



Financial Statements
June 30, 2011

Edmond Independent School District No. 12

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Education,
Edmond Independent School District No. 12
Edmond, Oklahoma:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Edmond Independent School District No. 12 as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Edmond Independent School District No. 12's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, Edmond Independent School District No.12 has prepared these financial statements using accounting practices prescribed by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Edmond Independent School District No. 12, as of June 30, 2011, or changes in financial position for the year then ended.

In our opinion, the financial statements referred to above 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 the Edmond Independent School District No. 12, as of June 30, 2011, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, on our consideration of Edmond Independent School District No. 12's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles prescribed by the Oklahoma State Department of Education require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 31 through 32, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles prescribed by the Oklahoma State Department of Education, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Edmond Independent School District No. 12's basic financial statements as a whole. The information shown in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The combining nonmajor fund financial statements, the statement of changes in assets and liabilities- all activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The budgetary comparison schedules- building, debt service and child nutrition fund, the statement of statutory, fidelity, and honesty bonds, and the schedule of accountants' professional liability insurance affidavit have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Oklahoma City, Oklahoma
January 30, 2012

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, 2011. 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 near term 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.

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>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	1) Statement of net assets-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
Accounting basis and measurement focus	Regulatory basis as described above	Regulatory basis as described above
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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 assets. Net assets - the difference between the District's assets and liabilities - are 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.

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 Assets
(in millions of dollars)

	2010	2011
Current and Other Assets	\$111.1	\$121.2
Capital assets	251.4	270.1
Total assets	\$362.5	\$391.3
Long-term debt outstanding	\$112.1	\$116.7
Other liabilities	20.5	21.5
Total liabilities	\$132.6	\$138.2
Net assets:		
Invested in capital assets, net of debt	\$177.6	\$194.4
Restricted	25.6	28.9
Unrestricted	26.7	29.8
Total net assets	\$229.9	\$253.1

Net Assets

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

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

	2010	2011
Revenues		
Program revenues		
Charges for services	\$10.5	\$10.9
Federal and State grants	30.5	16.3
General revenues		
Property taxes	\$89.4	\$93.5
Other taxes	13.1	13.9
Federal entitlement	.0	4.8
State entitlement	40.2	40.3
Other general revenues	1.5	0.9
Total revenues	\$185.2	\$180.6
Expenses		
Program expenses		
Instruction	\$81.6	\$80.4
Support services	52.0	53.7
Non-instruction	3.1	11.5
Interest on long-term debt	3.2	3.3
Depreciation-unallocated	7.7	8.5
Total expenses	\$147.6	\$157.4
Increase in net assets	\$37.6	\$23.2
Beginning Net Assets	192.3	229.9
Ending Net Assets	\$229.9	\$253.1

Changes in Net Assets

General Fund - The 2010-11 fiscal year began with some uncertainty and the District remained cautious as the state's financial stability remained a concern. The major changes in our state's leadership would occur in 2011 as a new governor and a new state superintendent would take office in February 2011. The state's financial picture began looking better by mid-year but the budget cuts for all state agencies were still a factor that had to be addressed. All state agencies would receive budget cuts of 7% or more and the state would use all of the \$600 million in rainy days funds, all available cash reserves, and the balance of the federal stimulus funds to help keep the public schools and other state agencies operational.

In an effort to prepare for Oklahoma's third consecutive year of declining revenue collections, the District implemented a budget reduction plan for 2011 that would reduce district expenditures by 2.5%. The administration presented a budget reduction plan for 2011 that was adopted for implementation on June 14, 2010. The District goal was to absorb the reductions on an equitable basis and spread the cuts across all areas of the school district. The plan included reducing total expenditures within the general fund by \$3,500,000 while trying to protect the classroom and instructional programs. The plan included reducing operational cost by \$1,275,000 and salary related cost by \$2,225,000.

The approved budget reduction plan was fully implemented and the final results proved to be successful. The District was able to end the year with a general fund balance of \$13,701,344 (10.8% of total collections) compared to a July 1, 2010 fund balance of \$10,587,833 (8.6%); an increase of \$3.1 million. Total general fund expenditures decreased from \$125.2 million in 2010 to \$123.7 million in 2011 and total general fund revenue increased by \$3 million.

The District's ability to pass local bond issues is a notable factor in the continued growth of the Edmond community, and its continuous passage of bond issues contributes directly to the District's increase in student enrollment. The District continues to see the highest student growth in the west and northwest areas of the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District is reflected in the balance sheet for governmental funds report on page 13. The District's balance sheet for all funds reflects a combined fund balance of \$66.4 million, an increase of \$6.82 million. The overall increase is primarily attributed to a \$2.6 million increase in bond funds and an increase of \$3.1 million in General Fund.

General Fund Budgetary Highlights for 2011

With the state's economy showing signs of recovery during the second half of the fiscal year, cuts to state agencies and school districts were minimized allowing Edmond Schools to end the year in a strong and positive financial position. The June 30, 2011 fund balance was \$13.7 million, 10.8%. The District increased the fund balance by \$3.1 million.

The general fund budget for 2010-11 was \$130,129,000. This was the first time in recent history the District's general fund budget was less than the previous year. Due to anticipated reductions in revenue collections from state and federal sources, the District's general fund budget decreased \$3.85 million.

The District continues to be consistent in its spending patterns. Payroll costs were 94.4% of total expenditures while expenditures for instruction were 62.7%. The District pays for the health insurance for all eligible employees. Due to the state's revenue shortfall in 2011, the District paid \$1.2 million in employee health insurance premiums which are a legal obligation of the state. Since 2009, the District has paid over \$2.8 million in employee health insurance premiums.

Total state revenue collections remained flat despite student growth of 595 students. State aid was down \$500,000 from prior year but was offset by an unexpected increase in revenue derived from state school land earnings. Local revenue increased by \$2.1 million while federal funds were up \$421,000 which consisted primarily of Education Jobs funds.

The District also was able to reduce expenditures for the fiscal year by implementing a very broad based plan. The \$3.5 million expenditure reduction plan was very effective and positioned the District to prepare for the loss of federal stimulus funds in 2012 and 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During 2011, the District completed \$24.7 million in construction projects, including new classroom additions at Central, Chisholm and Sunset and gymnasium and locker room improvements at Haskell/Summit. The new transportation facility was completed in 2011. Land improvements included the completion of tennis courts and fencing at Cheyenne, Cimarron, Sequoyah, and Summit middle schools as well as parking at Haskell/Summit. The District also replaced roofing at Orvis Risner, Memorial, North and the administration center; flooring at Santa Fe Freshman Academy and Northern Hills; and HVAC systems at Cross Timbers and Washington Irving.

On June 30, 2011 the District had bond funds available, including accumulated interest, of \$39.8 million, which will be spent on capital projects including classroom additions, site renovations, property, and improvements to the administrative center. Accumulated bond fund interest accounted for \$3.3 million of the bond funds available.

The District will receive bond proceeds of \$35.5 million from an issue approved by voters on November 8, 2011. The most significant of the bond projects is a new elementary school that will be constructed in the area of Penn and Covell. Projected opening of the new elementary school is August 2013. Other approved capital projects are in the areas of expansion and renovations at Centennial, Northern Hills, Angie Debo, Washington Irving, and Boulevard Academy. The bond issue also includes funding for energy conservation, technology, instructional equipment, fine arts equipment, buses, and transportation equipment.

Long-term Debt

At fiscal year end, the District had \$115.8 million in total long-term debt outstanding. This is a net increase of \$4.6 million from last year's amount of \$111.2 million. The District issued new bonds totaling \$34.1 million and retired \$29.5 million of outstanding bonds.

A proposed bond issue with an estimated amount of \$37 million will be presented to voters in the fall of 2012. The Edmond community will be asked to approve funding for either a new elementary school or middle school and facility improvements to Orvis Risner, Summit, North, and Santa Fe. The bond issue will also include continuing financial support for technology, roofing, school safety and security, athletics, fine arts, and transportation. The bond issue amount and designated projects will be finalized in August 2012.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The United States economy continues to recover. The stock market continues to climb with the DOW closing at 12,579 on January 18, 2012, national unemployment rates have dropped below 10%, and the housing market shows signs of improvement. As the nation's economy moves forward this also helps Oklahoma's financial picture. On a broader scale, the European economy continues to struggle. European countries such as Greece, France, Spain, and Germany all face financial downgrades of their national debt. As of now, the European financial crisis has not adversely impacted the United States economy but this situation warrants our attention.

Based on reports provided by state officials, gross revenue collections continue to record double-digit growth for the first six months of the fiscal year. Projections indicate state law makers will have an additional \$115 million to spend in fiscal year 2013 but they must replace some of the cash reserves and rainy day funds totaling about \$500 million. State leaders have warned state agencies that budget reductions for 2013 are likely and at best a flat budget can be anticipated. The primary concern for Oklahoma's economy at this time is the decline of natural gas spot prices dropping below \$2.50 per sales unit.

For 2012, funding for Oklahoma public schools is \$2.272 billion, a reduction of \$98 million (4.1%) when compared to the previous year's appropriation of \$2.37 billion. Also on the horizon, is a vote of the people that will determine local property tax increases. The law that governs the maximum the county assessor can increase the property valuation in a year will go to a vote of the people in 2012. If approved, the change from 5% to 3% will limit the school district's local revenue growth.

The 2012 budget is based on some certainty that no additional budget reductions will be implemented by the state during this school year. The 2012 budget also includes some hope and optimism. Optimism that state collections will remain positive and provide for additional funding in 2013 and hope that the state legislative leaders along with Governor Fallin will provide a much needed supplemental appropriation to cover the flexible health benefit allowance and remove this financial burden from school district.

The District's student growth continued with an additional 653 students enrolling in the 2011-12 school year, bringing total enrollment to 21,995 students.

The District initiated full-Day Kindergarten programs at six more elementary sites in 2011-12. New programs were started at Will Rogers, Northern Hills, Angie Debo, Charles Haskell, John Ross, and West Field. The District will complete the implementation of the full day kindergarten program in 2012-13 with the addition of six more school sites.

The general fund budget is the primary operational budget for the District and supports employee wages and benefits, site and department operations, legal services, insurance premiums, and the instructional needs for all classrooms. The appropriated budget for 2012 is \$134,371,000; the 2011 budget was \$130,129,000. The 2012 general fund budget includes a decrease in our projected fund balance from 10.8% (\$13,701,344) on July 1, 2011 to a projected fund balance of 10.1% (\$13,029,793) on June 30, 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David G. Fraser, Chief Financial Officer, 1001 W. Danforth, Edmond, OK 73003.

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Statement of Net Assets – Regulatory Basis
June 30, 2011

	Governmental Activities
Assets	
Cash and cash investments	\$ 121,019,961
Restricted cash and cash investments	91,000
Other current assets	31,173
Inventories	101,447
Nondepreciated capital assets	36,181,113
Depreciated capital assets, net of depreciation	233,893,996
Total assets	\$ 391,318,690
Liabilities	
Warrants outstanding	\$ 9,329,615
Accounts payable	173,713
Salaries and related benefits	11,149,388
Retainage payable	91,000
Reserve for encumbrances	785,292
Long-term obligations:	
Due within one year	32,146,000
Due beyond one year	84,569,571
Total liabilities	138,244,579
Net Assets	
Invested in capital assets, net of related debt	194,387,381
Restricted for:	
Debt service	18,183,440
School-based activities	2,520,206
Child nutrition	2,713,207
Buildings	5,490,534
Unrestricted	29,779,343
Total net assets	\$ 253,074,111

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2011

	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
Functions/Programs					
Governmental Activities:					
Instruction	\$ 80,439,178	\$ 127,925	\$ 12,267,335	\$ -	\$ (68,043,918)
Support services	53,712,033	3,593,261	243,918	-	(49,874,854)
Non-instruction services	11,459,260	7,181,102	3,833,512	-	(444,646)
Interest on long-term debt	3,284,035	-	-	-	(3,284,035)
Depreciation - unallocated	8,484,723	-	-	-	(8,484,723)
Total school district	\$ 157,379,229	\$ 10,902,288	\$ 16,344,765	\$ -	\$(130,132,176)
General Revenues:					
Taxes					
Property taxes, levied for general purposes					
\$ 51,602,159					
Property taxes, levied for building purposes					
7,367,066					
Property taxes, levied for debt service					
34,496,301					
General Taxes					
13,894,351					
State aid - formula grants					
40,286,145					
Federal aid - formula grants					
4,836,261					
Investment earnings					
857,938					
Loss on disposal of assets					
(17,690)					
Total General Revenues					
\$ 153,322,531					
Change in net assets					
Net assets - beginning					
229,883,756					
Net assets - ending					
\$ 253,074,111					

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds – Regulatory Basis
June 30, 2011

Assets	General Fund	Debt Service Fund	2011A Bond Fund	Other Governmental Funds	Totals Governmental Funds
Pooled Cash and Investments	\$ 17,400,630	\$ 15,812,801	\$ 5,637,231	\$ 17,952,182	\$ 56,802,844
Non-pooled Cash and Investments	14,768,240	19,501,602	14,017,534	15,929,741	64,217,117
Restricted Certificate of Deposit	-	-	-	91,000	91,000
Other Current Assets	29,372	-	-	1,801	31,173
Inventories - Supplies, Materials	-	-	-	63,484	63,484
Total Assets	<u>\$ 32,198,242</u>	<u>\$ 35,314,403</u>	<u>\$ 19,654,765</u>	<u>\$ 34,038,208</u>	<u>\$ 121,205,618</u>
Liabilities and Fund Balances					
Liabilities					
Warrants Outstanding	\$ 6,554,805	\$ -	\$ 1,026,400	\$ 1,748,410	\$ 9,329,615
Accounts Payable	22,945	-	-	150,768	173,713
Salaries and Related Benefits	11,149,388	-	-	-	11,149,388
Retainage Payable	-	-	-	91,000	91,000
Principal and Interest Accruals	-	33,266,333	-	-	33,266,333
Reserve for Encumbrances	769,760	-	-	15,532	785,292
Total Liabilities	<u>\$ 18,496,898</u>	<u>\$ 33,266,333</u>	<u>\$ 1,026,400</u>	<u>\$ 2,005,710</u>	<u>\$ 54,795,341</u>
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ 63,484	\$ 63,484
Restricted	323,483	2,048,070	18,610,542	23,497,063	44,479,158
Committed	-	-	-	5,206,572	5,206,572
Assigned	1,371,121	-	17,823	3,265,379	4,654,323
Unassigned	12,006,740	-	-	-	12,006,740
Fund Balances, End of Year	<u>13,701,344</u>	<u>2,048,070</u>	<u>18,628,365</u>	<u>32,032,498</u>	66,410,277
Total Liabilities and Fund Balances	<u>\$ 32,198,242</u>	<u>\$ 35,314,403</u>	<u>\$ 19,654,765</u>	<u>\$ 34,038,208</u>	
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 \$364,909,649 and the accumulated depreciation is \$94,834,540.					270,075,109
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.					37,963
Sinking Fund Principal and Interest Accruals are part of net assets at the district-wide level.					33,266,333
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	115,800,000	
			Compensated Absences	915,571	(116,715,571)
Total Net Assets - Governmental Activities					<u>\$ 253,074,111</u>

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, 2011

	General Fund	Debt Service Fund	2011 A Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 51,602,159	\$ 34,496,302	\$ -	\$ 7,367,066	\$ 93,465,527
Interest	115,994	153,719	44,407	264,395	578,515
County Revenue	5,096,605	-	-	-	5,096,605
State Revenue	50,706,792	842	-	113,515	50,821,149
Federal Revenue	14,154,573	-	-	2,382,371	16,536,944
Other	604,539	-	-	11,702,741	12,307,280
Total Revenues	122,280,662	34,650,863	44,407	21,830,088	178,806,020
Expenditures					
Current					
Instruction	77,401,650	-	227,235	2,542,895	80,171,780
Support services	40,618,254	-	1,004,847	14,116,101	55,739,202
Non-instruction services	5,393,842	-	-	5,416,755	10,810,597
Capital Outlay	-	-	683,960	23,403,962	24,087,922
Other Outlays	289,565	-	-	280,718	570,283
Debt Service					
Interest Paid	-	3,284,035	-	-	3,284,035
Principal Retirement	-	29,515,000	-	-	29,515,000
Total Expenditures	123,703,311	32,799,035	1,916,042	45,760,431	204,178,819
Excess (Deficiency) of Revenues over (under) Expenditures	(1,422,649)	1,851,828	(1,871,635)	(23,930,343)	(25,372,799)
Adjustments to Prior Year Encumbrances	54,500	-	-	1,229	55,729
Other Financing Sources (Uses)					
Transfers In	4,481,659	-	-	1,637,954	6,119,613
Transfers Out	-	(153,719)	-	(5,965,894)	(6,119,613)
Accrued Principal and Interest	-	(2,000,971)	-	-	(2,000,971)
Premium on Bond Sales	-	274,772	-	-	274,772
Bonds Issued	-	-	20,500,000	13,367,200	33,867,200
Total Other Financing Sources (Uses)	4,481,659	(1,879,918)	20,500,000	9,039,260	32,141,001
Net Change in Fund Balance	3,113,510	(28,090)	18,628,365	(14,889,854)	6,823,931
Beginning Fund Balance	10,587,834	2,076,160	-	46,922,352	59,586,346
Ending Fund Balances	\$ 13,701,344	\$ 2,048,070	\$ 18,628,365	\$ 32,032,498	\$ 66,410,277

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Reconciliation Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2011

Total net changes in fund balances - governmental funds		\$ 6,823,931
The change in nets assets reported in the sstatement of activities is different because:		
<p>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 capital outlays exceeds depreciation during the period.</p>		
	Depreciation Expense	\$ (8,484,723)
	Capital Outlays	<u>27,198,504</u>
		18,713,781
<p>In the statement of activities, the 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.</p>		
		(27,790)
<p>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.</p>		
		6,089
<p>Amount recognized as revenue on 2010B bond issue as a result of a good faith payment which was deferred revenue in the prior year.</p>		
		272,800
<p>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.</p>		
	Debt Issued	\$ (34,140,000)
	Debt Repayments	<u>29,515,000</u>
		(4,625,000)
<p>The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the government-wide financial statements.</p>		
		25,573
<p>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.</p>		
		<u>2,000,971</u>
Change in net assets of governmental activities		<u><u>\$ 23,190,355</u></u>

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Statement of Fiduciary Net Assets – Regulatory Basis
June 30, 2011

	<u>Private- Purpose Trust</u>
Assets	
Cash and Investments	\$ 489,557
Total Assets	<u>\$ 489,557</u>
Net Assets	
Nonspendable Endowment	\$ 440,088
Restricted for Scholarships	49,469
Total Net Assets	<u>\$ 489,557</u>

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Statement of Changes in Fiduciary Net Assets – Regulatory Basis
For the Year Ended June 30, 2011

	<u>Private- Purpose Trust</u>
Additions:	
Interest	\$ 6,855
Deductions	
Other Expenses	<u>(10,000)</u>
Change In Net Assets	(3,145)
Net Assets- Beginning	<u>492,702</u>
Net Assets- Ending	<u><u>\$ 489,557</u></u>

Note 1 - Summary of Significant Accounting Policies

The 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.

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 Statements-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, district-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 Assets, 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 capital assets and 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 assets; and unrestricted net assets.

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 assets resulting from the current year's activities. Separate financial statements are provided for governmental funds and fiduciary 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 fiduciary fund categories on a basis required by the cash basis and budget laws of the State of Oklahoma. Since resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements.

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 (also referred to as sinking fund) is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

2011A Bond Fund is 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 which are included in other governmental funds:

Governmental Funds:

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

Fiduciary Fund:

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.

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 that are 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 reported 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 assets.
- 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 to be presented on the accrual basis of accounting as well as the fiduciary fund financial statements. 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.

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 5th through 14th year of employment, and 18 days beginning with the 15th year of employment. Upon termination of employment, unused accrued vacation is paid at the employee's current rate of pay.

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. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments.

The final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted by the Board of Education for the General Fund, Building Fund, Child Nutrition and the Debt Service Fund that includes revenues and expenditures.

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

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

Investments - Short-term investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. 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.

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 41% 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 the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transfers - During the course of normal operations, the District has transactions between funds including 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.

Net Assets and Fund Balance - District-Wide Financial Statements –

Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets 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 assets that reports the amount of funds restricted for payment of principal and interest on debt. This amount is restricted by enabling legislation.

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

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

Restricted for Child Nutrition – The component of net assets restricted for use by the child nutrition fund. This amount is restricted by regulations of the Oklahoma State Department of Education.

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 assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used.

Governmental Fund Financial Statements – Effective July 1, 2010, the District has adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

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

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

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has assigned funds for education that are to be used for instruction, support and other operating expenditures.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification would also include any negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. The District has not established a formal stabilization arrangement regarding minimum funding requirements.

The 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.

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2011

As of June 30, 2011, fund balances are comprised of the following:

	General Fund	Sinking Fund	2011A Bond Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 63,484	\$ 63,484
Restricted for:					
Capital outlay and property maintenance	-	-	18,610,542	23,489,263	42,099,805
Debt service	-	2,048,070	-	-	2,048,070
Federal and state programs	323,483	-	-	-	323,483
Instruction	-	-	-	7,800	7,800
Total Restricted	<u>323,483</u>	<u>2,048,070</u>	<u>18,610,542</u>	<u>23,497,063</u>	<u>44,479,158</u>
Committed to:					
Food services	-	-	-	2,686,366	2,686,366
School programs	-	-	-	2,520,206	2,520,206
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,206,572</u>	<u>5,206,572</u>
Assigned to:					
Employee compensation	769,760	-	-	-	769,760
Site budget carryover	105,242	-	-	-	105,242
Allocation for carryover expenditures	496,119	-	-	-	496,119
Bond costs and capital outlay	-	-	17,823	3,265,379	3,283,202
Total Assigned	<u>1,371,121</u>	<u>-</u>	<u>17,823</u>	<u>3,265,379</u>	<u>4,654,323</u>
Unassigned	12,006,740	-	-	-	12,006,740
Total Fund Balances	<u>\$13,701,344</u>	<u>\$ 2,048,070</u>	<u>\$ 18,628,365</u>	<u>\$ 32,032,498</u>	<u>\$ 66,410,277</u>

Note 2 - Cash and Cash Investments

At June 30, 2011, the bank balance of deposits and cash pools was \$109,516,188. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

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.

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
Bonds Payable	\$ 111,175,000	\$ 34,140,000	\$ (29,515,000)	\$ 115,800,000	\$ 31,365,000
Compensated Absences	921,660	773,496	(779,585)	915,571	781,000
Total governmental activity long-term liabilities	<u>\$ 112,096,660</u>	<u>\$ 34,913,496</u>	<u>\$ (30,294,585)</u>	<u>\$ 116,715,571</u>	<u>\$ 32,146,000</u>

Payments on bonds are made by the debt service fund with property taxes. Compensated absences are generally liquidated by the general fund.

Bonds payable at June 30, 2011, are composed of the following individual general obligation bond issues:

Issue Amount	Purpose	Issue Date	Annual Payment	Final Payment	Maturity Date	Interest Rates (%)	Total Outstanding at June 30, 2011
\$ 10,600,000	Building	7/1/2006	\$ 2,650,000	\$ 2,650,000	7/1/2011	4%-4.5%	\$ 2,650,000
20,000,000	Combined	3/1/2007	5,000,000	5,000,000	3/1/2012	4%	5,000,000
7,200,000	Building	7/1/2007	1,800,000	1,800,000	7/1/2012	4%-4.25%	3,600,000
18,500,000	Combined	3/1/2008	4,625,000	4,625,000	3/1/2013	2.5%-3%	9,250,000
10,400,000	Building	7/1/2008	2,600,000	2,600,000	7/1/2013	3.25%-3.5%	7,800,000
21,600,000	Combined	3/1/2009	5,400,000	5,400,000	3/1/2014	2.25%-2.5%	16,200,000
14,680,000	Building	7/1/2009	3,670,000	3,670,000	7/1/2014	2%-4%	14,680,000
22,480,000	Combined	3/1/2010	5,620,000	5,620,000	3/1/2015	2%-3%	22,480,000
13,640,000	Building	7/1/2010	3,410,000	3,410,000	7/1/2015	1%-3%	13,640,000
20,500,000	Combined	3/1/2011	5,125,000	5,125,000	3/1/2016	0.5%-3%	20,500,000
							<u>\$ 115,800,000</u>

The annual requirements to amortize all bond debt outstanding as of June 30, 2011, including interest payments, are as follows:

Period Ending June 30	Principal	Interest	Total Debt Service
2011	\$ 31,365,000	\$ 3,865,575	\$ 35,230,575
2012	32,250,000	1,979,850	34,229,850
2013	25,825,000	1,239,575	27,064,575
2014	17,825,000	529,775	18,354,775
2015	8,535,000	145,175	8,680,175
	<u>\$ 115,800,000</u>	<u>\$ 7,759,950</u>	<u>\$ 123,559,950</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2011 is approximately \$139,679,000.

Proceeds of general obligation bond issues are recorded in the Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections. Subsequent to year end, the District issued an additional \$9,400,000 in bonds. There is an additional \$35.54 million in approved but unissued bonds as of January, 30, 2012.

Note 4 - Employee Retirement System

Plan Description - The District contributes to the state-administered Oklahoma Teachers' Retirement System ("the System"), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is administered by a board of trustees. PERS provides retirement, disability and death benefits to plan members and beneficiaries. Oklahoma State Statute 70, Article 17 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees. The System issues a publicly available report that includes financial statements and required supplementary information for PERS. That report may be obtained by contacting the Oklahoma Teachers' Retirement System.

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 employer-paid fringe benefits. The District is required by statute to contribute 9.5% from January 1, 2010 forward of applicable compensation for the year ended June 30, 2011. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contributions as allowed by statute. The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2011, 2010, and 2009 were \$13,778,050, \$13,805,613, and \$12,537,796, respectively, equal to the required contributions for each year.

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 total amount of payments made by the State of Oklahoma on-behalf of the District for 2011 totaled \$996,864.

Note 5 - 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 "private" 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 6 - Risk Management

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

Note 7 - Surety Bonds

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 3884485 and the term is from July 1, 2005 until cancelled.

The treasurer and assistant treasurer are bonded under separate surety bonds, each for \$500,000, with Ohio Casualty Insurance Company. The bonds (numbered 3863215 and 3863216, respectively) are effective for the period from July 1 through June 30 and are renewed annually.

The superintendent is bonded under Ohio Casualty Insurance Company surety bond number 5056725 with a coverage amount of \$100,000. The bond is effective for the period from July 1 through June 30 and is renewed annually.

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 has outstanding construction commitments of approximately \$45.4 million as of June 30, 2011.

Note 9 - Operating Leases

The District leases copier equipment at the District print shop for a monthly rental of \$970. The lease will expire on June 30, 2013. The District also leases parking lot space for Northern Hills Elementary under an annual lease agreement for \$2,460. The current renewal period ends July 30, 2012.

Note 10 - Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 8,045,132	\$ -	\$ (3,000)	\$ 8,042,132
Construction in progress	<u>28,239,023</u>	<u>24,576,261</u>	<u>(24,676,303)</u>	<u>28,138,981</u>
Total capital assets not being depreciated	<u>36,284,155</u>	<u>24,576,261</u>	<u>(24,679,303)</u>	<u>36,181,113</u>
Capital assets being depreciated:				
Buildings	280,252,251	24,767,383	(19,700)	304,999,934
Furniture	1,588,826	17,573	-	1,606,399
Musical instruments	465,385	53,099	-	518,484
Equipment	9,827,095	789,013	(20,228)	10,595,880
Vehicles/Buses	<u>9,918,666</u>	<u>1,671,478</u>	<u>(582,305)</u>	<u>11,007,839</u>
Total capital assets being depreciated	<u>302,052,223</u>	<u>27,298,546</u>	<u>(622,233)</u>	<u>328,728,536</u>
Less accumulated depreciation for:				
Buildings	(71,720,417)	(6,855,384)	4,378	(78,571,423)
Furniture	(1,103,461)	(71,256)	-	(1,174,717)
Musical instruments	(191,549)	(41,998)	-	(233,547)
Equipment	(6,466,829)	(579,714)	10,760	(7,035,783)
Vehicles/Buses	<u>(7,465,004)</u>	<u>(936,371)</u>	<u>582,305</u>	<u>(7,819,070)</u>
Total accumulated depreciation	<u>(86,947,260)</u>	<u>(8,484,723)</u>	<u>597,443</u>	<u>(94,834,540)</u>
Total capital assets being depreciated, net	<u>215,104,963</u>	<u>18,813,823</u>	<u>(24,790)</u>	<u>233,893,996</u>
Capital assets, net	<u>\$ 251,389,118</u>	<u>\$ 43,390,084</u>	<u>\$ (24,704,093)</u>	<u>\$ 270,075,109</u>

Note 11 - Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$ 3,477,039	Operating Transfer for Payroll
Student Activity Fund	General Fund	1,004,620	Operating Transfer
Student Activity Fund	Student Activity Fund	192,598	Operating Transfer
Student Activity Fund	Child Nutrition Fund	944	Operating Transfer
Debt Service Fund	Building Fund	153,719	Operating Transfer
2007A Bond Fund	Bond Residual Fund	1,015,915	Operating Transfer
2007B Bond Fund	Bond Residual Fund	274,778	Operating Transfer
		<u>\$ 6,119,613</u>	

Note 12 - Subsequent Events

A bond issue for \$35,540,000 was approved by voters on November 8, 2011. This bond issue will provide funding for a new elementary school, building improvements at Centennial, Northern Hills, Angie Debo and Washington Irving elementary schools and Boulevard Academy, roofing at Sequoyah Middle School and North High School, HVAC replacement at John Ross Elementary, and carpet replacement at Will Rogers elementary. Other District projects include energy conservation improvements at all three high schools and security equipment at nine sites. The bond issue also includes funds for other capital improvements, equipment, buses, and technology purchases.



Required Supplementary Information
June 30, 2011

Edmond Independent School District No. 12

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – General Fund (unaudited)
For the Year Ended June 30, 2011

	Original and Final Budget Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 10,587,834	\$ 10,587,834	\$ -
Resources (inflows)			
Property Taxes	50,955,236	51,602,159	646,923
Interest	156,000	115,994	(40,006)
County Revenue	4,812,300	5,096,605	284,305
State Revenue	49,107,621	50,706,792	1,599,171
Federal Revenue	13,769,100	14,154,573	385,473
Other	4,786,900	5,140,698	353,798
Amounts Available for Appropriation	<u>134,174,991</u>	<u>137,404,655</u>	<u>3,229,664</u>
Charges to Appropriations (outflows)			
Instruction	78,994,404	77,401,650	1,592,754
Support Services	41,234,901	40,618,254	616,647
Non-instruction services	5,470,891	5,393,842	77,049
Other Outlays	4,428,804	289,565	4,139,239
Total Charges to Appropriations	<u>130,129,000</u>	<u>123,703,311</u>	<u>6,425,689</u>
Budgetary Fund Balance, June 30	<u><u>\$ 4,045,991</u></u>	<u><u>\$ 13,701,344</u></u>	<u><u>\$ 9,655,353</u></u>

Budgeting –No later than October 1 of each year, the board of education of each school district shall file with the State Board of Education an itemized expenditure budget and request for state appropriated funds for the ensuing fiscal year and an estimate of revenues from all sources to be received by the district during the ensuing fiscal year. 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. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

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



Other Supplementary Information
June 30, 2011

Edmond Independent School District No. 12

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Combining Balance Sheet - Other Governmental Funds – Regulatory Basis
June 30, 2011

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Fund
	Building	MAPS	Child Nutrition	Activity	Gifts	Total		
Assets								
Pooled Cash and Investments	\$ 3,447,134	\$ -	\$ 1,225,192	\$ -	\$ -	\$ 4,672,326	\$ 13,279,856	\$ 17,952,182
Non-pooled Cash and Investments	2,504,007	40,182	1,501,603	3,116,333	9,202	7,171,327	8,758,414	15,929,741
Restricted Certificate of Deposit	-	-	-	-	-	-	91,000	91,000
Other Current Assets	-	-	1,801	-	-	1,801	-	1,801
Inventories - Supplies, Materials	-	-	63,484	-	-	63,484	-	63,484
Total Assets	5,951,141	40,182	2,792,080	3,116,333	9,202	11,908,938	22,129,270	34,038,208
Liabilities and Fund Balances								
Liabilities								
Warrants Outstanding	310,354	-	26,698	596,127	887	934,066	814,344	1,748,410
Accounts Payable	150,253	-	-	-	515	150,768	-	150,768
Retainage Payable	-	-	-	-	-	-	91,000	91,000
Reserve for Encumbrances	-	-	15,532	-	-	15,532	-	15,532
Total Liabilities	460,607	-	42,230	596,127	1,402	1,100,366	905,344	2,005,710
Fund Balances								
Nonspendable	-	-	63,484	-	-	63,484	-	63,484
Restricted	5,490,534	40,182	-	-	7,800	5,538,516	17,958,547	23,497,063
Committed	-	-	2,686,366	2,520,206	-	5,206,572	-	5,206,572
Assigned	-	-	-	-	-	-	3,265,379	3,265,379
Fund Balances, End of Year	5,490,534	40,182	2,749,850	2,520,206	7,800	10,808,572	21,223,926	32,032,498
Total Liabilities and Fund Balances	\$ 5,951,141	\$ 40,182	\$ 2,792,080	\$ 3,116,333	\$ 9,202	\$ 11,908,938	\$ 22,129,270	\$ 34,038,208

Edmond Independent School District No. 12

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Other Governmental Funds – Regulatory Basis

For the Year Ended June 30, 2011

	Other Special Revenue Funds					Total	Total Other Capital Project Funds	Total Other Governmental Fund
	Building	MAPS	Child Nutrition	Activity	Gifts			
Revenues								
Property Taxes	\$ 7,367,066	\$ -	\$ -	\$ -	\$ -	\$ 7,367,066	\$ -	\$ 7,367,066
Interest	22,944	347	12,225	16,618	49	52,183	212,212	264,395
State Revenue	183	-	113,332	-	-	113,515	-	113,515
Federal Revenue	-	-	2,382,371	-	-	2,382,371	-	2,382,371
Other	175,208	-	4,912,864	6,520,176	76,027	11,684,275	18,466	11,702,741
Total Revenues	7,565,401	347	7,420,792	6,536,794	76,076	21,599,410	230,678	21,830,088
Expenditures								
Current								
Instruction	176,871	89,070	-	581,836	54,282	902,059	1,640,836	2,542,895
Support services	6,806,341	13,144	-	2,877,781	16,509	9,713,775	4,402,326	14,116,101
Non-instruction services	-	-	3,770,839	1,641,218	-	5,412,057	4,698	5,416,755
Capital Outlays	10,782	-	-	15,124	-	25,906	23,378,056	23,403,962
Other Outlays	-	-	2,209	43,668	-	45,877	234,841	280,718
Total Expenditures	6,993,994	102,214	3,773,048	5,159,627	70,791	16,099,674	29,660,757	45,760,431
Excess (Deficiency) of Revenues over Expenditures	571,407	(101,867)	3,647,744	1,377,167	5,285	5,499,736	(29,430,079)	(23,930,343)
Adjustments to Prior Year Encumbrances	-	-	1,229	-	-	1,229	-	1,229
Other Financing Sources (Uses)								
Transfers In	153,719	-	944	192,598	-	347,261	1,290,693	1,637,954
Transfers Out	-	-	(3,477,039)	(1,198,162)	-	(4,675,201)	(1,290,693)	(5,965,894)
Proceeds of Bonds	-	-	-	-	-	-	13,367,200	13,367,200
Total Other Financing Sources (Uses)	153,719	-	(3,476,095)	(1,005,564)	-	(4,327,940)	13,367,200	9,039,260
Net Change in Fund Balance	725,126	(101,867)	172,878	371,603	5,285	1,173,025	(16,062,879)	(14,889,854)
Beginning Fund Balance	4,765,408	142,049	2,576,972	2,148,603	2,515	9,635,547	37,286,805	46,922,352
Ending Fund Balances	\$ 5,490,534	\$ 40,182	\$ 2,749,850	\$ 2,520,206	\$ 7,800	\$ 10,808,572	\$ 21,223,926	\$ 32,032,498

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Combining Balance Sheet – Other Capital Project Funds – Regulatory Basis
June 30, 2011

	<u>2008A Bond</u>	<u>2008B Bond</u>	<u>2009A Bond</u>	<u>2009B Bond</u>	<u>2010A Bond</u>	<u>2010B Bond</u>	<u>Residual Bond Fund</u>	<u>Total Other Capital Project Funds</u>
Assets								
Pooled Cash and Investments	\$ 662,426	\$ 202,079	\$ 930,927	\$ 820,806	\$ 6,300,554	\$ 1,797,077	\$ 2,565,987	\$ 13,279,856
Non-pooled Cash and Investments	-	-	-	751,202	1,502,404	5,503,205	1,001,603	8,758,414
Restricted Certificate of Deposit	-	-	-	-	91,000	-	-	91,000
Total Assets	<u>662,426</u>	<u>202,079</u>	<u>930,927</u>	<u>1,572,008</u>	<u>7,893,958</u>	<u>7,300,282</u>	<u>3,567,590</u>	<u>22,129,270</u>
Liabilities and Fund Balance								
Liabilities								
Warrants Outstanding	1,094	-	-	34,103	162,687	343,977	272,483	814,344
Retainage Payable	-	-	-	-	91,000	-	-	91,000
Total Liabilities	<u>1,094</u>	<u>-</u>	<u>-</u>	<u>34,103</u>	<u>253,687</u>	<u>343,977</u>	<u>272,483</u>	<u>905,344</u>
Fund Balances								
Restricted	285,303	10,607	795,300	1,449,591	7,540,191	6,903,410	974,145	17,958,547
Assigned	376,029	191,472	135,627	88,314	100,080	52,895	2,320,962	3,265,379
Fund Balances, End of Year	<u>661,332</u>	<u>202,079</u>	<u>930,927</u>	<u>1,537,905</u>	<u>7,640,271</u>	<u>6,956,305</u>	<u>3,295,107</u>	<u>21,223,926</u>
Total Liabilities and Fund Balances	<u>\$ 662,426</u>	<u>\$ 202,079</u>	<u>\$ 930,927</u>	<u>\$ 1,572,008</u>	<u>\$ 7,893,958</u>	<u>\$ 7,300,282</u>	<u>\$ 3,567,590</u>	<u>\$ 22,129,270</u>

Edmond Independent School District No. 12

Oklahoma County, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Other Capital Project Funds – Regulatory Basis
For the Year Ended June 30, 2011

	2007A Bond	2007B Bond	2008A Bond	2008B Bond	2009A Bond	2009B Bond	2010A Bond	2010B Bond	Residual Bond Fund	Total Other Capital Project Funds
Revenues										
Interest	\$ -	\$ -	\$ 3,444	\$ 1,025	\$ 8,351	\$ 19,107	102,780	\$ 57,348	\$ 20,157	\$ 212,212
Other	-	-	-	40	-	2,398	10,953	-	5,075	18,466
Total Revenues	-	-	3,444	1,065	8,351	21,505	113,733	57,348	25,232	230,678
Expenditures										
Current										
Instruction	-	-	38,594	1,815	251,714	402,783	913,969	9,218	22,743	1,640,836
Support services	-	-	79,854	37,705	245,440	1,075,066	2,118,031	731,194	115,036	4,402,326
Non-instruction services	-	-	-	-	-	-	2,349	2,349	-	4,698
Capital Outlays	-	-	35,313	-	1,874,389	4,924,186	9,495,361	5,998,378	1,050,429	23,378,056
Other Outlays	-	-	-	-	-	-	-	-	234,841	234,841
Total Expenditures	-	-	153,761	39,520	2,371,543	6,402,035	12,529,710	6,741,139	1,423,049	29,660,757
Excess (Deficiency) of Revenues over Expenditures	-	-	(150,317)	(38,455)	(2,363,192)	(6,380,530)	(12,415,977)	(6,683,791)	(1,397,817)	(29,430,079)
Other Financing Sources (Uses)										
Transfers In	-	-	-	-	-	-	-	-	1,290,693	1,290,693
Transfers Out	(1,015,915)	(274,778)	-	-	-	-	-	-	-	(1,290,693)
Proceeds of Bonds	-	-	-	-	-	-	-	13,367,200	-	13,367,200
Total Other Financing Sources (Uses)	(1,015,915)	(274,778)	-	-	-	-	-	13,367,200	1,290,693	13,367,200
Net Change in Fund Balance	(1,015,915)	(274,778)	(150,317)	(38,455)	(2,363,192)	(6,380,530)	(12,415,977)	6,683,409	(107,124)	(16,062,879)
Beginning Fund Balance	1,015,915	274,778	811,649	240,534	3,294,119	7,918,435	20,056,248	272,896	3,402,231	37,286,805
Ending Fund Balances	\$ -	\$ -	\$ 661,332	\$ 202,079	\$ 930,927	\$ 1,537,905	\$ 7,640,271	\$ 6,956,305	\$ 3,295,107	\$ 21,223,926

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Appropriated Funds (unaudited)
For the Year Ended June 30, 2011

	Building Fund		Child Nutrition Fund		Debt Service Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
Budgetary Fund Balance, July 1	\$ 4,765,408	\$ 4,765,408	2,521,095	\$ 2,576,972	\$ 2,076,160	\$ 2,076,160
Resources (inflows)						
Property Taxes	7,260,259	7,367,066	-	-	32,856,999	34,496,302
Interest	39,500	22,944	26,900	12,225	-	153,719
State Revenue	200	183	102,432	113,332	-	842
Federal Revenue	-	-	2,608,737	2,382,371	-	-
Other	221,700	328,927	5,492,799	4,914,093	-	274,772
Amounts Available for Appropriation	<u>12,287,067</u>	<u>12,484,528</u>	<u>10,751,963</u>	<u>9,998,993</u>	<u>34,933,159</u>	<u>37,001,795</u>
Charges to Appropriations (outflows)						
Instruction	208,249	176,871	-	-	-	-
Support Services	7,609,251	6,806,341	-	-	-	-
Non-instruction Services	-	-	5,320,276	3,770,839	-	-
Capital Outlays	-	10,782	-	-	-	-
Other Outlays	-	-	2,715,362	3,478,304	-	153,719
Debt Service						
Interest Paid	-	-	-	-	3,568,158	5,285,006
Principal Retirement	-	-	-	-	31,365,000	29,515,000
Total Charges to Appropriations	<u>7,817,500</u>	<u>6,993,994</u>	<u>8,035,638</u>	<u>7,249,143</u>	<u>34,933,158</u>	<u>34,953,725</u>
Budgetary Fund Balance, June 30	<u>\$ 4,469,567</u>	<u>\$ 5,490,534</u>	<u>\$ 2,716,325</u>	<u>\$ 2,749,850</u>	<u>\$ 1</u>	<u>\$ 2,048,070</u>

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Combining Statement of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2011

Assets	Balance June 30, 2010	Total Receipts	Total Disbursements	Balance June 30, 2011
Activities:				
Academic Team	\$ 3,287	\$ 4,771	\$ 4,702	\$ 3,356
Advanced Placement/Enrichment	48,576	163,727	156,473	55,830
Alternative School	4,354	3,429	2,367	5,416
Art	11,257	41,891	39,389	13,759
Athletics	225,723	1,048,074	1,033,000	240,797
Before/After School Programs	485,937	927,596	859,171	554,362
Central Office	105,262	101,062	83,365	122,959
Charitable/Community/Service	29,882	922,794	912,955	39,721
Cheerleading/Pom/Pep	53,983	164,702	175,546	43,139
Chess Club	99	-	-	99
Concessions/Vending	271,008	285,287	258,241	298,054
Donations	8,132	42,680	38,710	12,102
Drama/Debate/Speech	10,107	15,394	18,400	7,101
Driver Education	2,737	1,395	4,133	(1)
Ethnic Heritage Clubs	5,428	2,068	2,374	5,122
Faculty/Hospitality	9,550	3,358	3,161	9,747
FBLA/DECA	8,705	119,258	105,245	22,718
FCCLA-Family, Career & Community Leaders	2,689	18,287	16,294	4,682
FFA Future Farmers of America	19,353	101,961	96,303	25,011
Foreign Language Clubs	21,249	30,869	28,292	23,826
Freshman Class	596	5,400	4,052	1,944
General Activity	278,731	902,207	752,744	428,194
Home Arts/Technology Ed/Wood Tech	11,413	40,231	35,803	15,841
Interest	57,967	14,405	9,020	63,352
Junior Class	19,168	50,073	50,026	19,215
Math Club	2,886	(1,131)	1,284	471
Media Center	68,827	116,910	117,835	67,902
Music	72,232	710,669	639,645	143,256
Musical Productions	22,114	96,534	86,146	32,502
National Forensic League	2,481	15,039	15,506	2,014
National Honor Society	6,862	12,420	13,201	6,081
Newspaper	1,281	3,580	3,744	1,117
Parking	-	105,211	104,811	400
Photo Lab	8,004	16,288	15,228	9,064
PSAT Counselor	22,284	70,132	66,762	25,654
Refunds	2,364	32,875	33,743	1,496
Robotics Team	4,936	27,757	22,625	10,068
ROTC	552	14,064	13,775	841
Scholarships	17,763	2,157	4,855	15,065
Science/Environmental	7,916	5,727	5,819	7,824
Senior Class	11,935	27,966	25,345	14,556
Sophomore Class	962	2,164	2,729	397
Special Education	9,218	16,710	17,510	8,418
Special Projects	17,592	37,284	36,323	18,553
Student Council	37,555	101,283	106,453	32,385
Summer School	3,360	93,384	90,572	6,172
Transcripts	3,363	108	318	3,153
Writing	2,162	2,736	2,537	2,361
Yearbook	125,438	197,028	230,529	91,937
Young Democrats/Republicans/Government	1,323	11,578	10,728	2,173
Total Assets	\$ 2,148,603	\$ 6,729,392	\$ 6,357,789	\$ 2,520,206
Fund Balances				
Designated for School Organizations	\$ 2,148,603	\$ 6,729,392	\$ 6,357,789	\$ 2,520,206
Total Fund Balances	\$ 2,148,603	\$ 6,729,392	\$ 6,357,789	\$ 2,520,206

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
For the Year Ended June 30, 2011

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2010	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2011
<u>U.S. Department of Education</u>						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (30,657)	\$ 222,114	\$ 218,122	\$ (26,665)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421	\$ (24,303)	\$ 150,487	\$ 148,259	\$ (22,075)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511/512/518	\$ (292,743)	\$ 1,366,672	\$ 1,800,279	\$ (726,350)
Title I, American Recovery and Reinvestment Act Improving Basic Programs	84.389A	516/534	(142,876)	636,392	642,659	(149,143)
Title I Cluster			\$ (435,619)	\$ 2,003,064	\$ 2,442,938	\$ (875,493)
Special Education - Grants to States	84.027	615/621/623/	\$ (797,949)	\$ 3,874,019	\$ 3,911,674	\$ (835,604)
Special Education - Preschool Grants	84.173	641/642	(13,293)	122,869	122,540	(12,964)
Special Education - American Recovery and Reinvestment Act Grants to States	84.391	622	(634,392)	2,058,957	1,861,683	(437,118)
Special Education - American Recovery and Reinvestment Act Preschool Grants	84.392A	643	-	61,697	62,044	(347)
State Personnel Development Grants	84.323A	651	(10,599)	9,982	19,061	(19,678)
Special Education Cluster			\$ (1,456,233)	\$ 6,127,524	\$ 5,977,002	\$ (1,305,711)
Title II, Part D Enhancing Education through Technology	84.318X	546/548	(2,155)	2,155	5,230	(5,230)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	(120,878)	427,956	452,538	(145,460)
Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	571/572	(25,925)	94,655	86,582	(17,852)
Safe and Drug Free Schools - State Grants	84.186	551	(42,922)	50,822	7,900	-
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	782	-	\$ 4,247,282	\$ 4,247,282	\$ -
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act (Note 2)	84.397	787	421,814	-	421,814	-
State Fiscal Stabilization Fund Cluster			\$ 421,814	\$ 4,247,282	\$ 4,669,096	\$ -
Education Jobs Fund	84.410	790	-	\$ 353,979	\$ 467,241	\$ (113,262)
Passed Through Oklahoma Department of Rehabilitation Services						
Job Training	84.126	456	\$ 59,414	\$ 84,223	\$ 50,413	\$ 93,224
Total U.S. Department of Education			\$ (1,657,464)	\$ 13,764,261	\$ 14,525,321	\$ (2,418,524)

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) June 30, 2010	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2010
<u>U.S. Department of Health and Human Services</u>						
Passed through the Oklahoma Health Care Authority Medical Assistance Program	93.778	698	\$ 28,604	\$ -	\$ -	\$ 28,604
<u>U.S. Department of the Interior</u>						
Direct Programs						
Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563/564	(14,262)	44,596	19,917	10,417
Partners for Fish and Wildlife	15.631	215	-	5,000	5,000	-
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Breakfast Program	10.553	385	\$ -	\$ 441,819	\$ 441,819	\$ -
Lunch Program	10.555	385	-	1,916,996	1,916,996	-
Summer Food Program	10.559	385	-	23,556	23,556	-
Lunch Program--Commodities	10.555	385	12,319	458,358	433,094	37,583
Summer Food Program--Commodities	10.559	385	70	5,632	5,322	380
Total U.S. Department of Agriculture			<u>\$ 12,389</u>	<u>\$ 2,846,361</u>	<u>\$ 2,820,787</u>	<u>\$ 37,963</u>
<u>U.S. Environmental Protection Agency</u>						
Passed through the Oklahoma Department of Environmental Quality ARRA, National Clean Diesel Funding Assistance Program	66.039	785	\$ -	\$ 235,000	\$ 235,000	\$ -
<u>U.S. Department of Labor</u>						
Passed through the Employee Benefits Security Administration American Recovery and Reinvestment Act COBRA Premium Assistance	17.151	784	\$ (3,287)	\$ 3,287	\$ -	\$ -
Total Expenditures of Federal Awards			<u>\$ (1,634,020)</u>	<u>\$ 16,898,505</u>	<u>\$ 17,606,025</u>	<u>\$ (2,341,540)</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Edmond Independent School District No. 12, Oklahoma County, Oklahoma. The schedule is prepared using a cash receipts and disbursements basis. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received.

Note 2 - Deferred Revenue

Beginning deferred revenue includes revenue which was received in the prior fiscal year but was not reported as federal revenue in that year because the pass-through entity did not inform the District that the revenue was from a federal source until after the 2010 audit had been performed.



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

To the Board of Education
Edmond Independent School District No. 12
Edmond, Oklahoma

We have audited the financial statements of governmental activities, each major fund, and the aggregate remaining fund information, of Edmond Independent School District No. 12 (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated January 30, 2012. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Edmond Independent School District No. 12 in a separate letter dated January 30, 2012.

This report is intended solely for the information and use of the board of education, management, others within the District, Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left quadrant of the page.

Oklahoma City, Oklahoma
January 30, 2012



**Independent Auditor's Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

To the Board of Education
Edmond Independent School District No. 12
Edmond, Oklahoma:

Compliance

We have audited the compliance of Edmond Independent School District No. 12 (District) with the types of compliance requirements described in the the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Edmond Independent School District No. 12 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control of compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 11-1. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the board of education, others within the entity, the Oklahoma State Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Oklahoma City, Oklahoma
January 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

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

Noncompliance material to financial statements No

Federal Awards

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) Yes

<u>Name of Federal Program or Cluster</u>	<u>CFDA number</u>
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Title I Cluster	84.010, 84.389
Special Education Cluster	84.027, 84.173, 84.391, 84.392, 84.323
State Fiscal Stabilization Fund Cluster	84.394, 84.397
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to distinguish between Type A and Type B programs	\$ 528,181
Auditee qualified as low-risk auditee	No

Section II - Findings relating to the Financial Statements

None.

Section III - Findings and Questioned Costs for Federal Awards

11-1	Condition:	The District did not have controls in place to verify vendors paid with Title I and Special Education federal funds were not suspended or debarred per the <i>Excluded Parties List System</i> .
	Criteria:	As defined by OMB Circular A-110, 2 CFR part 180, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. <i>Covered transactions</i> include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the <i>Excluded Parties List System (EPLS)</i> maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).
	Cause:	District was not aware that this requirement was in place for federal programs. Applicable covered transactions included in the audit samples were determined not to be suspended or debarred per the federal website.
	Context:	None of the vendors tested during audit procedures had been verified against the federal EPLS website.
	Effect:	The District is at risk without a control in place to identify disallowed parties that would not be reimbursed with federal funds and be out of compliance with OMB Circular A-110, 2 CFR part 180.
	Recommendation:	Controls need to be implemented to ensure that vendors paid with federal funds are not on the federal government's excluded parties list as being suspended or debarred.

Response:

The District was not aware of the requirement to verify that vendors paid from federal program funds have not been suspended or debarred. The U.S. Department of Education Office of the Inspector General performed a detailed audit of the District's American Reinvestment and Recovery Act (ARRA) grant in 2010 and did not mention this requirement nor did they issue a finding. Upon learning of the requirement in November 2011, the District implemented a process to check EPLS prior to issuance of a purchase order that would be considered a covered transaction to ensure the vendor is not on the excluded parties list. The requisitioner performs the check for all purchases from federal projects of \$25,000 or more, or if total federally funded purchases from the vendor are expected to be \$25,000 or more for the year. The purchasing agent then verifies there is documentation that the check has been performed before issuing a purchase order.

Section II - Findings relating to the Financial Statements

None

Section III - Findings and Questioned Costs for Federal Awards

10-1	Condition:	Employees working with the Special Education Cluster did not have proper time and effort documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.
	Current Status:	No similar findings found during current year.

Edmond Independent School District No. 12
Oklahoma County, Oklahoma
Schedule of Accountants' Professional Liability Insurance Affidavit
For the Year Ended June 30, 2011

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Edmond Independent School District No. 12 for the audit year 2010-2011.

Eide Bailly LLP

BY: Vanessa M. Dutton

Subscribed and sworn to before me on this 30th day of January, 2012.

J. Carrell 99009509
Notary Public

My commission expires 7-21-15

