entry system for the 2017 Combined Purpose Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Combined Purpose Bonds deposited by Direct Participants with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Combined Purpose Bonds with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Combined Purpose Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Combined Purpose Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the 2017 Combined Purpose Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2017 Combined Purpose Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Combined Purpose Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2017 Combined Purpose Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the 2017 Combined Purpose Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2017 Combined Purpose Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2017 Bond Bonds are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2017 Bond Bonds will be printed and delivered to DTC.

The School District, Bond Counsel, the Paying Agent and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2017 Combined Purpose Bonds: (i) payments of principal of or interest on the 2017 Combined Purpose Bonds; (ii) Bonds representing an ownership interest or other confirmation of Beneficial Ownership interests in the 2017 Combined Purpose Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2017 Combined Purpose Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and

act in the manner described in this official statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Bond Counsel, the Paying Agent or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the 2017 Combined Purpose Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the 2017 Combined Purpose Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2017 Combined Purpose Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the 2017 Combined Purpose Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the 2017 Combined Purpose Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent will be given only to DTC.

Security for the Bonds

The 2017 Combined Purpose Bonds are payable from ad valorem taxes levied annually on all taxable property, **without limitation as to rate or amount**, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to visually inspect all property on a 4-year cycle and determine adjustments due to current market increases or decreases on a yearly cycle. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Cleveland and McClain Counties are shown below:

	Cleveland County	McClain County
Real Estate	12.00%	11.00%
Personal	12.00%	11.00%
Public Service	22.85%	22.85%

* Exceptions: the assessment ratio for Airlines and Railroads is 11.84%, and the assessment ratio for Video Services Providers is 12.00%.

The ad valorem tax rates are set by determining the actual dollars of revenues required for payment of principal and interest payments on indebtedness and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contribution made into the Sinking Fund. To the resulting net requirements, a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

Authority for Issuance and Purpose of Bonds

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and Title 70, Article XV of the Oklahoma Statutes, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on March 6, 2017.

Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within

the district at an election held for such purpose. The Bonds were authorized by a vote of the residents of the School District at a special election on February 11, 2014. The special election authorized the issuance, in separate series, by the School District a total of \$126,000,000 in bonds. The School Districts previously issued its \$2,000,000 General Obligation Building Bonds, Series 2014, in May 2014, its \$8,000,000 General Obligation Combined Purpose Bonds, Series 2015 in April 2015, and its \$23,760,000 General Obligation Combined Purpose Bonds, Series 2016 in April 2016. The 2017 Combined Purpose Bonds represent the fourth series of bonds under this authorization. The School District anticipates issuing the remaining series of bonds under this authorization annually from 2018 through 2019. The Bonds are being issued to fund numerous capital improvement projects within the School District and to purchase school equipment.

Tax Levy and Collection Procedures

Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

After review and approval by the Board of Education of the School District, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy appropriations. This submission is required to be made by September 1st of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the Sinking Fund. The amounts contained in the estimate of needs are verified by the County Excise Board and, upon verification, the levies contained therein are ordered to be certified to the County Assessor in order that the County Assessor may extend said levies upon the tax rolls for the year for which the estimate of needs is being submitted. The County Excise Board further certifies that the appropriations contained in the estimate of needs and the mill rate levies are within the limitations provided by law.

The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). The County Treasurer must begin collecting taxes by July 1. The first half of taxes is due and payable on or before January 1. The second half becomes due and payable on or before April 1. If the first half is not paid by January 1, it all becomes due and payable on January 2.

Ad valorem taxes not paid on or before April 1 are considered delinquent. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The purchaser is issued a tax lien; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes and penalties owed. If at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the County acquires the same lien and the property is auctioned after approximately two and one-half (2 1/2) years.

Record Date

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

THE NORMAN SCHOOL DISTRICT

The Norman School District is comprised of approximately 119 square miles located primarily in Cleveland County. The U.S. Census Bureau estimated the 2013 population of the School District to be 112,966. The School District is located primarily in the City of Norman, approximately 20 miles south of downtown Oklahoma City, the state's largest city. Norman is the state's third largest city and has a population of approximately 120,284 according to the 2015 Census estimate. The City of Norman is perhaps best known as the home of the main campus of the University of Oklahoma, which currently has approximately 27,000 students enrolled in Norman campus programs.

The School District consists of 16 elementary schools, 4 middle schools, 2 high schools and 1 alternative school. The school year ending 2016 enrollment of the School District was 15,921.

Residents of the School District are employed at the University and businesses located throughout the City of Norman. Additionally, many Norman residents commute daily to jobs in Oklahoma City. No separate employment figures are available for the School District; however, the December 2016 unemployment rates for the counties included in the school district are as follows:

<u>Area</u>	<u>Unemployment Rate*</u>
Cleveland County	3.5%
McClain County	3.8%
State of Oklahoma	5.0%
United States	4.7%

** State and federal data seasonally-adjusted; Preliminary*

Source: Oklahoma Employment Security Commission

Board of Education and School Administration

The School District is governed by an elected five-member Board of Education. Members of the Board of Education are as follows.

Board of Education

Cindy Nashert	President & Member
Chad Vice	Vice President & Member
Linda Sexton	Member
Dan Snell, Ph.D.	Member
Dirk O'Hara	Member
Natalie Eckert	Clerk & Non-Member

School Administration

Dr. Joseph Siano	Superintendent of Schools
Brenda R. Burkett, CPA	Chief Financial Officer

Payment Record

The School District has never defaulted.

FINANCIAL INFORMATION

Computation of Legal Debt Margin

2016-17	Estimated Market Value			\$8,026,134,157
2016-17	Net Assessed Valuation (NAV)	<u>Cleveland Co.</u>	<u>McClain Co.</u>	<u>Total</u>
		\$924,692,381	\$24,391,134	\$949,083,515
Millage Adjustment Factor (MAF)		101.114%	102.514%	
Legal Debt Limitation (NAV * MAF * 10%)		<u>\$93,499,345</u>	<u>\$2,500,433</u>	<u>\$95,999,778</u>
General Obligation Bonds Outstanding ⁽¹⁾ :				\$99,410,000
Less: Sinking Fund Balance (February 1, 2017)				<u>\$42,609,161</u>
Net General Obligation Bonds Outstanding				\$56,800,839
Remaining Legal Debt Margin				39,198,939
Ratio of Net G.O. Indebtedness to Legal Debt Limitation				59.17%

(1) This figure is as of February 1, 2017 and includes the 2017 Combined Purpose Bonds.

SOURCE: School District.

Direct Indebtedness

The School District has gross outstanding general obligation bonded indebtedness of \$99,410,000 (which includes the 2017 Combined Purpose Bonds). The bonded indebtedness matures as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
2012	3/1/2012	3/1/2017	23,460,000	5,865,000
2013	3/1/2013	3/1/2018	25,520,000	12,760,000
2014	3/1/2014	3/1/2019	28,780,000	21,585,000
2014B	5/1/2014	5/1/2019	2,000,000	1,500,000
2015	3/1/2015	3/1/2020	8,000,000	8,000,000
2016	3/1/2016	3/1/2021	23,760,000	23,760,000
2017	3/1/2017	3/1/2022	25,940,000	25,940,000
				<u>\$99,410,000</u>

Direct, Overlapping and Underlying Indebtedness

	Total Net Assessed Valuation (by Municipal Entity)	Total Net Assessed Valuation in Norman District	Percent of Municipality Net Assessed Valuation in Norman District	Percent of Total District Net Assessed Valuation	Total Municipality Net Indebtedness	Total Municipality Net Indebtedness Underlying or Overlapping Norman District
Norman Public Schools	\$949,083,515	\$949,083,515	100.00%	100.00%	\$56,800,839	\$56,800,839
<u>Counties</u>						
Cleveland County	\$2,065,322,112	\$924,692,381	44.77%	97.43%	\$0	\$0
McClain County	\$279,192,433	\$24,391,134	8.74%	2.57%	\$0	\$0
		<u>\$949,083,515</u>		<u>100.00%</u>		
<u>Vo-Tech Districts</u>						
Moore Norman Tech Cnt.	\$2,024,185,734	\$949,083,515	46.89%	100.00%	\$60,000,000	\$0
<u>Cities & Towns</u>						
City of Norman	\$852,533,143	\$821,314,604	96.34%	86.54%	\$64,440,048	\$62,080,346
Town of Newcastle	\$90,519,094	\$5,968,579	6.59%	0.63%	\$0	\$0
Town of Goldsby	\$15,117,500	\$8,498,597	56.22%	0.90%	\$0	\$0
Unincorporated Areas & Other		<u>\$113,301,735</u>		<u>11.94%</u>	<u>\$0</u>	<u>\$0</u>
		<u>\$949,083,515</u>		<u>100.00%</u>	<u>\$181,240,887</u>	<u>\$118,881,185</u>

Notes: Assessed valuation figures are for the fiscal year beginning July 1, 2016.

Debt figures for the Norman School District are as of February 1, 2017 and include the 2017 Combined Purpose Bonds.

Debt figures for all entities other than the Norman Public Schools are as of June 30, 2016.

Figures for Unincorporated Areas & Other are estimates based on previous year figures.

2016-17 Net Assessed Valuation

(A) The Composition

<u>Classification</u>	<u>Cleveland County</u>	<u>McClain County</u>	<u>Total</u>	<u>Percentage</u>
Real (net)	\$828,898,016	\$20,538,649	\$849,436,665	89.50%
Personal	70,523,154	3,432,487	73,955,641	7.79%
Public Service	<u>25,271,211</u>	<u>419,998</u>	<u>25,691,209</u>	<u>2.71%</u>
Total	\$924,692,381	\$24,391,134	\$949,083,515	100.00%

SOURCE: Cleveland & McClain County Assessors.

(B) The Growth

FY Beg. July 1,	Net Assessed Valuation	% Change
2016	\$949,083,515	9.31%
2015	868,240,514	2.01%
2014	851,151,865	4.19%
2013	816,927,989	2.77%
2012	794,916,644	0.27%
2011	792,777,989	4.25%
2010	760,440,727	5.31%
2009	722,110,431	6.45%
2008	678,369,240	7.58%
2007	630,546,554	8.00%
2006	583,822,039	

SOURCE: Cleveland & McClain County Assessors.

Major Property Taxpayers (Cleveland County Only)

1	Hewlett Packard Enterprises Co	\$14,316,195
2	Oklahoma Gas & Electric	13,079,416
3	Wal-Mart Real Estate	8,172,771
4	Links at Norman LP	6,400,267
5	Astellas Pharma Technology	6,231,802
6	KRG Norman University LLC	6,049,491
7	Hitachi Computer Products	5,016,347
8	SYSC Oklahoma LLC	4,987,917
9	JQH-Norman Development	4,270,443
10	Eat-1403 LLC	3,884,647

SOURCE: Cleveland County Assessor.

Sinking Fund Tax Collections

FY Beg July 1,	Net Levy	Delinquency Reserve	Gross Levy	Current Collections	Collection Percentage
2016	21,208,314	1,060,416	22,268,730	n/a	n/a
2015	22,144,069	1,107,203	23,251,273	23,220,534	99.87%
2014	20,873,918	1,043,696	21,917,614	21,433,521	97.79%
2013	19,769,453	988,473	20,757,926	20,412,596	98.34%
2012	19,644,736	982,237	20,626,972	20,492,163	99.35%
2011	19,644,800	982,240	20,627,040	20,006,281	96.99%
2010	18,213,632	910,681	19,124,313	18,652,223	97.53%
2009	17,473,647	873,682	18,347,329	17,722,399	96.59%
2008	15,778,764	788,938	16,567,702	16,231,257	97.97%
2007	15,661,248	783,062	16,444,310	16,377,477	99.59%

SOURCE: School District Administration and budgets.

Trend of Tax Rates for Major Taxing Units (For those residing in the School District and in the City of Norman)

FY Beg. July 1,	Norman Schools	City of Norman	Cleveland County	Tech Center	Total
2016	64.46	14.00	23.07	18.90	120.43
2015	67.78	10.58	23.07	15.38	116.81
2014	66.75	12.75	23.07	15.38	117.95
2013	66.41	14.50	23.07	15.38	119.36
2012	67.05	13.47	23.07	14.38	117.97
2011	67.02	9.47	23.07	14.38	113.94
2010	66.15	9.49	23.07	14.38	113.09
2009	66.41	7.84	23.07	14.38	111.70
2008	65.42	4.72	23.07	14.38	107.59
2007	67.08	5.51	21.07	14.38	108.04

Dollars per \$1,000 of Net Assessed Valuation.

SOURCE: Cleveland County Assessor and School District Administration.

ECONOMIC AND DEMOGRAPHIC INDICES

Retail Sales (City of Norman)

FY Ending June 30,	Total Retail Sales	Sales Tax Revenue	Sales Tax Rate	
2016	\$1,908,117,610	\$69,820,699	4.00%	¹
2015	1,889,112,684	66,118,944	3.50%	
2014	1,826,898,919	63,941,462	3.50%	
2013	1,710,051,914	59,851,817	3.50%	²
2012	1,668,197,314	58,386,906	3.50%	
2011	1,591,710,457	55,709,866	3.50%	³
2010	1,521,819,020	53,263,666	3.50%	
2009	1,532,612,119	51,043,551	3.50%	
2008	1,501,250,143	45,037,504	3.00%	
2007	1,427,313,738	45,132,373	3.00%	

¹ The sales tax rate was raised to 4.0% in January 2016.

² The sales tax rate was raised to 3.5% in November 2008.

³ The sales tax rate was lowered to 3.0% in November 2006.

SOURCE: Oklahoma Tax Commission.

Major Employers (City of Norman)

The University of Oklahoma	12,734
Norman Regional Hospital	2,950
Norman Public Schools	1,875
Riverwind Casinos	963
Johnson Controls	950
Walmart Supercenters	950
City of Norman	848
Hitachi	460
Oklahoma Veterans Center	401
National Oceanic & Atmospheric Administration (NOAA)	400
Super Target	380
U.S. Postal Services	350
SYSCO Foods	345

SOURCE: Norman Economic Development Coalition website as of November 22, 2016.

School Enrollment

<u>School Year Ending June</u>	<u>Average Daily Membership</u>
2016	15,921
2015	15,726
2014	15,466
2013	15,084
2012	14,895
2011	14,611
2010	14,302
2009	13,940
2008	13,678
2007	13,317
2006	13,009

SOURCE: School District Administration.

Population

	<u>Year</u>	<u>City of Norman</u>
Historical	1960	33,412
	1970	52,117
	1980	68,020
	1990	80,071
	2000	95,694
	2010	110,925
Estimated	2015	120,284

SOURCE: U.S. Census Bureau.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2017 Combined Purpose Bonds, (b) contesting or affecting any authority for or the validity of the 2017 Combined Purpose Bonds, (c) contesting the power of the School District to issue the 2017 Combined Purpose Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2017 Combined Purpose Bonds, or (e) contesting the corporate existence or boundaries of the School District.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2017 Combined Purpose Bonds are subject to the approving opinion of _____, Bond Counsel, _____, Oklahoma, and the Attorney General of the State of Oklahoma.

CONTINUING DISCLOSURE

The School District has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the School District by not later than eight months following the end of its fiscal year (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information will be filed by the School District with each Nationally Recognized Municipal Securities Information Repository (NRMSIR). The notices of material events will be filed by the

School District with either each NRMSIR or the Municipal Securities Rulemaking Board and each State Repository. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

In connection with one or more of the School District's previous bond issues or bond issues of an authority issued on behalf of the School District, the School District entered into individual continuing disclosure undertakings ("Undertakings") in written agreements specified in paragraph (b)(5)(i) of the Rule. During the last five years, the School District has failed to comply with certain provisions of those Undertakings. Specifically, in connection with bonds issued by the School District, the School District was late in making a material event notice related to a rating change in 2011. In connection with the Cleveland County Educational Facilities Authority Educational Facilities Lease Revenue Bonds (Norman Schools Project), Series 2014, issued on behalf of the School District, the School District failed to include updates to all tables required in the filing of their annual financial information for the fiscal years ended June 30, 2014-2015, failed to timely file the annual financial information for the fiscal year ended June 30, 2015, and failed to timely file notice of such failures. All filings have since been updated.

TAX EXEMPTIONS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to delivery of the 2017 Combined Purpose Bonds in order that interest on the 2017 Combined Purpose Bonds not be included in gross income for federal income tax purposes under Section 103 of the Code. The Arbitrage and Rebate Certificate of the School District which will be delivered concurrently with the delivery of the 2017 Combined Purpose Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Arbitrage and Rebate Certificate of the School District, the School District agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest paid on the 2017 Combined Purpose Bonds shall not be included in gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 2017 Combined Purpose Bonds is not included in gross income for federal income tax purposes and, under existing statutes, interest on the 2017 Combined Purpose Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In rendering the foregoing opinion, Bond Counsel has assumed the accuracy of the School District's representations contained in the Arbitrage and Use of Proceeds Certificate and continuing compliance by the School District with its covenants set forth therein. For other federal tax information, see "Certain Federal Tax Information" herein.

State Tax Exemption

Interest on the Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.4 of Title 68, Oklahoma Statutes, Supp. 2001.

Certain Federal Tax Information

The following is a discussion of certain federal income tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondowners or Beneficial Owners. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2017 Combined Purpose Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Alternative Minimum Tax - The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 2017 Combined Purpose Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in alternative minimum taxable income would be included in calculating alternative minimum taxable income. The adjusted current earnings of a corporation includes the amount of any income received that is otherwise exempt from taxes, such as interest on the 2017 Combined Purpose Bonds.

Social Security and Railroad Retirement Payments - The Code provides that interest on tax exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits received are to be included in the taxable income of individuals.

Branch Profits Tax - The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds - The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Property and Casualty Insurance Companies - The Code contains provisions relating to property and casualty insurance companies whereunder the amount of certain loss deductions otherwise allowed for taxable years beginning after 1986 is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

S Corporation - The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Passive investment income includes interest on tax-exempt obligations.

Financial Institutions - The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, (other than certain "qualified" obligations). **The 2017 Combined Purpose Bonds are not "qualified" obligations for this purpose.**

Original Issue Discount Bonds – The excess, if any, of the principal amount payable when a maturity of the 2017 Combined Purpose Bonds is scheduled to come due over the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such 2017 Combined Purpose Bonds of the same maturity (the "Discount Bonds") was sold, constitutes original issue discount which is not includable in gross income for Federal income tax purposes to the same extent as interest on the 2017 Combined Purpose Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds; even though there will not be a corresponding cash payment.

Owners of Discount Bonds are advised that they should consult with their own tax advisors with respect to the determination for Federal income tax purposes of original issue discount accrued upon the sale, redemption or other disposition of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium Bonds – In general, if an owner acquires 2017 Combined Purpose Bonds for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum

of all amounts payable on such 2017 Combined Purpose Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), such 2017 Combined Purpose Bonds (the "Premium Bonds") will have bond premium. In general, under Section 71 of the Code, an owner of Premium Bonds must amortize the bond premium over the remaining term of the Premium Bonds, based on the owner's yield over the remaining term of the Premium Bonds, determined on the basis of constant yield principals. An owner of Premium Bonds must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period, under the owner's regular method of accounting, against the bond premium allocable to that period. In the case of tax-exempt bonds, such as the 2017 Combined Purpose Bonds, that are Premium Bonds, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owners of Premium Bonds may realize a taxable gain upon disposition of Premium Bonds even though they are sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners of Premium Bonds are advised that they should consult with their tax advisors with respect to the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of such Bonds.

CREDIT RATINGS

The 2017 Combined Purpose Bonds have been rated ____ by Moody's Investors Service, Incorporated ("Moody's"), 99 Church Street, New York, New York, and Oklahoma #1 by the Municipal Rating Committee of Oklahoma. The ratings assigned by Moody's and the Municipal Rating Committee of Oklahoma express only the view of each respective rating agency. The explanation of the significance of each rating may be obtained from Moody's and the Municipal Rating Committee of Oklahoma, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings may have an effect on the market price of the 2017 Combined Purpose Bonds.

UNDERWRITING

The General Obligation Combined Purpose Bonds, Series 2017 are being purchased at competitive sale by _____ (the "Underwriter"). The Underwriter has agreed to purchase the 2017 Combined Purpose Bonds at a price equal to \$_____ plus accrued interest from March 1, 2017.

The Underwriter may offer and sell the 2017 Combined Purpose Bonds to certain dealers (including dealers depositing the 2017 Combined Purpose Bonds into unit investment trusts) and others at prices lower than the offering price set forth on cover page hereof.

FINANCIAL ADVISOR

BOK Financial Securities, Inc. is acting as Financial Advisor to the School District in the issuance of the 2017 Combined Purpose Bonds. The Financial Advisor is located at 201 Robert S. Kerr Avenue, 4th Floor, Oklahoma City, Oklahoma, 73102, telephone (405) 272-2199 (Attn: Zack Robinson).

MISCELLANEOUS

All quotations from and summaries and explanations of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The Official Statement is not to be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor

any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or its agencies and authorities, since the date hereof.

INDEPENDENT SCHOOL DISTRICT NO. 29
OF CLEVELAND COUNTY, OKLAHOMA

BY: _____
President, Board of Education

EXHIBIT A

**FINANCIAL STATEMENTS WITH ACCOUNTANTS REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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Financial Statements
June 30, 2016

Norman Independent School District No. 29

Norman Independent School District No. 29
Cleveland County, Oklahoma
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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Norman Independent School District No. 29 (District) as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Norman Independent School District No. 29, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 11 to the financial statements, an error resulting in the incorrect amounts recorded as deferred inflows of resources as of June 30, 2015, was discovered by management of the District during the current year. Accordingly, an adjustment has been made to the net position of the governmental activities and to the fund balances of the respective funds to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, the schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 4 through 11 and 31 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements; the budgetary comparison schedule – Building Fund; the budgetary comparison schedule – Child Nutrition Fund; the combining schedule of changes in assets and liabilities – all activity funds; the schedule of statutory, fidelity, and honesty bonds; and the schedule of accountants' professional liability insurance affidavit are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Oklahoma City, Oklahoma
December 1, 2016

This section of Norman Independent School District's (NISD or the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. 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 \$10.2 million from last year. Total net position increased approximately 37 percent over the course of the year.
 - Overall revenues were \$144.1 million and overall expenses were \$133.9 million.
 - The District's portion of the net pension liability increased by \$11.6 million due to a larger overall pension liability for Oklahoma Teachers Retirement System.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts -- management's discussion and analysis (this section), the basic financial statements, and supplementary information (required and other). The basic financial statements include two kinds of statements that present different views of the District:

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

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

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

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

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	FY2016	FY2015
Assets		
Current and other assets	\$ 58.2	\$ 50.2
Capital assets	234.7	236.5
Total assets	<u>292.9</u>	<u>286.7</u>
Deferred outflows of resources - pensions	<u>12.0</u>	<u>6.4</u>
Liabilities		
Current and other liabilities	9.0	7.0
Long term debt	154.1	154.4
Net pension liability	94.2	82.6
Total liabilities	<u>257.3</u>	<u>244.0</u>
Deferred inflows of resources - pensions	<u>9.6</u>	<u>21.4</u>
Net position		
Net investment in capital assets	84.7	88.2
Restricted	29.3	28.8
Unrestricted	<u>(76.0)</u>	<u>(89.3)</u>
	<u>\$ 38.0</u>	<u>\$ 27.7</u>

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 but did improve by \$13.3 million in FY16. (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 slight growth during the year in taxes had a favorable impact on net position. Other notable factors were the increase in Federal and state grants and State entitlement payments to school districts increased.

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

	FY2016	FY2015
Revenues		
Program Revenues		
Charges for services	\$ 6.5	\$ 5.8
Federal and state grants	17.7	16.9
General revenues		
Property taxes	60.0	56.8
Other taxes	12.0	11.4
State entitlement	47.6	46.0
Other	0.3	0.1
Total revenues	<u>144.1</u>	<u>137.0</u>
Expenses		
Program expenses		
Instruction	64.2	64.1
Support services	43.1	43.3
Non-instruction	18.9	11.3
Interest on long-term debt	0.9	0.8
Depreciation - unallocated	6.8	6.7
Loss on asset disposition	-	0.1
Total expenses	<u>133.9</u>	<u>126.3</u>
Increase in net position	<u>\$ 10.2</u>	<u>\$ 10.7</u>

Changes in net position. The District's total revenues increased \$7.1 million to \$144.1 million. (See Table A-2) Property taxes and state entitlement funds accounted for most of the District's revenue, with each contributing about 75 cents of every dollar raised. Another 12.2 percent came from state and federal aid for specific programs, and the remainder from fees charged for services and miscellaneous sources. Total revenues surpassed expenses, increasing net position by \$10.2 million.

The total cost of all programs and services increased by \$7.6 million between the two years. The District's expenses are predominantly related to educating and caring for students (80-85 percent). The purely administrative activities of the District accounted for less than 1 percent of total costs.

The most significant contributors to the fluctuation in net position were the funds used to purchase or build capital assets, and also the funds necessary for repayment of principal on long-term debt issues. Repayments on long-term debt this year were approximately the same as debt issued in FY16. 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 \$45.7 million, compared to last year's ending fund balances of \$39.6 million. In comparison to FY15's net decrease in fund balance of \$3.4 million, this year's increase was \$6.1 million largely due to more bond proceeds in FY16 in comparison to FY15.

General Fund Budgetary Highlights

At the beginning of the 2016 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were decreased by approximately \$292,000 from the previous fiscal year. This was due to a decrease in the District's weighted average daily membership and an increase in State Aid chargeables.

This initial allocation in State Aid was increased by \$2,170,000 in January, when the mid-term adjustments were made by the State Department of Education. Our District's first nine weeks student enrollment increased by 264 students from the prior year. Our District also reported higher student counts in the weighted categories, thus providing an 828 overall student growth in the State Aid funding formula for the District.

- Actual revenues were higher than expected at mid-year, due largely to a high collection rate of property tax revenues. Also, County 4-mill ad valorem revenue and motor vehicle collections revenue increased.
- The actual expenditures were below budget, due primarily to the shifting of expenses to other funds and by expenditure budgets that remained unspent at June 30, 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016, the District had invested over \$5.0 million in a broad range of capital assets, including new classroom additions, athletic facilities, computer and audiovisual equipment, and building improvements.

The District anticipates spending approximately \$40 million for capital projects in 2017, with some of the major projects as follows:

- \$26,000,000 to finalize renovations at the two high schools
- \$6,000,000 for various elementary and middle school site 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 \$154.1 million in total long-term debt outstanding (including judgments and compensated absences). This is consistent with last year's amount of \$154.5 million. (More detailed information about the District's long-term liabilities is presented in Note 3 to the financial statements.)

- The District continued to pay down its debt, retiring \$21.6 million of outstanding bonds.
- \$23,760,000 in new debt was issued during the year.

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

See additional information regarding Long-term Debt in Note 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:

- States are providing less per-pupil funding per student for pre-kindergarten through 12th grade than they did eight years ago – often far less. The reduced levels reflect primarily the lingering effects of the 2007-09 recession.
- Oklahoma's cuts to per-pupil funding are nearly 25 percent, by far the deepest in the nation since the economic recession.
- Oklahoma provided more per student funding at the beginning of the fiscal year, but unfortunately that increase dropped at midterm.
- In January 2016 after reduced state collections, the Oklahoma State Board of Equalization certified a 7.7% reduction to the State's General Revenue Fund, which caused the State Board of Education to approve funding cuts to common education in the Spring.
- The District state funding reductions resulting from this state revenue shortfall surpassed \$1.5 million.
- Restoring school funding should be an urgent priority. Steep state-level spending cuts have serious consequences.
- Our state's tax cuts, incentives, and credits have led to funding challenges for vital state services and for public education.
- The District will have to continue to work on maximizing efficiency and doing more with less as the possibility of additional cuts for education are determined in this year's legislative session.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash	\$ 49,979,439
Property taxes receivable (net)	4,366,308
Due from other governments	2,077,082
Other receivables	874,708
Other assets	856,137
Inventories	35,034
Nondepreciated capital assets	86,480,285
Depreciated capital assets, net of depreciation	148,190,268
Total Assets	<u>292,859,261</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>11,983,703</u>
Liabilities	
Accounts payable and other current liabilities	8,906,396
Unavailable revenue	142,269
Long-term obligations	
Due within one year	26,092,446
Due beyond one year - net pension liability	94,153,782
Due beyond one year - other	128,012,436
Total Liabilities	<u>257,307,329</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>9,585,309</u>
Net Position (Deficit)	
Net investment in capital assets	84,660,616
Restricted for:	
Debt service	24,406,014
School organizations	1,754,061
Child nutrition	1,014,025
Buildings	2,158,578
Unrestricted (deficit)	<u>(76,042,968)</u>
Total Net Position	<u><u>\$ 37,950,326</u></u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Changes in
		Services	Grants and	Grants and	Net Position
			Contributions	Contributions	Total
					Governmental
					Activities
Governmental Activities:					
Instruction	64,186,488	\$ 34,240	\$ 13,944,800	\$ -	\$ (50,207,448)
Support services	43,098,786	2,926,448	280,696	-	(39,891,642)
Non-instruction services	18,880,274	3,570,195	3,499,006	-	(11,811,073)
Interest on long-term debt	883,414	-	-	-	(883,414)
Loss on disposal of capital assets	5,171	-	-	-	(5,171)
Depreciation - unallocated	6,782,832	-	-	-	(6,782,832)
Total school district	<u>\$ 133,836,965</u>	<u>\$ 6,530,883</u>	<u>\$ 17,724,502</u>	<u>\$ -</u>	<u>(109,581,580)</u>
General Revenues:					
Taxes					
Property taxes, levied for general purposes					31,842,975
Property taxes, levied for building purposes					4,541,950
Property taxes, levied for debt service					23,539,818
General taxes					12,014,276
State aid - formula grants					47,647,636
Investment earnings					<u>150,193</u>
Total General Revenues					<u>119,736,848</u>
Change in net position					<u>10,155,268</u>
Net position - beginning, as originally reported					27,721,400
Restatement adjustment (Note 11)					<u>73,658</u>
Net position - beginning, as adjusted					<u>27,795,058</u>
Net position - ending					<u>\$ 37,950,326</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

Balance Sheet – Governmental Funds

June 30, 2016

	General Fund	Debt Service Fund	2016 Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled Cash and Investments	\$ 12,750,915	\$ 23,947,698	3,802,719	\$ 9,478,107	\$ 49,979,439
Property Taxes Receivable, net	1,743,961	2,387,825	-	234,522	4,366,308
Due from Other Governments	2,077,082	-	-	-	2,077,082
Other Receivables	820,543	-	-	54,165	874,708
Other Assets	6,500	-	849,637	-	856,137
Inventories - Supplies, Materials	35,034	-	-	-	35,034
Total Assets	<u>\$ 17,434,035</u>	<u>\$ 26,335,523</u>	<u>\$ 4,652,356</u>	<u>\$ 9,766,794</u>	<u>\$ 58,188,708</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 7,063,526	\$ -	554,855	\$ 735,935	\$ 8,354,316
Unearned Revenue	-	-	-	106,839	106,839
Total Liabilities	<u>7,063,526</u>	<u>-</u>	<u>554,855</u>	<u>842,774</u>	<u>8,461,155</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	1,581,578	2,243,345	-	203,177	4,028,100
Total Deferred Inflows of Resources	<u>1,581,578</u>	<u>2,243,345</u>	<u>-</u>	<u>203,177</u>	<u>4,028,100</u>
Fund Balances					
Nonspendable	35,034	-	-	-	35,034
Restricted	179,681	24,092,178	4,097,501	6,966,782	35,336,142
Committed	69,065	-	-	1,754,061	1,823,126
Unassigned	8,505,151	-	-	-	8,505,151
Fund Balances, End of Year	<u>8,788,931</u>	<u>24,092,178</u>	<u>4,097,501</u>	<u>8,720,843</u>	<u>45,699,453</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,434,035</u>	<u>\$ 26,335,523</u>	<u>\$ 4,652,356</u>	<u>\$ 9,766,794</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 \$330,006,691 and the accumulated depreciation is \$95,336,138.					234,670,553
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the funds.					3,992,670
Deferred outflows/inflows of resources related to the net pension liability are not are not current financial resources and are not recorded in the fund financial statements but are recorded in the governmental activities.					
Deferred outflows of resources				\$ 11,983,703	
Deferred inflows of resources				(9,585,309)	2,398,394
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)				\$ 74,751,928	
Long-term Revenue Lease Payable				77,904,411	
Net Pension Liability				94,153,782	
Judgments				5,000	
Accrued Interest on Bonds				552,080	
Compensated Absences				1,443,543	(248,810,744)
Total Net Position - Governmental Activities					<u>\$ 37,950,326</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, 2016

	General Fund	Debt Service Fund	2016 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 31,869,885	\$ 23,554,636	\$ -	\$ 4,548,891	\$ 59,973,412
Interest	15,352	68,737	40,714	25,390	150,193
County Revenue	3,653,292	-	-	-	3,653,292
State Revenue	58,055,797	2	-	52,209	58,108,008
Federal Revenue	7,036,377	-	-	3,460,736	10,497,113
Other	1,561,577	-	-	5,276,208	6,837,785
Total Revenues	102,192,280	23,623,375	40,714	13,363,434	139,219,803
Expenditures					
Instruction	63,643,538	-	-	1,244,295	64,887,833
Support services	37,215,441	-	3,213	6,223,889	43,442,543
Non-instruction services	23,060	-	-	5,581,144	5,604,204
Capital Outlays	60,208	-	19,700,000	1,190,584	20,950,792
Other Outlays	85,611	-	-	3,834	89,445
Debt Service					
Judgments	-	5,000	-	-	5,000
Interest paid	-	1,036,881	-	-	1,036,881
Principal retirement	-	21,550,000	-	-	21,550,000
Total Expenditures	101,027,858	22,591,881	19,703,213	14,243,746	157,566,698
Excess (Deficiency) of Revenues over (under) Expenditures	1,164,422	1,031,494	(19,662,499)	(880,312)	(18,346,895)
Other Financing Sources (Uses)					
Transfers In	6,232	-	-	27,000	33,232
Transfers Out	-	(27,000)	-	(6,232)	(33,232)
Premium on Bonds	-	677,873	-	-	677,873
Proceeds from Bonds	-	-	23,760,000	-	23,760,000
Total Other Financing Sources (Uses)	6,232	650,873	23,760,000	20,768	24,437,873
Net Change in Fund Balances	1,170,654	1,682,367	4,097,501	(859,544)	6,090,978
Beginning Fund Balances, as originally reported	7,787,476	22,142,851	-	9,604,490	39,534,817
Restatement adjustment (Note 11)	(169,199)	266,960	-	(24,103)	73,658
Beginning Fund Balances, as restated	7,618,277	22,409,811	-	9,580,387	39,608,475
Ending Fund Balances	\$ 8,788,931	\$ 24,092,178	\$ 4,097,501	\$ 8,720,843	\$ 45,699,453

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, 2016

Total net changes in fund balances - governmental funds		\$ 6,090,978	
The change in net position reported in the statement of activities is different because:			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays during the period.			
	Capital asset additions	\$ 4,966,555	
	Depreciation	<u>(6,782,832)</u>	(1,816,277)
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.			(5,171)
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.			(64,061)
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.			108,057
Long term debt, such as bond proceeds, are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.			
	Debt issued	\$ (23,760,000)	
	Judgments paid	5,000	
	Debt repaid	<u>24,347,610</u>	592,610
Changes in net pension liabilities are not recorded in the fund financial statements but is recorded in the statement of activities.			(11,517,975)
Changes in deferred outflows/inflows of resources related to the net pension liability 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	5,515,462	
	Deferred inflows of resources	<u>11,776,049</u>	17,291,511
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.			(356,764)
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.			(167,640)
Change in net position of governmental activities		<u>\$ 10,155,268</u>	

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

- **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **2016 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 2016 bond issue.

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

Governmental Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property taxes receivable by the District include uncollected taxes assessed as of October 1, 2013 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements. No provision has been made for uncollectible amounts because uncollectible amounts are considered insignificant.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 34% of the District's revenue comes from state sources.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the programs for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transfers - During the course of normal operations, the District has transactions between funds including expenditures and transfers of resources to provide services, purchase assets and service debt. Transactions that are normal and recurring between funds are recorded as transfers.

Bond Premium - Bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

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

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

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

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

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

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

Restricted for School Organizations - The component of net position that 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.

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

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

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

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school program activities, miscellaneous site grants and grant carryover as being committed because their use is imposed by the Board of Education regarding use of expenditures.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has no assigned funds as of June 30, 2016.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements. The Board of Education, however, has made it a goal to achieve and maintain a minimum fund balance of 5% in the general fund of the current year total revenue collections as well as a minimum fund balance in the building fund of 35% of the current year total revenue collections.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Notes to Financial Statements
June 30, 2016

As of June 30, 2016, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2016 Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 35,034	\$ -	\$ -	\$ -	\$ 35,034
Restricted for:					
School construction	-	-	4,097,501	3,198,482	7,295,983
Building maintenance	-	-	-	2,158,578	2,158,578
Debt service reserve	-	24,092,178	-	-	24,092,178
Food services	-	-	-	1,014,025	1,014,025
Insurance purposes	-	-	-	578,371	578,371
Gifts from donors	-	-	-	17,326	17,326
Federal and state grants carryover	179,681	-	-	-	179,681
Total restricted	<u>179,681</u>	<u>24,092,178</u>	<u>4,097,501</u>	<u>6,966,782</u>	<u>35,336,142</u>
Committed to:					
School programs	-	-	-	1,754,061	1,754,061
Miscellaneous site grants and					
Astellas grant carryover	69,065	-	-	-	69,065
Total committed	<u>69,065</u>	<u>-</u>	<u>-</u>	<u>1,754,061</u>	<u>1,823,126</u>
Unassigned	<u>8,505,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,505,151</u>
Total fund balances	<u>\$ 8,788,931</u>	<u>\$ 24,092,178</u>	<u>\$ 4,097,501</u>	<u>\$ 8,720,843</u>	<u>\$ 45,699,453</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Note 2 - Cash and Investments

Deposits - At June 30, 2016, the bank balance of deposits and cash pools was \$48,948,881. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

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

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 2,699,721	\$ 324,370	\$ -	\$ 3,024,091
Construction in Progress	84,478,965	4,121,895	5,144,666	83,456,194
Total capital assets not being depreciated	87,178,686	4,446,265	5,144,666	86,480,285
Capital Assets being depreciated:				
Buildings	109,690,920	-	-	109,690,920
Improvements	115,175,199	5,204,803	4,992	120,375,010
Furniture and Equipment	3,463,503	113,648	-	3,577,151
Musical Instruments	235,419	-	-	235,419
Computers	413,365	30,857	-	444,222
Vehicles	8,960,567	315,648	72,531	9,203,684
Total capital assets being depreciated	237,938,973	5,664,956	77,523	243,526,406
Less accumulated depreciation for:				
Buildings	58,220,092	1,994,678	-	60,214,770
Improvements	21,932,320	3,991,360	2,953	25,920,727
Furniture and Equipment	1,832,794	197,192	-	2,029,986
Musical Instruments	140,192	12,440	-	152,632
Computers	387,791	14,137	-	401,928
Vehicles	6,112,469	573,025	69,399	6,616,095
Less total accumulated depreciation	88,625,658	6,782,832	72,352	95,336,138
Total capital assets being depreciated, net	149,313,315	(1,117,876)	5,171	148,190,268
Governmental activity capital assets, net	\$ 236,492,001	\$ 3,328,389	\$ 5,149,837	\$ 234,670,553

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	Within 1 Year
Bonds Payable	\$ 71,260,000	\$ 23,760,000	\$ (21,550,000)	\$ 73,470,000	\$ 21,940,000
Deferred Bond Premium	925,164	677,873	(321,109)	1,281,928	406,293
Compensated Absences	1,551,600	554,334	(662,391)	1,443,543	1,443,543
Judgments	10,000	-	(5,000)	5,000	5,000
Lease Revenue Payable	80,702,021	-	(2,797,610)	77,904,411	2,297,610
Total governmental activity long-term liabilities	<u>\$ 154,448,785</u>	<u>\$ 24,992,207</u>	<u>\$ (25,336,110)</u>	<u>\$ 154,104,882</u>	<u>\$ 26,092,446</u>

Bonds payable at June 30, 2016 are composed of the following individual general obligation bond issues:

Original Issue	Annual	Maturity Date	Interest Rate	Outstanding
\$ 23,460,000	5,865,000	3/1/2017	1-2%	5,865,000
25,520,000	6,380,000	3/1/2017	1-2%	12,760,000
28,780,000	7,195,000	3/1/2019	1-2%	21,585,000
2,000,000	500,000	5/1/2019	1-2%	1,500,000
8,000,000	2,000,000	3/1/2020	1.25 - 2%	8,000,000
23,760,000	5,940,000	3/1/2021	.05-3%	23,760,000
				<u>\$ 73,470,000</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, 2016 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2017	\$ 21,940,000	\$ 1,233,870	\$ 23,173,870
2018	22,015,000	1,032,270	23,047,270
2019	15,635,000	622,200	16,257,200
2020	7,940,000	327,000	8,267,000
2021	5,940,000	118,800	6,058,800
	<u>\$ 73,470,000</u>	<u>\$ 3,334,140</u>	<u>\$ 76,804,140</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit for general obligation bonds at June 30, 2016 is approximately \$94,900,000.

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

Note 5 - Employee Retirement System

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

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

Contributions - The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2016. 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 approximately \$6,660,000.

Benefits - Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a liability of \$94,153,782 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the District's proportion was 1.5504%.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Notes to Financial Statements
June 30, 2016

For the year ended June 30, 2016, the District recognized pension expense of \$5,719,442 in compensation and benefits expense. At June 30, 2016, 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	\$ -	\$ 3,198,035
Changes of assumptions	4,504,540	
Net difference between projected and actual earnings on pension plan investments	-	6,387,274
Changes in proportion and differences between District contributions and proportionate share of contributions	818,832	-
Contributions during measurement date		-
District contributions subsequent to the measurement date	6,660,331	-
	<u>\$ 11,983,703</u>	<u>\$ 9,585,309</u>

The \$6,660,331 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (2,491,323)
2018	(2,491,323)
2019	(2,491,323)
2020	2,551,553
2021	542,909
Thereafter	117,570
	<u>\$ (4,261,937)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2015, was determined based on an actuarial valuation prepared as if June 30, 2015 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Amortization Method - Level Percentage of Payroll
- Inflation - 3.00%
- Salary Increases - Composed of 3.75% inflation, including 3.00% price inflation, plus a service-related component ranging from 0.00% to 8% based on years of service.
- Investment Rate of Return - 8.00%
- Retirement Age - Experience-based table of rates based on age, service, and gender. Adopted by the Board in May 2015 in conjunction with the five year experience study for the period ending June 30, 2014.
- Mortality Rates after Retirement – Males: RP-2000 Combined Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from table's base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled at 105%. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.
- Mortality Rates for Active Members – RP – 2000 Employer Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

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

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic All Cap Equity*	7.0%	6.0%
Domestic Large Cap Equity	10.0%	5.3%
Domestic Mid Cap Equity	13.0%	6.1%
Domestic Small Cap Equity	10.0%	6.6%
International Large Cap Equity	11.5%	5.8%
International Small Cap Equity	6.0%	5.8%
Core Plus Fixed Income	17.5%	1.8%
High-yield Fixed Income	6.0%	4.1%
Private Equity	5.0%	7.6%
Real Estate**	7.0%	5.5%
Master Limited Partnerships	7.0%	7.6%
Total	<u>100.00%</u>	

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

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

Discount Rate - A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

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

	1% decrease 7%	Current Discount 8%	1% increase 9%
Net pension liability	\$ 130,776,530	\$ 94,153,782	\$ 64,194,480

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 6 - 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 7 - Operating Leases

The District has leases with vendors for the use of copier machines and postal equipment at District locations. The postal equipment lease is renewable at the District's option for one year increments through June 30, 2018. The total lease expense paid by the District for the year ended June 30, 2016 on these leases was approximately \$264,000.

Note 8 - Disaggregation of Payable Balances

Governmental Activities:	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total Payables</u>
General and other governmental funds	\$ 2,005,323	\$ 6,348,993	\$ -	\$ 8,354,316
Reconciliation of balances in fund financials to government-wide statements	<u>-</u>	<u>-</u>	<u>552,080</u>	<u>552,080</u>
Total governmental activities	<u>\$ 2,005,323</u>	<u>\$ 6,348,993</u>	<u>\$ 552,080</u>	<u>\$ 8,906,396</u>

Note 9 - Contingencies and Commitments

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

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

The District has outstanding construction commitments of \$42 million as of June 30, 2016.

During the year ended June 30, 2016, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2015. No settlements have exceeded coverage levels in place during 2016.

Note 10 - Sublease Agreement

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

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

Date	Principal Payments	Coupon Rate	Interest Payments	Total Payments
7/1/2016	\$ 15,535,000	5.00%	\$ 4,461,750	\$ 19,996,750
7/1/2017	18,580,000	5.00%	3,685,000	22,265,000
7/1/2018	23,185,000	5.00%	2,756,000	25,941,000
7/1/2019	20,604,411	5.00%	1,596,750	22,201,161
	<u>\$ 77,904,411</u>		<u>\$ 12,499,500</u>	<u>\$ 90,403,911</u>

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

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

Date	Estimated General Obligation Bonds to be Issued
7/1/2016	\$ 19,703,000
7/1/2017	21,883,000
7/1/2018	25,423,000
7/1/2019	32,763,000
	<u>\$ 99,772,000</u>

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

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

Lease bond revenue projects in process at June 30, 2016 totaled approximately \$42 million.

Note 11 - Correction of Error

During the current year, management determined that an improper entry had been made to revenues rather than unavailable revenue (deferred inflows of resources) for the year ended June 30, 2015. As such, the following entries were made to the respective fund financial statements and the government – wide financial statements to correct the error:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Building Fund</u>	<u>Governmental Activities</u>
Beginning fund balance/net position, as previously reported	\$ 7,787,476	\$ 22,142,851	\$ 1,602,616	\$ 27,721,400
Correction of unavailable revenue adjustment	<u>\$ (169,199)</u>	<u>\$ 266,960</u>	<u>\$ (24,103)</u>	<u>\$ 73,658</u>
Beginning fund balance/net position, as restated	<u><u>\$ 7,618,277</u></u>	<u><u>\$ 22,409,811</u></u>	<u><u>\$ 1,578,513</u></u>	<u><u>\$ 27,795,058</u></u>



Required Supplementary Information
June 30, 2016

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, 2016

	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, as restated	\$ 6,299,758	\$ 7,618,281	\$ 7,618,277	\$ 1,318,523	\$ (4)
Resources (inflows)					
Property Taxes	30,699,000	31,946,339	31,869,885	1,247,339	(76,454)
Interest	1,520	25,020	15,352	23,500	(9,668)
County Revenue	3,500,000	3,560,000	3,653,292	60,000	93,292
State Revenue	55,773,971	57,501,027	58,055,797	1,727,056	554,770
Federal Revenue	7,652,106	8,130,532	7,036,377	478,426	(1,094,155)
Other	1,533,890	1,609,012	1,567,809	75,122	(41,203)
Amounts Available for Appropriation	105,460,245	110,390,211	109,816,789	4,929,966	(573,422)
Charges to Appropriations (outflows)					
Instruction	63,258,196	64,576,224	63,643,538	(1,318,028)	932,686
Support Services	36,024,107	37,455,273	37,215,441	(1,431,166)	239,832
Non-instruction Services	44,000	60,000	23,060	(16,000)	36,940
Capital Outlays	100,240	160,240	60,208	(60,000)	100,032
Other Outlays	170,337	172,030	85,611	(1,693)	86,419
Total Charges to Appropriations	99,596,880	102,423,767	101,027,858	(2,826,887)	1,395,909
Budgetary Fund Balance, June 30	\$ 5,863,365	\$ 7,966,444	\$ 8,788,931	\$ 2,103,079	\$ 822,487

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

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

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

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of District's Proportionate Share of the Net Pension Liability
for Oklahoma Teachers Retirement System
Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	1.5504%	1.5360%
District's proportionate share of the net pension liability	\$ 94,153,782	\$ 82,635,807
District's covered-employee payroll	\$ 64,127,709	\$ 61,128,259
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	147%	135%
Plan fiduciary net position as a percentage of the total	70.31%	72.43%

Notes to Schedule:

Only two 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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of District's Contributions to Oklahoma Teachers Retirement System
Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,660,331	\$ 6,468,241
Contributions in relation to the contractually required contribution	<u>6,660,331</u>	<u>6,468,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 64,343,044	\$ 64,127,709
Contributions as a percentage of covered-employee payroll	10.35%	10.09%

Notes to Schedule:

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



Other Supplementary Information
June 30, 2016

Norman Independent School District No. 29

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2016

	<u>Building Fund</u>	<u>Child Nutrition</u>	<u>Gifts</u>	<u>Student Activity</u>	<u>Workers' Compensation</u>	<u>Casualty/ Insurance</u>	<u>Total Capital Project Funds</u>	<u>Total</u>
Assets								
Pooled Cash	\$ 2,357,501	\$ 1,136,944	\$ 17,326	\$ 1,966,291	\$ 37,235	\$ 541,136	\$ 3,421,674	\$ 9,478,107
Property Taxes Receivable, Net	234,522	-	-	-	-	-	-	234,522
Other Receivables	-	45,058	-	9,107	-	-	-	54,165
Total Assets	<u>\$ 2,592,023</u>	<u>\$ 1,182,002</u>	<u>\$ 17,326</u>	<u>\$ 1,975,398</u>	<u>\$ 37,235</u>	<u>\$ 541,136</u>	<u>\$ 3,421,674</u>	<u>\$ 9,766,794</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable and Accrued Liabilities	\$ 230,268	\$ 61,138	\$ -	221,337	\$ -	\$ -	\$ 223,192	\$ 735,935
Unearned Revenue	-	106,839	-	-	-	-	-	106,839
Total Liabilities	<u>230,268</u>	<u>167,977</u>	<u>-</u>	<u>221,337</u>	<u>-</u>	<u>-</u>	<u>223,192</u>	<u>842,774</u>
Deferred Inflows of Resources:								
Unavailable revenue - taxes	<u>203,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,177</u>
Total Deferred Inflow of Resources	<u>203,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,177</u>
Fund Balances								
Restricted	2,158,578	1,014,025	17,326	-	37,235	541,136	3,198,482	6,966,782
Committed	-	-	-	1,754,061	-	-	-	1,754,061
Fund Balances, End of Year	<u>2,158,578</u>	<u>1,014,025</u>	<u>17,326</u>	<u>1,754,061</u>	<u>37,235</u>	<u>541,136</u>	<u>3,198,482</u>	<u>8,720,843</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,592,023</u>	<u>\$ 1,182,002</u>	<u>\$ 17,326</u>	<u>\$ 1,975,398</u>	<u>\$ 37,235</u>	<u>\$ 541,136</u>	<u>\$ 3,421,674</u>	<u>\$ 9,766,794</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, 2016

	Building Fund	Child Nutrition	Gifts	Workers' Compensation	Student Activity	Casualty/ Insurance	Total Capital Project Funds	Total Other Governmental Funds
Revenues								
Property Taxes	\$ 4,548,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,548,891
Interest	7,972	-	51	102	4,347	1,446	11,472	25,390
State Revenue	-	52,209	-	-	-	-	-	52,209
Federal Revenue	-	3,460,736	-	-	-	-	-	3,460,736
Other	41	1,531,839	7,800	3,834	3,229,437	503,257	-	5,276,208
Total Revenues	4,556,904	5,044,784	7,851	3,936	3,233,784	504,703	11,472	13,363,434
Expenditures								
Current								
Instruction	-	-	-	-	1,022,585	-	221,710	1,244,295
Support Services	3,890,359	-	5,379	-	1,703,873	150,004	474,274	6,223,889
Non-Instruction Services	-	4,941,622	-	-	633,781	-	5,741	5,581,144
Capital Outlays	113,480	-	-	-	3,587	-	1,073,517	1,190,584
Other Outlays	-	-	-	3,834	-	-	-	3,834
Total Expenditures	4,003,839	4,941,622	5,379	3,834	3,363,826	150,004	1,775,242	14,243,746
Excess (Deficiency) of Revenues over Expenditures	553,065	103,162	2,472	102	(130,042)	354,699	(1,763,770)	(880,312)
Other Financing Sources (Uses)								
Transfers In	27,000	-	-	-	-	-	-	27,000
Transfers Out	-	-	-	-	(6,232)	-	-	(6,232)
Proceeds of Bonds	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	27,000	-	-	-	(6,232)	-	-	20,768
Net Change in Fund Balances	580,065	103,162	2,472	102	(136,274)	354,699	(1,763,770)	(859,544)
Beginning Fund Balances, as originally reported	1,602,616	910,863	14,854	37,133	1,890,335	186,437	4,962,252	9,604,490
Restatement adjustment (Note 11)	(24,103)	-	-	-	-	-	-	(24,103)
Beginning Fund Balances, as restated	1,578,513	910,863	14,854	37,133	1,890,335	186,437	4,962,252	9,580,387
Ending Fund Balances	\$ 2,158,578	\$ 1,014,025	\$ 17,326	\$ 37,235	\$ 1,754,061	\$ 541,136	\$ 3,198,482	\$ 8,720,843

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Capital Project Funds
June 30, 2016

	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	Misc Bond Fund	Total Capital Project Funds
Assets										
Pooled Cash	\$ 203,253	\$ 96,945	\$ 156,437	\$ 19,408	\$ 15,977	\$ 156,812	\$ 2,161,027	553,864	\$ 57,951	\$ 3,421,674
Total Assets	<u>\$ 203,253</u>	<u>\$ 96,945</u>	<u>\$ 156,437</u>	<u>\$ 19,408</u>	<u>\$ 15,977</u>	<u>\$ 156,812</u>	<u>\$ 2,161,027</u>	<u>\$ 553,864</u>	<u>\$ 57,951</u>	<u>\$ 3,421,674</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts Payable	\$ -	\$ -	\$ 6,170	\$ -	\$ -	\$ -	\$ 217,022	\$ -	\$ -	\$ 223,192
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,022</u>	<u>-</u>	<u>-</u>	<u>223,192</u>
Fund Balances										
Restricted	<u>203,253</u>	<u>96,945</u>	<u>150,267</u>	<u>19,408</u>	<u>15,977</u>	<u>156,812</u>	<u>1,944,005</u>	<u>553,864</u>	<u>57,951</u>	<u>3,198,482</u>
Fund Balances, End of Year	<u>203,253</u>	<u>96,945</u>	<u>150,267</u>	<u>19,408</u>	<u>15,977</u>	<u>156,812</u>	<u>1,944,005</u>	<u>553,864</u>	<u>57,951</u>	<u>3,198,482</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 203,253</u>	<u>\$ 96,945</u>	<u>\$ 156,437</u>	<u>\$ 19,408</u>	<u>\$ 15,977</u>	<u>\$ 156,812</u>	<u>\$ 2,161,027</u>	<u>\$ 553,864</u>	<u>\$ 57,951</u>	<u>\$ 3,421,674</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, 2016

	2008 Bond Fund	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	Misc Bond Fund	Total Capital Project Funds
Revenues										
Interest	\$ 608	\$ 291	\$ 827	\$ 57	\$ 47	\$ 373	\$ 7,264	\$ 1,831	\$ 174	\$ 11,472
Total Revenues	608	291	827	57	47	373	7,264	1,831	174	11,472
Expenditures										
Current										
Instruction	-	-	112,721	255	38,885	4,628	65,221	-	-	221,710
Support Services	236	3,002	156,044	-	6,364	1,985	86,051	218,300	2,292	474,274
Non-Instruction Services	-	-	-	-	-	1,744	3,997	-	-	5,741
Capital Outlays	241,268	-	6,170	-	-	-	826,079	-	-	1,073,517
Total Expenditures	241,504	3,002	274,935	255	45,249	8,357	981,348	218,300	2,292	1,775,242
Excess (Deficiency) of Revenues over Expenditures	(240,896)	(2,711)	(274,108)	(198)	(45,202)	(7,984)	(974,084)	(216,469)	(2,118)	(1,763,770)
Other Financing Sources (Uses)										
Proceeds of Bonds	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(240,896)	(2,711)	(274,108)	(198)	(45,202)	(7,984)	(974,084)	(216,469)	(2,118)	(1,763,770)
Beginning Fund Balances	444,149	99,656	424,375	19,606	61,179	164,796	2,918,089	770,333	60,069	4,962,252
Ending Fund Balances	\$ 203,253	\$ 96,945	\$ 150,267	\$ 19,408	\$ 15,977	\$ 156,812	\$ 1,944,005	\$ 553,864	\$ 57,951	\$ 3,198,482

Norman Independent School District No. 29
Cleveland County, Oklahoma
Budgetary Comparison Schedule – Building Fund (Unaudited)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts GAAP	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1, as restated	\$ 1,578,511	\$ 1,578,511	\$ 1,578,513	\$ -	\$ 2
Resources (inflows)					
Property Taxes	4,574,246	4,574,246	4,548,891	-	(25,355)
Interest	220	220	7,972	-	7,752
Other	27,000	27,000	27,041	-	41
Amounts Available for Appropriation	<u>6,179,977</u>	<u>6,179,977</u>	<u>6,162,417</u>	<u>-</u>	<u>(17,560)</u>
Charges to Appropriations (outflows)					
Support Services	4,488,319	4,488,319	3,890,359	-	597,960
Capital Outlays	<u>164,602</u>	<u>164,602</u>	<u>113,480</u>	<u>-</u>	<u>51,122</u>
Total Charges to Appropriations	<u>4,652,921</u>	<u>4,652,921</u>	<u>4,003,839</u>	<u>-</u>	<u>649,082</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,527,056</u></u>	<u><u>\$ 1,527,056</u></u>	<u><u>\$ 2,158,578</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 631,522</u></u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Budgetary Comparison Schedule – Child Nutrition (Unaudited)
Year Ended June 30, 2016

	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	\$ 910,861	\$ 910,861	\$ 910,863	\$ -	\$ 2
Resources (inflows)					
Interest	20	20	-	-	(20)
Local Revenue	1,431,000	1,431,000	1,531,839	-	100,839
State Revenue	76,000	76,000	52,209	-	(23,791)
Federal Revenue	3,492,449	3,492,449	3,460,736	-	(31,713)
Amounts Available for Appropriation	<u>5,910,330</u>	<u>5,910,330</u>	<u>5,955,647</u>	<u>-</u>	<u>45,317</u>
Charges to Appropriations (outflows)					
Non-instruction services	4,900,000	4,900,000	4,941,622	-	(41,622)
Other Outlays	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>4,900,000</u>	<u>4,900,000</u>	<u>4,941,622</u>	<u>-</u>	<u>(41,622)</u>
Budgetary Fund Balance, June 30	<u><u>\$ 1,010,330</u></u>	<u><u>\$ 1,010,330</u></u>	<u><u>\$ 1,014,025</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,695</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, 2016

Assets					
Activities	Ending Balance As of June 30, 2015	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2016
Football	\$ 82,506	-	\$ 88,736	\$ 126,248	\$ 44,994
Boys Basketball	7,969	-	41,848	43,193	6,624
Girls Basketball	4,748	-	21,324	24,270	1,802
Boys Swimming	1,193	-	100	369	924
Baseball	11,296	-	21,690	25,612	7,374
FastPitch Softball	8,436	-	21,534	20,726	9,244
Wrestling	1,453	-	15,907	16,078	1,282
Boys Tennis	1,550	-	3,511	3,806	1,255
Girls Tennis	1,946	-	3,080	3,072	1,954
Slowpitch Softball	856	-	5,950	5,599	1,207
Girls Cross Country	8,414	-	(1,030)	2,285	5,099
Boys Golf	3,786	-	17,510	14,441	6,855
Boys Cross Country	1,800	-	11,310	8,663	4,447
Boys Soccer	652	-	14,945	14,671	926
Volleyball	14,767	-	28,322	31,151	11,938
Boys Track	8,591	-	41,487	38,306	11,772
Girls Track	5,793	-	1,645	3,455	3,983
General Athletics	75,739	-	157,412	153,236	79,915
ASCE	3,132	-	25,238	21,351	7,019
Girls Golf	2,674	-	16,254	12,123	6,805
Girls Soccer	349	-	13,130	13,205	274
Girls Swimming	932	-	-	315	617
AP Tests	63,061	-	105,425	122,228	46,258
Art	43,921	-	15,841	14,709	45,053
Art in Education	1,875	-	(1,593)	72	210
Coke	274,134	-	204,996	294,648	184,482
Band	45,246	-	318,651	322,769	41,128
Ice Cream Machine	1,357	-	35,319	29,046	7,630
Save Darfur Club	22	-	-	-	22
Consumer Education	28	-	-	-	28
Cheerleaders	15,519	-	18,945	22,843	11,621
Business	25	-	90	-	115
Link Crew-North	493	-	1,500	1,944	49
Freshmen	1,003	-	-	992	11
Ag Ed (FFA)	21,036	-	43,095	36,296	27,835
Camp Turning Point	2,921	-	5,294	3,017	5,198
Clearing Account	399	-	6,633	6,633	399
Book Club	58	-	-	-	58
Book Fair	14,074	-	26,251	22,872	17,453
Drama Club	14,127	-	3,320	1,496	15,951
Drafting	(895)	-	895	-	-
Drug Free/Chemical Depend	1,214	-	-	-	1,214
Black Stud Assoc/Stomp	549	-	-	-	549
Pack Shack/Link Crew	106,572	-	113,974	150,451	70,095
We the People	1,978	-	1,200	2,338	840
English	928	-	169	784	313
Environmental Club	496	-	-	213	283
E.M.H.	69	-	704	-	773
Equip/Repair/Furn	229	-	-	-	229

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2016

Assets	Ending Balance As of June 30, 2015	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2016
Explo	982	-	(500)	-	482
Enrichment	51	-	1,182	999	234
Faculty Services	2,042	-	5,614	7,434	222
African Amer Assoc	215	-	-	-	215
Field Trips	15,799	-	85,268	79,905	21,162
Parking Decals	5,825	-	(1,535)	700	3,590
G.E.M.S.	2,546	-	4,266	3,283	3,529
Foreign Language-All	1,041	-	250	471	820
French	649	-	965	899	715
General	222,510	-	306,191	305,771	222,930
Ecology Club	169	-	-	-	169
Gifted and Talented	4,271	-	12,653	13,715	3,209
Sophomore	99	-	2,435	753	1,781
5th Grade	2,076	-	33,072	33,166	1,982
Junior	514	-	2,820	955	2,379
6th Grade	2,999	-	5,622	7,851	770
7th Grade	1,138	-	6,744	5,789	2,093
8th Grade	3,580	-	13,605	12,899	4,286
Grants	2	-	631	631	2
FACS	3,870	-	1,521	2,332	3,059
Senior	4,410	-	2,387	3,506	3,291
Honor Society	11,331	-	3,296	3,989	10,638
DECA	12,394	-	87,240	88,810	10,824
Instrumental Music	22,053	-	208,779	196,116	34,716
Indigent Student Fund	29	-	-	-	29
Athletic Trainer	14,929	-	6,982	10,798	11,113
Independent Living	250	-	-	-	250
Spud-North	5,478	-	164,464	164,526	5,416
Leadership Council	18,290	-	17,609	24,380	11,519
Latin	2,891	-	3,849	3,519	3,221
Cultural Diversity	661	-	73	-	734
Library/Media Center	54,867	-	110,831	119,944	45,754
Computers	42	-	-	-	42
FCCLA	1,210	-	2,177	1,227	2,160
Natl Art Honor Society	266	-	-	-	266
Modern Dance Club	14,412	-	20,608	18,151	16,869
Misc Transaction	1,983	-	(75)	-	1,908
Model United Nations	572	-	2,688	2,850	410
Mu Alpha Theta	1,244	-	4,831	3,493	2,582
Music/Drumline	28,232	-	42,528	52,573	18,187
Newspaper/Journalism	3,788	-	3,724	3,534	3,978
Parenting	78	-	-	-	78
Orchestra	26,755	-	22,318	13,744	35,329
NBR Donation	584	-	-	-	584
Office	963	-	500	172	1,291
Memorial Fund	181	-	-	-	181
Poms	4,425	-	36,480	39,570	1,335

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2016

Assets	Ending Balance As of June 30, 2015	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2016
Physical Education	2,067	-	2,795	1,939	2,923
Prof Leave/Development	5,493	-	8,800	3,552	10,741
Partners-In-Ed	10	-	-	-	10
PTA-Student	12,354	-	25,767	23,424	14,697
Native American Club	2,469	-	1,961	1,172	3,258
Donations	19,490	-	(2,057)	1,036	16,397
Outdoor Classroom	4,092	-	-	-	4,092
Global Awareness	120	-	159	-	279
Service Learning	2,107	-	914	420	2,601
Renaissance Program	801	-	-	-	801
Principal	169	-	5,000	-	5,169
PSAT/Guidance Serv	16,143	-	720	-	16,863
Prom	16,862	-	32,110	24,453	24,519
Psychology	204	-	-	-	204
Spanish Nat Honor Society	219	-	180	-	399
Model Congress	331	-	522	324	529
School Climate	12,412	-	677	576	12,513
Recycling	228	-	-	-	228
Resource Center Material	1,252	-	5,301	5,091	1,462
Fundraiser	22,637	-	38,895	38,534	22,998
Orange Thumb	484	-	-	-	484
Sat School/Student Int	693	-	500	520	673
SADD	120	-	-	-	120
Science	265	-	100	131	234
Social Studies	152	-	-	-	152
TAPP	517	-	-	-	517
Spanish	1,315	-	2,857	2,502	1,670
Speech	20,788	-	36,558	39,857	17,489
Special Ed/Spec Athletes	5,755	-	17,034	14,587	8,202
Fine Arts	50,149	-	15,840	2,343	63,646
Student Council/Congress	21,728	-	85,362	83,197	23,893
Store-School	4	-	-	-	4
Special Education	490	-	-	-	490
Musicals	6,172	-	1,622	670	7,124
Rotary Inter-ACT	967	-	90	-	1,057
Key Club	2,415	-	1,292	1,285	2,422
6th Grade Books	595	-	1,267	976	886
Theater Art	2,277	-	661	285	2,653
Technology	12,772	-	3,496	4,480	11,788
Vocal Music	31,684	-	161,227	166,622	26,289
Teen Volun/Parent Outreach	479	-	2,577	2,478	578
VRC-Video Resource Center	4,121	-	1,640	663	5,098
PR Fund	79	-	-	-	79
Yearbook	111,420	-	60,295	56,966	114,749
Vegetarian Club	106	-	-	-	106
Elem Music/Art	617	-	2,027	2,012	632
Wildcat Memories	100	-	-	-	100
Stand For Silence	205	-	-	200	5

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2016

Assets	Ending Balance As of June 30, 2015	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2016
Interior Design	100	-	-	-	100
Young Democrats	1,080	-	-	-	1,080
Botball	19,624	-	9,945	12,676	16,893
Student Assistance Fund	807	-	2,327	2,739	395
Sewing	226	-	-	-	226
Administration	74,483	-	-	-	74,483
Sociology	301	-	-	-	301
WOW	9,719	-	10,275	7,071	12,923
Anthology	1,235	-	1,919	1,504	1,650
Academic Teams	3,424	-	400	1,718	2,106
Republican Club	200	-	245	-	445
Third Grade	308	-	(114)	70	124
North-H.O.P.E.	1,239	-	(1,239)	-	-
Dumbledore's Army	912	-	140	298	754
PBIS	2,459	-	-	2,323	136
Transition Center	61	-	-	-	61
Pre Engineering	919	-	-	20	899
Shakespeare	50	-	-	-	50
Quidditch Club	135	-	-	-	135
Logo Royalties	1,730	-	2,114	-	3,844
Risk Factor Survey	1	-	-	-	1
FCCLA	282	-	583	483	382
NHS Instrument Fund	1,375	-	-	-	1,375
Art Club	80	-	-	-	80
Step Dance Team	727	-	892	315	1,304
Made	804	-	500	213	1,091
Ilearn Fluently	4	-	-	-	4
Vanderburg Donations	20	-	-	-	20
Tech Now	122	-	-	-	122
Lock In	8,530	-	(610)	7,036	884
Young Adult Book Club	34	-	-	-	34
Music Club	260	-	-	-	260
Future City/History Day	-	-	250	100	150
Tabletop Gaming Assoc	50	-	-	-	50
Hildebrand Scholarship	1,025	-	-	-	1,025
Big Brothers/Big Sisters	66	-	2,756	2,638	184
Autism	225	-	-	-	225
Tracks	72	-	-	-	72
Trust Ckub	-	-	20	-	20
Timberwolf Pantry	-	-	1,850	873	977
Garden Club	-	-	250	122	128
German Club	-	-	352	308	44
Norman Arts Council	-	-	5,485	2,084	3,401
Class of 66 Scholarship	-	-	2,250	500	1,750
Triathlon Club	-	-	4,300	2,691	1,609
Total assets	\$ 1,890,335	\$ -	\$ 3,233,784	\$ 3,370,058	\$ 1,754,061

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2016

	Ending Balance As of <u>June 30, 2015</u>	Total Adjustments	Total Receipts	Total Disbursements	Ending Balance As of <u>June 30, 2016</u>
Liabilities					
Due to Student Groups	<u>1,890,335</u>	<u>-</u>	<u>3,233,784</u>	<u>3,370,058</u>	<u>1,754,061</u>
Total liabilities	<u>\$ 1,890,335</u>	<u>\$ -</u>	<u>\$ 3,233,784</u>	<u>\$ 3,370,058</u>	<u>\$ 1,754,061</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, 2016

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2015	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2016
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ 73,783	\$ 167,067	\$ 346,832	\$ (105,982)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 426	38,179	15,065	129,155	(75,911)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	571,066	867,905	2,221,814	(782,843)
Title I, Part A Neglected	84.010	518	16,557	51,634	96,307	(28,116)
Title I Cluster			587,623	919,539	2,318,121	(810,959)
Special Education - Grants to States	84.027	621, 625	904,345	1,514,771	3,128,722	(709,606)
Special Education - Preschool Grants	84.173	641, 642	22,729	29,187	68,619	(16,703)
Special Education Cluster			927,074	1,543,958	3,197,341	(726,309)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	85,715	148,109	393,490	(159,666)
Title II, Part A, Technical Assistance Allocation	84.367	543	8,212	18,896	29,500	(2,392)
			93,927	167,005	422,990	(162,058)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2015	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2016
Title III Part A English Language Acquisition	84.365	571, 572	29,153	28,294	88,979	(31,532)
Adult Basic Education	84.002	731, 733	38,294	8,251	90,161	(43,616)
Title I Neglected/Delinquent	84.013	532	141,297	62,166	323,981	(120,518)
Jobs Training-OJT	84.126	456	-	53,935	53,935	-
Total U.S. Department of Education			1,929,330	2,965,280	6,971,495	(2,076,885)
U.S. Department of the Interior						
Passed through the Oklahoma State Department of Education						
Indian Education - Assistance to Schools						
Johnson O'Malley Program	15.130	563	18,804	16,160	34,964	-
Total U.S. Department of the Interior			18,804	16,160	34,964	-
U.S. Department of Health and Human Services						
Passed through the Oklahoma State Department of Health						
Projects of Regional and National Significance						
Discretionary Grants	93.243	772	-	29,719	29,917	(198)
Total U.S. Department of Health and Human Services			-	29,719	29,917	(198)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2015	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2016
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Breakfast Program - cash assistance	10.553	764	-	757,438	757,438	-
Lunch Program - cash assistance	10.555	763	-	2,605,242	2,605,242	-
Lunch Program- commodities	10.555	763	-	275,576	275,576	-
Summer Food Service - cash assistance	10.559	766	-	83,607	83,607	-
Child Nutrition Cluster			-	3,721,863	3,721,863	-
Child Nutrition Discretionary Grants -Farm Bill Equipment Grant	10.579	791	-	14,449	14,449	-
Total U.S. Department of Agriculture			-	3,736,312	3,736,312	-
 Total			<u>\$ 1,948,134</u>	<u>\$ 6,747,471</u>	<u>\$ 10,772,688</u>	<u>\$ (2,077,083)</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Norman Independent School District No. 29 (the District), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The District received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B – Significant Accounting Policies

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

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

Note C — Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the District had food commodities totaling \$35,000 in inventory.



**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, 2016, and the related notes to the financial statements, which collectively comprise Norman Independent School District No. 29's basic financial statements, and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2016-A and 2016-B to be material weaknesses.

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

Compliance and Other Matters

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

The District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
December 1, 2016



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

We have audited Norman Independent School District No. 29's compliance with the types of compliance requirements described 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, 2016. Norman Independent School District No. 29's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Norman Independent School District No. 29 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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



Oklahoma City, Oklahoma
December 1, 2016

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

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 None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified No

Significant deficiencies identified not
considered to be material weaknesses None reported

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Uniform Guidance
2 CFR 200.516: No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
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Child Nutrition Cluster	10.555, 10.553, 10.559, 10.579
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Special Education Cluster	84.027, 84.173
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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

2016-A Financial Reporting

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

Views of Responsible

Officials:

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

2016-B Material Adjustments
 Material Weakness in Internal Controls over Financial Reporting

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

Section III – Federal Award Findings and Questioned Costs

None.

2015-A	Finding Summary:	District does not have procedures in place for the preparation of the government wide financial statements, and disclosures, as well as necessary full accrual adjustments required by generally accepted accounting principles (GAAP).
	Initial Fiscal Year Finding Occurred:	2009
	Current Status:	Condition still exists. See current year finding 2016-A.
2015-B	Finding Summary:	The District's internal control system did not identify amounts to be recorded for proper presentation with GAAP.
	Initial Fiscal Year Finding Occurred:	2009
	Current Status:	Condition still exists. See current year finding 2016-B. This is largely due to the complex pension accounting standard.

EXHIBIT B

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of March 1, 2017 (this "Disclosure Agreement"), is executed and delivered by Independent School District No. 29, Cleveland County, Oklahoma (the "Issuer") in connection with the issuance of General Obligation Combined Purpose Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated as of March 6, 2017 (the "**Resolution**"). The School District is the "obligated person" with respect to the Bonds for the purposes of the Rule, hereinafter defined, hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Commission"). The Issuer represents that it will be the only "obligated person" (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

"Dissemination Agent" shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

"EMMA" means the MSRB's Electronic Municipal Market Access System. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the "*Release*") relating to the EMMA system for municipal securities disclosure effective on July 1, 2009.

"Material Event" shall mean any of the events listed in Exhibit B to this Disclosure Agreement.

"Material Event Notice" means notice of a Material Event in Prescribed Form.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Official Statement" means the "final official statement," as defined in the paragraph (f)(3) of the Rule, relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Prescribed Form" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other

address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“Rule” means Rule 15c2-12 promulgated by the Commission under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Agreement, including any official interpretations thereof.

“State” shall mean the State of Oklahoma.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 10 business days after such information becomes available, and not later than 240 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2017 Fiscal Year, provide to the MSRB in Prescribed Form the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5.

(b) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice of such failure to the MSRB by a date not in excess of 10 business days after the occurrence of such failure.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

(a) Annual audited financial statements of the Issuer and an annual update of all material financial and operating data of the Issuer, to the same extent as provided in those portions identified in Exhibit A hereto of the Official Statement and as required by applicable state law. The descriptions in the Official Statement of financial and operating data of the Issuer are of general categories of financial and operating data deemed to be material as of the date of the Official Statement. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any annual financial and operating data containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) The audited financial statements of the Issuer for the prior fiscal year, prepared on a regulatory basis as prescribed by the Oklahoma Department of Education provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 10 business days of when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Disclosure of Material Events. The Issuer hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Material Event Notice to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Resolution. The Issuer is required to deliver such Material Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

Section 6. Duty To Update EMMA/MSRB. The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Material Event Notice under Section 5.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a

Material Event Notice under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Material Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Material Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Material Event Notice.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted under Oklahoma law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

Section 13. Notices. Any notices or communications to School District under this Disclosure Agreement may be given as follows: Independent School District No. 29, Cleveland County, Oklahoma, Attention: Chief Financial Officer, Telephone: 405-366-5801.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Recordkeeping. The Issuer shall maintain records of all filings of Annual Reports and Material Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 16. Past Compliance. In connection with one or more of the School District's previous bond issues or bond issues of an authority issued on behalf of the School District, the School District entered into individual continuing disclosure undertakings ("Undertakings") in written agreements specified in paragraph (b)(5)(i) of the Rule. During the last five years, the School District has failed to comply with certain provisions of those Undertakings. Specifically, in connection with bonds issued by the School District, the School District was late in making a material event notice related to a rating change in 2011. In connection with the Cleveland County Educational Facilities Authority Educational Facilities Lease Revenue Bonds (Norman Schools Project), Series 2014, issued on behalf of the School District, the School District failed to include updates to all tables required in the filing of their annual financial information for the fiscal years ended June 30, 2014-2015, failed to timely file the annual financial information for the fiscal year ended June 30, 2015, and failed to timely file notice of such failures. All filings have since been updated.

Section 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**INDEPENDENT SCHOOL DISTRICT NO. 29,
CLEVELAND COUNTY, OKLAHOMA**

By: _____
President, Board of Education

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT A

DESCRIPTION OF PORTIONS OF OFFICIAL STATEMENT REQUIRING ANNUAL UPDATE

The information under the Heading “Financial Information”

Appendix B—Audited Financial Statements.

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EXHIBIT B

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENT NOTICES ARE REQUIRED

1. Principal and interest payment delinquencies.
2. Nonpayment-related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Tender offers.
13. Bankruptcy, insolvency, receivership or similar event of the Issuer[†].
14. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

[†]This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.