

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Financial Statements  
For the Year Ended June 30, 2022

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
School District Officials  
June 30, 2022

Board of Education

President	Cynthia Benson
Vice- President	Lee Ann Kuhlman
Member	Jamie Underwood
Member	Marcus Jones
Member	Courtney Hobgood

Superintendent of Schools

Angela Grunewald

School District Treasurer

Lori Smith

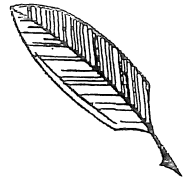
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## INDEPENDENT AUDITOR'S REPORT

January 25, 2023

The Honorable Board of Education  
Edmond Independent School District No. 12  
Oklahoma County, Oklahoma

### *Opinions*

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of Edmond Independent School District No. 12, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

### *Unmodified Opinion on Regulatory Basis of Accounting*

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Edmond Independent School District No. 1-12, Oklahoma County, Oklahoma, as of June 30, 2022, and the respective changes in regulatory basis financial position thereof and for the year ended in accordance with the regulatory basis of accounting described in Note 1.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Edmond Independent School District No. 12, Oklahoma County Oklahoma as of June 30, 2022, or the revenues, expenses, and changes in financial position for the year then ended.

### *Basis for Opinions*

I conducted my 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. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Edmond Independent School District No. 12, Oklahoma County, Oklahoma, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As discussed in Note 1 to the financial statements, the financial statements are prepared by the Edmond Independent School District No. 12, Oklahoma County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which a basis of accounting other than accounting principles generally accepted in the United States of America to comply with requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Edmond Independent School District No. 12, Oklahoma County, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Edmond Independent School District No. 12, Oklahoma County, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

### *Supplementary Information*

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. The 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 basic financial statements.

The combining financial statements-regulatory basis, and other schedules as listed in the table of contents, under supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements, and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

### *Other Matters*

The management discussion and analysis and budgetary comparison schedules on pages 41 and 42 are presented to supplement the basic financial statements. I have applied certain limited procedures to this 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 25, 2023, on my consideration of Edmond Independent School District No. 12, Oklahoma County, Oklahoma, internal control over financial reporting and on my 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 my 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.



Kerry John Patten, CPA  
Broken Arrow, OK

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**Management's Discussion and Analysis**  
**June 30, 2022**  
**(Unaudited)**

This section of Edmond Public Schools Independent School District No. 12's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**VIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund regulatory financial statements* that focus on *individual parts* of the District, reporting the District's operations 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 required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as more fully described in Note 1 to the financial statements.

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.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**Management's Discussion and Analysis**  
**June 30, 2022**  
**(Unaudited)**

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

	<u>District-wide Statements</u>	<u>Fund Financial Statements</u> <u>Governmental Funds</u>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
<b>Required financial statements</b>	1) Statement of net position-regulatory basis 2) Statement of activities-regulatory basis	1) Balance sheet-regulatory basis 2) Statement of revenues, expenditures, and changes in fund balances-regulatory basis
<b>Accounting basis and measurement focus</b>	Regulatory basis as described above	Regulatory basis as described above
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year; expenditures when goods or services have been received and the related liability is paid during or soon after the end of the year

### **District-wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's capital assets and long-term liabilities.

The two district-wide statements report the District's net position. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

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

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

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



**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
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**(Unaudited)**

**Fund Financial Statements**

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

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

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-2**  
**Edmond Public Schools**  
**Net Position**  
*(in millions of dollars)*

	<b>2020</b>	<b>2021</b>	<b>2022</b>
Current and other assets	\$196.4	\$225.0	\$258.2
Capital assets	491.4	513.9	537.9
<b>Total assets</b>	<b>\$687.8</b>	<b>\$738.9</b>	<b>\$796.1</b>
Long-term obligations	\$170.6	\$194.7	\$210.6
Other liabilities	27.1	24.4	28.2
<b>Total liabilities</b>	<b>\$197.7</b>	<b>\$219.1</b>	<b>\$238.8</b>
Net position:			
Invested in capital assets, net of debt	\$395.7	\$420.0	\$441.9
Restricted	48.2	53.8	59.4
Unrestricted	46.2	46.0	56.0
<b>Total net position</b>	<b>\$490.1</b>	<b>\$519.8</b>	<b>\$557.3</b>

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
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**June 30, 2022**  
**(Unaudited)**

**Net Position**

The major contributor to the change in net position was the acquisition of new capital assets, primarily the construction of new facilities.

**Table A-3**  
**Edmond Public Schools**  
**Changes in Net Position**  
*(in millions of dollars)*

	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenues			
Program revenues			
Charges for services	\$12.4	\$6.8	\$9.6
Federal and State grants	15.2	18.3	36.2
General revenues			
Property taxes	138.3	144.9	148.0
Other taxes	18.3	22.3	26.2
Federal entitlement	--	--	.2
State entitlement	64.0	54.7	57.0
Other general revenues	3.8	3.4	3.3
Total revenues	\$252.0	\$250.4	\$280.5
Expenses			
Program expenses			
Instruction	\$115.9	\$118.4	\$127.5
Support services	74.7	72.4	80.7
Non-instruction	11.9	10.5	14.9
Interest on long-term debt	3.9	3.5	3.5
Depreciation-unallocated	15.2	15.9	16.4
Total expenses	\$221.6	\$220.7	\$243.0
<b>Increase in net position</b>	\$30.4	\$29.7	\$37.5
Beginning Net Position	459.7	490.1	519.8
Ending Net Position	\$490.1	\$519.8	\$557.3

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

**Changes in Net Position**

Revenues

In 2022 the District's overall revenues increased \$30.1 million from the prior year (See Table A-3). The increase in charges for services of \$2.8 million resulted primarily from school activities which was to be expected with an enrollment increase of 1,989 students, return to 5-day per week in-person instruction the full year in 2022, and easing of activity-limiting COVID protocols. Before/after care collections were up \$1.3 million, fundraiser sales were up \$426,000, school event admissions were up \$251,000, and student clubs collections were \$1.7 more than the prior year. These increases were partially offset by a decrease due to a \$700,000 non-recurring insurance loss recovery in the prior year.

Federal and state grants were up \$17.9 million. The biggest reasons for the increase were an increase in federal reimbursements for child nutrition of \$6.6 million and an increase of \$6.7 million in collections of federal COVID aid, including Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Elementary and Secondary School Emergency Relief ("ESSER"), and American Rescue Plan ("ARP"). The district-wide revenue also reflects \$2.9 million in Chromebooks received through the Emergency Connectivity Fund ("ECF"). State textbook funds also increased \$938,000 over the prior year.

Property taxes increased \$3.1 million because of a 3.8% increase in the taxable valuation in the district boundaries from \$2.188 billion to \$2.272 billion, offset by a slight decrease in the millage rate from 66.34 to 65.54. The millage rate varies from year to year because of the changing sinking fund levy as old bonds are retired and new bonds are added. When planning bond elections, the District strives to maintain the millage rates as level as possible within the range of 66.26 to 67.26 mills. Also, the delinquency rate improved from 3.08% in 2021 to 2.56% in 2022.

The increase in other taxes of \$3.9 million was primarily attributed to county 4-mill (\$1.7 million), motor vehicle taxes (\$1.4 million), mortgage taxes (\$509,000) and gross production taxes (\$190,000). The 4-mill increase was due in part to valuation increases, and to a greater extent, to an allocation change that excludes charter schools under a new law. The increases in motor vehicle taxes, mortgage taxes and gross production taxes were driven by increased economic activity.

State aid was up \$2.3 million because of a factor rate increase. Edmond's weighted average daily student membership used in the calculation was the same as used in the prior year due to a protection in law for 2022 that uses the greater of the current year or two prior years for state aid. The law changed for 2023 forward to allow only one year of protection by using the higher of the current or prior year.

Other general revenues were down \$100,000. This primarily resulted from the net of decreased interest earnings of \$636,000 and increased premium and accrued interest on bond sales of \$408,000. Both swings resulted from the extremely low interest rate environment during

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
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2022. The other contributing factor to the variance in other general revenues was gain on disposal of property of \$191,000.

Expenses

In 2022 the District's overall program expenses increased \$22.3 million from the prior year (See Table A-3).

Instruction expenses increased \$9.1 million, support services increased \$8.3 million, and non-instruction services increased \$4.4 million. Debt service costs were basically flat compared to last year, and depreciation increased \$500,000.

The increase in instructional program expense of \$9.1 million was comprised primarily of personnel expense (\$4.1 million), textbooks (\$2.3 million), uniforms (\$224,000), copy supplies (\$104,000), and student tech devices (\$2.9 million) which were offset by decreases in other technology related supplies (\$777,000). The expense changes were caused primarily by the rebound in enrollment levels and return to in-person school five days per week all school year compared to the A-B schedule for most of the prior year. The textbook increase is attributable to the 2022 completion the science adoptions begun the prior year plus the English/language arts adoption. The \$2.9 million in student tech devices resulted from a non-recurring federal grant from the Emergency Connectivity Fund (ECF).

The increase in expenditures for support services of \$8.3 million primarily consisted of the following increases: personnel (\$3.1 million), property insurance (\$1.0 million), building-related costs such as repair and maintenance, utilities, and security (\$1.5 million), supplies and small equipment (\$1.3 million), student travel and extra-curriculars (\$779,000), bus and vehicle fuel (\$482,000), and staff professional development and travel (\$357,000). These increases are primarily attributed to the return to more a normal operational model compared to COVID-19 protocols in the prior year. The increases were somewhat offset by decreases in health supplies of \$325,000 and cleaning services of \$313,000.

The increase in non-instruction expenses of \$4.4 million from the prior year also resulted from return to the normal operational model from the A-B schedule in the prior year. Increases occurred in payroll cost (\$383,000), food and milk (\$2.3 million), kitchen, cleaning, and maintenance supplies (\$302,000), small equipment and equipment/vehicle repairs (\$185,000), fundraiser expenses and philanthropy donations from student activity funds (\$410,000), and return of an insurance overpayment (\$416,000). Capital outlays in excess of the current year capitalized assets are represented as a \$367,000 increase in the non-instructional expense classification.

Interest costs were flat compared to the prior year despite increased bond financing. This is due to the lower interest rates on bond debt acquired over the past five years.

Depreciation expense increased \$500,000 due to capital asset construction and acquisition.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**Management's Discussion and Analysis**  
**June 30, 2022**  
**(Unaudited)**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District's funds are reflected in the balance sheet for governmental funds report on page 17. The District's balance sheet for all funds reflects a combined fund balance of \$177.0 million, an increase of \$26.7 million from the prior year. The overall increase is attributed to the following funds with increases: \$10.0 million in the general fund, \$175,000 in the debt service fund, \$3.5 million in the child nutrition fund, \$13.8 million in the capital project funds (bond funds), and \$1.3 million in the activity fund. These increases in fund balance were offset by the following funds which had decreases: \$2.0 million in the building fund and \$113,000 in the gift fund.

**General Fund Budgetary Highlights for 2022**

By 2022, the enrollment losses from the pandemic had been substantially regained. In 2021 during the height of the pandemic, the district's enrollment dropped by 2,124 students. The very next year enrollment increased by 1,989 students to bring us to within 135 students of our pre-pandemic enrollment

In the general fund, property tax revenue increased consistent with the increase in property valuations in the District. The delinquency rate on collections was 2.56% compared to a budget of 10%, which resulted in a favorable variance of \$5.5 million from the legal budget. State reimbursement for exempt manufacturing was not received in 2022, which netted a negative \$330,000 budget variance in the tax collections. Investment earnings were budgeted to decrease 50%, but the actual decline in interest rates caused a 75% reduction in earnings for a negative budget variance of \$71,000. County 4-mill collections were \$1.7 more than budgeted due to a new law which now excludes charter schools from the 4-mill funding allocation. Increased mortgage financing activity because of an active real estate market and low interest rates helped to produce a positive budget variance of \$947,000 in county mortgage taxes. In state revenue, motor vehicle collections were up \$1.9 million due to robust auto sales in 2022. Motor vehicle collections dedicated to education reached the legislated cap in 2022. State aid was up \$812,000 from budget due to variances from projected enrollment and the state factor rate. The revenue from school land earnings exceeded the budget by \$104,000, and gross production taxes exceeded budget by \$190,000. Federal collections fell short of budget by \$10.5 million due to the timing of claims and receipts. Reimbursements were short of budget by \$2.4 million because the budget anticipated reimbursement of child nutrition payroll by the child nutrition fund but due to reporting requirements related to the federal funding, the payroll was coded directly to the child nutrition fund rather than the general fund in 2022.

Employee wages and benefits continue to comprise the largest portion of the expenditure budget. Total 2022 payroll cost was \$174.2 million. Of that, \$169.6 million was recorded in the general fund (95.8% of the district's total general fund expenditures) and \$4.6 million was recorded in the child nutrition fund (46.7% of child nutrition expenditures). General fund expenditures, excluding those expenses reimbursed by other programs, were 75.0% instruction and student services, 4.4% instructional support, 5.4% facilities operations, 6.3% school administration, 4.8% student transportation, 2.7% central services and 1.4% general administration.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**Management's Discussion and Analysis**  
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**(Unaudited)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

During 2022, the District completed \$13.4 million in construction projects, including the gym and shelter at Charles Haskell Elementary, the shelter addition at Summit Middle School, the phase III addition at Heartland Middle School, the phase IV classroom/shelter addition at Heritage Elementary, the gym at Boulevard Academy, HVAC replacements at Central Middle School and Memorial High School, and flooring at North High School, Russell Dougherty Elementary, and Clyde Howell Elementary,

On June 30, 2022, the District had bond funds available, including accumulated interest, of \$113.4 million, which will be spent on capital projects including final completion of the tennis center in conjunction with the City of Edmond; completion of the District's 18<sup>th</sup> and 19<sup>th</sup> elementary schools (Redbud and Scissortail); additions of classrooms and gymnasiums which will dual purpose as storm shelters; site renovations; roofing and flooring projects; parking and road improvements; auditorium improvements at all three high schools; and instructional, technology and transportation equipment. Accumulated bond fund interest accounted for \$1.9 million of the bond funds available.

The tennis center opened October 2020, Redbud Elementary opened August 2021, and Scissortail Elementary opened in August 2022.

**Long-term Debt**

At fiscal year end, the District had \$209.4 million in total long-term debt outstanding. This is a net increase of \$15.9 million from last year's amount of \$193.5 million. The District issued new bonds totaling \$65.0 million and retired \$49.1 million of outstanding bonds.

In February 2022, voters in the District approved the issuance of bonds totaling \$120 million, to be issued in four series. The issuance plan minimized fluctuations in patrons' taxes and also staggered construction requirements. The first installment in the amount of \$52.0 million was issued in April 2022, the second installment of \$14.0 million was issued in August 2022, the third installment of \$40.0 million will be issued in April 2023, and the fourth installment of \$14.0 million will be issued August 2023.

Construction projects include additional classrooms at Redbud and Scissortail elementary schools; renovations to Northern Hills, Sunset, Ida Freeman, Clyde Howell, Charles Haskell, Chisholm, Russell Dougherty, Will Rogers, Orvis Risner, Clegern, Angie Debo, and Washington Irving elementary schools; renovations to the tennis courts, track, gym bleachers and athletic locker rooms at Central Middle School; renovations to the practice gym and cafeteria at Summit Middle School; renovations to the track, gym, restrooms and athletic locker rooms at Cheyenne Middle School; renovations to the exterior building, cafeteria, and corridors at Sequoyah Middle School; renovations to classrooms, the practice gym and the office area at Cimarron Middle School; cafeteria expansion at Heartland Middle School; renovations to the freshman academy

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and school corridors at Memorial High School; expansion of the cafeteria and renovations to classrooms and locker rooms at North High School; additional classrooms and renovations to other classrooms and corridors at Santa Fe High School; and the addition of an enclosed corridor from the gym to the building at Boulevard Academy.

Equipment projects include technology, transportation, school security, roofing, flooring, lighting, school instructional equipment, textbooks, HVAC replacement, classroom furnishings, and water fountains.

Additionally, bond proceeds were approved for the construction of a technology building, a district warehouse, and an east-side transportation facility; purchase of land for future school sites; and parking and road improvements at Santa Fe High School, Central Middle School, Angie Debo, Orvis Risner, Frontier, and John Ross elementary schools, and Boulevard Academy

The district plans to hold another bond election in February 2024.

#### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The biggest budget challenges facing Edmond Public Schools are not unique to our district or even our industry. Inflation is a major concern for every business sector. However, the effect of inflation on buying power is more profound in an organization such as a school district that cannot raise prices or otherwise compensate for the increases in its cost structure.

Another huge challenge faced by many industries, including ours, is staffing shortages. While we have seen the signs of impending teacher shortages for several years, we are now seeing major shortages in support personnel as well. Similar to price inflation, private sector businesses have more options to respond to wage pressures in order to attract employees, making it extremely difficult for school districts to compete for workers. Shortages of both certified and support staff are exacerbated by enrollment growth and a need for increased staffing.

The 2022 legislature did not appropriate additional operational dollars for school districts. However, a law passed by the 2021 legislature that went into effect beginning with the 2023 school year is a financial benefit to growing districts such as Edmond. HB2078 revised the state aid formula to only allow one year versus two years of funding protection for schools with declining enrollment. The loss of the second prior year reduced the statewide weighted average daily membership used to allocate state aid, which in turn increased the formula factor rate. Since Edmond's higher count is the current year, we didn't lose higher student counts and only stood to gain from the higher factor rate.

One negative funding mechanism that took effect at the end of 2022 is a cap on motor vehicle collections that are dedicated to schools. Since motor vehicle collections are a component of the state aid formula, the cap also restricts the growth in state aid from sources other than legislative appropriation, and that could have an effect on the factor rate in the future.

## **EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**

### **Management's Discussion and Analysis**

**June 30, 2022**

**(Unaudited)**

A recent state supreme court affirmation of the lower court's decision that production tax credits for wind farms are not taxable is also expected to negatively affect school funding statewide. It will reduce ad valorem that is part of the state aid factor rate, and many districts which were previously "off the formula" and did not receive state aid due to high local ad valorem will now be "on the formula" and begin to receive state aid.

Other budget considerations involve planning for the end of the federal COVID funds. Our spending plan spread those funds over the period of availability, but we will experience a funding cliff when the funds are gone. Our spending plan results in higher than typical fund balance levels until the funding cliff, at which point fund balance will be utilized. This was foreseen by the legislature who passed HB2890 to exempt school districts from excess fund balance penalties through the 2024 school year.

The student enrollment for 2023 was 26,190, an increase of 705 students from the 2022 student enrollment of 25,485. While the district still expects enrollment growth over the next few years, we do not expect such large growth to repeat. Projections for 2024 enrollment growth are less than half the growth sustained in 2023.

Virtual Edmond ("VE") was first offered as an enrollment option in 2020. Enrollment peaked in 2021 at 3,450 students, and has steadily declined to 1,292 students in 2022 and 618 students in 2023. VE is now offered only at the secondary level.

State collections are currently showing a 16.3% increase over the past 12 months through November compared to the comparable previous 12 month period. However, the monthly tax collections on oil and gas production in November fell below \$160 million for the first time since April. The slowdown in demand and the drop in energy commodity prices will likely impact future collections.

The unemployment rate in Oklahoma for November 2022 was 3.4% which is an increase from 2.7% for the same time period in the prior year. Despite the increase in the unemployment rate, the district is experiencing difficulties in filling its open positions. In 2022 the district increased pay rates for certain hard-to-fill positions such as bus drivers, special education teaching assistants, and substitute teachers, and for the 2023 year, the district increased pay rates for every position.

As measured by the Consumer Price Index, the U.S. Bureau of Labor Statistics (BLS) reports the annual inflation rate at 7.7 percent in October. The district is experiencing the effects cost inflation in software licenses, goods and services. Interest rates are trending upward.

Residential local property growth in Edmond continues to be strong and steady. Property valuations are anticipated to increase an average of 2.5% to 3% over the next two years, but will be monitored closely.



**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**Management's Discussion and Analysis**  
**June 30, 2022**  
**(Unaudited)**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, 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 Lori Smith, Treasurer, 1001 W. Danforth, Edmond, OK, 73003.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Net Position- Regulatory Basis  
June 30, 2022

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Investments	\$ 107,083,114
Investments	150,371,294
Other Current Assets	8,670
Inventories	695,113
Capital Assets:	
Land and Construction in Progress	96,475,393
Other Capital Assets, Net of Depreciation	441,481,304
	<hr/>
Total Assets	\$ 796,114,888
	<hr/>
<b>LIABILITIES</b>	
Current Liabilities	
Warrants Outstanding	\$ 10,459,614
Salaries and Related Benefits	16,358,690
Vendor Obligations Payable	--
Reserve for Encumbrances	1,315,408
Long-term Liabilities	
Due Within One Year	55,550,000
Due Beyond One Year	155,083,374
	<hr/>
Total Liabilities	\$ 238,767,086
	<hr/>
<b>NET POSITION</b>	
Net Investments in Capital Assets	\$ 441,914,091
Restricted for:	
Debt Service	40,848,253
School-based Activities	4,969,393
Child Nutrition	5,033,892
Buildings	8,358,466
Private Grants	209,607
Unrestricted	56,014,100
	<hr/>
Total Net Position	\$ 557,347,802
	<hr/>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12

Oklahoma County, Oklahoma

Statement of Activities - Regulatory Basis

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction	\$ (127,523,232)	\$ 137,000	\$ 21,787,901	\$ --	\$ (105,598,331)
Support Services	(80,657,087)	4,862,227	389,590	--	(75,405,270)
Non-instruction Services	(14,911,673)	4,658,543	14,025,419	--	3,772,289
Interest on Long-term Debt	(3,456,850)	--	--	--	(3,456,850)
Depreciation - Unallocated	(16,430,631)	--	--	--	(16,430,631)
Total Governmental Activities	<u>\$ (242,979,473)</u>	<u>\$ 9,657,770</u>	<u>\$ 36,202,910</u>	<u>\$ --</u>	<u>\$ (197,118,793)</u>

General Revenues:

Taxes

Property taxes, levied for general purposes	\$ 83,449,501
Property taxes, levied for building purposes	11,913,090
Property taxes, levied for debt service	52,649,389
General Taxes	26,169,911

State aid - formula grants	57,042,575
Federal aid - formula grants	158,944
Investment earnings	3,121,496
Loss on disposal of property	190,842
Total General Revenues	<u>\$ 234,695,748</u>

Change in net position	\$ 37,576,955
Net position - beginning	519,770,847
Net position - ending	<u>\$ 557,347,802</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Balance Sheet  
Governmental Funds - Regulatory Basis  
June 30, 2022

ASSETS	General Fund	Debt Service Fund	Capital Project Funds	Other Governmental Funds	Totals Governmental Funds
Cash	\$ 20,712,237	\$ 5,095,509	\$ 43,791,013	\$ 12,234,355	\$ 81,833,114
Cash Investments	-	-	25,250,000	-	25,250,000
Investments	43,610,130	52,883,707	47,205,944	6,671,513	150,371,294
Other Receivables	8,670	-	-	-	8,670
Inventories - Supplies, materials	149,920	-	-	473,588	623,508
<b>Total Assets</b>	<b>\$ 64,480,957</b>	<b>\$ 57,979,216</b>	<b>\$ 116,246,957</b>	<b>\$ 19,379,456</b>	<b>\$ 258,086,586</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Warrants Outstanding	\$ 6,799,958	\$ -	\$ 2,854,556	\$ 805,100	\$ 10,459,614
Salaries and Related Benefits	16,358,690	-	-	-	16,358,690
Principal and Interest Accruals	-	52,970,663	-	-	52,970,663
Reserve for Encumbrances	1,315,408	-	-	-	1,315,408
<b>Total Liabilities</b>	<b>\$ 24,474,056</b>	<b>\$ 52,970,663</b>	<b>\$ 2,854,556</b>	<b>\$ 805,100</b>	<b>\$ 81,104,375</b>
Fund Balances					
Nonspendable	149,920	-	-	473,587	623,507
Restricted	615,508	5,008,553	111,468,259	11,932,979	129,025,299
Committed	-	-	-	6,167,790	6,167,790
Assigned	18,444,394	-	1,924,142	-	20,368,536
Unassigned	20,797,079	-	-	-	20,797,079
<b>Fund Balances, End of Year</b>	<b>\$ 40,006,901</b>	<b>\$ 5,008,553</b>	<b>\$ 113,392,401</b>	<b>\$ 18,574,356</b>	<b>\$ 176,982,211</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 64,480,957</b>	<b>\$ 57,979,216</b>	<b>\$ 116,246,957</b>	<b>\$ 19,379,456</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$770,048,678 and the accumulated depreciation is \$232,091,981. 537,956,697

Federal commodities are distributed to the District to be used by the child nutrition program. Governmental funds are concerned with the flow of financial resources and, therefore, the receipt and usage of commodities are not reported in the governmental funds 71,605

Sinking Fund Principal and Interest Accruals are part of net assets at the district-wide level 52,970,663

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	209,435,000	
Compensated Absences	1,198,374	(210,633,374)

Total Net Assets - Governmental Activities \$ 557,347,802

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Regulatory Basis  
For the Year Ended June 30, 2022

	General Fund	Debt Service Fund	Capital Project Funds	Other Governmental Funds	Totals Governmental Funds
Revenues:					
Property Taxes	\$ 83,449,501	\$ 52,649,389	\$ -	\$ 11,913,090	\$ 148,011,980
Interest	68,651	268,793	193,417	17,187	548,048
County Revenue	10,509,470	-	-	-	10,509,470
State Revenue	75,251,895	516	-	63,071	75,315,482
Federal Revenue	13,912,540	0	-	14,015,020	27,927,560
Other	1,015,791	-	423,314	9,458,190	10,897,295
Total Revenues	\$ 184,207,848	\$ 52,918,698	\$ 616,731	\$ 35,466,558	\$ 273,209,835
Expenditures					
Instruction	\$ 114,159,726	\$ -	\$ 9,093,440	\$ 659,755	\$ 123,912,921
Support Services	60,183,231	-	11,765,289	18,380,503	90,329,023
Non-instruction services	2,515,777	-	116,448	10,649,921	13,282,146
Capital Outlay	-	-	30,805,324	-	30,805,324
Other Outlays	107,189	6,892	-	416,381	530,462
Debt Service	-	-	-	-	-
Interest Paid	-	3,456,850	-	-	3,456,850
Principal Retirement	-	49,020,000	-	-	49,020,000
Total Expenditures	\$ 176,965,923	\$ 52,483,742	\$ 51,780,501	\$ 30,106,560	\$ 311,336,726
Excess (Deficiency) of Revenues over Expenditures	\$ 7,241,925	\$ 434,956	\$ (51,163,770)	\$ 5,359,998	\$ (38,126,891)
Other Financing Sources (Uses)					
Transfers In	\$ 2,819,953	\$ -	\$ 2,819,482	\$ 1,172,725	\$ 6,812,160
Transfers Out	(78,025)	(100,539)	(2,819,482)	(3,814,114)	(6,812,160)
Accrued Principal and Interest	-	(2,732,736)	-	-	(2,732,736)
Premium on Bond Sales	-	2,573,448	-	-	2,573,448
Proceeds of Bonds	-	-	65,000,000	-	65,000,000
Total Other Financing Sources (Uses)	\$ 2,741,928	\$ (259,827)	\$ 65,000,000	\$ (2,641,389)	\$ 64,840,712
Net Change in Fund Balance	\$ 9,983,853	\$ 175,129	\$ 13,836,230	\$ 2,718,609	\$ 26,713,821
Beginning Fund Balance	30,023,048	4,833,424	99,556,171	15,855,747	150,268,390
Ending Fund Balances	\$ 40,006,901	\$ 5,008,553	\$ 113,392,401	\$ 18,574,356	\$ 176,982,211

Total net changes in fund balances - governmental funds \$ 26,713,821  
The change in net assets reported in the statement of activities is different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which capitalized assets exceed depreciation during the period.

Capitalized Assets	\$ 40,474,216	
Depreciation Expense	(16,430,631)	24,043,585

In the statement of activities, the gain (loss) from the disposal of assets is reported. In the governmental funds, proceeds from the disposal of assets, if any, are reported. Thus the change in net assets differs by the net undepreciated cost of the assets disposed. (3,090)

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. 52,125

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Debt issued this year exceeded repayments.

Debt Issued	\$ (65,000,000)	
Debt Repayments	49,020,000	(15,980,000)

The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the government-wide financial statements 17,778

Resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are not a liability at the district-wide level but considered a component of restricted net assets 2,732,736

Change in net assets of governmental activities \$ 37,576,955

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Endowment Net Position - Regulatory Basis  
For the Year Ended June 30, 2022

	<u>Private- Purpose Trust</u>
<b>Assets</b>	
Cash and Cash Investments	\$ 509,229
Investments	<u>0</u>
<b>Total Assets</b>	<u>\$ 509,229</u>
 <b>Net Position</b>	
Nonspendable Endowment	440,088
Restricted for Scholarships	<u>69,141</u>
<b>Total Net Position</b>	<u><u>\$ 509,229</u></u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Changes in Endowment Net Position - Regulatory Basis  
For the Year Ended June 30, 2022

	<u>Private- Purpose Trust</u>
Additions:	
Interest	<u>\$          1,155</u>
Total Additions	\$          1,155
Deductions	
Other Expenses	<u>                  0</u>
Change In Net Position	\$          1,155
Net Position- Beginning	<u>          508,074</u>
Net Position- Ending	<u><u>          \$      509,229</u></u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies

The Reporting Entity - Edmond Independent School District No. 12 (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 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.

Financial Statement Presentation - The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement-Management's Discussion and Analysis-for State and Local Governments*.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

Basic Financial Statements – Government-Wide Statements - The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any activities classified as business-type activities.

In the government-wide Statement of Net Position, the District's governmental activities are reported on cash receipts and disbursement basis modified as required by the regulations of the Oklahoma Department of Education to include long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Government-Wide Statements (continued)

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. Separate financial statements are provided for governmental funds and endowment funds, even though the latter is excluded from the district-wide financial statements. 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 cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments and inventories on hand, encumbrances issued, and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of governmental and endowment fund categories on a basis required by the cash basis and budget laws of the State of Oklahoma. Since resources in the endowment funds cannot be used for District operations, they are not included in the district-wide statements.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Fund Financial Statements (continued)

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.

Capital Project Funds are used to account for the proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types:

Other Governmental Funds:

Special Revenue Funds – The District accounts for resources committed to, or designated for, specific purposes by the District or a grantor in a special revenue fund.

Endowment Funds:

Private Purpose Trust Fund – The District accounts for resources held in a trust or custodial capacity for individuals or private organizations. These funds are primarily used for scholarships.

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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

As to the basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Vendor obligations due and payable for goods and services received are recorded as a reduction of the encumbrance when paid.
- Warrants/checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements is recorded when incurred.
- Financial resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are reported as fund liabilities. In the government-wide statements, these resources are shown as restricted net position.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements as well as the endowment fund financial statements to be presented on the accrual basis of accounting. The fund financial statements under accounting principles generally accepted in the United States of America would have been presented on the modified accrual basis of accounting. These financial statements are presented on the basis of accounting described above.

Inventories - Inventories 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 asset when purchased.

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

On the government-wide financial statements, small equipment granted by the Federal Communications Commission is reported in both revenue and expenditure at cost per the supplier's quote when the equipment items are received. The equipment is not recorded in the governmental funds.

Capital Assets - Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

School Buildings	45 years
Site Improvements	20 years
Portable Classrooms	25 years
Outdoor and Grounds Equipment	15 years
Kitchen Equipment	10 years
Audio Visual Equipment, Musical Instruments, Business Machines, Classroom and Athletic Equipment	10 years
Computers and Peripheral Equipment	5 years
Licensed Vehicles	6 years

Compensated Absences – Certified and permanent personnel are entitled to one day of sick leave for each working month, with the total annual leave allotment being available on the first day of the employee's work year. New support employees accrue sick leave at the rate of one day per month, with leave being available after accrual. As an attendance incentive, employees are compensated \$35 per day for full-time, or \$17.50 per day for part-time, for up to 10 days of sick leave accumulated in excess of 110 days at the end of the fiscal year.

Employees assigned to twelve-month positions accrue 10 days of vacation per year for the first 4 years of employment, 15 days beginning with the 5<sup>th</sup> through 14<sup>th</sup> year of employment, and 18 days beginning with the 15<sup>th</sup> year of employment. Upon termination of employment, unused accrued vacation is paid at the employee's current rate of pay.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting.

The final budget may be revised upon approval of the Board of Education in open meeting. A budget that includes revenues and expenditures is legally adopted by the Board of Education for the General Fund, Building Fund, Child Nutrition and the Debt Service Fund.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it assumes these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is deferred to the subsequent fiscal year.

Deposits - The District considers all cash on hand, demand deposits, money market checking, sweep accounts, and bank certificates of deposit, 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 average monthly deposit balances. State statutes require collateral for deposits in excess of insured amounts. The collateral's market value must exceed the uninsured deposit.

Investments - Short term investments are reported at cost. Securities traded on a national exchange are valued at amortized cost. The District's investment policies are governed by Oklahoma Statute 70-5-115. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies.

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 is due prior to January 1. The second half is due prior to April 1.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Property Tax Revenues (continued)

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.

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 39% of the District's general fund 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 any 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 reimbursement of expenditures made on behalf of another fund and transfers of resources to provide services and purchase assets. Transactions that are normal and recurring between funds are recorded as operating transfers.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance –

District-Wide Financial Statements –

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

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

Restricted for Debt Service – The component of net position that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by bond indentures.

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 state law.

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 restricted for use by the child nutrition fund. This amount is restricted by regulations of the Oklahoma State Department of Education.

Restricted for Private Grants – The component of net position restricted for use as specified in the original grant documents when the grant was awarded. This amount is restricted by the original grantor.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any particular purpose.

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 it is not used.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance (continued)

Fund Financial Statements—

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy 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:

Non-spendable: 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 Inventories as being non-spendable as these items are not expected to be converted to cash within the next year. Endowment principal is non-spendable by terms of the endowment bequest.

Restricted: This classification includes amounts for which constraints on the use of the resources are 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 bond proceeds as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. The building fund balance is restricted by state statute to capital outlay and property maintenance. Debt service resources are restricted by debt covenant to servicing general obligation bonds. Federal and state program revenues and gift fund grants are restricted by the granting agencies to program-specific expenditures. Endowment earnings are restricted by the contributor for scholarship purposes.

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

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.



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
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June 30, 2022

Note 1 -- Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance (continued)

The District has assigned general funds for employee compensation, site budget carryover, anticipated federal program carryover, and appropriated budget. Bond fund earnings other than bond proceeds (primarily investment earnings) are assigned for bond costs and expenditures consistent with those restricted by bond proposition.

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 does not have a formal stabilization arrangement regarding minimum funding requirements.

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.

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

	General Fund	Debt Service Fund	Capital Project Bond Funds	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 149,920	\$ -	\$ -	\$ 473,588	\$ 623,508
Restricted for:					
Capital outlay and property maintenance	-	-	111,468,259	8,082,351	119,550,610
Debt service	-	5,008,553	-	-	5,008,553
Federal and state programs	615,508	-	-	3,641,021	4,256,529
Instruction	-	-	-	209,607	209,607
Total Restricted	615,508	5,008,553	111,468,259	11,932,979	129,025,299
Committed to:					
Food services	-	-	-	1,198,396	1,198,396
School programs	-	-	-	4,969,393	4,969,393
Total Committed	-	-	-	6,167,789	6,167,789
Assigned to:					
Employee compensation	1,315,408	-	-	-	1,315,408
Site budget carryover	114,153	-	-	-	114,153
Anticipated federal program carryover	17,014,833	-	-	-	17,014,833
Bond costs and capital outlay	-	-	1,924,142	-	1,924,142
Total Assigned	18,444,394	-	1,924,142	-	20,368,536
Unassigned	20,797,079	-	-	-	20,797,079
	<u>\$ 40,006,901</u>	<u>\$ 5,008,553</u>	<u>\$ 113,392,401</u>	<u>\$ 18,574,356</u>	<u>\$ 176,982,211</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 2 -- Cash and Investments

Investments – The District’s investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government, its agencies and instrumentalities; obligations guaranteed by the State of Oklahoma; repurchase agreements collateralized by federal or state investments identified above; deposits in banks and savings and loan associations which are collateralized or insured by FDIC or FSLIC; county, municipal and school district ad valorem bonds; money market mutual funds regulated by the SEC and consisting of investments identified above; warrants, bonds or judgments of the school district; qualified pooled investment programs consisting of investments identified above and governed through an interlocal cooperative agreement, and investment programs administered by the State Treasurer.

The District maintains cash and investment pools available for use by all funds. Each fund’s portion of the pool is displayed on the governmental fund balance sheet.

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 provision of state law. At June 30, 2022, the bank balance of deposits and cash pools 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 is the risk of fair value losses from increasing interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to investment rate risk.

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its exposure arising from concentration of investments.

At June 30, 2022, the District held U.S. Government treasury and agency investments in the following:

<u>Agency</u>	<u>Moodys Rating</u>	<u>Term</u>	<u>Balance</u>
Federal Home Loan Bank	Aaa	1-3 months	\$ 14,479,197
Federal National Mortgage Association	Aaa	4 months	\$836,699
United States Treasury Bills	Aaa	1-3 months	\$ 29,430,388
United States Treasury Notes	Aaa	1-13 months	\$ 105 469 474

Judgments that were awarded against the District for obligations from prior years were purchased from the plaintiffs as investments of the general fund. The original judgment amounts totaling \$34,832 are levied in the sinking fund ratably over three years at a statutory interest rate set annually, currently 5.25%. The uncollected balance at June 30, 2022 was \$28,877.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 3 -- Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Debt	\$ 193,455,000	\$ 65,000,000	\$ (49,020,000)	\$ 209,435,000	\$ 54,605,000
Compensated Absences	1,250,499	891,865	(943,990)	1,198,374	945,000
Total governmental activity long-term liabilities	\$ 194,705,499	\$ 65,891,865	\$ (49,963,990)	\$ 210,633,374	\$ 55,550,000

Payments on bonds are made by the debt service fund from property tax collections. Compensated absences are generally liquidated by the general fund.

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

Issue Amount	Purpose	Date	Annual Payment	Final Payment	Maturity Date	Interest Rates	Total Outstanding
\$20,000,000	Combined	8/1/2017	\$5,000,000	\$5,000,000	8/1/2022	2.0%	5,000,000
\$30,900,000	Combined	3/1/2018	\$7,725,000	\$7,725,000	3/1/2023	2.0%-3.0%	7,725,000
\$22,520,000	Building	8/1/2018	\$5,630,000	\$5,630,000	8/1/2023	2.5%-3.0%	11,260,000
\$25,200,000	Combined	3/1/2019	\$6,300,000	\$6,300,000	3/1/2024	2.0%	12,600,000
\$17,000,000	Building	8/1/2019	\$4,250,000	\$4,250,000	8/1/2024	2.0%	12,750,000
\$30,800,000	Combined	3/1/2020	\$7,700,000	\$7,700,000	3/1/2025	.05%-2.0%	23,100,000
\$20,000,000	Combined	8/1/2020	\$5,000,000	\$5,000,000	8/1/2025	1%-2%	20,000,000
\$52,000,000	Combined	6/1/2021	\$13,000,000	\$13,000,000	6/1/2026	1.25%-1.5%	52,000,000
\$13,000,000	Building	8/1/2021	\$3,250,000	\$3,250,000	8/1/2026	1.25%-2%	13,000,000
\$52,000,000	Combined	3/1/2022	\$13,000,000	\$13,000,000	3/1/2027	1.0%-4.0%	52,000,000
							\$ 209,435,000

As of June 30, 2022 the annual requirements to amortize all bond debt outstanding, including interest payments, are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2023	54,605,000	3,811,913	58,416,913
2024	58,130,000	2,632,537	60,762,537
2025	46,200,000	1,922,625	48,122,625
2026	34,250,000	1,211,875	35,461,875
2027	16,250,000	552,500	16,802,500
	\$ 209,435,000	\$ 10,131,450	\$ 219,566,450

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 3 -- Long-term Liabilities (continued)

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit, at June 30, 2022 is approximately \$227,199,024.

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

*Pledged Revenues* – Property tax revenues collected by the District are pledged to repay the District's general obligation bonds. The principal and interest paid on general obligation bonds with the pledged revenues in 2022 was \$49,020,000 and \$3,456,850, respectively. As of June 30, 2022, \$209,435,000 of general obligation bonds were outstanding, and \$68,000,000 of general obligation bonds were authorized but not issued. Subsequent to year end, the District issued an additional \$14,000,000 of voter-approved general obligation bonds.

Note 4 -- Employee Retirement System

Teachers' Retirement System of Oklahoma

*Plan Description* - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("TRS"), a cost-sharing, multiple-employer defined benefit public employee retirement system. The System is administered by a board of trustees. TRS 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 TRS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for TRS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

*Benefits Provided* – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. Benefit provisions include:

- Members who began contributions prior to November 1, 2017 become 100% vested in benefits earned to date after five years of credited service. The vesting term for members who began contributions on or after November 1, 2017 is seven years.

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June 30, 2022

Note 4 -- Employee Retirement System (continued)

- Members who joined the System prior to July 1, 1992 are eligible to retire at maximum benefits at the earlier of age 62 or when age and years of creditable service total 80. Members joining from July 1, 1992 to October 31, 2011 are eligible for maximum benefits at the earlier of age 62 or when their age and years of creditable service total 90. Members who joined the System on or after November 1, 2011 are eligible to retire with maximum benefits at the earlier of age 65 or when their age and years of creditable service total 90 as long as their age is at least 60.
- The maximum retirement benefit is 2% of final average compensation times the number of years of credited service. Reduced benefits are available at age 55 for members joining prior to November 1, 2011 or age 60 for members joining after October 31, 2011. Reduction factors vary depending on age and date of membership when joining the System.
- Final average compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for three highest years of contributing compensation. For members joining the System after June 30, 1992 final average compensation is defined as the average of the five highest consecutive years of contributing compensation. Prior to July 1, 1995 all contributions were limited to salary caps of \$40,000 or \$25,000 depending on the member's election. Salary caps were removed starting July 1, 1995.
- Upon death, the designated beneficiary of a member who has not retired shall receive total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. The surviving spouse may elect to receive the retirement benefit of the member, in lieu of the aforementioned benefits.
- Upon death of a retired member, the System will pay \$5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the system, a member's contributions are refundable with interest, based on the years of service.

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
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June 30, 2022

Note 4 -- Employee Retirement System (continued)

employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2022. Plan members are required to contribute 7% of their annual covered salary. The District pays the member portion as a benefit for its full-time employees as allowed by statute.

For the year ended June 30, 2022, qualifying employee contributions were reduced by a retirement credit of \$1,009,788 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma on behalf of the District. The government-wide financial statements include amounts representing on-behalf payments made to the System by the State of Oklahoma. These payments do not represent a direct or indirect payment of the District.

The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2022, 2021, and 2020 were \$20,993,837, \$19,771,276, and \$19,871,509, respectively, and equaled the required contributions each year.

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

Note 5 -- Other Post-Employment Benefits (OPEB)

In addition to the retirement plan described in Note 4, the District participates in the state-administered Supplemental Health Insurance Program (OPEB plan) within Teachers' Retirement System of Oklahoma (the OPEB system), which is a cost-sharing multiple-employer defined benefit OPEB plan administered by the TRS

*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](http://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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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June 30, 2022

Note 5 -- Other Post-Employment Benefits (OPEB) (continued)

the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in Note 4; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program.

*OPEB plan fiduciary net position* - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

Note 6 -- 403(b) Retirement Savings Plan

The District sponsors a 403(b) retirement savings plan in which all employees of the District are eligible to participate. Internal Revenue Code Section 403(b) annuity contracts are a retirement vehicle available to public school district employees. The annuity contracts supplement and are separate from the Oklahoma Teachers' Retirement System. Annuity contracts and 403(b) contributions are tax deferred and are funded through elective pre-income tax deductions up to limits set by federal law. The District does not make contributions into the plan. Participants may choose their investment provider from a list of approved investment providers under the plan. The plan provides for withdrawals only upon attainment of age 59½, severance from employment, total and permanent disability, death, a "qualified reservist" distribution, or financial hardship as defined by the plan. The district has contracted a third party administrator to provide administrative services. The agreement provides for a charge of \$12 per year for each participant, to be paid by the participants.

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 insurance settlements have not exceeded coverage.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 8 -- Contingencies

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

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

The District had \$25,270,917 in outstanding construction commitments in the capital project funds as of June 30, 2022.

Note 9 -- Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 123,392	Operating Transfer
Student Activity Fund	General Fund	2,481,184	Operating Transfer
Gift Fund	General Fund	137,352	Operating Transfer
General Fund	General Fund	78,025	Operating Transfer
Student Activity Fund	Student Activity Fund	1,030,956	Operating Transfer
Student Activity Fund	Child Nutrition Fund	10,921	Operating Transfer
Student Activity Fund	Gift Fund	25,854	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	4,455	Operating Transfer
Debt Service Fund	Building Fund	100,539	Operating Transfer
2018A Bond Fund	Bond Residual Fund	1,635,783	Operating Transfer
2018B Bond Fund	Bond Residual Fund	1,183,699	Operating Transfer
		<u>\$ 6,812,160</u>	



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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June 30, 2022

Note 10 -- Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Government Activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 18,513,165	\$ 3,213,077	\$ -	\$ 21,726,242
Construction in progress	55,036,649	33,097,322	13,384,820	74,749,151
<b>Total capital assets not being depreciated</b>	<u>\$ 73,549,814</u>	<u>\$ 36,310,399</u>	<u>\$ 13,384,820</u>	<u>\$ 96,475,393</u>
 <b>Capital assets being depreciated:</b>				
Buildings	\$ 610,721,140	\$ 13,580,184	\$ -	\$ 624,301,324
Furniture	3,536,061	430,339	2,500	3,963,900
Musical Instruments	1,343,902	103,683	-	1,447,585
Equipment	23,015,240	2,229,324	57,208	25,187,356
Vehicles/Buses	17,945,126	1,205,107	477,113	18,673,120
<b>Total capital assets being depreciated</b>	<u>\$ 656,561,469</u>	<u>\$ 17,548,637</u>	<u>\$ 536,821</u>	<u>\$ 673,573,285</u>
 Less accumulated depreciation	<u>216,195,081</u>	<u>16,430,631</u>	<u>533,731</u>	<u>232,091,981</u>
<b>Total capital assets being depreciated, net</b>	<u>\$ 440,366,388</u>	<u>\$ 1,118,006</u>	<u>\$ 3,090</u>	<u>\$ 441,481,304</u>
 Governmental activity capital assets, net	<u>\$ 513,916,202</u>	<u>\$ 37,428,405</u>	<u>\$ 13,387,910</u>	<u>\$ 537,956,697</u>
 <b>Total Primary Government</b>	<u>\$ 513,916,202</u>	<u>\$ 37,428,405</u>	<u>\$ 13,387,910</u>	<u>\$ 537,956,697</u>

Note 11 – Tax Abatement

The State of Oklahoma has authorized by Oklahoma State Statutes Title 31 to offer Homestead and Veterans exemptions to ad valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District. For the year ended June 30, 2022, the District had \$3,401,525 in abated ad valorem tax revenues.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2022

Note 12 – Subsequent Events

Subsequent to the fiscal year end, the District issued the second installment of bonds from the February 8, 2022 bond election. Voters in the District approved the issuance of bonds totaling \$120,000,000, to be issued in four series. Construction projects include additional classrooms at Redbud and Scissortail elementary schools; renovations to Northern Hills, Sunset, Ida Freeman, Clyde Howell, Charles Haskell, Chisholm, Russell Dougherty, Will Rogers, Orvis Risner, Clegern, Angie Debo, and Washington Irving elementary schools; renovations to the tennis courts, track, gym bleachers and athletic locker rooms at Central Middle School; renovations to the practice gym and cafeteria at Summit Middle School; renovations to the track, gym, restrooms and athletic locker rooms at Cheyenne Middle School; renovations to the exterior building, cafeteria, and corridors at Sequoyah Middle School; renovations to classrooms, the practice gym and the office area at Cimarron Middle School; cafeteria expansion at Heartland Middle School; renovations to the freshman academy and school corridors at Memorial High School; expansion of the cafeteria and renovations to classrooms and locker rooms at North High School; additional classrooms and renovations to other classrooms and corridors at Santa Fe High School; and the addition of an enclosed corridor from the gym to the building at Boulevard Academy.

Equipment projects include technology, transportation, school security, roofing, flooring, lighting, school instructional equipment, textbooks, HVAC replacement, classroom furnishings, and water fountains.

Additionally, bond proceeds were approved for the construction of a technology building, a district warehouse, and an east-side transportation facility; purchase of land for future school sites; and parking and road improvements at Santa Fe High School, Central Middle School, Angie Debo, Orvis Risner, Frontier, and John Ross elementary schools, and Boulevard Academy.

The first installment in the amount of \$52,000,000 was issued in March 2022, and the second installment of \$14,000,000 was issued in August 2022.

Construction commitments subsequent to year end totaled \$5,283,543 from bond funds.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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June 30, 2022

The District has a public employee dishonesty bond with Ohio Casualty Insurance Company covering all district employees not individually bonded. This bond coverage is \$100,000 per loss with a \$2,500 deductible per employee. The bond number is LSFO62011/3884485 and the term is from July 1, 2017 until cancelled.

The treasurer was bonded under Ohio Casualty Insurance Company surety bond number LSF041210/3863216 with a coverage amount of \$500,000, effective June 30, 2021 through June 30, 2022 and renewed through June 30, 2023.

The assistant treasurer was bonded under Ohio Casualty Insurance Company surety bond number 999089293 with a coverage amount of \$500,000 effective June 1, 2021 through June 30, 2022 and renewed through June 30, 2023.

The superintendent was bonded under Ohio Casualty Insurance Company surety bond number 999113924 with a coverage amount of \$100,000. The bond is effective for the period from July 1, 2021 through July 1, 2022 and renewed through June 30, 2023.

Required Supplemental Information

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule - General Fund - Regulatory Basis  
For the Year Ended June 30, 2022

	Original	Final	Actual Amounts	Variance With Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 78,100,900	\$ 78,100,900	\$ 83,449,501	\$ 5,348,601
Interest	139,500	139,500	68,651	(70,849)
County Revenue	7,743,580	7,743,580	10,509,470	2,765,890
State Revenue	71,671,687	71,671,687	75,251,895	3,580,208
Federal Revenue	24,389,000	24,389,000	13,912,540	(10,476,460)
Other	6,015,100	6,015,100	3,835,744	(2,179,356)
Total Revenue	<u>\$ 188,059,767</u>	<u>\$ 188,059,767</u>	<u>\$ 187,027,801</u>	<u>\$ (1,031,966)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 131,433,557	\$ 131,433,557	\$ 114,159,726	\$ (17,273,831)
Support Services	70,347,087	70,347,087	60,183,231	(10,163,856)
Non-instruction Services	8,000,669	8,000,669	2,515,777	(5,484,892)
		0	--	--
Other Outlays	<u>8,170,538</u>	<u>8,170,538</u>	<u>185,214</u>	<u>(7,985,324)</u>
Total Expenditures	<u>\$ 217,951,851</u>	<u>\$ 217,951,851</u>	<u>\$ 177,043,948</u>	<u>\$ (40,907,903)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (29,892,084)	(29,892,084)	9,983,853	39,875,937
Fund Balance - Beginning	<u>29,892,084</u>	<u>29,892,084</u>	<u>30,023,048</u>	<u>130,964</u>
Fund Balance - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 40,006,901</u>	<u>\$ 40,006,901</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule - Other Appropriated Funds - Regulatory Basis  
For the Year Ended June 30, 2022

	Building Fund		Child Nutrition Fund		Sinking Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
Budgetary Fund Balance, July 1						
REVENUE						
Property Taxes	\$ 11,150,538	\$ 11,913,090	\$ -	\$ -	\$ 50,383,323	\$ 52,649,389
Interest	35,200	7,882	4,300	4,826	-	268,793
County Revenue	-	-	-	-	-	-
State Revenue	559	116	81,700	62,955	-	516
Federal Revenue	-	1,596,806	8,667,576	12,418,214	-	-
Other	493,000	101,369	1,044,127	798,783	-	(259,827)
Total Revenue	<u>\$ 11,679,297</u>	<u>\$ 13,619,263</u>	<u>\$ 9,797,703</u>	<u>\$ 13,284,778</u>	<u>\$ 50,383,323</u>	<u>\$ 52,658,871</u>
EXPENDITURES						
Current						
Instruction	\$ 16,292	\$ 29,764	\$ -	\$ -	\$ -	\$ -
Support Services	20,613,708	15,180,000	-	-	-	-
Non-instruction Services	-	-	10,117,128	9,628,495	-	-
Capital Outlays	-	-	-	-	-	-
Other Outlays	1,121,713	416,381	998,122	112,471	7,160	6,892
Debt Service						
Interest Paid					3,204,587	3,456,850
Principal Retirement					52,005,000	49,020,000
Total Expenditures	<u>\$ 21,751,713</u>	<u>\$ 15,626,145</u>	<u>\$ 11,115,250</u>	<u>\$ 9,740,966</u>	<u>\$ 55,216,747</u>	<u>\$ 52,483,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,072,416)	(2,006,882)	(1,317,547)	3,543,812	(4,833,424)	175,129
Fund Balance - Beginning	10,072,416	10,365,348	1,317,547	1,493,078	4,833,424	4,833,424
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 8,358,466</u>	<u>\$ -</u>	<u>\$ 5,036,890</u>	<u>\$ -</u>	<u>\$ 5,008,553</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Combining Balance Sheet  
Other Governmental Funds  
Regulatory Basis  
June 30, 2022

	Building	Child Nutrition	Activity	Gift	Total	Total Other Governmental Fund
<b>ASSETS</b>						
Cash	\$ 2,963,629	\$ 4,035,344	\$ 5,025,200	\$ 210,182	\$ 12,234,355	\$ 12,234,355
Investments	5,866,906	804,607	-	-	6,671,513	6,671,513
Inventories - Supplies, materials	276,115	197,473	-	-	473,588	473,588
<b>Total Assets</b>	<u>\$ 9,106,650</u>	<u>\$ 5,037,424</u>	<u>\$ 5,025,200</u>	<u>\$ 210,182</u>	<u>\$ 19,379,456</u>	<u>\$ 19,379,456</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Warrants Outstanding	\$ 748,184	\$ 534	\$ 55,807	\$ 575	\$ 805,100	\$ 805,100
<b>Total Liabilities</b>	<u>\$ 748,184</u>	<u>\$ 534</u>	<u>\$ 55,807</u>	<u>\$ 575</u>	<u>\$ 805,100</u>	<u>\$ 805,100</u>
Fund Balance						
Nonspendable	\$ 276,115	\$ 197,472	\$ -	\$ -	\$ 473,587	\$ 473,587
Restricted	8,082,351	3,641,021	-	209,607	11,932,979	11,932,979
Committed	-	1,198,397	4,969,393	-	6,167,790	6,167,790
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ 8,358,466</u>	<u>\$ 5,036,890</u>	<u>\$ 4,969,393</u>	<u>\$ 209,607</u>	<u>\$ 18,574,356</u>	<u>\$ 18,574,356</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,106,650</u>	<u>\$ 5,037,424</u>	<u>\$ 5,025,200</u>	<u>\$ 210,182</u>	<u>\$ 19,379,456</u>	<u>\$ 19,379,456</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Governmental Funds  
Regulatory Basis  
For the Year Ended June 30, 2022

	Building	Child Nutrition	Activity	Gift	Total	Total Other Governmental Fund
Revenues						
Property Taxes	\$ 11,913,090	\$ -	\$ -	\$ -	\$ 11,913,090	\$ 11,913,090
Interest	7,882	4,826	4,173	306	17,187	17,187
State Revenue	116	62,955	-	-	63,071	63,071
Federal Revenue	1,596,806	12,418,214	-	-	14,015,020	14,015,020
Other	830	798,783	8,540,259	118,318	9,458,190	9,458,190
Total Revenues	<u>\$ 13,518,724</u>	<u>\$ 13,284,778</u>	<u>\$ 8,544,432</u>	<u>\$ 118,624</u>	<u>\$ 35,466,558</u>	<u>\$ 35,466,558</u>
Expenditures						
Instruction	\$ 29,764	\$ -	\$ 625,174	\$ 4,817	\$ 659,755	\$ 659,755
Support Services	15,180,000	-	3,093,792	106,711	18,380,503	18,380,503
Non-instruction Services	-	9,628,495	1,013,305	8,121	10,649,921	10,649,921
Other Outlays	416,381	-	-	-	416,381	416,381
Total Expenditures	<u>\$ 15,626,145</u>	<u>\$ 9,628,495</u>	<u>\$ 4,732,271</u>	<u>\$ 119,649</u>	<u>\$ 30,106,560</u>	<u>\$ 30,106,560</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (2,107,421)</u>	<u>\$ 3,656,283</u>	<u>\$ 3,812,161</u>	<u>\$ (1,025)</u>	<u>\$ 5,359,998</u>	<u>\$ 5,359,998</u>
Other Financing Sources (Uses)						
Transfers In	\$ 100,539	\$ 15,376	\$ 1,030,956	\$ 25,854	\$ 1,172,725	\$ 1,172,725
Transfers Out	-	(127,847)	(3,548,915)	(137,352)	(3,814,114)	(3,814,114)
Proceeds of Bonds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 100,539</u>	<u>\$ (112,471)</u>	<u>\$ (2,517,959)</u>	<u>\$ (111,498)</u>	<u>\$ (2,641,389)</u>	<u>\$ (2,641,389)</u>
Net Change in Fund Balance	<u>\$ (2,006,882)</u>	<u>\$ 3,543,812</u>	<u>\$ 1,294,202</u>	<u>\$ (112,523)</u>	<u>\$ 2,718,609</u>	<u>\$ 2,718,609</u>
Beginning Fund Balance	10,365,348	1,493,078	3,675,191	322,130	15,855,747	15,855,747
Beginning Fund Balance	<u>\$ 10,365,348</u>	<u>\$ 1,493,078</u>	<u>\$ 3,675,191</u>	<u>\$ 322,130</u>	<u>\$ 15,855,747</u>	<u>\$ 15,855,747</u>
Ending Fund Balances	<u>\$ 8,358,466</u>	<u>\$ 5,036,890</u>	<u>\$ 4,969,393</u>	<u>\$ 209,607</u>	<u>\$ 18,574,356</u>	<u>\$ 18,574,356</u>

See Accompanying Notes to Financial Statements



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Combining Balance Sheet  
Other Capital Project Funds  
Regulatory Basis  
June 30, 2022

	2019A	2019B	2020A	2020B	2021A	2021B	2022A	Bond Residual	Total Capital Project Funds
<b>ASSETS</b>									
Cash	\$ 618,451	\$ 653,169	\$ 2,527,260	\$ 4,716,614	\$ 16,858,268	\$ 7,200,329	\$ 10,041,218	\$ 1,175,704	\$ 43,791,013
Cash Investments	-	-	-	-	23,250,000	2,000,000	-	-	25,250,000
Investments	-	-	-	-	983,011	2,994,526	41,753,890	1,474,517	47,205,944
<b>Total Assets</b>	<u>\$ 618,451</u>	<u>\$ 653,169</u>	<u>\$ 2,527,260</u>	<u>\$ 4,716,614</u>	<u>\$ 41,091,279</u>	<u>\$ 12,194,855</u>	<u>\$ 51,795,108</u>	<u>\$ 2,650,221</u>	<u>\$ 116,246,957</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities									
Warrants Outstanding	\$ 1,813	\$ -	\$ -	\$ 17,198	\$ 2,812,268	\$ 19,099	\$ -	\$ 4,178	\$ 2,854,556
<b>Total Liabilities</b>	<u>\$ 1,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,198</u>	<u>\$ 2,812,268</u>	<u>\$ 19,099</u>	<u>\$ -</u>	<u>\$ 4,178</u>	<u>\$ 2,854,556</u>
Fund Balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	\$ 321,066	\$ 379,769	\$ 2,444,352	\$ 4,659,638	\$ 38,239,794	\$ 12,164,099	\$ 51,686,017	\$ 1,573,524	\$ 111,468,259
Committed	-	-	-	-	-	-	-	-	-
Assigned	295,572	273,400	82,908	39,778	39,217	11,657	109,091	1,072,519	1,924,142
Unassigned	-	-	-	-	-	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ 616,638</u>	<u>\$ 653,169</u>	<u>\$ 2,527,260</u>	<u>\$ 4,699,416</u>	<u>\$ 38,279,011</u>	<u>\$ 12,175,756</u>	<u>\$ 51,795,108</u>	<u>\$ 2,646,043</u>	<u>\$ 113,392,401</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 618,451</u>	<u>\$ 653,169</u>	<u>\$ 2,527,260</u>	<u>\$ 4,716,614</u>	<u>\$ 41,091,279</u>	<u>\$ 12,194,855</u>	<u>\$ 51,795,108</u>	<u>\$ 2,650,221</u>	<u>\$ 116,246,957</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Capital Project Funds  
Regulatory Basis  
For the Year Ended June 30, 2022

	2018A	2018B	2019A	2019B	2020A	2020B	2021A	2021B	2022A	Bond Residual	Total Capital Project Funds
Revenues											
Interest	\$ -	\$ -	933	\$ 1,776	\$ 12,198	\$ 14,453	\$ 39,076	\$ 11,657	\$ 109,091	\$ 4,233	\$ 193,417
Other	-	-	-	-	326	-	-	-	-	422,988	423,314
Total Revenues	\$ -	\$ -	933	\$ 1,776	\$ 12,524	\$ 14,453	\$ 39,076	\$ 11,657	\$ 109,091	\$ 427,221	\$ 616,731
Expenditures											
Instruction	\$ -	\$ -	956,859	\$ 1,212,047	\$ 2,402,998	\$ 1,788,045	\$ 2,190,976	\$ -	\$ 12,612	\$ 529,903	\$ 9,093,440
Support Services	-	-	138,629	738,629	3,386,897	2,688,121	3,845,531	555,858	29,448	382,176	11,765,289
Non-instruction services	-	-	-	-	-	-	73,430	-	38,041	4,977	116,448
Capital Outlays	-	-	867,331	1,459,436	12,136,890	6,580,204	7,497,446	280,043	233,882	1,750,092	30,805,324
Total Expenditures	\$ -	\$ -	1,962,819	\$ 3,410,112	\$ 17,926,785	\$ 11,056,370	\$ 13,607,383	\$ 835,901	\$ 313,983	\$ 2,667,148	\$ 51,780,501
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ -	(1,961,886)	\$ (3,408,336)	\$ (17,914,261)	\$ (11,041,917)	\$ (13,568,307)	\$ (824,244)	\$ (204,892)	\$ (2,239,927)	\$ (51,163,770)
Other Financing Sources (Uses)											
Transfers In	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,819,482	\$ 2,819,482
Transfers Out	(1,635,783)	(1,183,699)	-	-	-	-	-	-	-	-	(2,819,482)
Proceeds of Bonds	-	-	-	-	-	-	-	13,000,000	52,000,000	-	65,000,000
Total Other Financing Sources (Uses)	\$ (1,635,783)	\$ (1,183,699)	-	\$ -	\$ -	\$ -	\$ -	\$ 13,000,000	\$ 52,000,000	\$ 2,819,482	\$ 65,000,000
Net Change in Fund Balance	\$ (1,635,783)	\$ (1,183,699)	(1,961,886)	\$ (3,408,336)	\$ (17,914,261)	\$ (11,041,917)	\$ (13,568,307)	\$ 12,175,756	\$ 51,795,108	\$ 579,555	\$ 13,836,230
Beginning Fund Balance	1,635,783	1,183,699	2,578,524	4,061,505	20,441,521	15,741,333	51,847,318	-	-	2,066,488	99,556,171
Ending Fund Balances	\$ -	\$ -	616,638	\$ 653,169	\$ 2,527,260	\$ 4,699,416	\$ 38,279,011	\$ 12,175,756	\$ 51,795,108	\$ 2,646,043	\$ 113,392,401

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Combining Statement of Changes in Assets and Liabilities - All Activity Funds  
For the Year Ended June 30, 2022

ASSETS	Balance 6/30/21	Total Receipts	Total Disbursements	Balance 6/30/22
Activities:				
Academic Team	\$ 3,301	\$ 14,326	\$ 13,933	\$ 3,694
Advanced Placement/Enrichment	239,372	239,615	221,857	257,130
Alternative School	7,537	4,524	6,641	5,420
Archery Club	360	2,322	1,901	781
Art	40,852	55,962	51,657	45,157
Athletics	389,511	1,081,529	968,921	502,119
Before/After School Programs	628,008	3,137,349	2,745,215	1,020,142
Broadcasting Club	1,120	2,811	1,733	2,198
Central Office	13,711	119,621	83,450	49,882
Charitable/Community/Service	29,707	727,796	730,408	27,095
Cheerleading/Pom/Pep	69,111	228,565	232,298	65,378
Chess Club	8,825	0	445	8,380
Concessions/Vending	321,126	300,844	270,294	351,676
Donations/Grants	85,637	82,486	70,293	97,830
Drama/Debate/Speech	23,762	44,958	37,834	30,886
E-Sports	2,249	1,665	1,200	2,714
Ethnic Heritage Clubs	5,919	2,586	3,096	5,409
Faculty	4,653	0	0	4,653
FBLA/DECA	20,423	102,633	107,863	15,193
FCCLA-Family, Career & Community Leaders	17,008	51,572	49,200	19,380
FFA Future Farmers of America	47,333	132,083	123,203	56,213
Foreign Language Clubs	20,158	5,206	5,205	20,159
Freshman Class	8,503	11,150	10,320	9,333
Games, Enrichment and Community (GEAC)	7	0	0	7
General Activity	293,631	426,591	389,745	330,477
Home Arts/Technology Ed/Wood Tech	38,498	83,153	58,796	62,855
Interest	157,744	3,847	12,340	149,251
Junior Class	382	1,792	774	1,400
Math Club	54	0	0	54
Media Center	90,687	180,910	139,412	132,185
Music	328,545	1,167,150	644,006	851,689
Musical Productions	48,206	133,930	123,116	59,020
National Forensic League	2,508	11,142	8,433	5,217
National Honor Society	12,124	22,579	15,375	19,328
Newspaper	1,703	1,995	1,927	1,771
Odyssey of the Mind	2,712	0	0	2,712
Parking	3,043	149,215	149,758	2,500
Payments/Refunds on Account	142,762	-8,555	19,627	114,580
Photo Lab	7,218	11,910	7,858	11,270
Prom Fund	143,681	68,040	69,748	141,973
PSAT Counselor	25,646	2,575	1,828	26,393
Refunds	2,889	28,239	24,515	6,613
Robotics Team	30,872	5,245	10,849	25,268
ROTC	6,117	50,856	55,285	1,688
Scholarships	9,107	2,400	600	10,907
Science/Environmental	11,026	2,548	1,344	12,230
Senior Class	11,717	31,120	22,465	20,372
Sophomore Class	1,203	0	57	1,146
Special Education	26,165	15,102	15,550	25,717
Special Projects	4,748	17,623	16,425	5,946
Student Council	19,818	150,179	138,101	31,896
Student Tech Protection Plan	712	437,252	437,964	0
Summer School	2,710	136,955	99,574	40,091
WEB - Where Everyone Belongs	0	1,445	1,066	379
Writing	4,719	1,963	1,831	4,851
Yearbook	255,051	88,274	75,620	267,705
Young Democrats/Republicans/Government	1,000	310	230	1,080
Total Assets	\$ 3,675,191	\$ 9,575,388	\$ 8,281,186	\$ 4,969,393
<b>FUND BALANCES</b>				
Designated for School Organizations	\$ 3,675,191	\$ 9,575,388	\$ 8,281,186	\$ 4,969,393
Total Fund Balances	\$ 3,675,191	\$ 9,575,388	\$ 8,281,186	\$ 4,969,393

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 accounting principles prescribed by the Oklahoma State Department of Education.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards (Unaudited)  
For the Year Ended June 30, 2022

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance 6/30/21	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/22
<u>U.S. Department of Education</u>						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (48,260)	\$ 277,605	\$ 284,266	\$ (54,921)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421/424	\$ (75,779)	\$ 206,911	\$ 182,931	\$ (51,799)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511/512/518/785	\$ (440,593)	\$ 1,443,405	\$ 2,299,115	\$ (1,296,303)
Title I Cluster			\$ (440,593)	\$ 1,443,405	\$ 2,299,115	\$ (1,296,303)
		613/615/616/				
* Special Education - Grants to States	84.027	621/623/625	\$ (1,061,629)	\$ 4,743,995	\$ 4,636,139	\$ (953,773)
* Special Education - Preschool Grants	84.173	641/642	(2,244)	103,164	100,996	(76)
Special Education Cluster			\$ (1,063,873)	\$ 4,847,159	\$ 4,737,135	\$ (953,849)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	\$ (59,086)	\$ 246,372	\$ 638,584	\$ (451,298)
Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	571/572	\$ (1,719)	\$ 125,830	\$ 127,130	\$ (3,019)
Student Support and Academic Enrichment	84.424A	551/552	\$ (24,062)	\$ 148,971	\$ 143,358	\$ (18,449)
COVID 19 ESSERF/CARES Act Coronavirus Aid, Relief, & Economic Security Act	84.425D	788	\$ (434,291)	\$ 447,007	\$ 12,716	\$ -
COVID 19 ESSER II Elementary & Secondary School Emergency Relief	84.425D	793/794	(4,277,180)	7,085,692	5,357,888	(2,549,376)
* ARP IDEA B	84.027X	628/629	-	5,363	68,395	(63,032)
* ARP IDEA B Preschool	84.027X	643/644	-	-	2,412	(2,412)
* Education Stabilization Fund GEER I - Formula	84.425C	721	-	128,988	164,100	(35,112)
* American Rescue Plan (ARP ESSER) School Counselor Corps Grant	84.425U	722	-	128,299	256,000	(127,701)
* American Rescue Plan (ARP ESSER) Oklahoma Paid Student Teacher Stipend	84.425U	725	-	22,741	22,741	-
* American Rescue Plan (ARP ESSER III)	84.425U	795	-	-	5,339,797	(5,339,797)
* American Rescue Plan (ARP ESSER) Homeless	84.425U	796/797	-	12,035	12,800	(765)
COVID Relief Cluster			\$ (4,711,471)	\$ 7,830,125	\$ 11,236,849	\$ (8,118,195)
Passed Through Oklahoma Department of Rehabilitation Services						
Job Training	84.126	456	\$ 12,313	\$ 45,409	\$ 46,812	\$ 10,910
Total U.S. Department of Education			\$ (6,412,530)	\$ 15,171,787	\$ 19,696,180	\$ (10,936,923)
<u>U.S. Department of Homeland Security</u>						
Direct Programs						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Federal Emergency Management Agency	97.036	594	\$ -	\$ 158,945	\$ 173,945	\$ (15,000)
<u>U.S. Department of the Interior</u>						
Direct Programs						
Indian Education - Assistance to Schools						
Johnson O'Malley Program	15.130	563/564	\$ 48,228	\$ 46,309	\$ 20,106	\$ 74,431

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Schedule of Expenditures of Federal Awards (Unaudited)  
For the Year Ended June 30, 2022

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance 6/30/21	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/22
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Breakfast Program	10.553	764	\$ -	\$ 2,066,408	\$ 1,576,881	\$ 489,527
Lunch Program	10.555	763	-	9,324,970	6,713,942	2,611,028
Summer Food Program	10.559	766	-	265,605	116,576	149,029
Supply Chain Assistance	10.555	759	-	504,095	181,476	322,619
P-EBT Program	10.649	760	-	5,814	5,814	-
Emergency Operational Costs Reimbursement	10.555	762	-	251,321	182,504	68,817
Child Nutrition Cluster			\$ -	\$ 12,418,213	\$ 8,777,193	\$ 3,641,020
Passed through the Oklahoma Department of Human Services						
Lunch Program	10.550		\$ -	\$ 863,647	\$ 863,647	\$ -
Summer Food Program	10.559		53,827	24,600	6,822	71,605
Total U.S. Department of Agriculture			\$ 53,827	\$ 13,306,460	\$ 9,647,662	\$ 3,712,625
<u>Federal Communications Commission</u>						
Direct Programs						
Emergency Connectivity Fund	32.009		\$ -	\$ 2,878,200	\$ 2,878,200	\$ -
Total Expenditures of Federal Awards			\$ (6,310,475)	\$ 31,561,701	\$ 32,416,093	\$ (7,164,867)

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Edmond Independent School District No. 12, Oklahoma County, Oklahoma under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirement of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Edmond Independent School District No. 12 Oklahoma County, Oklahoma, it is not intended to and does not present the basic financial statements as listed in the table of contents.

**Note B: Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

**Note C: Indirect Cost Rate**

Edmond Independent School District No. 12 Oklahoma County, Oklahoma has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note D: Subrecipients**

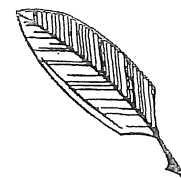
Edmond Independent School District No. 12 Oklahoma County, Oklahoma did not have any awards that have been passed through to subrecipients.

\* Indicates Major Program

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# KERRY JOHN PATTEN, C.P.A.

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Broken Arrow, OK 74012  
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FAX Number (918) 250-9853



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## 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

The Honorable Board of Education  
Edmond Independent School District No. 12  
Oklahoma County, Oklahoma

I 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 accompanying fund type and account group financial statements-regulatory basis, within the combined financial statements of Edmond Independent School District No. 12, Oklahoma County, Oklahoma (District), as listed in the Table of Contents, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated January 25, 2023, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my report was unmodified with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

### Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I 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 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.

My consideration of internal control 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Kerry John Patten".

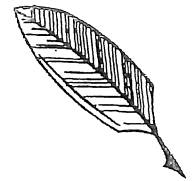
Kerry John Patten, CPA  
Broken Arrow, Oklahoma  
January 25, 2023



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

January 25, 2023

The Honorable Board of Education  
Edmond Independent School District No. 12  
Oklahoma County, Oklahoma

### *Opinion of Each Major Federal Program*

I have audited Edmond Independent School District No. 12, Oklahoma County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Edmond Independent School District No. 12, Oklahoma County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### *Basis of Opinion on Each Major Federal Program*

I conducted my 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). My responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Edmond Independent School District No. 12, Oklahoma County, Oklahoma and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Ada School District I-19, Pontotoc County, Oklahoma's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Edmond Independent School District No. 12, Oklahoma County, Oklahoma's federal programs.

### *Auditor's Responsibility for the Audit of Compliance*

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Edmond Independent School District No. 12, Oklahoma County, Oklahoma's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance with it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Edmond Independent School District No. 12, Oklahoma County, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Edmond Independent School District No. 12, Oklahoma County, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Edmond Independent School District No. 12, Oklahoma County, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Edmond Independent School District No. 12, Oklahoma County, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

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

### *Report on Internal Control Over Compliance*

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit, I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Kerry John Patten, CPA  
Broken Arrow, Oklahoma  
January 25, 2023

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with accounting principles generally accepted in the United States of America and an unmodified opinion on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Edmond Independent School District No. 12 which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A. standards.
5. The auditor's report on compliance for the major federal award programs for Edmond Independent School District No. 12 expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to major federal award programs for Edmond Independent School District No. 12 that are required to be reported in accordance with Uniform Guidance.
7. The programs tested as major programs included: Special Education – Grants to States (84.027); Special Education – Preschool Grants (84.173); ARP IDEA B (84.027X); ARP IDEA B Preschool (84.027X); Education Stabilization Fund GEER I (84.425C); American Rescue Plan (ARP ESSER) – School Counselor Corps Grant (84.425U); American Rescue Plan (ARP ESSER) – Oklahoma Paid Student Teacher Stipend (84.425U); American Rescue Plan (ARP ESSER III) (84.425U); American Rescue Plan (ARP ESSER) – Homeless (84.425U).
8. A threshold for distinguishing Types A and B programs was \$972,213.
9. Edmond Independent School District No. 12 qualified as a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

1. No matters were reported.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

1. No matters were reported.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
OKLAHOMA COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
JULY 1, 2021 TO JUNE 30, 2022**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT**  
**JULY 1, 2021 TO JUNE 30, 2022**

State of Oklahoma    }  
County of Tulsa        }

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Edmond Independent School District No. 12 for the audit year July 1, 2021 to June 30, 2022.

Kerry John Patten, C.P.A.

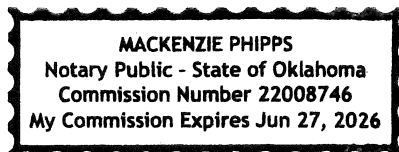
AUDITING FIRM

BY

*Kerry John Patten*  
AUTHORIZED AGENT

Subscribed and sworn to before me on this

25<sup>th</sup> day of Jan., 2023



*Mackenzie Phipps*  
NOTARY PUBLIC

My commission expires on:

27<sup>th</sup> day of June, 2026