



***Edmond Public Schools***  
***Oklahoma County, Oklahoma***

Financial Statements  
Year-End June 30, 2020

Edmond Independent School District No. 12  
Oklahoma County, Oklahoma  
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June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility of the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed by the Oklahoma State Department of Education described in Note 1; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of June 30, 2020, the changes in its financial position for the year then ended.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of June 30, 2020, and the respective changes in regulatory basis financial position thereof for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edmond Independent School District No.12, Oklahoma County, Oklahoma’s basic financial statements as a whole. The management discussion and analysis, budgetary comparison schedules, combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and statement of statutory fidelity and honesty bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 as a whole.

The budgetary information and the statement of statutory fidelity and honesty bonds have not been subjected to the auditing procedures applied in basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, on our consideration of the Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mary E. Johnson & Associates PLLC". The signature is written in a cursive, flowing style.

Ardmore, Oklahoma

January 22, 2021

**EDMOND PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

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, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**VIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**EDMOND PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

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

	<u>District-wide Statements</u>	<u>Fund Financial Statements</u> <u>Governmental Funds</u>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
<b>Required financial statements</b>	1) Statement of net position-regulatory basis 2) Statement of activities-regulatory basis	1) Balance sheet-regulatory basis 2) Statement of revenues, expenditures, and changes in fund balances-regulatory basis
<b>Accounting basis and measurement focus</b>	Regulatory basis as described above	Regulatory basis as described above
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during 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 position. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

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

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

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



**EDMOND PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

**Fund Financial Statements**

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

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

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

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

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

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Current and other assets	\$192.1	\$197.7	\$196.4
Capital assets	418.9	454.8	491.4
<b>Total assets</b>	<b>\$611.0</b>	<b>\$652.5</b>	<b>\$687.8</b>
Long-term obligations	\$167.1	\$169.5	\$170.6
Other liabilities	21.8	23.3	27.1
<b>Total liabilities</b>	<b>\$188.9</b>	<b>\$192.8</b>	<b>\$197.7</b>
Net position:			
Invested in capital assets, net of debt	\$331.7	\$366.1	\$395.7
Restricted	44.2	46.5	48.2
Unrestricted	46.2	47.1	46.2
<b>Total net position</b>	<b>\$422.1</b>	<b>\$459.7</b>	<b>\$490.1</b>

**EDMOND PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

**Net Position**

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

**Table A-3**

**Edmond Public Schools  
Changes in Net Position**  
*(in millions of dollars)*

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Revenues			
Program revenues			
Charges for services	\$15.0	\$21.9	\$12.4
Federal and State grants	12.9	15.4	15.2
General revenues			
Property taxes	129.4	133.8	138.3
Other taxes	20.1	20.3	18.3
Federal entitlement	--	--	--
State entitlement	41.1	55.9	64.0
Other general revenues	3.4	4.3	3.8
Total revenues	\$221.9	\$251.6	\$252.0
Expenses			
Program expenses			
Instruction	\$96.3	\$111.4	\$115.9
Support services	67.2	71.5	74.7
Non-instruction	12.9	12.9	11.9
Interest on long-term debt	3.1	3.6	3.9
Depreciation-unallocated	13.8	14.6	15.2
Total expenses	\$193.3	\$214.0	\$221.6
<b>Increase in net position</b>	\$28.6	\$37.6	\$30.4
Beginning Net Position	393.5	422.1	459.7
Ending Net Position	\$422.1	\$459.7	\$490.1

**EDMOND PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

**Changes in Net Position**

In 2020 the District's revenues increased \$.4 million from the prior year (See Table A-3). The most significant variance in program revenues from the prior year was a reduction of \$9.5 million in charges for services. Of that decrease, \$7.1 million resulted from the non-recurring payment from the City of Edmond in the prior year for architectural fees and construction costs for an indoor/outdoor tennis center that was built by the District on land leased from the City with funding from both the City contribution and District funds. Other decreases in program revenues resulted from school closure in the spring of 2020. The coronavirus pandemic escalated in Oklahoma in mid-March 2020 while school was out for spring break. School did not resume for the rest of the academic year. Although the District did provide breakfast and lunch to students while school was closed on a drive-through or pick-up basis, participation was much lower than if school had been in session. School activity fund revenues were also down from the prior year due to the cancellation of trips, activities and events in the spring of 2020. Child nutrition and activity fund accounted for \$854,000 and \$1.7 million, respectively, of the decrease in charges for services.

State entitlement increased primarily due to an increase in the state aid formula to fund operational costs and legislated teacher pay raises of \$1,220. Of the \$8.1 million increase in state entitlement, \$6.7 million was funded through the state aid formula. The remaining state increase was funding for the flexible benefit reimbursement for health insurance which increased by \$1.4 million due to a premium increase in January 2020 as well as increased participation resulting from personnel growth.

Revenue from property taxes increased \$4.5 million over the prior year. This increase resulted from an increase of 5.1% in the District's property valuation from \$1.996 billion to \$2.097 billion, offset somewhat by a decrease in the millage rate from 67.22 mills to 66.73 mills. The millage rate varies from year to year because of the changing sinking fund levy as old bonds are retired and new bonds are added. When planning bond elections, the District strives to maintain the millage rates as level as possible within the range of 66.26 to 67.26 mills. An increase in the collection delinquency rate from 2.42% to 3.37% also served to offset the revenue growth from the valuation increase.

The decrease of \$2.0 million in other taxes is attributable to motor vehicle tax collections that were reduced by court order to recoup overpayments made by the Oklahoma Tax Commission during certain months in 2016 and 2017.

The largest component of other general revenues is investment income. The trend of declining interest rates caused a decrease in investment earnings of \$424,000.

Program expenses increased \$7.6 million. Instruction and support services made up \$7.7 million of the increase while non-instruction services showed a decrease from the prior year of \$1.0 million. Debt service costs increased \$300,000, and depreciation increased \$600,000.

The increase in instructional program expense was \$4.5 million, which consisted of an \$8.0 million increase in personnel costs (legislated teacher pay raise plus additional District payroll cost for step raises and other salary adjustments, new personnel, and the Teachers' Retirement benefit on raises). The increase in personnel costs was partially offset by decreases in technology-related supplies of \$2.2

**EDMOND PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

million, supplemental textbooks and other books of \$965,000, and co-curricular supplies and uniforms of \$208,000.

Expenditures for support services increased by \$3.2 million, which primarily consisted of a \$2.4 million increase in support personnel costs due to a \$.25 per hour pay raise as well as new positions and step increases. Non-personnel variances in support services included the following increases: repairs and maintenance \$420,000, property insurance \$260,000, cleaning supplies and chemicals \$257,000, technology-related supplies \$148,000, and student activity fund refunds \$119,000. These increases were offset by the following decreases: diesel fuel \$163,000, student awards, gifts, decorations, regalia and refreshments \$127,000, and electricity \$104,000.

Non-instruction expenses decreased \$1.0 million from the prior year which included decreases in payroll of \$126,000, food and milk of \$426,000 and fundraiser expenses and donations of \$171,000.

Interest costs increased \$300,000 over the prior year due to higher balances in bonds outstanding.

Depreciation expense increased \$600,000 due to capital asset construction and acquisition.

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

The financial performance of the District's funds are reflected in the balance sheet for governmental funds report on page 16. The District's balance sheet for all funds reflects a combined fund balance of \$120.1 million, a decrease of \$6.2 million from the prior year. The overall decrease is attributed to the following funds with decreases: \$736,000 in the general fund, \$755,000 in the debt service fund, \$139,000 in the child nutrition fund, and \$6.0 million in the capital project funds (bond funds). These decreases in fund balance were offset by the following funds which had increases: \$1.1 million in the building fund, \$298,000 in the activity fund, and \$53,000 in the gift fund.

**General Fund Budgetary Highlights for 2020**

The 2019 legislature continued to focus on education after the momentum of the teacher walkout in the prior year. The legislature balanced the desire to provide a teacher pay raise of \$1,220 with the tenant of local control by appropriating money to cover a pay raise at that level without legislating an increase to the state minimum teacher salary. There were no appropriations specific to support personnel pay raises, however, the legislature did provide funding for general operations. Additionally, the legislature appropriated funding for the Reading Sufficiency Act. Increased funding to Career Tech also had a positive impact for common education in restoring full funding to K-12 districts for pass-through programs.

In the general fund, local revenue increased consistent with the increase in property valuations in the District. Although the delinquency rate on ad valorem collections increased from 2.42% to 3.37%, they were still less than the 10% budgeted, causing collections to exceed the legal budget by \$4.7 million. Investment earnings were budgeted to decrease 10%, but the actual decline in interest rates caused a 19.7% reduction in earnings for a negative budget variance of \$96,000. Increased mortgage

**EDMOND PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

financing activity because of low interest rates helped to produce a positive variance of \$294,000 in mortgage taxes, but that was partially offset by an unfavorable variance of \$109,000 in county 4-mill taxes. The state aid factor rate exceeded the budget by \$1.58 per weighted student and, along with increased weighted student counts, produced a \$3.5 million positive budget variance. There was also a favorable budget variance in the flexible benefit allowance for health insurance of \$302,000 due to increased participation. The revenue from school land earnings fell \$419,000 below budget expectations. Due to the effect of the school closure on their collections, the child nutrition and before/after care programs were not able to fully reimburse the general fund for their payroll costs, causing reimbursement collections to be \$2.2 million less than budgeted in the District's estimate of needs.

Employee wages and benefits comprise the largest portion of the expenditure budget. Total 2020 payroll cost was \$169.2 million, 96% of the District's total general fund expenditures. This represents an increase of \$10.2 million over the prior year. The increase is partly due to pay raises which accounted for \$6.2 million of the increase and partly due to new positions which accounted for \$4.7 million of the increase. These increases were offset by savings that occurred as a result of the Covid-19 school closure in the spring of 2020. Payroll savings resulted from 44 fewer days to pay for substitute teachers, tutors, and special and non-contract duty pay totaling \$704,000. Other significant savings in the general fund related to school closure were bus fuel and transportation costs of \$324,000 and reductions to contracts such as school resource officers and contract counselors of \$121,000. General fund expenditures, excluding those expenses reimbursed by other programs, were 75.0% instruction and student services, 4.4% instructional support, 6.2% facilities operations, 6.1% school administration, 4.4% student transportation, 2.6% central services and 1.3% general administration.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

During 2020, the District completed \$38.2 million in construction projects, including the band room, gym, classroom additions and track at Memorial High School, the band room/shelter at Santa Fe High School, and the classroom addition at North High School. Completed projects at elementary schools included additions at Chisholm, Northern Hills, Angie Debo, and Frontier elementary schools and parking improvements at Sunset Elementary School. Also completed were HVAC replacements at Sequoyah Middle School, Summit Middle School and Charles Haskell Elementary School.

On June 30, 2020, the District had bond funds available, including accumulated interest, of \$73.7 million, which will be spent on capital projects including completion of the tennis center in conjunction with the City of Edmond; completion of the Memorial High School football stadium; construction of the District's 18<sup>th</sup> and 19<sup>th</sup> elementary schools (Redbud and Scissortail); additions of classrooms, gymnasiums, and multi-purpose rooms which will dual purpose as storm shelters; site renovations; roofing and flooring projects; parking and road improvements; auditorium improvements at all three high schools; and instructional, technology and transportation equipment. Accumulated bond fund interest accounted for \$2.8 million of the bond funds available.

**EDMOND PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

Edmond Memorial High School football stadium opened September 2019 and the tennis center opened October 2020.

**Long-term Debt**

At fiscal year end, the District had \$169.3 million in total long-term debt outstanding. This is a net increase of \$905,000 from last year's amount of \$168.4 million. The District issued new bonds totaling \$47.8 million and retired \$46.9 million of outstanding bonds.

In February 2019, voters in the District approved the issuance of bonds totaling \$93 million, to be issued in four series over a two-year period. The issuance plan minimized fluctuations in patrons' taxes and also staggered construction requirements. The first installment in the amount of \$25.2 million was issued in March 2019, and the second installment of \$17 million was issued in August 2019. The third installment of \$30.8 million was issued in March 2020, and the fourth installment of \$20 million was issued in August 2020.

Projects include land purchase for an elementary school, construction of two elementary schools, a multi-purpose room/storm shelter at Will Rogers Elementary, a multi-purpose/STEM room storm shelter at Cross Timbers Elementary, a classroom addition/storm shelter at Heritage elementary, a classroom addition at Summit Middle School, a practice gymnasium at Cheyenne Middle School, a classroom addition at Heartland Middle School, a secured entrance and classrooms at Memorial High School, auditorium improvements at Memorial, North and Santa Fe High Schools, gymnasium improvements at Boulevard Academy, improvements to the transportation facility, buses and district vehicles, school security upgrades, technology and school equipment, roofing, flooring, and HVAC replacements.

In the spring of 2021, the District will be asking voters to approve approximately \$60.8 million in bonds to be issued in two installments. Proposed projects include land for new schools; additions to and renovations of numerous schools; parking and road additions, renovations, and improvements; roofing, flooring and HVAC replacement; buses and transportation equipment; curriculum and classroom equipment; technology; security; classroom furnishings; and playground improvements.

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

The last two years, schools began to see state investment in public education through funding and teacher pay raises after years of budget cuts and declining revenues. Unfortunately that did not last very long, and we are now entering into an apparent recession due to the economic effects of the COVID-19 pandemic and the resulting reduction in state revenue sources. The pandemic hit the United States while the Oklahoma legislature was in session. Isolations and a redirected focus resulted in minimal new legislation, as the focus was primarily on the state budget for 2020-21. With knowledge that \$144.8 million in federal relief would be provided (although not necessarily how it would be distributed), the legislature cut the 2020-21 state aid appropriation by \$110.8 million or 4.6% claiming that schools would receive at least as much or more funding than in the prior year when combined with the federal relief money. However, the relief funds were not distributed in the same method as state aid, putting Edmond at a severe funding disadvantage. We currently estimate that

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**INDEPENDENT SCHOOL DISTRICT NO. 12**

Management's Discussion and Analysis  
June 30, 2020

Edmond will lose \$9.7 million in state aid while only receiving \$9.1 million in federal CARES Act and CRRSA Act stimulus funding. Other COVID-related assistance we received included \$189,000 federal special education COVID assistance, 100 hot spots through a state grant, a \$55,000 EPS Foundation grant for hot spot service fees for low income students, an \$85,000 EPS Foundation grant for tutoring, and PPE from the state to include cloth masks, gloves, face shield and gowns.

Enrollment trends this year will also have an unusually significant effect on state aid distribution. With a reported shift of as many as 35,000 students to virtual charter schools, many local districts who are losing enrollment will be using the higher of the two previous years weighted student counts in their state aid allocations. This protection within the funding formula against enrollment swings effectively double-counts transferred students since the virtual charter school and the former school will both include them in their counts. This serves to inflate the weighted student count statewide, which dilutes the formula factor rate. It remains to be seen if and when enrollment will return to brick and mortar schools, creating uncertainty in enrollment patterns.

Although Oklahoma's economy stumbled during the pandemic, state collections are currently at levels which should allow for full funding of appropriations, but should be monitored closely for adverse changes. Interest rates have declined to near 0% on short term investments.

State revenue collections necessary to fund education could also be negatively impacted by a United States Supreme Court (McGirt) decision that expands the boundaries of tribal lands that are exempt from income and sales taxation.

Residential local property growth in Edmond is still strong, but there are concerns about the effect of the pandemic on commercial valuations. Property valuation is anticipated to increase an average of 2.5% to 3% over the next two years, but will be monitored closely.

In 2019-20 by court order, the Oklahoma Tax Commission reduced Edmond's motor vehicle allocations \$2.25 million to "repay" misallocated funds from prior years. Collections will be restored to normal in 2020-21, and furthermore, the lower 2019-20 collections are used as the chargeable in the state aid calculation in 2020-21. Therefore, this will contribute increases to both motor vehicle revenue and state aid in 2020-21. The restored 2020-21 motor vehicle collections will be chargeable in 2021-22, so we will see a higher chargeable and thus a reduction to state aid that year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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## **BASIC FINANCIAL STATEMENTS**



EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Statement of Net Position – Regulatory Basis  
June 30, 2020

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Investments	\$ 165,707,719
Investments	30,034,941
Other Current Assets	7,932
Inventories	683,849
Capital Assets:	
Land and Construction in Progress	76,194,033
Other Capital Assets, net of depreciation	<u>415,150,923</u>
 Total Assets	 <u>\$ 687,779,397</u>
 <b>LIABILITIES AND EQUITY</b>	
<b>Current Liabilities</b>	
Warrants Outstanding	\$ 9,638,762
Salaries and Related Benefits	16,750,580
Reserve for Encumbrances	697,470
<b>Long -term liabilities</b>	
Due within One Year	48,535,000
Due in More than One Year	<u>122,084,143</u>
 Total Liabilities	 <u>\$ 197,705,955</u>
 <b>Net Position</b>	
Net Investments in Capital Assets	\$ 395,705,699
<b>Restricted for</b>	
Debt Service	34,318,448
School Organizations	4,045,132
Child Nutrition	1,523,213
Buildings	7,808,951
Instructional Grants	469,181
Unrestricted	<u>46,202,818</u>
Total Net Position	<u>\$ 490,073,442</u>

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Activities– Regulatory Basis  
For the Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
<i>Functions/Programs</i>					
Primary Government					
Governmental Activities					
Instruction	\$ 115,903,909	\$ 39,287	\$ 9,912,112	\$ -	\$ (105,952,510)
Support Services	74,726,435	4,582,103	668,508	-	(69,475,824)
Non-Instruction Services	11,893,891	7,823,223	4,618,088	-	547,420
Interest on Long-Term Debt	3,937,900	-	-	-	(3,937,900)
Depreciation-Unallocated	15,177,580	-	-	-	(15,177,580)
Total Governmental Activities	\$ 221,639,715	\$ 12,444,613	\$ 15,198,708	\$ -	\$ (193,996,394)
General Revenues					
Taxes					
Property taxes, levied for general purposes					\$ 76,616,177
Property taxes, levied for building purposes					10,939,616
Property taxes, levied for sinking fund purposes					50,786,109
General Taxes					18,264,592
Investment Earnings					3,847,692
State Aid - Formula grant					63,982,208
Loss on disposal of property					(20,613)
Total General Revenues					\$ 224,415,781
Change in Net Position					\$ 30,419,387
Net Position - Beginning					459,654,055
Net Position - Ending					\$ 490,073,442

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Balance Sheet – Governmental Funds– Regulatory Basis  
June 30, 2020

	General Fund	Debt Service Fund	2020A Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Investments	\$ 34,505,301	\$ 41,452,058	\$ 30,822,144	\$ 58,928,218	\$ 165,707,721
Investments	20,037,588	9,997,353	-	-	30,034,941
Other Current Assets	7,932	-	-	-	7,932
Inventory	86,840	-	-	499,647	586,487
Total Assets	<u>\$ 54,637,661</u>	<u>\$ 51,449,411</u>	<u>\$ 30,822,144</u>	<u>\$ 59,427,865</u>	<u>\$ 196,337,081</u>
<b>Liabilities</b>					
Warrants Outstanding	\$ 23,628,804	\$ -	\$ 35,905	\$ 2,724,633	\$ 26,389,342
Vendor Obligations Payable	-	-	-	-	-
Principal and Interest Accruals	-	49,195,830	-	-	49,195,830
Reserve for Encumbrances	697,470	-	-	-	697,470
Total Liabilities	<u>\$ 24,326,274</u>	<u>\$ 49,195,830</u>	<u>\$ 35,905</u>	<u>\$ 2,724,633</u>	<u>\$ 76,282,642</u>
<b>Fund Balances</b>					
Nonspendable	\$ 86,841	\$ -	\$ -	\$ 499,647	\$ 586,488
Restricted	1,699,895	2,253,581	30,750,660	48,960,893	83,665,029
Committed	-	-	-	5,315,836	5,315,836
Assigned	28,524,651	-	35,579	1,926,856	30,487,086
Total Fund Balances	<u>\$ 30,311,387</u>	<u>\$ 2,253,581</u>	<u>\$ 30,786,239</u>	<u>\$ 56,703,232</u>	<u>\$ 120,054,439</u>
Total Liabilities and Fund Balances	<u>\$ 54,637,661</u>	<u>\$ 51,449,411</u>	<u>\$ 30,822,144</u>	<u>\$ 59,427,865</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$692,133,613 and accumulated depreciation is \$200,788,657 491,344,956

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. 97,360

Sinking Fund Principal and Interest Accruals are part of the net assets at the district-wide level 49,195,830

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

	Bonds Payable	169,305,000	
	Compensated Absences	<u>1,314,143</u>	<u>(170,619,143)</u>

Net position of governmental activities. \$ 490,073,442

See Notes to Financial Statements

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, 2020

	General Fund	Debt Service Fund	2020A Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Property Taxes	\$ 76,616,177	\$ 50,786,108	\$ -	\$ 10,939,616	138,341,901
Interest	792,962	1,296,910	35,579	1,413,097	3,538,548
County Revenue	7,435,498	-	-	-	7,435,498
State Revenue	76,357,374	2,360	-	81,060	76,440,794
Federal Revenue	7,348,361	-	-	3,199,560	10,547,921
Other	<u>1,065,756</u>	<u>-</u>	<u>-</u>	<u>12,905,434</u>	<u>13,971,190</u>
 Total Revenue	 <u>\$ 169,616,128</u>	 <u>\$ 52,085,378</u>	 <u>\$ 35,579</u>	 <u>\$ 28,538,767</u>	 <u>\$ 250,275,852</u>
<b>EXPENDITURES</b>					
Current					
Instruction	\$ 111,825,106	\$ -	\$ 46,634	\$ 3,139,997	\$ 115,011,737
Support Services	56,854,427	-	-	22,397,330	79,251,757
Non-instruction Services	7,388,353	-	-	4,908,903	12,297,256
Capital Outlay	-	-	2,706	46,027,214	46,029,920
Other Outlays	53,823	3,630	-	7,713	65,166
Debt Service					
Interest Paid	-	3,937,900	-	-	3,937,900
Principal Retirement	<u>-</u>	<u>46,895,000</u>	<u>-</u>	<u>-</u>	<u>46,895,000</u>
 Total Expenditures	 <u>\$ 176,121,709</u>	 <u>\$ 50,836,530</u>	 <u>\$ 49,340</u>	 <u>\$ 76,481,157</u>	 <u>\$ 303,488,736</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ (6,505,581)</u>	 <u>\$ 1,248,848</u>	 <u>\$ (13,761)</u>	 <u>\$ (47,942,390)</u>	 <u>\$ (53,212,884)</u>
Other Financing Sources (Uses)					
Transfers In	\$ 5,870,792	\$ -	\$ -	\$ 3,172,454	\$ 9,043,246
Transfers Out	(101,333)	(1,259,788)	-	(7,682,125)	(9,043,246)
Accrued Principal & Interest	-	(1,051,643)	-	-	(1,051,643)
Premium on Bond Sales	-	308,065	-	-	308,065
Proceeds of Bonds	<u>-</u>	<u>-</u>	<u>30,800,000</u>	<u>17,000,000</u>	<u>47,800,000</u>
Total Other Financing Sources (Uses)	<u>\$ 5,769,459</u>	<u>\$ (2,003,366)</u>	<u>\$ 30,800,000</u>	<u>\$ 12,490,329</u>	<u>\$ 47,056,422</u>
 Net Change in Fund Balances	 <u>\$ (736,122)</u>	 <u>(754,518)</u>	 <u>30,786,239</u>	 <u>(35,452,061)</u>	 <u>(6,156,462)</u>
 Fund Balances - Beginning	 <u>31,047,509</u>	 <u>3,008,099</u>	 <u>-</u>	 <u>92,155,293</u>	 <u>126,210,901</u>
Fund Balances - Ending	<u>\$ 30,311,387</u>	<u>\$ 2,253,581</u>	<u>\$ 30,786,239</u>	<u>\$ 56,703,232</u>	<u>\$ 120,054,439</u>

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds to the Statement of Activities– Regulatory Basis  
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds		\$ (6,156,462)							
<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 expense in the statement of activities.</p>									
This is the amount by which capital outlays exceeds depreciation during the period.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;">Capital Outlay</td> <td style="width: 10%; text-align: right;">\$ 51,758,462</td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Depreciation Expense</td> <td style="text-align: right;"><u>(15,177,580)</u></td> <td style="text-align: right;">36,580,882</td> </tr> </table>		Capital Outlay	\$ 51,758,462			Depreciation Expense	<u>(15,177,580)</u>	36,580,882
	Capital Outlay	\$ 51,758,462							
	Depreciation Expense	<u>(15,177,580)</u>	36,580,882						
<p>In the statement of activities, the gain 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 position differs by the net underpreciated costs of the assets disposed.</p>									
		(50,553)							
<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 earned exceeded amounts used.</p>									
		(184,928)							
<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 position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Debt issued this year exceeded repayments.</p>									
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;">Debt Issued</td> <td style="width: 10%; text-align: right;">\$ (47,800,000)</td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">Debt Repayments</td> <td style="text-align: right;"><u>46,895,000</u></td> <td style="text-align: right;">(905,000)</td> </tr> </table>		Debt Issued	\$ (47,800,000)			Debt Repayments	<u>46,895,000</u>	(905,000)
	Debt Issued	\$ (47,800,000)							
	Debt Repayments	<u>46,895,000</u>	(905,000)						
<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>									
		83,805							
<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>1,051,643</u>							
Change in net position of governmental activities.		<u>\$ 30,419,387</u>							

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Fiduciary Net Position – Regulatory Basis  
June 30, 2020

	<u>Private Purpose Trust</u>
Assets	
Cash and Cash Investments	\$ 503,913
Investments	<u>-</u>
Total Assets	<u>\$ 503,913</u>
Net Position	
Nonspendable Endowment	\$ 440,088
Restricted for Scholarships	<u>63,825</u>
Total Net Position	<u>\$ 503,913</u>

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Changes in Fiduciary Net Position – Regulatory Basis  
For the Year Ended June 30, 2020

	<u>Private Purpose Trust</u>
Additions:	
Interest	12,186
Total Additions	\$ 12,186
<b>Deductions</b>	
Other Expenses	-
Changes in Net Position	\$ 12,186
Net Position-Beginning	491,727
Net Position -Ending	\$ 503,913

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

Note 1 -- Summary of Significant Accounting Policies

The Reporting Entity - 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.

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

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

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

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

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



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

Note 1 -- Summary of Significant Accounting Policies (continued)  
Basic Financial Statements – Government-Wide Statements

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds and 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 is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

2020A 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 committed 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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

Note 1 -- Summary of Significant Accounting Policies (continued)  
Basic Financial Statements – Fund Financial Statements (continued)

Fiduciary Funds:

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

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

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

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

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

Note 1 -- Summary of Significant Accounting Policies (continued)  
Budgets and Budgetary Accounting (continued)

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 deferred to the subsequent fiscal year.

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

Investments - Short term investments are reported at cost. Securities traded on a national exchange are valued at cost, adjusted for amortization of interest coupons, if applicable. 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 Oklahoma Statute 70-18. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 44% 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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

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

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

Interfund Transfers - During the course of normal operations, the District has transactions between funds including reimbursement of expenditures made on behalf of another fund and transfers of resources to provide services and purchase assets. Transactions that are normal and recurring between funds are recorded as operating transfers.

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

Net Position and Fund Balance –

District-Wide Financial Statements –

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2020

Note 1 -- Summary of Significant Accounting Policies (continued)  
Net Position and Fund Balance (continued)

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

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

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

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because it was not used.

Fund Financial Statements–

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

Restricted: This classification includes amounts for which constraints on the use of the resources are either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school bond proceeds as being restricted because their use is restricted by state statute or legislation regarding use of expenditures. The building fund balance is restricted by state statute to capital outlay and property maintenance. Debt service resources are restricted by debt covenant to servicing general obligation bonds. Federal and state program revenues and gift fund grants are restricted by the granting agencies to program-specific expenditures. Endowment earnings are restricted for scholarship purposes by the contributor for scholarship purposes.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
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Note 1 -- Summary of Significant Accounting Policies (continued)  
Net Position and Fund Balance (continued)

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

**Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. The District has assigned general funds for employee compensation, site budget carryover, anticipated federal program carryover and appropriated budget. Bond fund earnings other than bond proceeds (primarily investment earnings) are assigned for bond costs and expenditures consistent with those restricted by bond proposition.

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

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

As of June 30, 2020, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2020A Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable					
Inventory	\$ 86,841	\$ -	\$ -	\$ 499,647	\$ 586,488
Restricted					
Capital Outlay and Property Maintenance	-	-	30,750,660	48,491,712	79,242,372
Debt Service	-	2,253,581	-	-	2,253,581
Federal and State Programs	1,699,895	-	-	-	1,699,895
Instruction	-	-	-	469,181	469,181
Total Restricted:	<u>1,699,895</u>	<u>2,253,581</u>	<u>30,750,660</u>	<u>48,960,893</u>	<u>83,665,029</u>
Committed					
Food Services	-	-	-	1,270,704	1,270,704
School Organizations	-	-	-	4,045,132	4,045,132
Total Committed:	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,315,836</u>	<u>5,315,836</u>
Assigned					
Employee Compensation	697,470	-	-	-	697,470
Site Budget Carryover	169,984	-	-	-	169,984
Anticipated Federal Program Carryover	2,954,894	-	-	-	2,954,894
Appropriated Budget	24,702,303	-	-	-	24,702,303
Bond Costs and Capital Outlay	-	-	35,579	1,926,856	1,962,435
Total Assigned:	<u>28,524,651</u>	<u>-</u>	<u>35,579</u>	<u>1,926,856</u>	<u>30,487,086</u>
	<u>\$ 30,311,387</u>	<u>\$ 2,253,581</u>	<u>\$ 30,786,239</u>	<u>\$ 56,703,232</u>	<u>\$ 120,054,439</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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Note 2 -- Cash and Investments

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provision of state law. At June 30, 2020, the bank balance of deposits and cash pools was completely covered by federal depository insurance and by collateral held by the District’s third party agent in the District’s name.

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

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

At June 30, 2020 the District held U.S. Government treasury investments in the following:

<u>Agency</u>	<u>Moodys Rating</u>	<u>Term</u>	<u>Balance</u>
United States Treasury Note	Aaa	6-7months	\$ 30,034,941



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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Note 3 -- Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General Obligation Debt	\$ 168,400,000	\$ 47,800,000	\$ 46,895,000	\$ 169,305,000	\$ 47,850,000
Compensated Absences	1,129,215	869,063	684,135	1,314,143	685,000
Total governmental activity long-term liabilities	<u>\$ 169,529,215</u>	<u>\$ 48,669,063</u>	<u>\$ 47,579,135</u>	<u>\$ 170,619,143</u>	<u>\$ 48,535,000</u>

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

Bonds payable at June 30, 2020 are composed of the following individual general obligation bond issues:

Issue Amount	Purpose	Issue Date	Annual Payment	Final Payment	Maturity Date	Interest Rates	Outstanding at June 30, 2020
\$ 9,600,000	Building	8/1/2015	\$ 2,400,000	\$ 2,400,000	8/1/2020	1.5%-2.0%	\$ 2,400,000
\$ 33,520,000	Building	3/1/2016	\$ 8,380,000	\$ 8,380,000	3/1/2021	2.00%	\$ 8,380,000
\$ 12,080,000	Combined	8/1/2016	\$ 3,020,000	\$ 3,020,000	8/1/2021	1.5%-2.5%	\$ 6,040,000
\$ 37,580,000	Combined	3/1/2017	\$ 9,395,000	\$ 9,395,000	3/1/2022	2.00%	\$ 18,790,000
\$ 20,000,000	Combined	8/1/2017	\$ 5,000,000	\$ 5,000,000	8/1/2022	2.00%	\$ 15,000,000
\$ 30,900,000	Combined	3/1/2018	\$ 7,725,000	\$ 7,725,000	3/1/2023	2.0%-3.0%	\$ 23,175,000
\$ 22,520,000	Building	8/1/2018	\$ 5,630,000	\$ 5,630,000	8/1/2023	2.50-3.0%	\$ 22,520,000
\$ 30,900,000	Combined	3/1/2019	\$ 6,300,000	\$ 6,300,000	3/1/2024	2.00%	\$ 25,200,000
\$ 17,000,000	Building	8/1/2019	\$ 4,250,000	\$ 4,250,000	8/1/2024	2.00%	\$ 17,000,000
\$ 30,800,000	Combined	3/1/2020	\$ 7,700,000	\$ 7,700,000	3/1/2025	0.05-2%	\$ 30,800,000
							<u>\$ 169,305,000</u>

As of June 30, 2020, the annual requirements to amortize all bond debt outstanding, including interest payments, are as follows:

Year Ending June 30	Principal	Interest	Total Bonds Debt Service
2021	\$ 47,850,000	\$ 3,525,850	\$ 51,375,850
2022	49,020,000	2,254,350	51,274,350
2023	36,605,000	1,192,225	37,797,225
2024	23,880,000	404,725	24,284,725
2025	11,950,000	119,500	12,069,500
	<u>\$ 169,305,000</u>	<u>\$ 7,496,650</u>	<u>\$ 176,801,650</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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June 30, 2020

Note 3 -- Long-term Liabilities (continued)

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2020 is approximately \$209,712,042.

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

*Pledged Revenues* – Property tax revenues collected by the District are pledged to repay the District's general obligation bonds. The principal and interest paid on general obligation bonds with the pledged revenues in 2020 was \$46,895,000 and \$3,937,900, respectively. As of June 30, 2020, \$169,305,000 of general obligations were outstanding and \$20,000,000 of general obligation bonds were authorized but not issued. Subsequent to year end the District issued an additional \$20,000,000 of voter approved general obligation bonds.

Note 4 -- Employee Retirement System

Teachers' Retirement System of Oklahoma

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

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

- Members who began contributions prior to November 1, 2017 become 100% vested in benefits earned to date after five years of credited service. The vesting term for members who began contributions on or after November 1, 2017 is seven years.
- Members who joined the System prior to July 1, 1992 are eligible to retire at maximum benefits at the earlier of age 62 or when age and years of creditable service total 80. Members joining from July 1, 1992 to October 31, 2011 are eligible for maximum benefits at the earlier of age 62 or when their age and years of creditable service total 90. Members who joined the System on or after November 1, 2011 are eligible to retire

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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with maximum benefits at the earlier of age 65 or when their age and years of creditable service total 90 as long as their age is at least 60.

Note 4 -- Employee Retirement System (continued)

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2020. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contributions as allowed by statute.

For the year ended June 30, 2020, qualifying employee contributions were reduced by a retirement credit of \$1,014,812 as provided by enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments of the District. The government-wide financial statements include amounts representing on-behalf payments made to the System by the State of Oklahoma. These payments do not represent a direct or indirect payment to the District.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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Note 4 -- Employee Retirement System (continued)

The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2020, 2019, and 2018 were \$19,871,509, \$18,699,330, and \$15,873,181, respectively, equal to the required contributions for each year.

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

Note 5 – Other Post-Employment Benefits (OPEB)

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

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

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

*Contributions* – Employer and employee contributions are made based upon the TRS Plan provisions contained in Title 70, as amended. However, the statutes do not specify or identify any particular contribution source to pay the health insurance subsidy. Based on the contribution requirements of Title 70, employers and employees contribute a single amount based on a single contribution rate as described in Note 4; from this amount OTRS allocates a portion of the contributions to the supplemental health insurance program.

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

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Note 6 -- 403(b) Retirement Savings Plan

The District sponsors a 403(b) retirement savings plan in which all employees of the District are eligible to participate. Internal Revenue Code Section 403(b) annuity contracts are a “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 7 -- Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. From April 9, 2014 through June 30, 2019, the District was a member of a joint self-insurance trust comprised of member school districts in the state of Oklahoma for the purpose of insuring against property, general liability and automobile/fleet losses. Claims were paid from cash derived from member contributions and investment earnings. The trust purchased reinsurance through a commercial insurer to limit its maximum loss and minimize exposure on larger risks. Starting July 1, 2019, the District returned to traditional insurance coverage for property, general liability and automobile/fleet losses. There have been no significant reductions in coverage from the prior year, and insurance settlements have not exceeded coverage.

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.

During 2020, the worldwide coronavirus pandemic impacted local, national and global economies. The District is closely monitoring its operations and available fund balances and actively working to minimize current and future impacts of the unprecedented situation. As of the date of issuance of these financial statements, the full current and future impact to the District is not known.

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Note 8 – Contingencies (continued)

The District has the following outstanding construction commitments as of June 30, 2020:

	Construction Commitments
2020 A Bond Fund	\$ 3,297,695
Other Governmental Funds	30,812,480
<b>Total</b>	<b>\$ 34,110,175</b>

Note 9 -- Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$3,744,293	Operating Transfer for Payroll
Student Activity Fund	General Fund	1,975,103	Operating Transfer
Gift Fund	General Fund	50,064	Operating Transfer
General Fund	General Fund	101,332	Operating Transfer
Student Activity Fund	Student Activity Fund	653,724	Operating Transfer
Student Activity Fund	Child Nutrition Fund	17,521	Operating Transfer
Student Activity Fund	Gift Fund	2,888	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	4,758	Operating Transfer
Debt Service Fund	Building Fund	1,259,788	Operating Transfer
2016A Bond Fund	Bond Residual Fund	953,256	Operating Transfer
2016B Bond Fund	Bond Residual Fund	280,519	Operating Transfer
		<b>\$9,043,246</b>	

Note 10 -- Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Government Activities:</i></b>				
<b><i>Capital assets, not being depreciated</i></b>				
Land	\$ 15,139,331	\$ 3,220,511	\$ -	\$ 18,359,842
Construction in progress	51,098,528	44,977,300	38,241,637	57,834,191
Total capital assets, not being depreciated	\$ 66,237,859	\$ 48,197,811	\$ 38,241,637	\$ 76,194,033
<b><i>Capital assets, being depreciated</i></b>				
Buildings	\$ 534,181,242	\$ 38,467,975	\$ -	\$ 572,649,217
Furniture	2,937,900	478,501	3,825	3,412,576
Musical Instruments	1,165,571	112,403	-	1,277,974
Equipment	20,107,748	1,599,977	83,518	21,624,207
Vehicles	16,415,858	1,143,432	583,684	16,975,606
Total capital assets, being depreciated	\$ 574,808,319	\$ 41,802,288	\$ 671,027	\$ 615,939,580
Less Accumulated Depreciation	186,231,551	15,177,580	620,474	200,788,657
Total capital assets, being depreciated, net	\$ 388,576,768	\$ 26,624,708	\$ 50,553	\$ 415,150,923
Governmental activities capital assets, net	454,814,627	74,822,519	38,292,190	491,344,956
<b>Total Primary Government</b>	<b>\$ 454,814,627</b>	<b>\$ 74,822,519</b>	<b>\$ 38,292,190</b>	<b>\$ 491,344,956</b>

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Construction of an indoor/outdoor tennis center in conjunction with the City of Edmond began in 2019. The agreement provides for the City to provide the land valued at \$2,500,000 under a 30-year lease agreement for \$1 per year, and also contribute cash for construction costs of \$6,752,500 plus a pro-rata share of the architectural and engineering fees. The District will contribute \$9,252,500 toward construction costs plus a pro-rata portion of the architectural and engineering fees. Design and construction was bid by and is coordinated through the District. The constructed assets will belong to the District. The facility will be operated by the City subject to an operating agreement with the District which stipulates operating guidelines and cost sharing responsibilities.

Note 11 – Tax Abatement

The State of Oklahoma has authorized by Oklahoma State Statutes Title 31 to offer Homestead and Veterans exemptions to ad valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District. For the year ended June 30, 2020, the District had \$2,778,889 in abated ad valorem tax revenues.

Note 12 – Subsequent Events

Subsequent to the fiscal year end, the District issued the final installment of bonds from the February 12, 2019 bond election. Voters in the District approved the issuance of bonds totaling \$93,000,000, to be issued in four series over a two-year period. The bond issues provide for a land purchase and construction of two new elementary schools, one in the northeast part of the district, scheduled to open in August 2021, and one in the southwest part of the district, scheduled to open in August 2022. The election also included elementary school additions consisting of a STEM room/storm shelter at Cross Timbers, a classroom addition/storm shelter at Heritage, and a multi-purpose room/storm shelter at Will Rogers; middle school additions consisting of classrooms at Heartland, classrooms/storm shelter at Summit, and a practice gym at Cheyenne; and high school auditorium improvements at all three high schools plus offices and front entrance improvements at Memorial and gym renovations at Boulevard Academy.

The first installment in the amount of \$25,200,000 was issued in March 2019, the second installment of \$17,000,000 was issued in August 2019, the third installment of \$30,800,000 was issued March 2020, and the final installment of \$20,000,000 was issued August 2020.

Construction commitments subsequent to year end totaled \$25,545,384 from bond funds.

Management has evaluated subsequent events through January 22, 2021, the date which the financial statements were available to be issued.

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**OTHER SUPPLEMENTARY INFORMATION**



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule – General Fund (Unaudited) – Regulatory Basis  
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 71,949,633	\$ 71,949,633	\$ 76,616,177	\$ 4,666,544
Interest	889,000	889,000	792,962	(96,038)
County Revenue	7,273,900	7,273,900	7,435,498	161,598
State Revenue	72,540,003	72,540,003	76,357,374	3,817,371
Federal Revenue	7,815,400	7,815,400	7,348,362	(467,038)
Other	<u>9,216,568</u>	<u>9,216,568</u>	<u>6,936,547</u>	<u>(2,280,021)</u>
Total Revenue	<u>\$ 169,684,504</u>	<u>\$ 169,684,504</u>	<u>\$ 175,486,920</u>	<u>\$ 5,802,416</u>
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 115,120,076	\$ 115,120,076	111,825,105	\$ 3,294,971
Support Services	60,244,285	60,244,285	56,854,427	3,389,858
Non-instruction Services	8,263,919	8,263,919	7,388,353	875,566
Other Outlays	<u>17,046,828</u>	<u>17,046,828</u>	<u>155,156</u>	<u>16,891,672</u>
Total Expenditures	<u>\$ 200,675,108</u>	<u>\$ 200,675,108</u>	<u>\$ 176,223,041</u>	<u>\$ 24,452,067</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (30,990,604)	\$ (30,990,604)	\$ (736,121)	\$ 30,254,483
Budgetary Fund Balance - Beginning	<u>30,990,604</u>	<u>30,990,604</u>	<u>31,047,509</u>	<u>56,905</u>
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,311,388</u>	<u>\$ 30,311,388</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
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Budgetary Comparison Schedule – Other Appropriated Funds (unaudited) – Regulatory Basis  
For the Year Ended June 30, 2020

	Building Fund		Child Nutrition Fund		Debt Service Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
<b>REVENUE</b>						
Property Taxes	\$ 10,272,227	\$ 10,939,616	\$ -	\$ -	\$ 48,876,445	50,786,109
Interest	119,500	74,605	44,000	19,680	-	1,296,910
State Revenue	220	506	68,995	80,554	-	2,359
Federal Revenue	-	-	3,643,179	3,199,560	-	-
Other	<u>781,700</u>	<u>1,260,525</u>	<u>5,022,905</u>	<u>3,912,293</u>	-	<u>(2,003,365)</u>
Total Revenue	<u>\$ 11,173,647</u>	<u>\$ 12,275,252</u>	<u>\$ 8,779,079</u>	<u>\$ 7,212,087</u>	<u>\$ 48,876,445</u>	<u>\$ 50,082,013</u>
<b>EXPENDITURES</b>						
Current						
Instruction	\$ 102,891	\$ 66,791	\$ -	\$ -	\$ -	\$ -
Support Services	12,377,856	11,024,473	-	-	-	-
Non-instruction Services	-	-	8,948,655	3,624,102	-	-
Capital Outlay	654,253	50,217	-	-	-	-
Other Outlays	<u>4,460,656</u>	<u>-</u>	<u>1,375,897</u>	<u>3,726,772</u>	<u>-</u>	<u>3,630</u>
Debt Service						
Interest Paid	-	-	-	-	4,034,543	3,937,900
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,850,000</u>	<u>46,895,000</u>
Total Expenditures	<u>\$ 17,595,656</u>	<u>\$ 11,141,481</u>	<u>\$ 10,324,552</u>	<u>\$ 7,350,874</u>	<u>\$ 51,884,543</u>	<u>\$ 50,836,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,422,009)	1,133,771	(1,545,473)	(138,787)	(3,008,098)	(754,517)
Budgetary Fund Balance - Beginning	<u>6,422,009</u>	<u>6,675,180</u>	<u>1,545,473</u>	<u>1,639,243</u>	<u>3,008,098</u>	<u>3,008,098</u>
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ 7,808,951</u>	<u>\$ -</u>	<u>\$ 1,500,456</u>	<u>\$ -</u>	<u>\$ 2,253,581</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Combining Balance Sheet– Other Governmental Funds – Regulatory Basis  
For the Year Ended June 30, 2020

	Other Special Revenue Funds					Total Other Capital Project Funds	Total Other Governmental Funds
	Building	Child Nutrtrion	Activity	Gift	Total		
<b>Assets</b>							
Cash and Cash Investments	\$ 7,643,932	\$ 1,280,836	\$ 4,107,091	\$ 469,181	\$ 13,501,040	\$ 45,427,178	\$ 58,928,218
Other Receivable	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Inventory	269,895	229,752	-	-	499,647	-	499,647
<b>Total Assets</b>	<u>\$ 7,913,827</u>	<u>\$ 1,510,588</u>	<u>\$ 4,107,091</u>	<u>\$ 469,181</u>	<u>\$ 14,000,687</u>	<u>\$ 45,427,178</u>	<u>\$ 59,427,865</u>
<b>Liabilities</b>							
Warrants Outstanding	\$ 104,876	\$ 10,132	\$ 61,959	\$ -	\$ 176,967	\$ 2,547,666	\$ 2,724,633
Vendor Obligations Payable	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 104,876</u>	<u>\$ 10,132</u>	<u>\$ 61,959</u>	<u>\$ -</u>	<u>\$ 176,967</u>	<u>\$ 2,547,666</u>	<u>\$ 2,724,633</u>
<b>Fund Balances</b>							
Nonspendable	\$ 269,895	\$ 229,752	\$ -	\$ -	\$ 499,647	\$ -	\$ 499,647
Restricted	7,539,056	-	-	469,181	8,008,237	40,952,656	48,960,893
Committed	-	1,270,704	4,045,132	-	5,315,836	-	5,315,836
Assigned	-	-	-	-	-	1,926,856	1,926,856
<b>Total Fund Balances</b>	<u>7,808,951</u>	<u>1,500,456</u>	<u>4,045,132</u>	<u>469,181</u>	<u>13,823,720</u>	<u>42,879,512</u>	<u>56,703,232</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 7,913,827</u>	<u>\$ 1,510,588</u>	<u>\$ 4,107,091</u>	<u>\$ 469,181</u>	<u>\$ 14,000,687</u>	<u>\$ 45,427,178</u>	<u>\$ 59,427,865</u>

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, 2020

	Other Special Revenue Funds					Total Other Capital Project Funds	Total Other Governmental Funds
	Building	Child Nutrition	Activity	Gift	Total		
<b>REVENUE</b>							
Property Taxes	\$ 10,939,616	\$ -	\$ -	\$ -	\$ 10,939,616	\$ -	\$ 10,939,616
Interest	74,605	19,680	42,322	2,243	138,850	1,274,247	1,413,097
State Revenue	506	80,554	-	-	81,060	-	81,060
Federal Revenue	-	3,199,560	-	-	3,199,560	-	3,199,560
Other	737	3,912,293	8,220,585	415,186	12,548,801	356,633	12,905,434
Total Revenue	<u>\$ 11,015,464</u>	<u>\$ 7,212,087</u>	<u>\$ 8,262,907</u>	<u>\$ 417,429</u>	<u>\$ 26,907,887</u>	<u>\$ 1,630,880</u>	<u>\$ 28,538,767</u>
<b>EXPENDITURES</b>							
Current							
Instruction	\$ 66,791	\$ -	927,986	163,005	1,157,782	\$ 1,982,215	\$ 3,139,997
Support Services	11,024,473	-	3,796,803	147,071	14,968,347	7,428,983	22,397,330
Non-instruction Services	-	3,624,102	1,244,185	-	4,868,287	40,616	4,908,903
Capital Outlay	50,217	-	-	-	50,217	\$ 45,976,997	46,027,214
Other Outlays	-	-	-	7,661	7,661	52	7,713
Total Expenditures	<u>\$ 11,141,481</u>	<u>\$ 3,624,102</u>	<u>\$ 5,968,974</u>	<u>\$ 317,737</u>	<u>\$ 21,052,294</u>	<u>\$ 55,428,863</u>	<u>\$ 76,481,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,017)	3,587,985	2,293,933	99,692	5,855,593	(53,797,983)	(47,942,390)
Other Financing Sources							
Transfers In	1,259,788	22,279	653,724	2,888	1,938,679	1,233,775	3,172,454
Transfers Out	-	(3,749,051)	(2,649,235)	(50,064)	(6,448,350)	(1,233,775)	(7,682,125)
Proceeds of Bonds	-	-	-	-	-	17,000,000	17,000,000
Total Other Financing Sources	<u>1,259,788</u>	<u>(3,726,772)</u>	<u>(1,995,511)</u>	<u>(47,176)</u>	<u>(4,509,671)</u>	<u>17,000,000</u>	<u>12,490,329</u>
Net Change in Fund Balances	1,133,771	(138,787)	298,422	52,516	1,345,922	(36,797,983)	(35,452,061)
Fund Balances, Beginning	6,675,180	1,639,243	3,746,710	416,665	12,477,798	79,677,495	92,155,293
Fund Balances, Ending	<u>\$ 7,808,951</u>	<u>\$ 1,500,456</u>	<u>\$ 4,045,132</u>	<u>\$ 469,181</u>	<u>\$ 13,823,720</u>	<u>\$ 42,879,512</u>	<u>\$ 56,703,232</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Combining Balance Sheet – Other Capital Project Funds– Regulatory Basis  
For the Year Ended June 30, 2020

	<u>2017A Bond</u>	<u>2017B Bond</u>	<u>2018A Bond</u>	<u>2018B Bond</u>	<u>2019A Bond</u>	<u>2019B Bond</u>	<u>Bond Residual</u>	<u>Total Other Capital Project Funds</u>
<b>Assets</b>								
Cash and Cash Investments	\$ 2,655,235	\$ 1,395,094	\$ 4,820,067	\$ 6,255,169	\$ 11,271,228	\$ 15,170,927	\$ 3,859,458	\$ 45,427,178
<b>Total Assets</b>	<b>\$ 2,655,235</b>	<b>\$ 1,395,094</b>	<b>\$ 4,820,067</b>	<b>\$ 6,255,169</b>	<b>\$ 11,271,228</b>	<b>\$ 15,170,927</b>	<b>\$ 3,859,458</b>	<b>\$ 45,427,178</b>
<b>Liabilities</b>								
Warrants Outstanding	\$ 73,649	\$ 67,143	\$ 691,965	\$ 374,542	\$ 313,827	\$ 10,279	\$ 1,016,261	\$ 2,547,666
<b>Total Liabilities</b>	<b>\$ 73,649</b>	<b>\$ 67,143</b>	<b>\$ 691,965</b>	<b>\$ 374,542</b>	<b>\$ 313,827</b>	<b>\$ 10,279</b>	<b>\$ 1,016,261</b>	<b>\$ 2,547,666</b>
<b>Fund Balances</b>								
Restricted	\$ 2,472,341	\$ 1,222,665	\$ 4,012,556	\$ 5,732,547	\$ 10,722,739	\$ 14,935,658	\$ 1,854,150	\$ 40,952,656
Assigned	109,245	105,286	115,546	148,080	234,662	224,990	989,047	1,926,856
<b>Total Fund Balances</b>	<b>2,581,586</b>	<b>1,327,951</b>	<b>4,128,102</b>	<b>5,880,627</b>	<b>10,957,401</b>	<b>15,160,648</b>	<b>2,843,197</b>	<b>42,879,512</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,655,235</b>	<b>\$ 1,395,094</b>	<b>\$ 4,820,067</b>	<b>\$ 6,255,169</b>	<b>\$ 11,271,228</b>	<b>\$ 15,170,927</b>	<b>\$ 3,859,458</b>	<b>\$ 45,427,178</b>

**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, 2020**

	2016A Bond	2016B Bond	2017A Bond	2017B Bond	2018A Bond	2018B Bond	2019A Bond	2019B Bond	Bond Residual	Total Other Capital Project Funds
<b>REVENUE</b>										
Interest	\$ -	\$ -	\$ 41,300	\$ 23,196	\$ 122,095	\$ 274,193	\$ 383,374	\$ 224,990	\$ 205,099	\$ 1,274,247
Other	-	-	-	-	69,054	22,813	234,827	-	29,939	356,633
Total Revenue	\$ -	\$ -	\$ 41,300	\$ 23,196	\$ 191,149	\$ 297,006	\$ 618,201	\$ 224,990	\$ 235,038	\$ 1,630,880
<b>EXPENDITURES</b>										
Current										
Instruction	\$ -	\$ -	\$ 152,390	\$ 71,613	\$ 289,341	\$ 339,074	\$ 922,886	\$ 162,462	\$ 44,449	\$ 1,982,215
Support Services	-	-	317,450	257,685	621,187	1,943,465	3,353,289	775,147	160,760	7,428,983
Non-instruction Services	-	-	25,958	-	-	5,995	-	-	8,663	40,616
Capital Outlay	-	-	4,950,432	3,020,294	7,688,181	8,884,223	8,796,110	1,126,733	11,511,024	45,976,997
Other Outlays	-	-	-	-	-	0	-	-	52	52
Total Expenditures	\$ -	\$ -	\$ 5,446,230	\$ 3,349,592	\$ 8,598,709	\$ 11,172,757	\$ 13,072,285	\$ 2,064,342	\$ 11,724,948	\$ 55,428,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(5,404,930)	(3,326,396)	(8,407,560)	(10,875,751)	(12,454,084)	(1,839,352)	(11,489,910)	(53,797,983)
Other Financing Sources										
Transfers In	-	-	-	-	-	-	-	-	1,233,775	1,233,775
Transfers Out	(953,256)	(280,519)	-	-	-	-	-	-	-	(1,233,775)
Proceeds of Bonds	-	-	-	-	-	-	-	17,000,000	-	17,000,000
Total Other Financing Sources	\$ (953,256)	\$ (280,519)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,000,000	\$ 1,233,775	\$ 17,000,000
Net Change in Fund Balances	(953,256)	(280,519)	(5,404,930)	(3,326,396)	(8,407,560)	(10,875,751)	(12,454,084)	15,160,648	(10,256,135)	(36,797,983)
Fund Balances, Beginning	953,256	280,519	7,986,516	4,654,347	12,535,662	16,756,378	23,411,485	-	13,099,332	79,677,495
Fund Balances, Ending	\$ -	\$ -	\$ 2,581,586	\$ 1,327,951	\$ 4,128,102	\$ 5,880,627	\$ 10,957,401	\$ 15,160,648	\$ 2,843,197	\$ 42,879,512

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Combining Statement of Assets and Fund Balances  
– Activity Fund  
For the Year Ended June 30, 2020

ASSETS	Balance 6/30/19	Total Receipts	Total Disbursements	Balance 6/30/20
Activities:				
Academic Team	\$ 4,525	\$ 5,822	\$ 6,661	\$ 3,686
Advanced Placement/Enrichment	172,097	257,999	239,319	190,777
Alternative School	8,005	3,374	2,730	8,649
Archery Club	-	360	-	360
Art	35,517	58,366	49,715	44,168
Athletics	467,024	914,843	962,205	419,662
Before/After School Programs	767,118	2,441,541	2,388,046	820,613
Broadcasting Club	588	3,529	3,105	1,012
Central Office	25,131	111,293	110,622	25,802
Charitable/Community/Service	30,495	884,282	884,608	30,169
Cheerleading/Pom/Pep	113,355	88,374	150,246	51,483
Chess Club	8,474	3,624	3,176	8,922
Concessions/Vending	308,684	282,507	274,241	316,950
Donations/Grants	53,257	131,277	115,454	69,080
Drama/Debate/Speech	48,456	35,344	51,711	32,089
E-Sports	-	2,050	380	1,670
Ethnic Heritage Clubs	5,839	3,673	3,314	6,198
Faculty	14,385	8,236	11,388	11,233
FBLA/DECA	27,196	164,379	166,623	24,952
FCCLA-Family, Career & Community Leaders	10,623	46,285	37,595	19,313
FFA Future Farmers of America	45,578	145,453	156,800	34,231
Foreign Language Clubs	19,669	7,541	6,921	20,289
Freshman Class	4,840	5,513	4,939	5,414
Games, Enrichment and Community (GEAC)	6	-	-	6
General Activity	318,842	535,510	496,571	357,781
Home Arts/Technology Ed/Wood Tech	26,896	94,768	77,963	43,701
Interest	162,689	39,142	19,043	182,788
Junior Class	121,761	(119,133)	2,496	132
Math Club	917	-	38	879
Media Center	99,352	137,697	125,786	111,263
Music	292,113	1,185,849	1,116,374	361,588
Musical Productions	54,965	82,811	83,609	54,167
National Forensic League	6,047	15,814	18,914	2,947
National Honor Society	11,151	12,935	8,505	15,581
Newspaper	2,482	4,174	3,953	2,703
Odyssey of the Mind	3,721	1,705	2,714	2,712
Parking	1,490	141,253	141,087	1,656
Payments/Refunds on Account	-	336,627	118,791	217,836
Photo Lab	13,175	22,185	21,755	13,605
Prom Fund	31,827	124,311	7,269	148,869
PSAT Counselor	24,305	26,725	25,362	25,668
Refunds	2,333	28,097	26,240	4,190
Robotics Team	2,100	15,390	10,070	7,420
ROTC	20,898	44,221	56,009	9,110
Scholarships	10,878	11,470	13,290	9,058
Science/Environmental	10,461	2,990	3,803	9,648
Senior Class	16,862	15,466	14,790	17,538
Sophomore Class	98	1,904	1,549	453
Special Education	26,040	21,881	15,133	32,788
Special Projects	3,653	6,188	6,002	3,839
Student Council	18,092	164,041	146,751	35,382
Student Tech Protection Plan	3,344	248,429	251,773	-
Summer School	35,380	38,890	69,830	4,440
Writing	3,284	2,979	2,344	3,919
Yearbook	248,856	58,581	91,507	215,930
Young Democrats/Republicans/Government	1,836	8,067	9,090	813
<b>Total Assets</b>	<b>\$ 3,746,710</b>	<b>\$ 8,916,632</b>	<b>\$ 8,618,210</b>	<b>\$ 4,045,132</b>
<b>FUND BALANCES</b>				
Designated for School Organizations	\$ 3,746,710	\$ 8,916,632	\$ 8,618,210	\$ 4,045,132
<b>Total Fund Balances</b>	<b>\$ 3,746,710</b>	<b>\$ 8,916,632</b>	<b>\$ 8,618,210</b>	<b>\$ 4,045,132</b>

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, 2020

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance 6/30/19	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/20
<u>U.S. Department of Education</u>						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (39,934)	\$ 246,465	\$ 278,243	\$ (71,712)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421/424	\$ (30,352)	\$ 108,022	\$ 142,616	\$ (64,946)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511/512/518/785	\$ (347,744)	\$ 1,631,437	\$ 1,934,796	\$ (651,103)
Title I Cluster			\$ (347,744)	\$ 1,631,437	\$ 1,934,796	\$ (651,103)
		613/615/621/				
Special Education - Grants to States	84.027	623/625	\$ (933,757)	\$ 4,412,354	\$ 4,401,017	\$ (922,420)
Special Education - Preschool Grants	84.173	641/642	(19,087)	50,127	31,040	-
Special Education Cluster			\$ (952,844)	\$ 4,462,481	\$ 4,432,057	\$ (922,420)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	\$ (57,768)	\$ 426,800	\$ 447,424	\$ (78,392)
Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	571/572	\$ (8,279)	\$ 174,256	\$ 166,324	\$ (347)
Student Support and Academic Enrichment	84.424A	551/552	\$ (11,431)	\$ 117,734	\$ 114,289	\$ (7,986)
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	788	\$ -	\$ -	\$ 90,611	\$ (90,611)
Passed Through Oklahoma Department of Rehabilitation Services						
Job Training	84.126	456	\$ 68,462	\$ 24,068	\$ 52,758	\$ 39,772
Total U.S. Department of Education			\$ (1,379,890)	\$ 7,191,263	\$ 7,659,118	\$ (1,847,745)
<u>U.S. Department of Health and Human Services</u>						
Passed through the Oklahoma Health Care Authority						
Medical Assistance Program	93.778	698	\$ 169	\$ -	\$ 169	\$ -
<u>U.S. Department of the Interior</u>						
Direct Programs						
Indian Education - Assistance to Schools						
Johnson O'Malley Program	15.130	563/564	\$ 20,309	\$ 67,615	\$ 20,233	\$ 67,691
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Breakfast Program	10.553	764	\$ -	\$ 572,807	\$ 572,807	\$ -
Lunch Program	10.555	763	-	2,264,825	2,264,825	-
Summer Food Program	10.559	766	-	361,927	361,927	-
Passed through the Oklahoma Department of Human Services						
Lunch Program	10.555		\$ 13,413	\$ 440,527	\$ 368,269	\$ 85,671
Summer Food Program	10.559		143	70,398	58,851	11,690
Child Nutrition Cluster			\$ 13,556	\$ 3,710,484	\$ 3,626,679	\$ 97,361
Total U.S. Department of Agriculture			\$ 13,556	\$ 3,710,484	\$ 3,626,679	\$ 97,361
Total Expenditures of Federal Awards			\$ (1,345,856)	\$ 10,969,362	\$ 11,306,199	\$ (1,682,693)



EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Edmond Independent School District No.12 Oklahoma County, Oklahoma under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Edmond Independent School District No.12 Oklahoma County, Oklahoma, it is not intended to and does not present the basic financial statements as listed in the table of contents.

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

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

**Note C: Indirect Cost Rate**

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

**Note D: Subrecipients**

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

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## **OTHER INFORMATION**

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Statement of Statutory Fidelity and Honesty Bonds (unaudited)  
For the Year Ended June 30, 2020

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, 2018 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 3863216 and 87C002416, respectively) are effective for the period from July 1 through June 30 and are renewed annually.

The superintendent was bonded under Ohio Casualty Insurance Company surety bond number 87C002471 with a coverage amount of \$100,000. The bond is effective for the period from July 1 through June 30 and is renewed annually.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Edmond Independent School District No.12, Oklahoma County, Oklahoma's basic financial statements and have issued our report thereon dated January 22, 2021. Our report included an adverse opinion on U.S. generally accepted accounting principles because the District prepares its financial statements on a prescribed regulatory basis of accounting.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Edmond Independent School District No.12, Oklahoma County, Oklahoma'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*.

### **Purpose of this Report**

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

*Mary E Johnson & Associates PLLC*

Ardmore, Oklahoma  
January 22, 2021

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Edmond Independent School District No.12, Oklahoma County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Edmond Independent School District No.12, Oklahoma County, Oklahoma's major federal programs for the year ended June 30, 2020. Edmond Independent School District No.12, Oklahoma County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Edmond Independent School District No.12, Oklahoma County, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 Edmond Independent School District No.12, Oklahoma County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Edmond Independent School District No.12, Oklahoma County, Oklahoma's compliance.

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

In our opinion, Edmond Independent School District No.12, Oklahoma County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of Edmond Independent School District No.12, Oklahoma County, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Edmond Independent School District No.12, Oklahoma County, Oklahoma'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Mary E Johnson & Associates PLLC*

Ardmore, Oklahoma  
January 22, 2021

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

**Section I Summary of Auditor's Results**

**Financial Statements:**

Type of audit report:		Unmodified Regulatory Basis
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	___X___ None Reported
Noncompliance material to financial statement	_____ Yes	___X___ No

**Federal Awards:**

Internal control over major program:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	___X___ None Reported

Type of auditors' report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ Yes	___X___ No

Identification of Major Programs:		
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
84.027;84.173	Special Education Cluster (IDEA)	
84.060	Indian Education, Grants to Local Educational Agencies	

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
Auditee qualified as a low-risk auditee?	_____ Yes	___X___ No



EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Summary Schedule of Prior Year Findings  
Year Ended June 30, 2020

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO.12**  
**Oklahoma County, Oklahoma**  
**Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)**  
**For the Year Ended June 30, 2020**

State of Oklahoma )

County of Carter )

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 2019-2020.

MARY E. JOHNSON & ASSOCIATES, PLLC

*Mary E. Johnson*

BY: \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me on this 26<sup>th</sup> day of, January, 2021.

*Jillian Luker*  
\_\_\_\_\_  
Notary Public

Commission Number: \_\_\_\_\_

My commission expires on: \_\_\_\_\_, 20\_\_\_\_.

