



Edmond Public Schools
Oklahoma County, Oklahoma
Financial Statements
Year-End June 30, 2013

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Oklahoma County, Oklahoma
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June 30, 2013

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INTRODUCTORY



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, 2013, 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; 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.

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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, 2013, the changes in its financial position for the year then ended.

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, 2013, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of 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 financial statements as a whole. The introductory section, management discussion and analysis, budgetary comparison schedules, combining nonmajor fund financial statements and statement of changes in activity fund subaccounts are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The information in the introductory section management discussion and analysis, budgetary comparison and other information as listed in the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23 2014, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over financial reporting and compliance.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

January 23, 2014

EDMOND PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 12

Management's Discussion and Analysis
June 30, 2013

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, 2013. 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, 2013

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

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

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position 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 - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is 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, 2013

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)**

	2011	2012	2013
Current and Other Assets	\$121.2	\$126.6	\$128.2
Capital assets	270.1	288.0	312.4
Total assets	\$391.3	\$414.6	\$440.6
Long-term debt outstanding	\$116.7	\$118.1	\$124.6
Other liabilities	21.5	19.4	19.1
Total liabilities	\$138.2	\$137.5	\$143.7
Net Position:			
Net Investments in Capital Assets	\$194.4	\$213.1	\$232.7
Restricted	28.9	29.4	32.5
Unrestricted	29.8	34.6	31.7
Total net position	\$253.1	\$277.1	\$296.9

EDMOND PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 12

Management's Discussion and Analysis
June 30, 2013

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)

	2011	2012	2013
Revenues			
Program revenues			
Charges for services	\$10.9	\$11.3	\$11.8
Federal and State grants	16.3	14.8	14.3
General revenues			
Property taxes	93.5	95.6	98.9
Other taxes	13.9	14.8	15.2
Federal entitlement	4.8	3.3	--
State entitlement	40.3	44.9	44.8
Other general revenues	0.9	1.2	1.1
Total revenues	\$180.6	\$185.9	\$186.1
Expenses			
Program expenses			
Instruction	\$80.4	\$80.8	\$84.5
Support services	53.7	57.3	58.3
Non-instruction	11.5	10.7	11.0
Interest on long-term debt	3.3	3.9	2.5
Depreciation-unallocated	8.5	9.2	10.0
Total expenses	\$157.4	\$161.9	\$166.3
Increase in net position	\$23.2	\$24.0	\$19.8
Beginning Net Position	229.9	253.1	277.1
Ending Net Position	\$253.1	\$277.1	\$296.9

EDMOND PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 12

Management's Discussion and Analysis
June 30, 2013

Changes in Net Position

In 2013 the District's revenues increased \$200,000 from the prior year (See Table A-3). The most significant variances from the prior year were in property taxes and federal entitlement.

Revenue from property taxes increased \$3.3 million from the prior year. This increase resulted from an increase of 2.5% in the District's property valuation from \$1.449 billion to \$1.486 billion, coupled with an increase in the millage rate from 66.28 to 66.47 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.

The \$3.3 million decrease in federal entitlement in 2013 is a result of the final utilization in 2012 of Education Jobs funding which was provided under the American Recovery and Reinvestment Act (ARRA). The ARRA funding is now completely utilized and the District received no federal stimulus in 2013.

Program expenses increased \$4.4 million. \$3.7 million of the increase was in instruction with another \$1 million increase in support services. These increases support the rising student population which grew by 506 students from 21,995 in 2012 to 22,501 in 2013.

The \$300,000 increase in non-instruction services was in the area of child nutrition. This increase was also in response to the growing student population and the cost to provide services to more students.

Interest expense on long-term debt decreased by \$1.4 million. This is attributable to the decline in interest rates over the last five years and particularly the low rate of interest (0.50%) on the initial coupon for the bonds issued March 2011 which was paid March 2013.

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 15. The District's balance sheet for all funds reflects a combined fund balance of \$74.1 million, an increase of \$142,000 over the prior year. The overall increase is primarily attributed to a \$1.9 million increase in capital project funds (bond funds), a \$784,000 increase in the building fund, and a \$495,000 increase in the activity fund, offset by a decrease of \$3.2 million in the general fund.

General Fund Budgetary Highlights for 2013

In the general fund, local revenue increased consistent with the increase in property valuations in the District, while state support fell below last year's level by \$329,000 (which was anticipated in the budget).

EDMOND PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 12

Management's Discussion and Analysis
June 30, 2013

In 2013, the District began to feel the effect of the federal "funding cliff." During the period from 2009 through 2012, the District received \$21 million in federal stimulus funding. The District had positioned itself with a healthy fund balance at the end of 2012 to absorb the loss of federal funding in 2013. Consequently, the District spent into the general fund balance by \$3.2 million in 2013.

Federal revenue is received on a reimbursement basis. With knowledge of the impending sequestration cuts and in an effort to minimize the effect on program services in the succeeding year, federal program spending was limited to allow carryover funds into 2014. The reduced expenditures also resulted in lower than budgeted revenue since reimbursement was not claimed.

The District continues to be consistent in its spending patterns. Payroll costs were 95.5% of expenditures and 62% of the budget was spent on instruction.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During 2013, the District completed \$21.9 million in construction projects, including new classroom additions at Clegern, Ida Freeman, and Centennial elementary schools and improvements at Orvis Risner, Will Rogers, John Ross, and Washington Irving elementary schools, Central Middle School, and Memorial High School. Also completed in 2013 was a new maintenance facility to house the various maintenance departments (plumbing, electrical, HVAC, carpentry, painting, locksmith, grounds, and general maintenance). The previous maintenance facility will be renovated into offices for the custodial department and freezer storage for child nutrition. The former transportation facility was remodeled into the child nutrition offices, complete with a test kitchen.

On June 30, 2013, the District had bond funds available, including accumulated interest, of \$43.9 million, which will be spent on capital projects including a new elementary school, a new middle school, a competitive swimming pool, classroom additions, site renovations, instructional equipment, technology, and energy conservation initiatives. Accumulated bond fund interest accounted for \$2.7 million of the bond funds available.

Construction has begun on Edmond's seventeenth elementary school, Heritage Elementary. Inclement weather at critical points in the construction process has caused delays which have put the construction timeline behind schedule for a 2014-15 opening. Heritage Elementary School's opening will be in the 2015-16 school year. This in-turn delay the opening of the sixth middle school, which was planned for the year following Heritage's opening and is now scheduled for 2016-17.

Long-term Debt

At fiscal year end, the District had \$123.7 million in total long-term debt outstanding. This is a net increase of \$6.5 million from last year's amount of \$117.2 million. The District issued new bonds totaling \$38.7 million and retired \$32.2 million of outstanding bonds.

EDMOND PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 12

Management's Discussion and Analysis
June 30, 2013

A bond issue for \$80 million was passed by voters February 12, 2013. The bonds will be issued in four series over two years in a plan which will minimize fluctuations in patrons' taxes as well as stagger construction requirements. Approved projects included construction of a seventeenth elementary school and a sixth middle school, expansion of another elementary school, and land purchase for a future fourth high school. Also planned are facility improvements to Orvis Risner and Sunset elementary schools as well as all three high schools. The bond issue also provides continuing financial support for technology, roofing, flooring, HVAC, school safety and security, athletics, fine arts, and transportation.

FACTORS BEARING ON THE DISTRICT'S FUTURE

During the 2013 legislative session, the legislature appropriated the previously unfunded portion of the Flexible Benefit Allowance (FBA) from 2012-13 as well as a \$74 million increase in education funding for 2013-14. Of the \$74 million, \$21.5 million was in state formula aid, with the balance of \$52.5 in line items and reform programs to be budgeted by the State Superintendent of Education.

The overall revenue picture for the State has continued to improve along with the national economy. The state treasurer reports gross receipts on a rolling 12-month basis through November 2013 are up 3.5% over last year to \$11.46 billion, topping the pre-recession high of \$11.284 billion as of December 2008. Over the last five years, Oklahoma regained what it lost in the recession, restoring the rainy day fund, which was fully depleted in 2011, back to \$535.2 million.

Despite the increased economic activity in the state, the equalization board's December 2013 certified estimate of state revenue for the 2014-15 state budget is \$170.8 million less than the prior year, a decrease of 2.4%. State agencies have been cautioned to prepare for reduced or flat budgets. The District receives approximately 43% of its funding from state sources.

Another factor which puts a strain on funds available for public education is the passage of State Question 766 in November 2012. This measure eliminated ad valorem taxation on intangible public service property (most notably air wave frequencies owned by mobile phone providers) at a statewide loss to schools of over \$30 million. This affects school budgets both directly and indirectly. The direct effect is the loss of local valuation which reduces tax collections in the general, building and sinking funds. And indirectly, since local tax collections reduce state aid support, the effect is that more state resources are needed to maintain the same level of support for schools. In reality, since state funding has not increased enough to absorb the local loss, the state funding for education is spread thinner, creating a smaller piece of the pie for most school districts.

Federal sequestration has become a reality. Sequestration, as defined by the Congressional Budget Office, is an enforcement mechanism by which the President orders the cancellation of budgetary resources in amounts sufficient to eliminate a deficit. In this case, a budget sequester is when funds that would otherwise be spent under current law are reserved and used for deficit reduction. This affects the District's Title I, Title II, and IDEA programs. 2013-14 will be the first of 10 years of scheduled federal budget

EDMOND PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 12

Management's Discussion and Analysis
June 30, 2013

cuts. The stipulated 5% cut at the federal level could translate to a very different percentage at the school district level after the application of the allocation formulas. In Title I and Title II, Edmond sustained a 9.18% reduction for 2013-14 while some other districts were cut less than 5%. While IDEA cuts are being absorbed at the state level in 2013-14, the District's program will experience cuts in future years.

The employer mandate provisions of the Affordable Care Act require large employers to offer adequate and affordable health care insurance to all employees who work 30 or more hours per week. In most cases, the requirements mesh well with the state health care plan in which we participate. The new provisions originally scheduled to take effect January 1, 2014 have been delayed to January 1, 2015. There will be increased administrative work for the District and some additional expense. The District is currently developing its strategy for the best and most economical way to comply with the new law.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Statement of Net Position – Regulatory Basis
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Investments	\$ 127,777,318
Other Current Assets	1,277
Inventories	408,475
Capital Assets:	
Land and Construction in Progress	44,316,189
Other Capital Assets, net of depreciation	<u>268,066,392</u>
 Total Assets	 <u>\$ 440,569,651</u>
 LIABILITIES AND EQUITY	
Current Liabilities	
Warrants Outstanding	\$ 18,070,174
Vendor Obligation Payable	204,017
Reserve for Encumbrances	810,962
Long -term liabilities	
Due within One Year	34,772,000
Due in More than One Year	<u>89,860,190</u>
 Total Liabilities	 <u>\$ 143,717,343</u>
 Net Position	
Net Investments in Capital Assets	\$ 232,704,089
Restricted for	
Debt Service	20,319,243
School-Based Activities	3,189,001
Child Nutrition	3,085,464
Buildings	5,806,784
Private Grants	85,319
Unrestricted	<u>31,662,408</u>
 Total Net Position	 <u><u>\$ 296,852,308</u></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, 2013

<i>Functions/Programs</i>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
<i>Primary Government</i>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Governmental Activities					
Instruction	\$ 84,470,272	\$ 142,462	\$ 9,123,784	\$ -	\$ (75,204,026)
Support Services	58,329,192	3,943,753	1,214,640	-	(53,170,799)
Non-Instruction Services	11,009,455	7,693,105	3,934,923	-	618,573
Interest on Long-Term Debt	2,539,398	-	-	-	(2,539,398)
Depreciation-Unallocated	10,036,726	-	-	-	(10,036,726)
Total Governmental Activities	\$ 166,385,043	\$ 11,779,320	\$ 14,273,347	\$ -	\$ (140,332,376)
General Revenues					
Taxes					
Property taxes, levied for general purposes					\$ 55,006,828
Property taxes, levied for building purposes					7,852,786
Property taxes, levied for sinking fund purposes					36,057,999
General Taxes					15,175,113
Investment Earnings					1,142,982
State Aid - Formula grant					44,847,054
Gain on sale of property					(1,944)
Total General Revenues					\$ 160,080,818
Change in Net Assets					\$ 19,748,442
Net Position - Beginning					277,103,866
Net Position - Ending					\$ 296,852,308

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Balance Sheet – Governmental Funds– Regulatory Basis
June 30, 2013

	General Fund	Debt Service Fund	2013A Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Investments	\$ 33,794,946	\$ 37,450,206	\$ 22,387,945	\$ 34,144,220	\$ 127,777,317
Other Current Assets	1,277	-	-	-	1,277
Inventory	30,441	-	-	354,573	385,014
Prepaid Judgments	-	12,009	-	-	12,009
Total Assets	<u>\$ 33,826,664</u>	<u>\$ 37,462,215</u>	<u>\$ 22,387,945</u>	<u>\$ 34,498,793</u>	<u>\$ 128,175,617</u>
Liabilities					
Warrants Outstanding	\$ 17,594,608	\$ -	\$ 27,267	\$ 450,099	\$ 18,071,974
Vendor Obligation Payable	17,067	-	1,882	183,265	202,214
Due to Other Funds	-	12,009	-	-	12,009
Principal and Interest Accruals	-	34,989,008	-	-	34,989,008
Reserve for Encumbrances	810,962	-	-	-	810,962
Total Liabilities	<u>\$ 18,422,637</u>	<u>\$ 35,001,017</u>	<u>\$ 29,149</u>	<u>\$ 633,364</u>	<u>\$ 54,086,167</u>
Fund Balances					
Nonspendable	\$ 30,441	\$ -	\$ -	\$ 354,573	\$ 385,014
Restricted	340,478	2,461,198	22,357,259	24,549,585	49,708,520
Committed	-	-	-	6,250,461	6,250,461
Assigned	15,033,108	-	1,537	2,710,810	17,745,455
Total Fund Balances	<u>\$ 15,404,027</u>	<u>\$ 2,461,198</u>	<u>\$ 22,358,796</u>	<u>\$ 33,865,429</u>	<u>\$ 74,089,450</u>
Total Liabilities and Fund Balances	<u>\$ 33,826,664</u>	<u>\$ 37,462,215</u>	<u>\$ 22,387,945</u>	<u>\$ 34,498,793</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 fund. The costs of assets is \$426,005,307 and accumulated depreciation is \$113,622,726.	312,382,581
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.	23,459
Sinking Fund Principal and Interest Accruals are part of the net assets at the district-wide level	34,989,008
Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(124,632,190)</u>
Net position of governmental activities.	<u>\$ 296,852,308</u>

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, 2013

	General Fund	Debt Service Fund	2013A Bond Fund	Other Governmental Funds	Total Governmental Funds
REVENUE					
Property Taxes	\$ 55,006,828	\$ 36,057,999	\$ -	\$ 8,540,509	99,605,336
Interest	110,363	177,643	1,537	164,563	454,106
County Revenue	5,639,129	-	-	-	5,639,129
State Revenue	56,025,836	1,382	-	104,674	56,131,892
Federal Revenue	6,508,757	-	-	2,692,867	9,201,624
Other	661,502	-	-	12,435,204	13,096,706
Total Revenue	<u>\$ 123,952,415</u>	<u>\$ 36,237,024</u>	<u>\$ 1,537</u>	<u>\$ 23,937,817</u>	<u>\$ 184,128,793</u>
 EXPENDITURES					
Current					
Instruction	\$ 81,665,677	\$ -	44,476	\$ 2,572,711	\$ 84,282,864
Support Services	44,317,691	-	64,608	14,121,586	58,503,885
Non-instruction Services	5,956,678	-	7,499	5,765,793	11,729,970
Capital Outlay	-	-	4,086,158	28,206,918	32,293,076
Other Outlays	34,752	-	-	33,010	67,762
Debt Service					
Interest Paid	-	2,539,398	-	-	2,539,398
Principal Retirement	-	32,250,000	-	-	32,250,000
Total Expenditures	<u>\$ 131,974,798</u>	<u>\$ 34,789,398</u>	<u>\$ 4,202,741</u>	<u>\$ 50,700,018</u>	<u>\$ 221,666,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (8,022,383)</u>	<u>\$ 1,447,626</u>	<u>\$ (4,201,204)</u>	<u>\$ (26,762,201)</u>	<u>\$ (37,538,162)</u>
 Other Financing Sources					
Transfers In	\$ 4,870,160	\$ -	\$ -	\$ 986,028	\$ 5,856,188
Transfers Out	-	(104,784)	-	(5,751,404)	(5,856,188)
Accrued Principal & Interest	-	(1,724,854)	-	-	(1,724,854)
Premium on Bond Sales	-	685,026	-	-	685,026
Proceeds of Bonds	-	-	26,560,000	12,160,000	38,720,000
Total Other Financing Sources (Uses)	<u>\$ 4,870,160</u>	<u>\$ (1,144,612)</u>	<u>\$ 26,560,000</u>	<u>\$ 7,394,624</u>	<u>\$ 37,680,172</u>
Net Change in Fund Balances	\$ (3,152,223)	303,014	22,358,796	(19,367,577)	142,010
Fund Balances - Beginning	<u>18,556,250</u>	<u>2,158,184</u>	<u>-</u>	<u>53,233,006</u>	<u>73,947,440</u>
Fund Balances - Ending	<u>\$ 15,404,027</u>	<u>\$ 2,461,198</u>	<u>\$ 22,358,796</u>	<u>\$ 33,865,429</u>	<u>\$ 74,089,450</u>

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds to the Statement of Activities– Regulatory Basis
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds		\$ 142,010						
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</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%;">Capital Outlay</td> <td style="width: 10%; text-align: right;">\$ 34,412,872</td> <td style="width: 30%;"></td> </tr> <tr> <td>Depreciation Expense</td> <td style="text-align: right;"><u>(10,018,904)</u></td> <td style="text-align: right;">24,393,968</td> </tr> </table>	Capital Outlay	\$ 34,412,872		Depreciation Expense	<u>(10,018,904)</u>	24,393,968	
Capital Outlay	\$ 34,412,872							
Depreciation Expense	<u>(10,018,904)</u>	24,393,968						
<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>								
		(24,212)						
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Debt issued this year exceeded repayments.</p>								
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Debt Issued</td> <td style="width: 10%; text-align: right;">\$ (38,720,000)</td> <td style="width: 30%;"></td> </tr> <tr> <td>Debt Repayments</td> <td style="text-align: right;"><u>32,250,000</u></td> <td style="text-align: right;">(6,470,000)</td> </tr> </table>	Debt Issued	\$ (38,720,000)		Debt Repayments	<u>32,250,000</u>	(6,470,000)	
Debt Issued	\$ (38,720,000)							
Debt Repayments	<u>32,250,000</u>	(6,470,000)						
<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>								
		(18,178)						
<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>1,724,854</u>						
Change in net position of governmental activities.		<u>\$ 19,748,442</u>						

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Statement of Fiduciary Net Position – Regulatory Basis
June 30, 2013

	<u>Private Purpose Trust</u>
Assets	
Cash and Cash Investments	\$ <u>476,885</u>
 Total Assets	 \$ <u>476,885</u>
 Net Position	
Nonspendable Endowment	\$ 440,088
Restricted for Scholarships	<u>36,797</u>
 Total Net Position	 \$ <u>476,885</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, 2013

	<u>Private Purpose Trust</u>
Additions:	
Interest	2,521
	<u>2,521</u>
Total Additions	<u>\$ 2,521</u>
Deductions	
Other Expenses	20,000
	<u>(17,479)</u>
Changes in Net Position	<u>\$ (17,479)</u>
Net Position-Beginning	494,364
Net Position -Ending	<u>\$ 476,885</u>

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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 are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

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

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds and 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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

2013A 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.

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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Vendor obligations due and payable for goods and services received are recorded as a reduction of the encumbrance when 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, 2013

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

Budgets and Budgetary Accounting - The District is required by state law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments.

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

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

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it 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 fair value. Securities traded on a national exchange are valued at the last reported sales price. The District's investment policies are governed by Oklahoma Statute 70-5-115. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies.

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 43% of the District's general fund revenue comes from state sources.

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

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

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

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

Net Position and Fund Balance –

District-Wide Financial Statements –

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

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 report the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by regulations of the Oklahoma State Department of Education.

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

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

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

Fund Financial Statements–

The District has adopted Governmental Accounting Standards Board Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy 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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

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 and sales tax 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.

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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

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

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, 2013, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2013A Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable					
Inventory	\$ 30,441	\$ -	\$ -	\$ 354,573	\$ 385,014
Restricted					
Capital Outlay and Property Maintenance	-	-	22,357,259	24,454,900	46,812,159
Debt Service	-	2,461,198	-	-	2,461,198
Federal and State Programs	340,478	-	-	9,365	349,843
Instruction	-	-	-	85,320	85,320
Total Restricted:	<u>340,478</u>	<u>2,461,198</u>	<u>22,357,259</u>	<u>24,549,585</u>	<u>49,708,520</u>
Committed					
Food Services	-	-	-	3,061,460	3,061,460
School Organizations	-	-	-	3,189,001	3,189,001
Total Committed:	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,250,461</u>	<u>6,250,461</u>
Assigned					
Employee Compensation	810,962	-	-	-	810,962
Site Budget Carryover	104,014	-	-	-	104,014
Anticipated Federal Program Carryover	554,775	-	-	-	554,775
Appropriated Budget	13,563,357	-	-	-	13,563,357
Bond Costs and Capital Outlay	-	-	1,537	2,710,810	2,712,347
Total Assigned:	<u>15,033,108</u>	<u>-</u>	<u>1,537</u>	<u>2,710,810</u>	<u>17,745,455</u>
	<u>\$ 15,404,027</u>	<u>\$ 2,461,198</u>	<u>\$ 22,358,796</u>	<u>\$ 33,865,429</u>	<u>\$ 74,089,450</u>

Note 2 -- Cash and Investments

At June 30, 2013, the bank balance of deposits and cash pools was \$128,099,984. 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. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Note 2 -- Cash and Investments (continued)

Investments – At June 30, 2013, the District held as an investment a judgment awarded against the District for payment of unbilled services from a prior year. The judgment of \$12,009 is levied in the sinking fund ratably over three years at a statutory interest rate set annually. The interest rate for 2013 was 5.25%. The judgment was purchased from the plaintiff as an investment of the general fund.

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

Credit Risk – Investments – 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.

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	\$ 117,215,000	\$ 38,720,000	\$ 32,250,000	\$ 123,685,000	\$ 34,020,000
Compensated Absences	922,979	775,938	751,727	947,190	752,000
Total governmental activity long-term liabilities	<u>\$ 118,137,979</u>	<u>\$ 39,495,938</u>	<u>\$ 33,001,727</u>	<u>\$ 124,632,190</u>	<u>\$ 34,772,000</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, 2013 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, 2013
10,400,000	Building	7/1/2008	2,600,000	2,600,000	7/1/2013	3.25%-3.5%	\$ 2,600,000
21,600,000	Combined	3/1/2009	5,400,000	5,400,000	3/1/2014	2.25%-2.5%	5,400,000
14,680,000	Building	7/1/2009	3,670,000	3,670,000	7/1/2014	2%-4%	7,340,000
22,480,000	Combined	3/1/2010	5,620,000	5,620,000	3/1/2015	2%-3%	11,240,000
13,640,000	Building	7/1/2010	3,410,000	3,410,000	7/1/2015	1%-3%	10,230,000
20,500,000	Combined	3/1/2011	5,125,000	5,125,000	3/1/2016	.5%-3%	15,375,000
9,400,000	Building	8/1/2011	2,350,000	2,350,000	8/1/2016	1.5%-2%	9,400,000
23,380,000	Combined	3/1/2012	5,845,000	5,845,000	3/1/2017	.05%-2%	23,380,000
12,160,000	Building	8/1/2012	3,040,000	3,040,000	8/1/2017	.05%-2.5%	12,160,000
26,560,000	Combined	3/1/2013	6,640,000	6,640,000	3/1/2018	1.25%-1.5%	26,560,000
							<u>\$ 123,685,000</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Note 3 -- Long-term Liabilities (continued)

As of June 30, 2013, 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
2014	\$ 34,020,000	\$ 2,354,973	\$ 36,374,973
2015	35,700,000	1,494,725	37,194,725
2016	26,410,000	891,275	27,301,275
2017	17,875,000	446,000	18,321,000
2018	9,680,000	137,600	9,817,600
	<u>\$ 123,685,000</u>	<u>\$ 5,324,573</u>	<u>\$ 129,009,573</u>

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2013 is approximately \$148,583,000.

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

Subsequent to year end, the District issued an additional \$14,000,000 in bonds.

Note 4 -- Employee Retirement System

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

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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Note 4 -- Employee Retirement System (continued)

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, 2013. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contributions as allowed by statute. The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2013, 2012, and 2011 were \$14,542,306, \$13,932,296, and \$13,778,050, respectively, equal to the required contributions for each year.

The government-wide financial statements include amounts representing on-behalf payments made to the System by the State of Oklahoma. These payments do not represent a direct or indirect payment of the District. The total amount of payments made by the State of Oklahoma on-behalf of the District for 2013 totaled \$970,555.

Note 5 -- 403(b) Retirement Savings Plan

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

Note 6 -- Risk Management

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Note 7 -- Contingencies

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

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

The District has outstanding construction commitments as of June 30, 2013:

	Construction Commitments
2013A Bond Fund	\$ 17,634,291
Other Governmental Funds	21,457,474
Total	<u>\$ 39,091,765</u>

Note 8 -- Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$3,691,968	Operating Transfer for Payroll
Student Activity Fund	General Fund	1,178,192	Operating Transfer
Student Activity Fund	Child Nutrition Fund	6,034	Operating Transfer
Student Activity Fund	Student Activity Fund	177,104	Operating Transfer
Debt Service Fund	Building Fund	104,784	Operating Transfer
2009A Bond Fund	Bond Residual Fund	333,817	Operating Transfer
2009B Bond Fund	Bond Residual Fund	364,289	Operating Transfer
		<u>\$5,856,188</u>	

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2013

Note 9 -- Capital Assets

Capital Asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 8,485,001	\$ 3,781,335	\$ -	\$ 12,266,336
Construction in progress	25,134,198	28,800,275	21,884,620	32,049,853
Total capital assets, not being depreciated	<u>\$ 33,619,199</u>	<u>\$ 32,581,610</u>	<u>\$ 21,884,620</u>	<u>\$ 44,316,189</u>
<i>Capital assets, being depreciated</i>				
Buildings	\$ 331,038,756	\$ 21,932,583	\$ -	\$ 352,971,339
Furniture and Equipment	1,632,620	135,273	-	1,767,893
Musical Instruments	577,724	136,839	-	714,563
Equipment	13,205,134	1,481,955	19,766	14,667,323
Vehicles	11,519,002	48,998	-	11,568,000
Total capital assets, being depreciated	<u>\$ 357,973,236</u>	<u>\$ 23,735,648</u>	<u>\$ 19,766</u>	<u>\$ 381,689,118</u>
Less Accumulated Depreciation	<u>103,603,822</u>	<u>10,036,726</u>	<u>17,822</u>	<u>113,622,726</u>
Total capital assets, being depreciated, net	<u>\$ 254,369,414</u>	<u>\$ 13,698,922</u>	<u>\$ 1,944</u>	<u>\$ 268,066,392</u>
Governmental activities capital assets, net	<u>287,988,613</u>	<u>46,280,532</u>	<u>21,886,564</u>	<u>312,382,581</u>
Total Primary Government	<u>\$ 287,988,613</u>	<u>\$ 46,280,532</u>	<u>\$ 21,886,564</u>	<u>\$ 312,382,581</u>

Note 10 – Subsequent Events

In a bond election held February 12, 2013, voters in the District approved the issuance of bonds totaling \$80 million, to be issued in four series over a two-year period. The bond issues will provide for construction of a new elementary school, a new middle school and land for a future high school campus in addition to improvements to existing facilities as well as transportation and equipment purchases. The first installment in the amount of \$26,560,000 was issued in May 2013, and the second installment of \$14,400,000 was issued in August 2013. The third installment of \$30,600,000 is scheduled for March 2014 and the fourth installment of \$8,440,000 is scheduled for August 2014.

Note 11 – New GASB Standard

In Fiscal year 2013, the District implemented GASB Statement 63, Reporting Deferred Outflows, Deferred Inflows, and Net Position. This statement includes a title change from the “Statement of Net Assets” to “Statement of Net Position”, requires deferred outflows to be reported in a separate section after assets, deferred inflows reported as a separate section after liabilities. Only those items specifically defined by GASB may be reported as deferred outflows or inflows. The only effect on the financial statements for the District was the change in terminology “net assets” to “net position”.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 49,877,214	\$ 49,877,214	\$ 55,006,828	\$ 5,129,614
Interest	116,000	116,000	110,363	(5,637)
County Revenue	5,493,600	5,493,600	5,639,129	145,529
State Revenue	55,990,815	55,990,815	56,025,836	35,021
Federal Revenue	6,941,400	6,941,400	6,508,757	(432,643)
Other	<u>5,218,100</u>	<u>5,218,100</u>	<u>5,531,662</u>	<u>313,562</u>
Total Revenue	<u>\$ 123,637,129</u>	<u>\$ 123,637,129</u>	<u>\$ 128,822,575</u>	<u>\$ 5,185,446</u>
EXPENDITURES				
Current				
Instruction	\$ 82,000,000	\$ 82,000,000	81,665,677	\$ 334,323
Support Services	44,256,000	44,256,000	44,315,690	(59,690)
Non-instruction Services	5,954,000	5,954,000	5,956,678	(2,678)
Capital Outlay	-	-	-	-
Other Outlays	<u>9,983,379</u>	<u>9,983,379</u>	<u>36,752</u>	<u>9,946,627</u>
Total Expenditures	<u>\$ 142,193,379</u>	<u>\$ 142,193,379</u>	<u>\$ 131,974,797</u>	<u>\$ 10,218,582</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (18,556,250)	\$ (18,556,250)	\$ (3,152,222)	\$ 15,404,028
Fund Balance - Beginning	<u>18,556,250</u>	<u>18,556,250</u>	<u>18,556,250</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,404,028</u>	<u>\$ 15,404,028</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Appropriated Funds (unaudited) – Regulatory Basis
For the Year Ended June 30, 2013

	Building Fund		Child Nutrition Fund		Debt Service Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUE						
Property Taxes	\$ 7,121,702	\$ 7,852,786	\$ -	\$ -	\$ 34,263,567	36,057,999
Interest	22,300	14,877	16,800	12,521	-	177,643
County Revenue	-	-	-	-	-	-
State Revenue	300	293	110,450	104,380	-	1,382
Federal Revenue	-	-	2,540,698	2,692,867	-	-
Other	<u>288,000</u>	<u>155,554</u>	<u>4,967,100</u>	<u>4,767,623</u>	-	<u>(1,039,829)</u>
Total Revenue	<u>\$ 7,432,302</u>	<u>\$ 8,023,510</u>	<u>\$ 7,635,048</u>	<u>\$ 7,577,391</u>	<u>\$ 34,263,567</u>	<u>\$ 35,197,195</u>
EXPENDITURES						
Current						
Instruction	\$ 705,000	\$ 209,779	\$ -	\$ -	\$ -	\$ -
Support Services	8,190,000	6,887,984	-	-	-	-
Non-instruction Services	-	-	4,464,206	4,139,079	-	-
Capital Outlay	110,000	141,315	-	-	-	-
Other Outlays	<u>3,449,655</u>	<u>-</u>	<u>6,493,844</u>	<u>3,685,934</u>	<u>-</u>	<u>-</u>
Debt Service						
Interest Paid	-	-	-	-	2,401,751	2,539,398
Principal Retirement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,020,000</u>	<u>32,250,000</u>
Total Expenditures	<u>\$ 12,454,655</u>	<u>\$ 7,239,078</u>	<u>\$ 10,958,050</u>	<u>\$ 7,825,013</u>	<u>\$ 36,421,751</u>	<u>\$ 34,789,398</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,022,353)	784,432	(3,323,002)	(247,622)	(2,158,184)	407,797
Other Financing Sources						
Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (104,784)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,784)</u>
Net Change in Fund Balance	(5,022,353)	784,432	(3,323,002)	(247,622)	(2,158,184)	303,013
Fund Balance - Beginning	<u>5,022,353</u>	<u>5,022,353</u>	<u>3,323,002</u>	<u>3,384,232</u>	<u>2,158,184</u>	<u>2,158,184</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 5,806,785</u>	<u>\$ -</u>	<u>\$ 3,136,610</u>	<u>\$ -</u>	<u>\$ 2,461,197</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Combining Balance Sheet– Other Governmental Funds – Regulatory Basis
For the Year Ended June 30, 2013

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Funds
	Building	MAPS	Child Nutrition	Activity	Gift	Total		
Assets								
Cash and Cash Investments	\$ 5,954,115	\$ 104,112	\$ 3,090,759	\$ 3,348,520	\$ 92,717	\$ 12,590,223	\$ 21,553,997	\$ 34,144,220
Receivables, Net	-	-	-	-	-	-	-	-
Inventory	288,788	-	65,785	-	-	354,573	-	354,573
Total Assets	<u>\$ 6,242,903</u>	<u>\$ 104,112</u>	<u>\$ 3,156,544</u>	<u>\$ 3,348,520</u>	<u>\$ 92,717</u>	<u>\$ 12,944,796</u>	<u>\$ 21,553,997</u>	<u>\$ 34,498,793</u>
Liabilities								
Warrants Outstanding	\$ 259,004	\$ -	\$ 14,033	\$ 159,519	\$ 7,148	\$ 439,704	\$ 10,395	\$ 450,099
Accounts Payable	177,114	-	5,901	-	250	183,265	-	183,265
Total Liabilities	<u>\$ 436,118</u>	<u>\$ -</u>	<u>\$ 19,934</u>	<u>\$ 159,519</u>	<u>\$ 7,398</u>	<u>\$ 622,969</u>	<u>\$ 10,395</u>	<u>\$ 633,364</u>
Fund Balances								
Nonspendable	\$ 288,788	\$ -	\$ 65,785	\$ -	\$ -	\$ 354,573	\$ -	\$ 354,573
Restricted	5,517,997	104,112	9,365	-	85,319	5,716,793	18,832,792	24,549,585
Committed	-	-	3,061,460	3,189,001	-	6,250,461	-	6,250,461
Assigned	-	-	-	-	-	-	2,710,810	2,710,810
Total Fund Balances	<u>5,806,785</u>	<u>104,112</u>	<u>3,136,610</u>	<u>3,189,001</u>	<u>85,319</u>	<u>12,321,827</u>	<u>21,543,602</u>	<u>33,865,429</u>
Total Liabilities and Fund Balances	<u>\$ 6,242,903</u>	<u>\$ 104,112</u>	<u>\$ 3,156,544</u>	<u>\$ 3,348,520</u>	<u>\$ 92,717</u>	<u>\$ 12,944,796</u>	<u>\$ 21,553,997</u>	<u>\$ 34,498,793</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Governmental Funds– Regulatory Basis
For the Year Ended June 30, 2013

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Funds
	Building	MAPS	Child Nutrtion	Activity	Gift	Total		
REVENUE								
Property Taxes	\$ 7,852,786	\$ 687,723	\$ -	\$ -	\$ -	\$ 8,540,509	\$ -	\$ 8,540,509
Interest	14,877	552	12,521	8,903	146	36,999	127,564	164,563
State Revenue	293	-	104,381	-	-	104,674	-	104,674
Federal Revenue	-	-	2,692,867	-	-	2,692,867	-	2,692,867
Other	50,770	-	4,767,623	7,428,170	158,000	12,404,563	30,641	12,435,204
Total Revenue	<u>\$ 7,918,726</u>	<u>\$ 688,275</u>	<u>\$ 7,577,392</u>	<u>\$ 7,437,073</u>	<u>\$ 158,146</u>	<u>\$ 23,779,612</u>	<u>\$ 158,205</u>	<u>\$ 23,937,817</u>
EXPENDITURES								
Current								
Instruction	\$ 209,779	\$ -	\$ -	832,829	84,524	1,127,132	\$ 1,445,579	\$ 2,572,711
Support Services	6,887,984	207	-	3,347,551	6,806	10,242,548	3,879,038	14,121,586
Non-instruction Services	-	-	4,139,080	1,541,338	-	5,680,418	85,375	5,765,793
Capital Outlay	141,315	652,179	-	30,220	-	823,714	\$ 27,383,204	28,206,918
Other Outlays	-	-	-	5,504	-	5,504	27,506	33,010
Total Expenditures	<u>\$ 7,239,078</u>	<u>\$ 652,386</u>	<u>\$ 4,139,080</u>	<u>\$ 5,757,442</u>	<u>\$ 91,330</u>	<u>\$ 17,879,316</u>	<u>\$ 32,820,702</u>	<u>\$ 50,700,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	679,648	35,889	3,438,312	1,679,631	66,816	5,900,296	(32,662,497)	(26,762,201)
Other Financing Sources								
Transfers In	104,784	-	6,034	177,104	-	287,922	698,106	986,028
Transfers Out	-	-	(3,691,968)	(1,361,330)	-	(5,053,298)	(698,106)	(5,751,404)
Proceeds of Bonds	-	-	-	-	-	-	12,160,000	12,160,000
Total Other Financing Sources	<u>104,784</u>	<u>-</u>	<u>(3,685,934)</u>	<u>(1,184,226)</u>	<u>-</u>	<u>(4,765,376)</u>	<u>12,160,000</u>	<u>7,394,624</u>
Net Change in Fund Balances	784,432	35,889	(247,622)	495,405	66,816	1,134,920	(20,502,497)	(19,367,577)
Fund Balances, Beginning	5,022,353	68,223	3,384,232	2,693,596	18,503	11,186,907	42,046,099	53,233,006
Fund Balances, Ending	<u>\$ 5,806,785</u>	<u>\$ 104,112</u>	<u>\$ 3,136,610</u>	<u>\$ 3,189,001</u>	<u>\$ 85,319</u>	<u>\$ 12,321,827</u>	<u>\$ 21,543,602</u>	<u>\$ 33,865,429</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, 2013

	2009A Bond	2009B Bond	2010A Bond	2010B Bond	2011A Bond	2011B Bond	2012A Bond	2012B Bond	Bond Residual	Total Other Capital Project Funds
Assets										
Cash and Cash Investments	\$ -	\$ -	\$ 555,438	\$ 277,874	\$ 3,997,146	\$ 2,213,612	\$ 6,415,044	\$ 5,277,966	\$ 2,816,917	\$ 21,553,997
Total Assets	\$ -	\$ -	\$ 555,438	\$ 277,874	\$ 3,997,146	\$ 2,213,612	\$ 6,415,044	\$ 5,277,966	\$ 2,816,917	\$ 21,553,997
Liabilities										
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ 7,099	\$ 1,186	\$ 1,177	\$ 933	\$ -	\$ 10,395
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 7,099	\$ 1,186	\$ 1,177	\$ 933	\$ -	\$ 10,395
Fund Balances										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	437,241	177,565	3,876,595	2,178,176	6,376,627	5,276,153	510,435	18,832,792
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	118,197	100,309	113,452	34,250	37,240	880	2,306,482	2,710,810
Total Fund Balances	-	-	555,438	277,874	3,990,047	2,212,426	6,413,867	5,277,033	2,816,917	21,543,602
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 555,438	\$ 277,874	\$ 3,997,146	\$ 2,213,612	\$ 6,415,044	\$ 5,277,966	\$ 2,816,917	\$ 21,553,997

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Capital Project Funds – Regulatory Basis
For the Year Ended June 30, 2013

	2009A Bond	2009B Bond	2010A Bond	2010B Bond	2011A Bond	2011B Bond	2012A Bond	2012B Bond	Bond Residual	Total Other Capital Project Funds
REVENUE										
Interest	\$ -	\$ -	\$ 1,385	\$ 1,230	\$ 22,853	\$ 12,755	\$ 55,891	\$ 23,557	\$ 9,893	\$ 127,564
Other	-	-	-	-	-	1,875	25,631	-	3,135	30,641
Total Revenue	\$ -	\$ -	\$ 1,385	\$ 1,230	\$ 22,853	\$ 14,630	\$ 81,522	\$ 23,557	\$ 13,028	\$ 158,205
EXPENDITURES										
Current										
Instruction	\$ -	\$ -	\$ 1,750	\$ 16,680	\$ 474,543	\$ 20,927	\$ 720,932	\$ 152,769	\$ 57,978	\$ 1,445,579
Support Services	-	-	82,954	292,095	191,574	789,487	1,455,791	941,063	126,074	3,879,038
Non-instruction Services	-	-	-	-	-	-	84,434	941	-	85,375
Capital Outlay	-	-	38,533	246,860	5,344,724	3,565,374	12,102,815	5,811,751	273,147	27,383,204
Other Outlays	-	-	-	-	-	1,875	25,631	-	-	27,506
Total Expenditures	\$ -	\$ -	\$ 123,237	\$ 555,635	\$ 6,010,841	\$ 4,377,663	\$ 14,389,603	\$ 6,906,524	\$ 457,199	\$ 32,820,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(121,852)	(554,405)	(5,987,988)	(4,363,033)	(14,308,081)	(6,882,967)	(444,171)	(32,662,497)
Other Financing Sources										
Transfers In	-	-	-	-	-	-	-	-	698,106	698,106
Transfers Out	(333,817)	(364,289)	-	-	-	-	-	-	-	(698,106)
Proceeds of Bonds	-	-	-	-	-	-	-	12,160,000	-	12,160,000
Total Other Financing Sources	\$ (333,817)	\$ (364,289)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,160,000	\$ 698,106	\$ 12,160,000
Net Change in Fund Balances	(333,817)	(364,289)	(121,852)	(554,405)	(5,987,988)	(4,363,033)	(14,308,081)	5,277,033	253,935	(20,502,497)
Fund Balances, Beginning	333,817	364,289	677,290	832,279	9,978,035	6,575,459	20,721,948	-	2,562,982	42,046,099
Fund Balances, Ending	\$ -	\$ -	\$ 555,438	\$ 277,874	\$ 3,990,047	\$ 2,212,426	\$ 6,413,867	\$ 5,277,033	\$ 2,816,917	\$ 21,543,602

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2013

ASSETS	Balance 6/30/12	Total Receipts	Total Disbursements	Balance 6/30/13
Activities:				
Academic Team Total	3,705	7,863	6,821	4,747
Advanced Placement/Enrichment Total	63,499	179,680	167,210	75,969
Alternative School Total	5,994	6,550	9,374	3,170
Art Total	11,099	52,213	48,295	15,017
Athletics Total	245,679	1,097,788	1,137,418	206,049
Before/After School Programs Total	783,678	1,501,793	1,351,201	934,270
Central Office Total	109,219	166,020	98,643	176,596
Charitable/Community/Service Total	37,014	853,393	827,670	62,737
Cheerleading/Pom/Pep Total	35,239	212,254	177,722	69,771
Chess Club Total	10	200	0	210
Concessions/Vending Total	337,143	341,934	330,463	348,614
Donations Total	20,050	84,296	78,116	26,230
Drama/Debate/Speech Total	3,741	23,810	11,458	16,093
Driver Education Total	0	19,380	17,955	1,425
Ethnic Heritage Clubs Total	2,647	2,177	2,181	2,643
Faculty/Hospitality Total	9,366	2,013	3,326	8,053
FBLA/DECA Total	45,928	164,599	183,506	27,021
FCCLA-Family, Career & Community Leaders	3,701	18,514	16,709	5,506
FFA Future Farmers of America Total	28,635	151,695	150,064	30,266
Foreign Language Clubs Total	25,611	30,342	29,276	26,677
Freshman Class Total	1,271	0	0	1,271
General Activity Total	364,777	530,365	598,927	296,215
Home Arts/Technology Ed/Wood Tech Total	13,094	37,300	36,841	13,553
Interest Total	62,231	7,822	7,497	62,556
Junior Class Total	40,857	40,122	28,298	52,681
Math Club Total	471	3,875	2,169	2,177
Media Center Total	73,873	119,779	119,357	74,295
Music Total	96,373	991,981	812,956	275,398
Musical Productions Total	39,869	101,214	83,431	57,652
National Forensic League Total	2,649	12,168	11,110	3,707
National Honor Society Total	7,427	16,167	13,449	10,145
Newspaper Total	685	3,421	2,874	1,232
Parking Total	0	122,208	122,208	0
Photo Lab Total	10,006	18,338	19,808	8,536
Prom Fund Total	63	23,372	20,769	2,666
PSAT Counselor Total	23,714	81,021	81,927	22,808
Refunds Total	999	34,281	32,161	3,119
Robotics Team Total	13,329	18,897	18,723	13,503
ROTC Total	629	8,925	7,774	1,780
Scholarships Total	7,410	13,044	8,169	12,285
Science/Environmental Total	10,167	5,274	5,166	10,275
Senior Class Total	13,167	22,947	25,142	10,972
Sophomore Class Total	781	1,984	2,682	83
Special Education Total	5,636	18,920	16,408	8,148
Special Projects Total	15,785	34,012	34,729	15,068
Student Council Total	21,137	126,625	126,287	21,475
Summer School Total	0	116,272	63,913	52,359
Transcripts Total	1,466	0	692	774
Writing Total	2,512	2,127	2,363	2,276
Yearbook Total	89,558	174,653	155,315	108,896
Young Democrats/Republicans/Government	1,702	10,550	10,219	2,033
Total Assets	2,693,596	7,614,178	7,118,773	3,189,001
FUND BALANCES				
Designated for School Organizations	2,693,596	7,614,178	7,118,773	3,189,001
Total Fund Balances	2,693,596	7,614,178	7,118,773	3,189,001

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
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance 6/30/12	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/13
<u>U.S. Department of Education</u>						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (33,774)	\$ 210,816	214,451	(37,409)
Passed Through Oklahoma Department of Career and Technology Education						
Vocational Education - Basic Grant to States	84.048	421/424	\$ (21,630)	\$ 179,499	198,675	(40,806)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511/512/518	\$ (334,051)	\$ 1,690,938	\$ 1,695,663	\$ (338,776)
Title I Cluster			\$ (334,051)	\$ 1,690,938	\$ 1,695,663	\$ (338,776)
Special Education - Grants to States	84.027	615/621/ 623/625	\$ (883,026)	\$ 3,783,992	\$ 3,716,992	\$ (816,026)
Special Education - Preschool Grants	84.173	641/642	(13,361)	83,722	84,062	(13,701)
Special Education Cluster			\$ (896,387)	\$ 3,867,714	\$ 3,801,054	\$ (829,727)
Title IV, Safe and Drug -Free Schools	84.186	551	\$ -	\$ 5,062	\$ 5,062	\$ -
State Personnel Development Grants	84.323A	651	(617)	617	-	-
Title II, Part D Enhancing Education through Technology	84.318X	546/548	\$ (196)	\$ 196	\$ -	\$ -
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	\$ (82,631)	\$ 358,664	\$ 353,632	\$ (77,599)
Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	571/572	\$ (18,168)	\$ 53,464	\$ 36,050	\$ (754)
Passed Through Oklahoma Department of Rehabilitation Services						
Job Training	84.126	456	\$ 106,669	\$ 35,443	\$ 62,680	\$ 79,432
Total U.S. Department of Education			\$ (1,280,785)	\$ 6,402,413	\$ 6,367,267	\$ (1,245,639)

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance 6/30/12	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/13
<u>U.S. Department of Health and Human Services</u>						
Passed through the Oklahoma Health Care Authority Medical Assistance Program	93.778	698	\$ 28,604	\$ -	\$ -	\$ 28,604
<u>U.S. Department of the Interior</u>						
Direct Programs Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563/564	\$ 6,731	\$ 8,426	\$ 2,935	\$ 12,222
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education Breakfast Program	10.553		\$ -	\$ 540,939	\$ 540,939	\$ -
Lunch Program	10.555		-	2,129,888	2,129,888	-
Summer Food Program	10.559		-	22,040	12,675	9,365
Child Nutrition Cluster			-	2,692,867	2,683,502	9,365
Passed through the Oklahoma Department of Human Services Lunch Program-Commodities	10.555		41,218	347,460	365,452	23,226
Summer Food Program-Commodities	10.559		420	3,596	3,782	234
Total U.S. Department of Agriculture			\$ 41,638	\$ 3,043,923	\$ 3,052,736	\$ 32,825
Total Expenditures of Federal Awards			\$ (1,203,812)	\$ 9,454,762	\$ 9,422,938	\$ (1,171,988)

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

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, 2013

<u>Type</u>	<u>Amount</u>	<u>Number</u>	<u>Company</u>	<u>Effective Date</u>
Superintendent	\$ 100,000	5056725	The Ohio Casualty Insurance Company	7/1/12-6/30/13
Treasurer	\$ 500,000	3863215	The Ohio Casualty Insurance Company	7/1/12-1/15/13
Treasurer	\$ 500,000	LSF041210/3863216	The Ohio Casualty Insurance Company	1/15/13-6/30/13
Assistant Treasurer	\$ 500,000	3863216	The Ohio Casualty Insurance Company	7/1/12-1/15/13
Assistant Treasurer	\$ 500,000	87C000184	The Ohio Casualty Insurance Company	1/14/13-6/30/13
Assistant Treasurer	\$ 500,000	87C002416	The Ohio Casualty Insurance Company	4/1/13-6/30/13
Public Employee not individually bonded	\$ 100,000	3884485	The Ohio Casualty Insurance Company	7/1/12-6/30/13

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Reconciling Schedule for OCAS Data (unaudited)
For the Year Ended June 30, 2013

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds with Oklahoma State Department of Education OCAS Reports and Estimate of
Needs

	Cash Forward/ Beginning Fund Balance	Revenues	Expenditures	Cash Forward/Ending Fund balance
<u>Sinking Fund</u>				
Sinking Fund Per Audit	\$ 2,158,184	\$ 36,817,265	\$ 36,514,251	\$ 2,461,198
FY13 Audit adjustments recorded for timing of bond payments and interest accrual	-	-	(13,688,453)	13,688,453
Audit adjustment for accrual reserves	33,264,154	-	-	33,264,154
FY12 Audit adjustments recorded for timing of bond payments	(11,963,600)	-	-	(11,963,600)
Per OCAS District Check Report	<u>\$ 23,458,738</u>	<u>\$ 36,817,265</u>	<u>\$ 22,825,798</u>	<u>\$ 37,450,205</u>
<u>General Fund</u>				
General Fund Per Audit	\$ 18,556,250	\$ 128,822,575	\$ 131,974,798	\$ 15,404,027
Adjustment for Estopped Warrants	5,553	(5,553)	-	-
Adjustment for Inventory Activity	-	-	30,442	(30,442)
Per OCAS District Check Report	<u>\$ 18,561,803</u>	<u>\$ 128,817,022</u>	<u>\$ 132,005,240</u>	<u>\$ 15,373,585</u>
Estimate of Needs Ending Balance:				\$ 15,373,585
Adjustment for Inventory Activity				30,442
General Fund Per Audit:				<u>\$ 15,404,027</u>
<u>Building Fund</u>				
Building Fund Per Audit	\$ 5,022,353	\$ 8,023,510	\$ 7,239,078	\$ 5,806,785
Adjustment for Estopped Warrants	35	(35)	-	-
Adjustment for Inventory Activity	-	-	288,788	(288,788)
Per OCAS District Check Report	<u>\$ 5,022,388</u>	<u>\$ 8,023,475</u>	<u>\$ 7,527,866</u>	<u>\$ 5,517,997</u>
Estimate of Needs Ending Fund Balance:				\$ 5,517,996
Adjustment for Inventory Activity				288,789
Building Fund Ending Fund Balance:				<u>\$ 5,806,785</u>
<u>Child Nutrition Fund</u>				
Child Nutrition Fund Per Audit	\$ 3,384,232	\$ 7,583,426	\$ 7,831,048	\$ 3,136,610
Adjustment for Estopped Warrants	87	(87)	-	-
Adjustment to Record Inventory	(61,230)	-	-	(61,230)
Per OCAS District Check Report	<u>\$ 3,323,089</u>	<u>\$ 7,583,339</u>	<u>\$ 7,831,048</u>	<u>\$ 3,075,380</u>
Estimate of Needs Ending Fund Balance:				\$ 3,070,825
Adjustment to Record Inventory				61,230
Adjustment for Inventory Activity				4,555
Child Nutrition Fund Ending Fund Balance:				<u>\$ 3,136,610</u>
<u>Student Activity Fund</u>				
Student Activity Fund Per Audit	\$ 2,693,596	\$ 7,614,177	\$ 7,118,772	\$ 3,189,001
Adjustment for Estopped Warrants	1,837	(1,837)	-	-
Per OCAS District Check Report	<u>\$ 2,695,433</u>	<u>\$ 7,612,340</u>	<u>\$ 7,118,772</u>	<u>\$ 3,189,001</u>



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 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, 2013, 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 23, 2014. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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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.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
January 23, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Edmond Independent School District No.12, 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 Circular A-133 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, 2013. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

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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, 2013.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
January 23, 2014

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I Summary of Auditor's Results

Financial Statements:

Type of audit report:

Adverse GAAP Basis
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:

Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

_____ Yes X No

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

84.010

Title I, Grants to Local Education Agencies

84.027; 84.173

Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

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, 2013

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12
Oklahoma County, Oklahoma
Summary Schedule of Prior Year Findings
Year Ended June 30, 2013

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.