

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 5, 2019

NEW ISSUE – Book-Entry-Only

Ratings: Moody's Aa3
Oklahoma #1

It is anticipated that prior to delivery of the Bonds, Bond Counsel will render an opinion which states interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, such interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. Interest on the Bonds is exempt from State of Oklahoma income tax under existing law. See "TAX MATTERS" herein.

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)**

\$36,820,000

General Obligation Combined Purpose Bonds, Series 2019B

Dated: May 1, 2019

Due: May 1, As Shown Below

Interest on the \$36,820,000 Independent School District Number 29, Cleveland County, Oklahoma, General Obligation Combined Purpose Bonds, Series 2019B (the "Bonds" or the "2019B Combined Purpose Bonds") will accrue from May 1, 2019, (the "Dated Date") and will be payable May 1 and November 1 of each year commencing May 1, 2020, 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 2019B 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 2019B 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>	<u>CUSIP 186072</u>
5-1-2021	\$9,205,000			
5-1-2022	\$9,205,000			
5-1-2023	\$9,205,000			
5-1-2024	\$9,205,000			

The 2019B 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 2019B Combined Purpose Bonds in definitive form will be available for delivery on or about May 23, 2019.

Financial Advisor

BOK Financial Securities, Inc.

Official Statement Dated April __, 2019

This Preliminary Official Statement and the information contained herein is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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 2019B 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, (the "School District") and the purchasers, holders or beneficial owners of any of the 2019B Combined Purpose Bonds.

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

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OFFICIAL STATEMENT

**INDEPENDENT SCHOOL DISTRICT NO. 29
CLEVELAND COUNTY, OKLAHOMA
(Norman School District)**

relating to

\$36,820,000

General Obligation Combined Purpose Bonds, Series 2019B

INTRODUCTION

Independent School District No. 29 of Cleveland County, Oklahoma, also known as the Norman School District (the "School District") is issuing its \$36,820,000 General Obligation Combined Purpose Bonds, Series 2019B (the "Bonds" or the "2019B 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 2019B 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 2019B 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, 2018 together with Auditor's Report. Exhibit A should be read in its entirety.

THE BONDS

Description

The 2019B 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 May 1, 2019, and will be payable May 1 and November 1 of each year commencing May 1, 2020, 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 2019B Combined Purpose Bonds are not subject to redemption prior to maturity.

Registration

The 2019B Combined Purpose Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2019B 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 certificates representing their interest in the 2019B Combined Purpose Bonds purchased. See "Book-Entry System" below.

The 2019B 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 Paying Agent/Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Series 2019B Combined Purpose 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 Paying Agent/Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Series 2019B Combined Purpose 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 System

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and none of the School District, the Financial Advisor, the Paying Agent/Registrar or the Underwriters take any responsibility for the accuracy thereof.

DTC will act as securities depository for the 2019B Combined Purpose Bonds. The 2019B 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 2019B Combined Purpose Bond certificate will be issued for each maturity of the 2019B 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/Registrar 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 certificates. 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 a rating of "AA+" from S&P Global Ratings, a Standard and Poor's Financial Services LLC business. 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 2019B Combined Purpose Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019B Combined Purpose Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019B Combined Purpose 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 2019B 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 certificates representing their ownership interests in the 2019B Combined Purpose Bonds, except in the event that use of the book-entry system for the 2019B Combined Purpose Bonds is discontinued.

To facilitate subsequent transfers, all 2019B Combined Purpose Bonds deposited by Direct Participants with DTC (or the Paying Agent/Registrar 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 2019B Combined Purpose Bonds with DTC (or the Paying Agent/Registrar 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 2019B Combined Purpose Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019B 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 2019B 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 2019B 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 2019B 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 2019B 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/Registrar 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/Registrar 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 2019B 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/Registrar, 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 2019B Combined Purpose Bonds at any time by giving reasonable notice to the School District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019B Combined Purpose Bond certificates 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 2019B Combined Purpose Bond certificates will be printed and delivered to DTC.

The School District, Financial Advisor, Bond Counsel, the Paying Agent/Registrar and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2019B Combined Purpose Bonds: (i) payments of principal or interest on the 2019B Combined Purpose Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the

2019B Combined Purpose Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2019B 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, Financial Advisor, Bond Counsel, the Paying Agent/Registrar 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 2019B 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 2019B 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 Indenture 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 2019B Combined Purpose Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a part of S&P Global Inc., and are included solely for the convenience of the purchasers of the Bonds. None of the School District, Financial Advisor, Bond Counsel, the Paying Agent/Registrar or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers. Neither the failure to print such numbers on any Bonds, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Bonds.

In reading this Official Statement, it should be understood that while the 2019B 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 2019B 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/Registrar will be given only to DTC.

Security for the Bonds

The 2019B 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 April 15, 2019.

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 District at a special election on February 11, 2014. The special election authorized the issuance, in separate series, by the District of a total of \$126,000,000 in bonds. The District 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; its \$23,760,000 General Obligation Combined Purpose Bonds, Series 2016 in April 2016; its \$25,940,000 General Obligation Combined Purpose Bonds, Series 2017 in April 2017; and its \$29,480,000 General Obligation Combined Purpose Bonds, Series 2018, in April 2018. The 2019B Combined Purpose Bonds represent the final series of bonds under this authorization.

Other Authorized Bonds

On February 12, 2019, the voters in the District approved a bond package totaling \$186,000,000. The District plans to issue its first series of bonds under this authorization in April 2019. The District anticipates issuing the remaining bonds under this authorization in varying amounts and in separate series annually through 2025.

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, 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 1 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 122,843 according to the 2017 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 28,000 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 2018 enrollment of the School District was 16,085.

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 February 2019 unemployment rates for the counties included in the school district are as follows:

<u>Area</u>	<u>Unemployment Rate*</u>
Cleveland County	3.1%
McClain County	2.9%
State of Oklahoma	3.3%
United States	3.8%

** 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

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

School Administration

Dr. Nick Migliorino	Superintendent of Schools
Brenda R. Burkett, CPA	Chief Financial Officer

Payment Record

The School District has never defaulted on the payment of its outstanding indebtedness.

FINANCIAL INFORMATION

Computation of Legal Debt Margin

2018-19	Estimated Market Value	\$8,393,822,257		
		<u>Cleveland Co.</u>	<u>McClain Co.</u>	<u>Total</u>
2018-19	Net Assessed Valuation (NAV)	\$960,879,021	\$29,938,029	\$990,817,050
	Millage Adjustment Factor (MAF)	101.114%	102.514%	
	Legal Debt Limitation (NAV * MAF * 10%)	<u>\$97,158,321</u>	<u>\$3,069,067</u>	<u>\$100,227,388</u>
	General Obligation Bonds Outstanding ⁽¹⁾ :			\$107,635,000
	Less: Sinking Fund Balance (March 12, 2019)			<u>\$22,085,749</u>
	Net General Obligation Bonds Outstanding			\$85,549,251
	Remaining Legal Debt Margin			\$14,678,137
	Ratio of Net G.O. Indebtedness to Legal Debt Limitation			85.36%

(1) This figure is as of March 12, 2019, and includes the 2019B Combined Purpose Bonds.

SOURCE: School District.

Direct Indebtedness

The School District has gross outstanding general obligation bonded indebtedness of \$107,635,000. 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>
2014B	5/1/2014	5/1/2019	\$2,000,000	\$500,000
2015	3/1/2015	3/1/2020	8,000,000	2,000,000
2016	3/1/2016	3/1/2021	23,760,000	11,880,000
2017	3/1/2017	3/1/2022	25,940,000	19,455,000
2018	3/1/2018	3/1/2023	29,480,000	29,480,000
2019A	3/1/2019	3/1/2021	7,500,000	7,500,000
2019B	5/1/2019	5/1/2024	36,820,000	36,820,000
				<u>\$107,635,000</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	\$990,817,050	\$990,817,050	100.00%	100.00%	\$85,549,251	\$85,549,251
<u>Counties</u>						
Cleveland County	\$2,219,115,954	\$960,879,021	43.30%	96.98%	\$0	\$0
McClain County	\$327,986,259	29,938,029	9.13%	3.02%	\$0	\$0
		\$990,817,050		100.00%		
<u>Vo-Tech Districts</u>						
Moore Norman Tech Cnt.	\$2,169,828,499	\$990,817,050	45.66%	100.00%	\$47,759,576	\$21,808,637
<u>Cities & Towns</u>						
City of Norman	\$964,957,128	\$927,017,927	96.07%	93.56%	\$46,060,850	\$44,249,876
Town of Newcastle	\$106,995,567	7,261,074	6.79%	0.73%	0	0
Town of Goldsby	\$18,897,428	9,942,951	52.62%	1.00%	0	0
Unincorporated Areas & Other		46,595,098		4.70%	0	0
		\$990,817,050		100.00%	\$179,369,677	151,607,764

Notes: Debt figures for the Norman School District are as of March 12, 2019, and include the 2019B Combined Purpose Bonds.

Debt figures for all other entities are as of June 30, 2018.

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

2018-19 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)	\$876,244,691	\$25,249,074	\$901,493,765	90.98%
Personal	57,928,954	4,362,968	62,291,922	6.29%
Public Service	26,705,376	325,987	27,031,363	2.73%
Total	\$960,879,021	\$29,938,029	\$990,817,050	100.00%

SOURCE: Cleveland & McClain County Assessors.

(B) The Growth

<u>FY Beg.</u> <u>July 1,</u>	<u>Net Assessed</u> <u>Valuation</u>	<u>% Change</u>
2018	\$990,817,050	3.10%
2017	961,036,061	1.26%
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	

SOURCE: Cleveland & McClain County Assessors.

Major Property Taxpayers (Cleveland County Only)

	<u>Taxpayer</u>	<u>Assessed</u> <u>Value</u>
1	Oklahoma Gas & Electric	\$14,161,613
2	Wal-Mart Real Estate	10,271,364
3	Avara Pharma Technologies Inc.	9,613,547
4	Links at Norman LP	6,708,249
5	KRG Norman University LLC	6,059,623
6	York/Johnson Controls	5,568,062
7	Hitachi Computer Products	4,968,997
8	Sysco Food Services of OK, Inc.	4,711,378
9	JQH-Norman Development	4,270,443
10	CD/Park 7 Norman Owner	3,815,552

SOURCE: Cleveland County Assessor.

Sinking Fund Tax Collections

FY Beg		Delinquency	Gross	Current	Collection
July 1,	Net Levy	Reserve	Levy	Collections	Percentage
2018	23,128,814	1,156,441	24,285,254	n/a	n/a
2017	22,396,493	1,119,825	23,516,318	23,082,103	98.15%
2016	21,208,314	1,060,416	22,268,730	21,521,425	96.64%
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%

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.	Norman	City of	Cleveland	Career	
July 1,	Schools	Norman	County	Tech	Total
2018	65.51	10.02	23.07	18.57	117.17
2017	65.47	11.14	23.07	18.80	118.48
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

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
2018	\$1,838,674,029	\$73,546,961	4.00%
2017	1,836,713,775	73,468,551	4.00%
2016	1,908,117,610	69,820,699	4.00% ¹
2015	1,889,112,686	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%
2012	1,668,197,314	58,386,906	3.50%
2011	1,591,710,457	55,709,866	3.50%
2010	1,521,819,020	53,263,666	3.50%
2009	1,532,612,119	51,043,551	3.50% ²

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.

SOURCE: Oklahoma Tax Commission.

Major Employers (City of Norman)

<u>Employer Name</u>	<u>Estimated No. of Employees</u>
The University of Oklahoma	12,941
Norman Regional Hospital	3,040
Norman Public Schools	1,806
Johnson Controls	1,030
Walmart Supercenters	950
City of Norman	859
Riverwind Casinos	838
Hitachi	460
National Oceanic & Atmospheric Administration (NOAA)	400
Super Target	380
Oklahoma Veterans Center	350
U.S. Postal Services	350
SYSCO Foods	337

SOURCE: Norman Economic Development Coalition website as of December 19, 2018. This list was deemed the most current list available by the NEDC via telephone on December 26, 2018.

School Enrollment

<u>School Year</u> <u>Ending June</u>	<u>Average Daily</u> <u>Membership</u>
2018	16,085
2017	16,105
2016	15,921
2015	15,726
2014	15,466
2013	15,084
2012	14,895
2011	14,611
2010	14,302
2009	13,940

SOURCE: School District Administration.

Population

	<u>Year</u>	<u>City of Norman</u>	<u>Cleveland County</u>
Historical	1960	33,412	47,600
	1970	52,117	81,839
	1980	68,020	133,173
	1990	80,071	174,253
	2000	95,694	208,016
	2010	110,925	255,758
	Estimated	2017	122,843

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 2019B Combined Purpose Bonds, (b) contesting or affecting any authority for or the validity of the 2019B Combined Purpose Bonds, (c) contesting the power of the School District to issue the 2019B 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 2019B 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 2019B 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 Bondholders to provide certain financial and operating information for the School District not later than eight months following the end of the fiscal year in which the bonds are issued (as of the date of this document, June 30 is the end of the fiscal year), or later as such information becomes publicly available, and each fiscal year thereafter, and to provide notice of the occurrence of certain events. The specific nature of the financial information and operating data to be

provided and the events for which notice must be provided is described in the Continuing Disclosure Agreement (the "Disclosure Agreement"), the form of which is attached hereto as Appendix C. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

The financial information and event notices will be filed by the School District or its dissemination agent with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, Listed Event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the School District or the Bonds is incorporated by reference in this Official Statement.

A failure by the School District to comply with the Continuing Disclosure Agreement will not constitute an event of default with respect to the Bonds, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the School District to comply with its obligations under the Continuing Disclosure Agreement. Any such failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Rule 15c2-12 requires that an issuer or other obligated person disclose in an official statement any instances in the previous five years in which such issuer or other obligated person failed to comply, in all material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12. In connection with certain bonds previously issued by or for the benefit of the School District, the School District agreed to provide certain annual financial information and notice of certain events pursuant to continuing disclosure undertakings similar to the Disclosure Agreement (the "Prior Undertakings"). During the last five years, the School District has failed to comply with certain provisions of those Undertakings. Specifically, 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, 2014-2016, 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 MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2019B Combined Purpose Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2019B Combined Purpose Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code; however, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), for taxable years beginning before January 1, 2018, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the School District in connection with the 2019B Combined Purpose Bonds, and Bond Counsel has assumed compliance by the School District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2019B Combined Purpose Bonds from gross income under Section 103 of the Code.

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 2019B Combined Purpose Bonds are not "qualified" obligations for this purpose.**

In addition, under existing statutes interest on the 2019B Combined Purpose Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.5 of Title 68, Oklahoma Statutes, 2011.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2019B Combined Purpose Bonds in order that interest on the 2019B Combined Purpose Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2019B Combined Purpose Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2019B Combined Purpose Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The School District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2019B Combined Purpose Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2019B Combined Purpose Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2019B Combined Purpose Bond. 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 2019B Combined Purpose Bonds.

Prospective owners of the 2019B Combined Purpose Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2019B Combined Purpose Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2019B Combined Purpose Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2019B Combined Purpose Bonds. In general, the issue price for each maturity of 2019B Combined Purpose Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2019B Combined Purpose Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2019B Combined Purpose Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate

determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2019B Combined Purpose Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2019B Combined Purpose Bond 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 the 2019B Combined Purpose Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2019B Combined Purpose Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond 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 a tax-exempt Premium Bond, 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 owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding 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, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2019B Combined Purpose Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2019B Combined Purpose Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2019B Combined Purpose Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2019B Combined Purpose Bonds

under federal or state law or otherwise prevent beneficial owners of the 2019B Combined Purpose Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2019B Combined Purpose Bonds.

No Other Opinion

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2019B Combined Purpose Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2019B Combined Purpose Bonds, or under state and local tax law.

Prospective purchasers of the 2019B Combined Purpose Bonds should consult their own tax advisors as to the consequences of their acquisition, holding, or disposition of the 2019B Combined Purpose Bonds.

CREDIT RATINGS

The 2019B Combined Purpose Bonds have been rated "Aa3" 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. Except as set forth in EXHIBIT B – FORM OF CONTINUING DISCLOSURE AGREEMENT, none of the School District, the Financial Advisor, the Paying Agent/Registrar or the Underwriters has undertaken any responsibility either to bring to the attention of the owners of the 2019B Combined Purpose Bonds any proposed revision or withdrawal of the rating of the 2019B Combined Purpose Bonds or to oppose any such proposed revision or withdrawal. Any revision or withdrawal of ratings may have an effect on the market price of the 2019B Combined Purpose Bonds.

UNDERWRITING

The 2019B Combined Purpose Bonds are being purchased at competitive sale by _____. The underwriter of the 2019B Combined Purpose Bonds has agreed to purchase the 2019B Combined Purpose Bonds at a price equal to \$_____ plus accrued interest from May 1, 2019.

FINANCIAL ADVISOR

BOK Financial Securities, Inc. is acting as Financial Advisor to the School District in the issuance of the 2019B Combined Purpose Bonds. The Financial Advisor is located at 499 W. Sheridan Avenue, Suite 2500, 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 ACCOUNTANT'S REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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Financial Statements and
Reports Required by Uniform Guidance
June 30, 2018

Norman Independent School District No. 29

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Norman Independent School District No. 29 (the District) as of and for the year ended June 30, 2018 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, 2018, 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.

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Emphasis of Matter

Implementation of GASB No. 75

As discussed in Notes 1 and 6 to the financial statements, the District has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which had no net impact on beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, the schedule of District's proportionate share of the net pension liability, the schedule of District's contributions - pension, the schedule of District's proportionate share of the net OPEB liability (asset), and the schedule of District's contributions - OPEB on pages 4 through 11 and 34 through 39 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 January 11, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

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

Oklahoma City, Oklahoma
January 11, 2019

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, 2018. 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.

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 was issued in June 2015 and replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The provisions of GASB No. 75 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB No. 75 resulted in no change to net position as of July 1, 2017.

FINANCIAL HIGHLIGHTS

- The District's financial status increased by approximately \$3.9 million from last year. Total net position increased approximately 12 percent over the course of the year.
 - Overall revenues were \$146.7 million and overall expenses were \$142.8 million.
 - The District's portion of the net pension liability decreased by \$24.3 million due to a smaller 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)

	FY2018	FY2017
Assets		
Current and other assets	\$ 58.0	\$ 58.2
Capital assets	228.1	232.0
Total assets	286.1	290.2
Deferred outflows of resources - pensions/OPEB	24.6	39.3
Liabilities		
Current and other liabilities	9.0	7.9
Long term debt, including current maturities	143.6	154.3
Net pension liability	106.5	130.8
Total liabilities	259.1	293.0
Deferred inflows of resources - pensions/OPEB	14.2	3.0
Net position		
Net investment in capital assets	91.3	86.1
Restricted	29.7	29.9
Unrestricted	(83.6)	(82.5)
	\$ 37.4	\$ 33.5

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, increasing by \$1.1 million in FY18. (See Table A-1). Again, management does not believe that this indicates a true negative impact on the financial condition of the institution.

The District's change in financial position is the product of many factors. A growth during the year in taxes had a favorable impact on net position. Other notable factors were the slight decrease 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)

	FY2018	FY2017
Revenues		
Program Revenues		
Charges for services	\$ 6.1	\$ 6.3
Federal and state grants	16.5	16.6
General revenues		
Property taxes	62.9	61.2
Other taxes	13.6	13.1
State entitlement	46.8	45.0
Other	0.8	0.3
Total revenues	146.7	142.5
Expenses		
Program expenses		
Instruction	72.7	72.1
Support services	52.4	46.3
Non-instruction	8.8	20.5
Interest on long-term debt	1.4	1.0
Depreciation - unallocated	7.5	7.1
Total expenses	142.8	147.0
Increase (Decrease) in net position	\$ 3.9	\$ (4.5)

Changes in net position. The District's total revenues increased \$4.2 million to \$146.7 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 11.2 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 \$3.9 million.

The total cost of all programs and services decreased by \$4.2 million between the two years. The District's expenses are predominantly related to educating and caring for students (80-90 percent). The purely administrative activities of the District accounted for less than 1 percent of total costs.

The most significant contributors to the fluctuation in net position were the funds used to purchase or build capital assets, and also the funds necessary for repayment of principal on long-term debt issues. Repayments on long-term debt this year were larger than debt issued in FY18. 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 \$44.1 million, compared to last year's ending fund balances of \$46.2 million. In comparison to FY17's net increase in fund balance of \$0.5 million, this year's decrease was \$2.1 million largely due to the variance in bond proceeds in FY18 in comparison to FY17.

General Fund Budgetary Highlights

At the beginning of the 2018 fiscal year, the District's State Entitlement funds (the State Aid Formula funds) were increased by approximately \$640,000 from the previous fiscal year. This was due to legislation enacted to generate additional revenue enhancements such as cigarette fees, tax on vehicle purchases, and elimination of some gross production tax breaks and rebates.

This initial allocation in State Aid was increased by \$1,065,000 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 191 students from the prior year. Also, our District reported higher student counts in the weighted categories, thus providing a 528 overall student growth in the State Aid funding formula for the District.

- Due to the Supreme Court striking down the cigarette fee passed as unconstitutional, a \$215 million budget hole was created in the State budget. As a result, our district State Aid was reduced \$361,000 in March.
- After failing to approve several comprehensive revenue proposals, lawmakers used some \$170 million in one-time revenues to help fill the budget hole while also cutting some state agency budgets by 2 percent for the four remaining months of 2018.
- 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, school land earnings, 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, 2018.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018, the District had invested nearly \$8 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 \$4 million for capital projects in 2019, with some of the major projects as follows:

- \$500,000 to finalize renovations at the two high schools
- \$2,500,000 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 \$143.6 million in total long-term debt outstanding (including compensated absences). This is a decrease from last year's amount of \$154.3 million.

- The District continued to pay down its debt, retiring \$22 million of outstanding bonds.
- \$29,480,000 in new debt was issued during the year.

In February 2014, the District patrons voted on and approved five-year bond issue. This issue, for \$126 million, is 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:

- Even though the legislature provided a slight increase to State funding for education going into 2018, state aid funding for public schools remained \$179 million below 2008 levels, while enrollment increased by over 50,000 students.
- Education funding hasn't kept pace with skyrocketing healthcare costs, increasing enrollment or the growth in student needs.
- Oklahoma's neighboring states invest substantially more in common education on a per-student basis. Other states in our region reached Oklahoma's current level of per student education investment a decade ago.
- Oklahoma educators reached a breaking point in April 2018, and held a walkout at the Capitol, demanding increased pay for salaries and for operational expenditures. After two weeks, lawmakers passed legislation that promised to increase certified and support salaries beginning in 2019.
- The funding approved by lawmakers for education is just a start and doesn't come close to fully funding education. There is widespread agreement that lawmakers must do more to fund our schools and provide teachers and other employees a fair and competitive salary.
- Oklahoma's historic teacher shortage will continue to grow without a long-term vision and funding plan for education that's focused on providing a high-quality education for every child.

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, 2018

	Governmental Activities
Assets	
Cash	\$ 47,799,011
Property taxes receivable (net)	5,535,801
Due from other governments	2,935,688
Other receivables	908,885
Inventories	151,551
Net OPEB asset	717,757
Nondepreciated capital assets	23,768,289
Depreciated capital assets, net of depreciation	204,344,404
Total Assets	286,161,386
Deferred Outflows of Resources	
Deferred outflows related to OPEB	109,299
Deferred outflows related to pensions	24,518,976
Total Deferred Outflows of Resources	24,628,275
Liabilities	
Accounts payable and other current liabilities	8,926,737
Unavailable revenue	112,497
Long-term obligations	
Due within one year	47,256,329
Due beyond one year	96,309,546
Net pension liability	106,571,969
Total Liabilities	259,177,078
Deferred Inflows of Resources	
Deferred inflows related to OPEB	586,563
Deferred inflows related to pensions	13,658,295
Total Deferred Outflows of Resources	14,244,858
Net Position (Deficit)	
Net investment in capital assets	91,274,815
Restricted for:	
Debt service	23,750,490
School organizations	2,049,612
Child nutrition	1,062,760
Buildings	2,575,233
OPEB	240,493
Unrestricted (deficit)	(83,585,678)
Total Net Position	\$ 37,367,725

Norman Independent School District No. 29
Cleveland County, Oklahoma
Balance Sheet – Governmental Funds and
Reconciliation to Statement of Net Position
June 30, 2018

Assets	General Fund	Debt Service Fund	2018 Bond Fund	Other Governmental Funds	Total Governmental Funds
Pooled Cash and Investments	\$ 11,384,039	\$ 23,600,853	\$ 5,211,321	\$ 7,602,798	\$ 47,799,011
Property Taxes Receivable, net	2,385,078	2,817,285	-	333,438	5,535,801
Due from Other Governments	2,935,688	-	-	-	2,935,688
Other Receivables	844,328	-	-	64,557	908,885
Inventories - Supplies, Materials	151,551	-	-	-	151,551
Total Assets	\$ 17,700,684	\$ 26,418,138	\$ 5,211,321	\$ 8,000,793	\$ 57,330,936
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 7,561,477	\$ -	\$ 20,789	\$ 373,661	\$ 7,955,927
Unearned Revenue	-	-	-	98,660	98,660
Total Liabilities	7,561,477	-	20,789	472,321	8,054,587
Deferred Inflows of Resources					
Unavailable revenue - taxes	2,198,609	2,667,648	-	300,671	5,166,928
Total Deferred Inflows of Resources	2,198,609	2,667,648	-	300,671	5,166,928
Fund Balances					
Nonspendable	151,551	-	-	-	151,551
Restricted	361,068	23,750,490	5,190,532	7,227,801	36,529,891
Unassigned	7,427,979	-	-	-	7,427,979
Fund Balances, End of Year	7,940,598	23,750,490	5,190,532	7,227,801	44,109,421
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,700,684	\$ 26,418,138	\$ 5,211,321	\$ 8,000,793	
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 \$337,662,883 and the accumulated depreciation is \$109,550,190.					228,112,693
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are not reported in the funds.					5,153,091
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				\$ 24,628,275	
Deferred inflows of resources				(14,244,858)	10,383,417
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)				\$ 87,028,585	
Long-term Revenue Lease Payable				55,120,000	
Net Pension Liability				106,571,969	
Net OPEB Asset				(717,757)	
Accrued Interest on Bonds				970,810	
Compensated Absences				1,417,290	(250,390,897)
Total Net Position - Governmental Activities					\$ 37,367,725

Norman Independent School District No. 29
Cleveland County, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2018

	General Fund	Debt Service Fund	2018 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 34,292,887	\$ 23,394,696	\$ -	\$ 5,002,295	\$ 62,689,878
Interest	113,169	326,548	178,210	137,346	755,273
County Revenue	3,906,254	-	-	-	3,906,254
State Revenue	56,314,771	2	-	50,997	56,365,770
Federal Revenue	7,250,518	-	-	3,477,873	10,728,391
Other	2,517,600	26,042	-	4,886,469	7,430,111
Total Revenues	104,395,199	23,747,288	178,210	13,554,980	141,875,677
Expenditures					
Instruction	66,042,420	-	16,183	3,068,132	69,126,735
Support services	38,528,550	-	26,525	12,046,649	50,601,724
Non-instruction services	5,202	-	-	5,701,458	5,706,660
Capital Outlays	67,482	-	24,629,415	348,612	25,045,509
Other Outlays	73,437	128,988	-	-	202,425
Debt Service					
Judgments	-	3,450	-	-	3,450
Interest paid	-	1,545,770	-	-	1,545,770
Principal retirement	-	22,015,000	-	-	22,015,000
Total Expenditures	104,717,091	23,693,208	24,672,123	21,164,851	174,247,273
Excess (Deficiency) of Revenues over (under) Expenditures	(321,892)	54,080	(24,493,913)	(7,609,871)	(32,371,596)
Other Financing Sources (Uses)					
Transfers In	2,320	-	-	653,048	655,368
Transfers Out	-	(653,048)	-	(2,320)	(655,368)
Premium on Bonds	-	786,526	-	-	786,526
Proceeds from Bonds	-	-	29,480,000	-	29,480,000
Total Other Financing Sources (Uses)	2,320	133,478	29,480,000	650,728	30,266,526
Net Change in Fund Balances	(319,572)	187,558	4,986,087	(6,959,143)	(2,105,070)
Beginning Fund Balances	8,260,170	23,562,932	204,445	14,186,944	46,214,491
Ending Fund Balances	<u>\$ 7,940,598</u>	<u>\$ 23,750,490</u>	<u>\$ 5,190,532</u>	<u>\$ 7,227,801</u>	<u>\$ 44,109,421</u>

Norman Independent School District No. 29

Cleveland County, Oklahoma

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

Year Ended June 30, 2018

Total net changes in fund balances - governmental funds \$ (2,105,070)

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	\$ 3,616,790	
Depreciation	<u>(7,512,549)</u>	(3,895,759)

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.

322,456

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.

21,592

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	\$ (29,480,000)	
Debt repaid	<u>40,595,000</u>	11,115,000

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

24,261,916

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

717,757

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	\$ (14,659,936)	
Deferred inflows of resources	<u>(11,207,437)</u>	(25,867,373)

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.

(442,153)

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.

(235,835)

Change in net position of governmental activities

\$ 3,892,531

Note 1 - Summary of Significant Accounting Policies

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

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

The Reporting Entity - The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District. There are no component units included within the reporting entity.

Basic Financial Statements – Government-Wide Statements - The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental. Governmental Activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue.

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

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

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

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

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

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

The District reports the following major governmental funds:

- **General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.
- **2018 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 2018 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 for specific purposes by the District or a grantor in a special revenue fund.
2. Capital Project Funds – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

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

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

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

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

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

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

Compensated Absences - Certified District employees earn sick leave starting the first day of the school year, as defined for each individual. Support personnel are eligible for paid sick leave benefits 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, changes in actuarial assumptions, and changes in proportion 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 liability and the net OPEB asset related to experience 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 allocations have been released, and the property tax valuations have been certified for all affected counties within the district.

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

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

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

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

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

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 40% 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.

OPEB - For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oklahoma Teachers Retirement System (OTRS) and additions to/deductions from OTRS's fiduciary net position have been determined on the same basis as they are reported by OTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the 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, including premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

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

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

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

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

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

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

Governmental Fund 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 debt and are restricted through debt covenants. Food service resources are to be used for the District's child nutrition program and are restricted through federal and state regulations. The District has classified school program activities, miscellaneous site grants and grant carryover as being restricted because their use is imposed by the Oklahoma State Department of Education or other authority regarding use of expenditures. Other purposes are restricted for insurance purposes and scholarship purposes from contributors.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. There were no committed balances as of June 30, 2018.

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, 2018.

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

As of June 30, 2018, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2018 Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ 151,551	\$ -	\$ -	\$ -	\$ 151,551
Restricted for:					
School construction	-	-	5,190,532	1,090,985	6,281,517
Building maintenance	-	-	-	2,575,233	2,575,233
Debt service reserve	-	23,750,490	-	-	23,750,490
School programs	-	-	-	2,049,612	2,049,612
Food services	-	-	-	1,062,760	1,062,760
Insurance purposes	-	-	-	426,377	426,377
Gifts from donors	-	-	-	22,834	22,834
Miscellaneous site grants and Astellas grant carryover	199,662	-	-	-	199,662
Federal and state grants carryover	161,406	-	-	-	161,406
Total restricted	<u>361,068</u>	<u>23,750,490</u>	<u>5,190,532</u>	<u>7,227,801</u>	<u>36,529,891</u>
Unassigned	7,427,979	-	-	-	7,427,979
Total fund balances	<u>\$ 7,940,598</u>	<u>\$ 23,750,490</u>	<u>\$ 5,190,532</u>	<u>\$ 7,227,801</u>	<u>\$ 44,109,421</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.

New Accounting Pronouncement - The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 was issued in June 2015 and replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The provisions of GASB No. 75 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB No. 75 resulted in no change to net position as of July 1, 2017.

Note 2 - Cash

Deposits - At June 30, 2018, the bank balance of deposits and cash pools was \$55,609,188. 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, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not being depreciated:				
Land	\$ 3,024,091	\$ 82,808	\$ -	\$ 3,106,899
Construction in Progress	73,652,645	910,970	53,902,225	20,661,390
Total capital assets not being depreciated	<u>76,676,736</u>	<u>993,778</u>	<u>53,902,225</u>	<u>23,768,289</u>
Capital Assets being depreciated:				
Buildings	109,690,920	-	-	109,690,920
Improvements	134,023,494	53,948,255	-	187,971,749
Furniture and Equipment	3,662,884	172,273	-	3,835,157
Musical Instruments	235,419	19,228	-	254,647
Computers	594,575	32,350	-	626,925
Vehicles	9,360,559	2,353,131	198,494	11,515,196
Total capital assets being depreciated	<u>257,567,851</u>	<u>56,525,237</u>	<u>198,494</u>	<u>313,894,594</u>
Less accumulated depreciation for:				
Buildings	62,192,318	1,977,548	-	64,169,866
Improvements	30,175,476	4,605,864	-	34,781,340
Furniture and Equipment	2,230,473	210,674	-	2,441,147
Musical Instruments	731,363	13,128	-	744,491
Computers	427,911	45,700	-	473,611
Vehicles	6,478,594	659,635	198,494	6,939,735
Less total accumulated depreciation	<u>102,236,135</u>	<u>7,512,549</u>	<u>198,494</u>	<u>109,550,190</u>
Total capital assets being depreciated, net	<u>155,331,716</u>	<u>49,012,688</u>	<u>-</u>	<u>204,344,404</u>
Governmental activity capital assets, net	<u>\$ 232,008,452</u>	<u>\$ 50,006,466</u>	<u>\$ 53,902,225</u>	<u>\$ 228,112,693</u>

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

Note 4 - Long-term Liabilities

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

	Beginning	Additions	Reductions	Ending Balance	Amounts Due Within 1 Year
Bonds Payable	\$ 77,470,000	\$ 29,480,000	\$ (22,015,000)	\$ 84,935,000	\$ 22,120,000
Bond Premium	1,651,432	786,526	(344,373)	2,093,585	534,039
Compensated Absences	1,438,882	583,343	(604,935)	1,417,290	1,417,290
Lease Revenue Payable	73,700,000	-	(18,580,000)	55,120,000	23,185,000
Total governmental activity long-term liabilities	<u>\$ 154,260,314</u>	<u>\$ 30,849,869</u>	<u>\$ (41,544,308)</u>	<u>\$ 143,565,875</u>	<u>\$ 47,256,329</u>

Bonds payable at June 30, 2018 are composed of the following individual general obligation bond issues:

Original Issue Amount	Annual Installment	Maturity Date	Interest Rate	Outstanding Amount at June 30, 2018
\$ 28,780,000	\$ 7,195,000	3/1/2019	1-2%	\$ 7,195,000
2,000,000	500,000	5/1/2019	1-2%	500,000
8,000,000	2,000,000	3/1/2020	1.25 - 2%	4,000,000
23,760,000	5,940,000	3/1/2021	.05-3%	17,820,000
25,940,000	6,485,000	3/1/2022	2-3%	25,940,000
29,480,000	7,370,000 *	3/1/2023	2-3%	29,480,000
				<u>\$ 84,935,000</u>

* First payment due March 1, 2020

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, 2018 including interest payments are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2019	\$ 22,120,000	\$ 2,081,400	\$ 24,201,400
2020	21,795,000	1,656,500	23,451,500
2021	19,795,000	1,171,200	20,966,200
2022	13,855,000	636,750	14,491,750
2023	7,370,000	221,100	7,591,100
	<u>\$ 84,935,000</u>	<u>\$ 5,766,950</u>	<u>\$ 90,701,950</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, 2018 is approximately \$96.1 million.

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

See additional discussion of lease revenue payable at Note 11.

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

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

Contributions - The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District was required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2018. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contribution as allowed by statute. A portion of the contributions received by OTRS are allocated to the Supplemental Health Insurance program; see Note 6. Contributions to the pension plan from the District were \$6,883,569 for the year ended June 30, 2018. The State of Oklahoma also made on-behalf contributions to OTRS, of which \$4,489,362 was recognized by the District; these on-behalf payments did not meet the criteria of a special funding situation.

Benefits - Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five 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.
- Upon separation from OTRS, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the District reported a liability of \$106,571,969 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2017. Based upon this information, the District's proportion was 1.6095%, an increase of 0.0418% from the proportion at June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$12,396,550 in compensation and benefits expense. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,275,952
Changes of assumptions	12,647,163	6,370,673
Net difference between projected and actual earnings on pension plan investments	1,514,875	-
Changes in District's proportionate share of contributions	3,473,369	-
Differences between District contributions and proportionate share of contributions	-	11,670
District contributions subsequent to the measurement date	6,883,569	-
Total	<u>\$ 24,518,976</u>	<u>\$ 13,658,295</u>

The \$6,883,569 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, 2019.

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

Year ended June 30:	
2019	\$ (89,397)
2020	5,149,696
2021	3,060,495
2022	(2,977,637)
2023	(1,166,045)
Total	<u>\$ 3,977,112</u>

Actuarial Assumptions - The total pension liability as of June 30, 2018, was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation – 2.50%
- Future Ad Hoc Cost-of-living increases – None
- Salary Increases - Composed of 3.25% wage inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8.00% based on years of service.
- Investment Rate of Return – 7.50%
- 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 Healthy Mortality Table for males with White Collar Adjustments. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2000. Females: GRS Southwest Region Teacher Mortality Table, scaled 105%. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.
- Mortality Rates for Active Members - RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%.

The actuarial assumptions used in the July 01, 2017, valuation were based on the results of an actuarial experience study for the period from Fiscal Year 2010 to Fiscal Year 2014.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate**	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	100.00%	

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

Discount Rate - A single discount rate of 7.5% was used to measure the total pension liability as of June 30, 2017. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State’s contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 152,150,863	\$ 106,571,969	\$ 73,292,689

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 - Other Post-Employment Benefits (OPEB)

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

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

Contributions - Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70 employers and employees contribute a single amount based on a single contribution rate as described in Note 5; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program. The cost of the supplemental health insurance program averages 1.5% of normal cost, as determined by an actuarial valuation. Contributions allocated to the OPEB plan from the District were \$109,299.

OPEB Liabilities (Assets), OPEB Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the District reported an asset of \$717,757 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2017. The District’s proportion of the net OPEB asset was based on the District’s contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2017. Based upon this information, the District’s proportion was 1.6095% percent.

For the year ended June 30, 2018, the District recognized OPEB benefit of (\$26,620). At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 192,653
Net difference between projected and actual earnings on OPEB plan investments	-	393,693
Differences between District contributions and proportionate share of contributions	-	217
District contributions subsequent to the measurement date	109,299	-
Total	\$ 109,299	\$ 586,563

The \$109,299 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year ended June 30:

	2019	\$	(134,140)
	2020		(134,140)
	2021		(134,140)
	2022		(134,140)
	2023		(35,717)
	Thereafter		(14,286)
	Total	\$	<u><u>(586,563)</u></u>

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2017, was determined based on an actuarial valuation prepared as of June 30, 2017 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age
- Inflation - 2.50%
- Future Ad Hoc Cost-of-living Increases - None
- Salary Increases - Composed of 3.25% inflation, including 2.50% price inflation, plus a service-related component ranging from 0.00% to 8% based on years of service.
- Investment Rate of Return – 7.50%
- 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%.
- Health care trend rate – not applicable as the benefit provided is a set dollar amount not impacted by health care costs.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38.5%	7.5%
International Equity	19.0%	8.5%
Fixed Income	23.5%	2.5%
Real Estate**	9.0%	4.5%
Alternative Assets	10.0%	6.1%
Total	100.00%	

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

Discount Rate- A single discount rate of 7.50% was used to measure the total OPEB liability (asset) as of June 30, 2017. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset). The projection of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels and remain a level percentage of payrolls. The projection of cash flows also assumed that the State's contribution plus the matching contributions will remain a constant percent of projected member payroll based on the past five years of actual contributions.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.5%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net opeb liability (asset)	\$ (30,044)	\$ (717,757)	\$ (1,305,740)

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

Note 7 - 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 8 - 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, 2018 on these leases was approximately \$160,000.

Note 9 - Disaggregation of Payable Balances

Governmental Activities:	Vendors	Salaries and Benefits	Accrued Interest	Total Payables
General and other governmental funds	\$ 1,208,630	\$ 6,747,297	\$ -	\$ 7,955,927
Reconciliation of balances in fund financials to government-wide statements	-	-	970,810	970,810
Total governmental activities	\$ 1,208,630	\$ 6,747,297	\$ 970,810	\$ 8,926,737

Note 10 - Schedule of Transfers

The transfers for the year ended June 30, 2018 are as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
Debt Service Fund	Building Fund	\$ 653,048	Intrafund Transfer
Student Activity Fund	General Fund	2,320	Operating Transfer
	Total Transfers between Funds	\$ 655,368	

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

Note 11 - Contingencies and Commitments

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

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

The District has outstanding construction commitments of approximately \$610,000 as of June 30, 2018.

During the year ended June 30, 2018, the District did not reduce insurance coverage from coverage levels in place as of June 30, 2017. No settlements have exceeded coverage levels in place during 2018.

Note 12 - 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
7/1/2018	\$ 23,185,000	5.00%	\$ 2,176,375	\$ 25,361,375
7/1/2019	31,935,000	5.00%	798,375	32,733,375
	<u>\$ 55,120,000</u>		<u>\$ 2,974,750</u>	<u>\$ 58,094,750</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:

<u>Date</u>	<u>Estimated General Obligation Bonds to be Issued</u>
7/1/2018	\$ 25,480,000
7/1/2019	<u>32,820,000</u>
	<u>\$ 58,300,000</u>

Annual fees, which vary annually by approximately \$31,000 to \$97,000, will be an estimated total of \$120,000.

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 \$77,904,411 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, 2018 totaled approximately \$13 million.



Financial Statements
Required Supplementary Information
June 30, 2018

**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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 6,773,138	\$ 8,260,168	\$ 8,260,170	\$ 1,487,030	\$ 2
Resources (inflows)					
Property Taxes	34,052,306	34,702,000	34,292,887	649,694	(409,113)
Interest	20,020	32,058	113,169	12,038	81,111
County Revenue	3,800,000	3,858,000	3,906,254	58,000	48,254
State Revenue	52,381,910	56,084,819	56,314,771	3,702,909	229,952
Federal Revenue	8,252,847	8,297,636	7,250,518	44,789	(1,047,118)
Other	1,761,550	2,812,851	2,519,920	1,051,301	(292,931)
Amounts Available for Appropriation	<u>107,041,771</u>	<u>114,047,532</u>	<u>112,657,689</u>	<u>7,005,761</u>	<u>(1,389,843)</u>
Charges to Appropriations (outflows)					
Instruction	65,361,291	66,798,637	66,042,420	(1,437,346)	756,217
Support Services	37,326,885	38,786,522	38,528,550	(1,459,637)	257,972
Non-instruction Services	8,597	7,864	5,202	733	2,662
Capital Outlays	144,702	276,840	67,482	(132,138)	209,358
Other Outlays	178,083	136,125	73,437	41,958	62,688
Total Charges to Appropriations	<u>103,019,558</u>	<u>106,005,988</u>	<u>104,717,091</u>	<u>(2,986,430)</u>	<u>1,288,897</u>
Budgetary Fund Balance, June 30	<u>\$ 4,022,213</u>	<u>\$ 8,041,544</u>	<u>\$ 7,940,598</u>	<u>\$ 4,019,331</u>	<u>\$ (100,946)</u>

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

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

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

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

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of District's Proportionate Share of the Net Pension Liability
for Oklahoma Teachers Retirement System
Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	1.6095%	1.5677%	1.5504%	1.5360%
District's proportionate share of the net pension liability	\$ 106,571,969	\$ 130,833,885	\$ 94,153,782	\$ 82,635,807
District's covered payroll	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709	\$ 61,128,259
District's proportionate share of the net pension liability as a percentage of its covered payroll	160%	203%	147%	135%
Plan fiduciary net position as a percentage of the total pension	69.32%	62.24%	70.31%	72.43%

Notes to Schedule:

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

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

The Plan's net pension liability increased between 2015 and 2016 due to changes in assumptions adopted by the System's Board. The most notable change was the lowering of the System's discount rate from 8.0% to 7.5%.

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of District's Contributions to Oklahoma Teachers Retirement System
Year Ended June 30, 2018

	<u>2018</u>	<u>*2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,586,047	\$ 6,586,047	\$ 6,660,331	\$ 6,468,241
Contributions in relation to the contractually required contribution	<u>6,586,047</u>	<u>6,586,047</u>	<u>6,660,331</u>	<u>6,468,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 70,488,085	\$ 66,718,456	\$ 64,343,044	\$ 64,127,709
Contributions as a percentage of covered payroll	9.34%	9.87%	10.35%	10.09%

Notes to Schedule:

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

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

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)
 Year Ended June 30, 2018

	2018
District's proportion of the net OPEB liability (asset)	1.6095%
District's proportionate share of the net OPEB liability (asset)	\$ (717,757)
District's covered payroll	\$ 66,718,456
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-1.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	110.40%

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

Notes to Schedule:

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

Norman Independent School District No. 29
Cleveland County, Oklahoma

Schedule of District's Contributions to Oklahoma Teachers Retirement System - OPEB
Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 109,299	\$ 104,574
Contributions in relation to the contractually required contribution	<u>109,299</u>	<u>104,574</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 70,488,085	\$ 66,718,456
Contributions as a percentage of covered payroll	0.16%	0.16%

Notes to Schedule:

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



Financial Statements
Other Supplementary Information
June 30, 2018

**Norman Independent School District
No. 29**

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2018

	<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 and Investments	\$ 2,723,167	\$ 1,183,034	\$ 22,834	\$ 2,130,514	\$ 37,943	\$ 388,434	\$ 1,116,872	\$ 7,602,798
Property Taxes Receivable, Net	333,438	-	-	-	-	-	-	333,438
Other Receivables	<u>2,771</u>	<u>61,497</u>	<u>-</u>	<u>289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,557</u>
Total Assets	<u>\$ 3,059,376</u>	<u>\$ 1,244,531</u>	<u>\$ 22,834</u>	<u>\$ 2,130,803</u>	<u>\$ 37,943</u>	<u>\$ 388,434</u>	<u>\$ 1,116,872</u>	<u>\$ 8,000,793</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable and Accrued Liabilities	\$ 183,472	\$ 83,111	\$ -	\$ 81,191	\$ -	\$ -	\$ 25,887	\$ 373,661
Unearned Revenue	<u>-</u>	<u>98,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,660</u>
Total Liabilities	<u>183,472</u>	<u>181,771</u>	<u>-</u>	<u>81,191</u>	<u>-</u>	<u>-</u>	<u>25,887</u>	<u>472,321</u>
Deferred Inflows of Resources:								
Unavailable revenue - taxes	<u>300,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,671</u>
Total Deferred Inflow of Resources	<u>300,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,671</u>
Fund Balances								
Restricted	<u>2,575,233</u>	<u>1,062,760</u>	<u>22,834</u>	<u>2,049,612</u>	<u>37,943</u>	<u>388,434</u>	<u>1,090,985</u>	<u>7,227,801</u>
Fund Balances, End of Year	<u>2,575,233</u>	<u>1,062,760</u>	<u>22,834</u>	<u>2,049,612</u>	<u>37,943</u>	<u>388,434</u>	<u>1,090,985</u>	<u>7,227,801</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,059,376</u>	<u>\$ 1,244,531</u>	<u>\$ 22,834</u>	<u>\$ 2,130,803</u>	<u>\$ 37,943</u>	<u>\$ 388,434</u>	<u>\$ 1,116,872</u>	<u>\$ 8,000,793</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, 2018

	Building Fund	Child Nutrition	Gifts	Student Activity	Workers' Compensation	Casualty/ Insurance	Total Capital Project Funds	Total Other Governmental Funds
Revenues								
Property Taxes	\$ 5,002,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,002,295
Interest	48,701	10,776	365	27,829	489	5,854	43,332	137,346
State Revenue	-	50,997	-	-	-	-	-	50,997
Federal Revenue	-	3,477,873	-	-	-	-	-	3,477,873
Other	965	1,575,746	14,373	3,176,611	-	118,774	-	4,886,469
Total Revenues	5,051,961	5,115,392	14,738	3,204,440	489	124,628	43,332	13,554,980
Expenditures								
Instruction	23,895	-	-	931,885	-	106,245	2,006,107	3,068,132
Support Services	6,250,849	-	21,406	1,629,495	-	-	4,144,899	12,046,649
Non-Instruction Services	-	5,142,966	-	546,066	-	-	12,426	5,701,458
Capital Outlays	93,818	6,128	-	10,749	-	-	237,917	348,612
Total Expenditures	6,368,562	5,149,094	21,406	3,118,195	-	106,245	6,401,349	21,164,851
Excess (Deficiency) of Revenues over Expenditures	(1,316,601)	(33,702)	(6,668)	86,245	489	18,383	(6,358,017)	(7,609,871)
Other Financing Sources (Uses)								
Transfers In	653,048	-	-	-	-	-	-	653,048
Transfers Out	-	-	-	(2,320)	-	-	-	(2,320)
Total Other Financing Sources (Uses)	653,048	-	-	(2,320)	-	-	-	650,728
Net Change in Fund Balances	(663,553)	(33,702)	(6,668)	83,925	489	18,383	(6,358,017)	(6,959,143)
Beginning Fund Balances	3,238,786	1,096,462	29,502	1,965,687	37,454	370,051	7,449,002	14,186,944
Ending Fund Balances	\$ 2,575,233	\$ 1,062,760	\$ 22,834	\$ 2,049,612	\$ 37,943	\$ 388,434	\$ 1,090,985	\$ 7,227,801

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Balance Sheet – Capital Project Funds
June 30, 2018

	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	2017 Bond Fund	Total Capital Project Funds
Assets										
Pooled Cash and Investments Other Receivables and Assets	\$ 98,806	\$ 593	\$ 19,776	\$ 7,591	\$ 30,184	\$ 454,179	\$ 22,122	\$ 91,716	\$ 391,905	\$ 1,116,872
	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 98,806</u>	<u>\$ 593</u>	<u>\$ 19,776</u>	<u>\$ 7,591</u>	<u>\$ 30,184</u>	<u>\$ 454,179</u>	<u>\$ 22,122</u>	<u>\$ 91,716</u>	<u>\$ 391,905</u>	<u>\$ 1,116,872</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939	\$ -	\$ 3,654	\$ 21,294	\$ 25,887
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>939</u>	<u>-</u>	<u>3,654</u>	<u>21,294</u>	<u>25,887</u>
Fund Balances										
Restricted	98,806	593	19,776	7,591	30,184	453,240	22,122	88,062	370,611	1,090,985
Fund Balances, End of Year	<u>98,806</u>	<u>593</u>	<u>19,776</u>	<u>7,591</u>	<u>30,184</u>	<u>453,240</u>	<u>22,122</u>	<u>88,062</u>	<u>370,611</u>	<u>1,090,985</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 98,806</u>	<u>\$ 593</u>	<u>\$ 19,776</u>	<u>\$ 7,591</u>	<u>\$ 30,184</u>	<u>\$ 454,179</u>	<u>\$ 22,122</u>	<u>\$ 91,716</u>	<u>\$ 391,905</u>	<u>\$ 1,116,872</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, 2018

	2009 Bond Fund	2010 Bond Fund	2011 Bond Fund	2012 Bond Fund	2013 Bond Fund	2014 Bond Fund	2015 Bond Fund	2016 Bond Fund	2017 Bond Fund	Total Capital Project Funds
Revenues										
Interest	\$ 1,276	\$ 593	\$ 255	\$ 106	\$ 421	\$ 7,841	\$ 3,971	\$ 10,432	\$ 18,437	\$ 43,332
Total Revenues	<u>1,276</u>	<u>593</u>	<u>255</u>	<u>106</u>	<u>421</u>	<u>7,841</u>	<u>3,971</u>	<u>10,432</u>	<u>18,437</u>	<u>43,332</u>
Expenditures										
Instruction	-	119,549	-	-	3,740	19,972	-	234,793	1,628,053	2,006,107
Support Services	-	-	-	-	7,049	510,969	537,956	861,996	2,226,929	4,144,899
Non-Instruction Services	-	-	-	-	-	12,426	-	-	-	12,426
Capital Outlays	-	-	-	-	3,876	217,937	-	5,421	10,683	237,917
Total Expenditures	<u>-</u>	<u>119,549</u>	<u>-</u>	<u>-</u>	<u>14,665</u>	<u>761,304</u>	<u>537,956</u>	<u>1,102,210</u>	<u>3,865,665</u>	<u>6,401,349</u>
Net Change in Fund Balances	1,276	(118,956)	255	106	(14,244)	(753,463)	(533,985)	(1,091,778)	(3,847,228)	(6,358,017)
Beginning Fund Balances	<u>97,530</u>	<u>119,549</u>	<u>19,521</u>	<u>7,485</u>	<u>44,428</u>	<u>1,206,703</u>	<u>556,107</u>	<u>1,179,840</u>	<u>4,217,839</u>	<u>7,449,002</u>
Ending Fund Balances	<u>\$ 98,806</u>	<u>\$ 593</u>	<u>\$ 19,776</u>	<u>\$ 7,591</u>	<u>\$ 30,184</u>	<u>\$ 453,240</u>	<u>\$ 22,122</u>	<u>\$ 88,062</u>	<u>\$ 370,611</u>	<u>\$ 1,090,985</u>

Norman Independent School District No. 29
Cleveland County, Oklahoma
Budgetary Comparison Schedule – Building Fund (Unaudited)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts GAAP	Variance with Final Budget Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Budgetary Fund Balance, July 1	\$ 2,854,374	\$ 3,238,788	\$ 3,238,786	\$ 384,414	\$ (2)
Resources (inflows)					
Property Taxes	4,922,246	4,968,250	5,002,295	46,004	34,045
Interest	4,000	23,000	48,701	19,000	25,701
Other	60,000	239,201	654,013	179,201	414,812
Amounts Available for Appropriation	<u>7,840,620</u>	<u>8,469,239</u>	<u>8,943,795</u>	<u>628,619</u>	<u>474,556</u>
Charges to Appropriations (outflows)					
Instruction	-	23,895	23,895	(23,895)	-
Support Services	4,525,019	6,217,452	6,250,849	(1,692,433)	(33,397)
Capital Outlays	152,658	99,818	93,818	52,840	6,000
Total Charges to Appropriations	<u>4,677,677</u>	<u>6,341,165</u>	<u>6,368,562</u>	<u>(1,663,488)</u>	<u>(27,397)</u>
Budgetary Fund Balance, June 30	<u><u>\$ 3,162,943</u></u>	<u><u>\$ 2,128,074</u></u>	<u><u>\$ 2,575,233</u></u>	<u><u>\$ (1,034,869)</u></u>	<u><u>\$ 447,159</u></u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Budgetary Comparison Schedule – Child Nutrition (Unaudited)
 Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts GAAP Basis	<u>Variance with Final Budget Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Budgetary Fund Balance, July 1	\$ 838,045	\$ 1,096,462	\$ 1,096,462	\$ 258,417	\$ -
Resources (inflows)					
Interest	20	2,700	10,776	2,680	8,076
Local Revenue	1,570,000	1,721,000	1,575,746	151,000	(145,254)
State Revenue	54,000	50,997	50,997	(3,003)	-
Federal Revenue	3,500,000	3,538,094	3,477,873	38,094	(60,221)
Amounts Available for Appropriation	<u>5,962,065</u>	<u>6,409,253</u>	<u>6,211,854</u>	<u>447,188</u>	<u>(197,399)</u>
Charges to Appropriations (outflows)					
Non-instruction services	5,300,000	5,279,157	5,142,966	20,843	136,191
Capital Outlays	-	-	6,128	-	(6,128)
Total Charges to Appropriations	<u>5,300,000</u>	<u>5,279,157</u>	<u>5,149,094</u>	<u>20,843</u>	<u>136,191</u>
Budgetary Fund Balance, June 30	<u>\$ 662,065</u>	<u>\$ 1,130,096</u>	<u>\$ 1,062,760</u>	<u>\$ 468,031</u>	<u>\$ (67,336)</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, 2018

Activities	Ending Balance As of June 30, 2017	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2018
Assets				
Football	\$ 52,546	\$ 101,806	\$ 127,994	\$ 26,358
Boys Basketball	9,578	46,129	42,220	13,487
Girls Basketball	6,830	21,275	26,968	1,137
Boys Swimming	763	9,516	6,028	4,251
Baseball	9,963	19,156	23,494	5,625
FastPitch Softball	14,432	29,398	38,633	5,197
Wrestling	2,101	13,706	15,217	590
Boys Tennis	1,000	5,555	6,293	262
Girls Tennis	689	7,523	7,724	488
Slowpitch Softball	1,143	8,493	9,636	-
Girls Cross Country	3,523	4,319	6,943	899
Boys Golf	7,638	15,419	22,638	419
Boys Cross Country	2,521	7,764	9,717	568
Boys Soccer	2,275	18,023	18,964	1,334
Volleyball	16,350	33,628	38,804	11,174
Boys Track	12,725	22,352	32,336	2,741
Girls Track	5,850	17,275	13,662	9,463
General Athletics	91,000	136,762	111,602	116,160
ASCE	3,220	53,277	53,296	3,201
Girls Golf	7,193	8,306	14,611	888
Girls Soccer	12,637	14,535	18,572	8,600
Girls Swimming	717	1,625	637	1,705
AP Tests	56,885	128,166	67,683	117,368
Art	44,570	8,984	13,283	40,271
Art in Education	-	689	689	-
Coke	201,984	175,750	160,798	216,936
Band	27,574	133,728	140,429	20,873
Ice Cream Machine	25,854	65,003	47,650	43,207
Save Darfur Club	22	-	-	22
Consumer Education	28	-	-	28
Cheerleaders	15,851	42,720	43,300	15,271
Business	115	-	-	115
Link Crew-North	-	1,762	1,602	160
Freshmen	2,977	-	-	2,977
Ag Ed (FFA)	30,627	36,521	31,732	35,416
Camp Turning Point	8,363	5,820	4,776	9,407
Clearing Account	50	4,731	4,758	23
Book Club	58	230	-	288
Book Fair	13,520	17,647	22,398	8,769
Drama Club	18,037	1,930	6,441	13,526
Drug Free/Chemical Depend	1,141	-	-	1,141
Black Stud Assoc/Stomp	604	160	515	249
Pack Shack/Link Crew	54,813	105,951	119,656	41,108
OK Youth and Government	-	3,086	2,295	791
English	124	861	985	-
Environmental Club	283	-	-	283
Transition Program	604	2,243	2,295	552
Equip/Repair/Furn	229	-	-	229
Explo	482	-	-	482

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2018

Assets	Ending Balance As of June 30, 2017	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2018
Enrichment	\$ 244	\$ 1,000	\$ 426	\$ 818
Faculty Services	2,001	4,000	4,836	1,165
African Amer Assoc	717	513	565	665
Field Trips	36,402	81,335	68,173	49,564
Parking Decals	3,532	23,149	16,593	10,088
G.E.M.S.	7,151	3,077	6,303	3,925
Foreign Language-All	629	234	39	824
French	965	486	470	981
General	237,342	231,663	236,833	232,172
Ecology Club	169	46	-	215
Gifted and Talented	2,435	6,995	8,072	1,358
Sophomore	5,340	855	1,285	4,910
5th Grade	4,339	29,545	29,488	4,396
Junior	9,739	1,639	1,447	9,931
6th Grade	1,192	4,348	5,260	280
7th Grade	4,047	(621)	2,793	633
8th Grade	10,162	7,983	7,646	10,499
Grants	2	-	-	2
FACS	3,349	1,576	2,051	2,874
Senior	4,892	3,764	5,769	2,887
Honor Society	10,022	4,434	5,101	9,355
DECA	6,895	106,533	100,161	13,267
Instrumental Music	61,431	314,885	317,888	58,428
Indigent Student Fund	29	-	-	29
Athletic Trainer	11,964	5,830	8,384	9,410
Independent Living	250	1,500	-	1,750
Spud-North	27,640	211,864	221,249	18,255
Leadership Council	11,332	23,691	19,497	15,526
Latin	3,419	2,794	2,319	3,894
Cultural Diversity	734	151	-	885
Library/Media Center	46,657	84,989	68,832	62,814
Computers	42	-	-	42
FCCLA	2,471	2,656	1,952	3,175
Natl Art Honor Society	266	-	-	266
Modern Dance Club	12,775	25,762	26,317	12,220
Misc Transaction	1,873	(98)	-	1,775
Model United Nations	618	1,065	1,615	68
Mu Alpha Theta	1,579	2,529	2,394	1,714
Music/Drumline	17,813	57,384	53,898	21,299
Newspaper/Journalism	4,483	800	1,583	3,700
Parenting	78	13	13	78
Orchestra	42,300	28,955	27,808	43,447
NBR Donation	584	-	-	584
Office	1,291	-	234	1,057
Memorial Fund	181	-	-	181
Poms	1,660	27,384	29,042	2
Physical Education	1,760	1,713	1,610	1,863
Prof Leave/Development	14,208	3,175	5,315	12,068

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2018

Assets	Ending Balance As of June 30, 2017	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2018
Partners-In-Ed	\$ 553	\$ 368	\$ -	\$ 921
PTA-Student	29,719	54,410	61,414	22,715
Native American Club	3,968	928	684	4,212
Donations	10,456	1,036	1,513	9,979
Outdoor Classroom	1,092	-	-	1,092
Global Awareness	279	-	-	279
Service Learning	3,200	3,298	-	6,498
Renaissance Program	971	-	-	971
Principal	647	2,500	1,051	2,096
PSAT/Guidance Serv	1,073	165	56	1,182
Prom	28,502	35,087	27,192	36,397
Psychology	204	-	-	204
Spanish Nat Honor Society	564	163	-	727
Model Congress	506	325	504	327
School Climate	18,757	-	4,109	14,648
Recycling	228	-	-	228
Resource Center Material	(5,530)	5,262	5,240	(5,508)
Fundraiser	18,421	47,809	44,655	21,575
Orange Thumb	484	-	-	484
Sat School/Student Int	20	56	56	20
SADD	120	-	-	120
Science	571	1,676	1,655	592
Social Studies	891	(891)	-	-
TAPP	517	200	-	717
Spanish	1,274	1,424	1,658	1,040
Speech	24,963	35,384	35,164	25,183
Special Ed/Spec Athletes	8,873	9,737	9,207	9,403
Fine Arts	73,469	9,862	7,525	75,806
Student Council/Congress	25,626	63,514	64,946	24,194
Store-School	4	-	-	4
Special Education	1,361	610	1,329	642
Musicals	11,512	(646)	4,112	6,754
Rotary Inter-ACT	824	155	27	952
Key Club	2,532	152	153	2,531
6th Grade Books	886	-	-	886
Theater Art	3,526	7,235	3,975	6,786
Technology	14,811	239	2,938	12,112
Vocal Music	29,657	110,825	104,962	35,520
Teen Volun/Parent Outreach	1,698	1,010	808	1,900
VRC-Video Resource Center	6,164	1,390	1,404	6,150
PR Fund	79	-	-	79
Yearbook	93,033	53,442	41,769	104,706
Vegetarian Club	106	300	-	406
Elem Music/Art	2,941	4,257	4,725	2,473
Wildcat Memories	100	-	-	100
Stand For Silence	5	-	-	5
Interior Design	100	-	-	100
Young Democrats	1,080	-	-	1,080

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2018

Assets	Ending Balance As of June 30, 2017	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2018
Clusters/GT	\$ 450	\$ 750	\$ -	\$ 1,200
Botball	13,986	23,012	11,710	25,288
First Grade	-	232	232	-
Student Assistance Fund	343	3,118	2,800	661
Sewing	226	-	-	226
Administration	74,483	22,653	-	97,136
Sociology	301	-	-	301
WOW	18,832	(8,235)	4,407	6,190
Anthology	1,772	4,927	3,393	3,306
Academic Teams	5,099	11,153	13,013	3,239
Republican Club	299	752	714	337
Third Grade	124	-	-	124
North-H.O.P.E.	-	598	598	-
Dumbledore's Army	735	-	-	735
Transition Center	61	-	-	61
Pre Engineering	1,837	7,280	4,490	4,627
Shakespeare	50	(50)	-	-
Quidditch Club	135	-	-	135
Chinese Club	-	568	45	523
Logo Royalties	6,696	1,047	-	7,743
Risk Factor Survey	1	530	531	-
FCCLA	1,080	1,352	2,156	276
NHS Instrument Fund	1,375	(1,375)	-	-
Art Club	80	-	-	80
Step Dance Team	1,166	251	334	1,083
Made	1,031	-	-	1,031
Ilearn Fluently	4	-	-	4
Vanderburg Donations	20	-	-	20
Tech Now	567	-	-	567
Lock In	1,362	1,154	415	2,101
Young Adult Book Club	34	-	-	34
Music Club	260	-	-	260
Future City/History Day	55	50	90	15
Tabletop Gaming Assoc	2,641	60	-	2,701
Hildebrand Scholarship	1,025	-	-	1,025
Big Brothers/Big Sisters	184	-	-	184
Autism	225	-	-	225
Tracks	72	-	-	72
Fundraiser	788	5,332	5,301	819
Autism	-	10	196	(186)
Trust Club	450	-	-	450
Avid	-	636	636	-
Timberwolf Pantry	1,391	250	88	1,553
Garden Club	501	969	597	873
German Club	1,244	2,356	2,597	1,003
Norman Arts Council	3,401	-	-	3,401
Class of 66 Scholarship	1,750	-	-	1,750
Triathlon Club	358	2,000	220	2,138

Norman Independent School District No. 29
Cleveland County, Oklahoma
Combining Schedule of Changes in Assets and Liabilities – All Activity Funds
Year Ended June 30, 2018

Assets	Ending Balance As of June 30, 2017	Total Receipts	Total Disbursements	Ending Balance As of June 30, 2018
Sports Marketing	\$ 3,021	\$ 714	\$ -	\$ 3,735
Literacy Magazine	347	889	660	576
6th Grade Lightning Thief	994	887	-	1,881
Watch Dogs	223	1,500	1,413	310
After School Detention	933	-	34	899
Anime/Cosplay Club	21	-	-	21
Counselor Donation	993	50	-	1,043
Joe Lawson Memorial	1,150	-	-	1,150
Coins for Cowboys	-	-	-	-
Tiger Fuel	2,005	840	1,790	1,055
Capstone	-	216	203	13
Student Store	176	-	-	176
Irving Edition	-	3,274	2,343	931
Teacher Lounge	-	1,410	1,052	358
North Place Student Store	-	1,094	1,094	-
Tigers Helping Tigers	-	4,408	631	3,777
Christians on Campus	-	500	351	149
Breakfast Club	-	230	-	230
CASP Fall Break Camp	-	7,085	7,085	-
Anti Bullying Club	-	122	-	122
Technology Student Assoc	-	2,650	2,415	235
NHS Rocketry	-	20	-	20
Feminism Club	-	460	375	85
Ritchey Revocable Trust	-	969	900	69
Ethics Club	-	200	-	200
Teacher Support	-	600	-	600
Summer Band Camp	-	2,240	2,240	-
Total assets	<u>\$ 1,965,687</u>	<u>\$ 3,204,440</u>	<u>\$ 3,120,515</u>	<u>\$ 2,049,612</u>
 Liabilities				
Due to Student Groups	<u>\$ 1,965,687</u>	<u>\$ 3,204,440</u>	<u>\$ 3,120,515</u>	<u>\$ 2,049,612</u>
Total liabilities	<u>\$ 1,965,687</u>	<u>\$ 3,204,440</u>	<u>\$ 3,120,515</u>	<u>\$ 2,049,612</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, 2018

NAME	TYPE	COMPANY	BOND #	AMOUNT	BEG DATE	END DATE
Dr. Nick Migliorino	Public Official Bond	Travelers Casualty and Surety Company	106784796	\$100,000	7/1/17	6/30/18
Brenda R. Burkett	Public Official Bond	Travelers Casualty and Surety Company	105306354	\$100,000	9/16/17	9/15/18
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, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2017	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2018
U.S. Department of Education						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (180,870)	\$ 324,940	\$ 353,311	\$ (209,241)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421, 424, 426	(61,627)	203,042	244,111	(102,696)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511	(770,863)	1,804,523	2,226,763	(1,193,103)
Title I, School Improvement	84.010	515	(9,377)	9,377	-	-
Title I, Part A Neglected	84.010	518	(28,148)	102,844	101,669	(26,973)
Title I Cluster			(808,388)	1,916,744	2,328,432	(1,220,076)
Special Education - Grants to States	84.027	613, 621, 625	(750,619)	2,976,962	3,198,331	(971,988)
Special Education - Preschool Grants	84.173	641, 642	(17,263)	61,968	67,043	(22,338)
Special Education Cluster			(767,882)	3,038,930	3,265,374	(994,326)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(71,836)	245,371	379,524	(205,989)
Title II, Part A, Technical Assistance Allocation	84.367	543	(2,064)	2,064	-	-
			(73,900)	247,435	379,524	(205,989)

Norman Independent School District No. 29
Cleveland County, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2017	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2018
Title III Part A English Language Acquisition	84.365	571, 572	\$ (17,906)	\$ 78,752	\$ 81,400	\$ (20,554)
Adult Basic Education	84.002	731, 733	(52,066)	100,606	81,186	(32,646)
Title I Neglected/Delinquent	84.013	532	(121,836)	259,287	195,542	(58,091)
Jobs Training-OJT	84.126	456	-	43,688	48,315	(4,627)
Total U.S. Department of Education			<u>(2,084,475)</u>	<u>6,213,424</u>	<u>6,977,195</u>	<u>(2,848,246)</u>
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	(5,900)	36,595	30,695	-
Total U.S. Department of the Interior			<u>(5,900)</u>	<u>36,595</u>	<u>30,695</u>	<u>-</u>
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	771, 772	(49,766)	212,381	242,626	(80,011)
Total U.S. Department of Health and Human Services			<u>(49,766)</u>	<u>212,381</u>	<u>242,626</u>	<u>(80,011)</u>

Norman Independent School District No. 29
 Cleveland County, Oklahoma
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2017	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2018
U.S. Department of Agriculture						
Passed through the Oklahoma State Department of Education						
Child Nutrition Cluster						
Breakfast Program - cash assistance	10.553	764	-	749,621	749,621	-
Lunch Program - cash assistance	10.555	763	-	2,632,129	2,632,129	-
Lunch Program- commodities	10.555	763	-	360,849	360,849	-
Summer Food Service - cash assistance	10.559	766	-	90,224	90,224	-
Child Nutrition Cluster			-	3,832,823	3,832,823	-
National School Lunch Equipment Assistance	10.579	791	-	5,899	5,899	-
Total U.S. Department of Agriculture			-	3,838,722	3,838,722	-
 Total			<u>\$ (2,140,141)</u>	<u>\$ 10,301,122</u>	<u>\$ 11,089,238</u>	<u>\$ (2,928,257)</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. No federal financial assistance has been provided to a 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, 2018, the District had food commodities totaling \$151,551 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, 2018, and the related notes to the financial statements, which collectively comprise Norman Independent School District No. 29's basic financial statements, and have issued our report thereon dated January 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. *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.

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

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*.

Purpose of this Report

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

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

Oklahoma City, Oklahoma
January 11, 2019



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, 2018. 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, 2018.

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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 a 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
January 11, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
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	No
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>
Title I, Grants to Local Educational Agencies	84.010
Child Nutrition Cluster	10.555, 10.553, 10.559
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

None

Section III – Federal Award Findings and Questioned Costs

None.

EXHIBIT B
CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of May 1, 2019 (this "Disclosure Agreement"), is executed and delivered by Independent School District No. 29, Cleveland County, Oklahoma (the "Issuer") in connection with the Issuer's issuance of its General Obligation Combined Purpose Bonds, Series 2019B (the "Bonds"). The Bonds are being issued pursuant to a Resolution dated as of April 15, 2019 (the "**Resolution**"). The Issuer is an "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 paragraph (b)(5) of the hereinafter-described Rule promulgated by the Securities and Exchange Commission (the "Commission"). The Issuer represents that it is 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.

"*Audited Financial Statements*" shall mean the Issuer's annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

"*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 the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"*EMMA*" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

"*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.

"*Material*" with respect to information, means information as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the offering document related to the Bonds, information disclosed hereunder, or information generally available to the public. Notwithstanding the foregoing, "Material" information includes information that would be deemed

“material” for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the information.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“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 eight months after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2019 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 is unable to provide to the MSRB an Annual Report by the date required in the first sentence of subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit C.

(c) If other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate.

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 the financial information and operating data of the Issuer identified in Exhibit A hereto provided, however, that to the extent all or portions of such financial information and operating data are

included in the Issuer's Audited Financial Statements, such information need not be separately provided, but the Issuer shall file, or shall cause the Dissemination Agent to file, a notice to such effect to accompany the Audited Financial Statements. When any such financial information and operating data can no longer 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 shall be 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 Audited 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 the Issuer's unaudited financial statements in a format similar to the Audited Financial Statements, 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.

The Issuer is required to deliver the Annual Report in Prescribed Form and by such time so that such entities receive the information by the dates specified.

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. Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall file a Material Event Notice of the occurrence of such Material Event in Prescribed Form with the MSRB within 10 business days of the occurrence of the applicable event. Notwithstanding the foregoing, notice of optional or unscheduled redemption 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.

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 attorney 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 and Requests for Additional Information. Any notices or communications to the Issuer under this Disclosure Agreement may be given as follows: Independent School District No. 29, Cleveland County, Oklahoma, Attention: Chief Financial Officer, Telephone: 405-364-1339.

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. Assignment. The Issuer shall not transfer its obligations under this Disclosure Certificate unless the transferee agrees to assume all obligations of the Issuer hereunder or to execute a continuing disclosure undertaking under the Rule.

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 ANNUAL FINANCIAL INFORMATION AND OPERATING DATA

The information under the Heading "Financial Information"

Exhibit A – Audited Financial Statements.

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, and tender offers
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer[†].
13. 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.
14. Appointment of a successor or additional trustee/paying agent or the change of name of a trustee/paying agent, if material.
15. The incurrence of a financial obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an obligated person, any of which reflect financial difficulties.

[†]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.

EXHIBIT C

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Independent School District No. 29 of Cleveland County, Oklahoma

Name of Bond Issue: \$36,820,000 General Obligation Combined Purpose Bonds, Series 2019B

Date of Issuance: _____

Base CUSIP: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated the ____ day of _____, 2019. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

**Independent School District No. 29 of Cleveland
County, Oklahoma**

By: _____