

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

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 29, 2018**

**NEW ISSUE – Book-Entry Only**

Ratings: S&P: AA+  
Oklahoma #1

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

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**INDEPENDENT SCHOOL DISTRICT NUMBER 12  
OKLAHOMA COUNTY, OKLAHOMA  
(Edmond School District)**

**\$22,520,000**

**General Obligation Building Bonds, Series 2018**

**Dated:** August 1, 2018

**Due:** August 1, As Shown Below

Interest on the \$22,520,000 Independent School District Number 12, Oklahoma County, Oklahoma, General Obligation Building Bonds, Series 2018 (the "Bonds" or the "2018 Building Bonds") will accrue from August 1, 2018, (the "Dated Date") and will be payable February 1 and August 1 of each year commencing February 1, 2020, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book-Entry Only System" herein. The initial Paying Agent/Registrar is BOKF, NA (the "Paying Agent/Registrar").

The 2018 Building Bonds constitute direct and general obligations of Independent School District No. 12 of Oklahoma County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2018 Building Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

**MATURITY SCHEDULE**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 678739</u>
8-1-2020	\$5,630,000			
8-1-2021	5,630,000			
8-1-2022	5,630,000			
8-1-2023	5,630,000			

The 2018 Building Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and \_\_\_\_\_ Oklahoma, Bond Counsel. It is anticipated that the 2018 Building Bonds in definitive form will be available for delivery on or about August 22, 2018.

**Financial Advisor**

**BOK Financial Securities, Inc.**

**Official Statement Dated: July \_\_, 2018**

## REGARDING USE OF THE OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2018 Building Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

The information contained in this Official Statement, including the cover page and exhibits hereto, has been obtained from public officials, official records and from other sources which are deemed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Financial Advisor. The delivery of this Official Statement does not at any time imply that information contained herein is correct as of any time subsequent to its date.

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 12 of Oklahoma County, Oklahoma, and the purchasers or holders of any of the 2018 Building Bonds.

**FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12(B)(1) OF THE SECURITIES AND EXCHANGE COMMISSION, THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL (EXCEPT FOR PERMITTED OMISSIONS) AS OF THE DATE HEREOF; HOWEVER, IT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION AS A FINAL OFFICIAL STATEMENT.**

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## OFFICIAL STATEMENT

### INDEPENDENT SCHOOL DISTRICT NO. 12 OKLAHOMA COUNTY, OKLAHOMA (Edmond School District)

**\$22,520,000**

**General Obligation Building Bonds, Series 2018**

#### INTRODUCTION

Independent School District No. 12 of Oklahoma County, Oklahoma, also known as the Edmond School District (the "School District") is issuing its \$22,520,000 General Obligation Building Bonds, Series 2018 (the "Bonds" or the "2018 Building Bonds") to provide funds for the purpose of making capital improvements and purchasing equipment within and for the benefit of the School District. The 2018 Building Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2018 Building Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District, the third largest in the State of Oklahoma, is located in the central part of the state and lies mainly north of Oklahoma City. The U.S. Census Bureau's 2010 population estimate for the School District is 132,999.

The School District has included herein as Exhibit A, a copy of its Financial Statements as of June 30, 2017, together with Auditor's Report. **Exhibit A should be read in its entirety.**

#### THE BONDS

##### Description

The 2018 Building Bonds shall bear interest at the rates and mature on the dates as shown on the cover of this Official Statement. Interest on the Bonds will accrue from August 1, 2018, and will be payable February 1 and August 1 of each year commencing February 1, 2020, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book-Entry Only System" herein.

##### Redemption Prior to Maturity

The 2018 Building Bonds are not subject to redemption prior to maturity.

##### Registration

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "Book-Entry Only System" below.

The Bonds are transferable by their registered owner(s) in person or by their attorney(-ies) duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

### **Book-Entry Only System**

*The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s Book-Entry Only system has been obtained from DTC, and the School District and the Underwriters take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC (or the Paying Agent on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of Book-Entry Only transfers through DTC (or a successor securities depository). In that event, Series Bond certificates will be printed and delivered to DTC.

*The School District, Bond Counsel, the Paying Agent and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the Bonds: (i) payments of principal or interest on the Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this official statement. The*

current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Bond Counsel, the Paying Agent or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent will be given only to DTC.

### Security for the Bonds

The Bonds are payable from ad valorem taxes levied annually on all taxable property, **without limitation as to rate or amount**, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to reassess the property within the County at least once each five years. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Oklahoma and Logan Counties are shown below:

	<u>Oklahoma County</u>	<u>Logan County</u>
Real Estate	11.00%	11.00%
Personal	13.75%	12.00%
Public Service Property*	22.85%	22.85%

\* Exceptions: the assessment ratio for Airlines and Railroads is 11.84%, and the assessment ratio for Video Services Providers is 12.00%.

The Sinking Fund ad valorem tax rates are set by determining the actual dollars of revenues required for payment of principal and interest payments on indebtedness and judicial judgments. Such total amount may be reduced by any surplus from the prior fiscal year and any contribution made into the Sinking Fund. To the resulting net requirements, a reserve for delinquent taxes, in an amount of not less than 5% nor more than 20% of the net required tax collection, shall be added to the required collections. Such final total requirements shall then be divided by the total net assessed valuation of all real, personal and public service property in order to determine the appropriate tax rate for each property owner.

### Authority for Issuance and Purpose of Bonds

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and Title 70, Article XV of the Oklahoma Statutes 2011, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on July 11, 2018. Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within the district at an election held for such purpose. The Bonds were authorized by a vote of the residents of the

School District at a special election on February 14, 2017. The special election authorized the issuance, in separate series, by the School District of a total of \$111,000,000 in bonds. The District issued its \$37,580,000 Building Bonds, Series 2017, in April 2017, its \$20,000,000 Combined Purpose Bonds, Series 2017, in August 2017, and its \$30,900,000 Combined Purpose Bonds, Series 2018, in March 2018. The 2018 Building Bonds represent the final series from this authorization.

### **Tax Levy and Collection Procedures**

Oklahoma statutes require that the School District each year make an ad valorem tax levy for a Sinking Fund which shall, with cash and investments in the fund, be sufficient to pay all the bonded indebtedness, interest and one-third of all outstanding judgments coming due in the following year.

After review and approval by the Board of Education of the School District, copies of the Sinking Fund Estimates are submitted to the County Excise Board to determine the ad valorem tax levy appropriations. This submission is required to be made by September 1<sup>st</sup> of each year. The estimates are for the purposes of determining ad valorem taxes required to fund the Sinking Fund. The amounts contained in the estimate of needs are verified by the County Excise Board and, upon verification, the levies contained therein are ordered to be certified to the County Assessor in order that the County Assessor may extend said levies upon the tax rolls for the year for which the estimate of needs is being submitted. The County Excise Board further certifies that the appropriations contained in the estimate of needs and the mill rate levies are within the limitations provided by law.

The County Assessor is required to file a tax roll report on or before October 1st each year with the County Treasurer indicating the net assessed valuation for each municipality within the County. This report includes the assessed valuation for all real, personal and public service property (public service property assessed valuations are determined by the Oklahoma Tax Commission). The County Treasurer must begin collecting taxes by July 1. The first half of taxes is due and payable on or before January 1. The second half becomes due and payable on or before April 1. If the first half is not paid by January 1, it all becomes due and payable on January 2.

Ad valorem taxes not paid on or before April 1 are considered delinquent. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The purchaser is issued a tax lien; however, the original owner of the property has two (2) years in which to redeem the property by paying the taxes and penalties owed. If at the end of two years he has not done so, the purchaser may then apply for a deed to the property. If there is no purchaser, then the County acquires the same lien and the property is auctioned after approximately two and one-half (2 1/2) years.

### **Record Date**

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15<sup>th</sup> day of the preceding month.

*(Remainder of this page intentionally left blank)*

## THE EDMOND SCHOOL DISTRICT

The Edmond School District, an area of approximately 130 square miles, is located primarily in northern Oklahoma County, most of which lies within the city limits of the City of Edmond. The School District consists of 17 elementary schools, 6 middle schools, 3 high schools as well as a district-wide pre-kindergarten facility and a district-wide secondary alternative education facility. The U.S. Census Bureau's 2010 population estimate for the School District is 132,999.

The Edmond Schools began in the fall of 1884 with grades 1-8. Educational programs for area students were expanded, with the first high school class of 24 students graduating in 1922. The 1980's and the early 1990's were a time of rapid growth for the School District. This growth called for construction of many new buildings and facilities as bond issues were approved by patrons almost annually. Although school enrollment has leveled off nationwide, the School District continues to grow, mainly due to continued residential and commercial development in the School District.

Residents of the School District are employed at businesses located throughout the City of Edmond and the City of Oklahoma City. No separate employment figures are available for the School District; however, the most current (May 2018) unemployment rates for the counties included in the school district are as follows:

	<u>Unemployment Rate</u>
Logan County	3.5%*
Oklahoma County	3.8%*
State of Oklahoma	4.0%
United States	3.8%

County data not seasonally adjusted. State and federal data seasonally adjusted.

\* Preliminary.

Source: U.S. Bureau of Labor Statistics and Oklahoma Employment Security Commission

### **Board of Education and School Administration**

The School District is governed by an elected five-member Board of Education. Members of the Board of Education are as follows.

#### **Board of Education**

Meredith Exline	President and Member
Lee Ann Kuhlman	Vice-President and Member
Cynthia Benson	Member
Kathleen Duncan	Member
Jamie Underwood	Member
Judy Pendergraft	Clerk and Non-Member

#### **School Administration**

Bret Towne	Superintendent of Schools
Lori Smith	Chief Financial Officer

### **Payment Record**

The School District has never defaulted.



## FINANCIAL INFORMATION

### Computation of Legal Debt Margin

2017-18 Estimated Market Value			\$17,584,131,176
	<u>Oklahoma Co.</u>	<u>Logan Co.</u>	<u>Total</u>
2017-18 Net Assessed Valuation (NAV)	\$1,856,403,959	\$82,309,670	\$1,938,713,629
Millage Adjustment Factor (MAF)	105.6979%	101.98%	--
Legal Debt Limitation (NAV * MAF * 10%)	\$196,218,000	\$8,393,940	\$204,611,940
General Obligation Bonds Outstanding*			\$188,620,000
Less: Estimated Sinking Fund Balance (June 6, 2018)			<u>49,429,902</u>
Net General Obligation Bonds Outstanding			\$139,190,098
Remaining Legal Debt Margin			\$65,421,842
Ratio of Net G.O. Indebtedness to NAV			7.18%

\* This figure is as of June 6, 2018 but includes the 2018 Building Bonds.

Source: School District

### Direct Indebtedness

Upon the issuance of the 2018 Building Bonds, the School District will have gross outstanding general obligation bonded indebtedness of \$188,620,000. Such indebtedness matures as follows:

<u>Series</u>	<u>Dated Date</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
2013B	8/1/2013	8/1/2018	\$14,400,000	\$3,600,000
2014A	3/1/2014	3/1/2019	30,600,000	7,650,000
2014B	8/1/2014	8/1/2019	8,440,000	4,220,000
2015A	3/1/2015	3/1/2020	35,460,000	17,730,000
2015B	8/1/2015	8/1/2020	9,600,000	7,200,000
2016A	3/1/2016	3/1/2021	33,520,000	25,140,000
2016B	8/1/2016	8/1/2021	12,080,000	12,080,000
2017A	3/1/2017	3/1/2022	37,580,000	37,580,000
2017B	8/1/2017	8/1/2022	20,000,000	20,000,000
2018A	3/1/2018	3/1/2023	30,900,000	30,900,000
2018B	8/1/2018	8/1/2023	22,520,000	22,520,000
			<u>\$188,620,000</u>	

## Direct, Overlapping and Underlying Indebtedness

	Total Net Assessed Valuation (by Municipal Entity)	Total Net Assessed Valuation in District	Percent of Municipality Net Assessed Valuation in Edmond District	Percent of Total District Net Assessed Valuation	Total Municipality Net Indebtedness (Bonded Debt less Est. Sinking Fund) [1]	Total Municipality Net Indebtedness Underlying or Overlapping Edmond District [1]
<b>Direct Debt</b>						
Edmond Public Schools						
Oklahoma County	\$1,856,403,959	\$1,856,403,959				
Logan County	82,309,670	82,309,670				
	<u>\$1,938,713,629</u>	<u>\$1,938,713,629</u>	100.00%	100.00%	\$139,190,098	\$139,190,098
<b>Overlapping Debt</b>						
<u>Counties</u>						
Oklahoma County	\$7,082,703,668	\$1,856,403,959	26.21%	95.75%	55,008,175	14,417,855
Logan County	362,115,654	82,309,670	22.73%	4.25%		
		<u>\$1,938,713,629</u>		100.00%		
<u>Vo-Tech District V-21 (Francis Tuttle)</u>						
Francis Tuttle	\$3,493,933,980	\$1,938,713,629	55.49%	100.00%		
<b>Underlying Debt</b>						
<u>Cities &amp; Towns</u>						
City of Edmond	\$1,060,520,613	\$1,042,579,718	98.31%	53.78%		
City of Oklahoma City	5,893,843,970	784,776,828	13.32%	40.48%	668,031,898	88,949,751
Unincorporated Area [2]		111,357,083		5.74%		
		<u>\$1,938,713,629</u>		100.00%	<u>\$862,230,171</u>	<u>\$242,557,704</u>

Note [1]: Debt figures for all entities other than the school district are as of June 30, 2017. Figures for the school district are as of June 6, 2018 and include the 2018 Building Bonds.

Note [2]: Estimate based on previous year.

## 2017-18 Assessed Valuation of the School District

### (A) The Composition

<u>Classification</u>	<u>Oklahoma County</u>	<u>Logan County</u>	<u>Total Valuation</u>	<u>Percentage</u>
Real (net)	\$1,700,653,117	\$76,402,458	\$1,777,055,575	91.66%
Personal	130,677,423	2,033,441	132,710,864	6.85%
Public Service	<u>25,073,419</u>	<u>3,873,771</u>	<u>28,947,190</u>	<u>1.49%</u>
Total	\$1,856,403,959	\$82,309,670	\$1,938,713,629	100.00%

Source: Oklahoma & Logan County Assessors

(B) The Growth

<u>Fiscal Year</u>	<u>Net Assessed Valuation</u>	<u>Change</u>
2017-18	\$1,938,713,629	4.47%
2016-17	1,855,683,683	6.09%
2015-16	1,749,242,280	6.75%
2014-15	1,638,680,843	5.54%
2013-14	1,552,617,801	4.49%
2012-13	1,485,831,782	2.55%
2011-12	1,448,893,570	3.73%
2010-11	1,396,785,367	3.49%
2009-10	1,349,685,582	6.49%
2008-09	1,267,485,463	

Source: Oklahoma County and Logan County Assessors.

**Major Property Taxpayers**

<u>Entity</u>	<u>2017 Assessed Value</u>
Nestle Purina Petcare Co	\$11,104,348
Oklahoma Gas & Electric	10,388,406
Mercy Health Center Inc.	8,241,711
Quail Springs Mall LLC	7,806,527
Wal Mart Real Estate Business Tr	7,650,343
Oklahoma Natural Gas	5,682,392
NP I & G Quail Springs LLC	4,573,038
Keith Ben E Co	3,905,352
Cornerstone Oxford Oaks LLC	3,533,199
BRE Silver MF Second OK LLC	3,490,739

Source: Oklahoma County and Logan County Assessors.

## Sinking Fund Tax Collections

<u>Fiscal Year</u>	<u>Net Levy</u>	<u>Current Collections</u>	<u>Total Collections</u>	<u>Collections Percentage*</u>
2017-18	\$45,835,603			
2016-17	42,561,528	\$43,486,128	\$44,418,482	104.36%
2015-16	40,051,772	40,930,107	41,640,704	103.97%
2014-15	37,517,410	38,442,463	39,104,704	104.23%
2013-14	35,471,780	36,270,417	36,997,231	104.30%
2012-13	34,263,566	34,846,867	36,057,999	105.24%
2011-12	33,139,491	33,934,682	34,692,861	104.69%
2010-11	32,856,999	33,623,491	34,496,302	104.99%
2009-10	31,483,395	31,999,128	32,751,639	104.03%
2008-09	28,932,705	29,596,839	30,202,865	104.39%
			Average:	104.47%

\*Collection percentage is determined utilizing total collections. Five percent (5%) is added to the net levy to compensate for expected delinquencies during the collection process.

Source: School District Administration and budgets.

## Trend of Tax Rates: Major Taxing Units

(for those residing in the School District and in the City of Edmond)

<u>Fiscal Year</u>	<u>Edmond School District</u>	<u>City of Edmond</u>	<u>Oklahoma County</u>	<u>Total Levy</u>
7/1/2017	82.78	0.00	23.28	106.06
7/1/2016	82.03	0.00	23.81	105.84
7/1/2015	81.99	0.00	23.72	105.71
7/1/2014	81.99	0.00	23.58	105.57
7/1/2013	81.94	0.00	23.87	105.81
7/1/2012	82.16	0.00	23.97	106.13
7/1/2011	81.97	0.00	24.06	106.03
7/1/2010	82.65	0.00	24.27	106.92
7/1/2009	82.35	0.00	24.79	107.14
7/1/2008	81.92	0.00	23.18	105.10
Average	82.18	0.00	23.85	106.03

Dollars per \$1,000 of Net Assessed Valuation.

Note: The School District's tax rate (mill levy) includes an amount of 15.69 mills for the Area Career Tech School.

Source: Oklahoma County Assessor.

## ECONOMIC AND DEMOGRAPHIC INDICES

### Retail Sales

<u>Year</u>	<u>City of Edmond</u>	<u>City of Oklahoma City</u>
2017-18	\$1,723,857,239	\$11,031,345,551
2016-17	1,679,530,545	10,404,309,755
2015-16	1,701,663,406	10,737,150,194
2014-15	1,680,772,712	10,941,681,646
2013-14	1,611,504,422	10,634,733,491
2012-13	1,566,909,847	10,335,085,923
2011-12	1,385,250,677	9,925,921,600
2010-11	1,308,806,059	9,395,478,472
2009-10	1,263,675,494	8,370,805,527
2008-09	1,341,959,830	9,024,570,206
2007-08	1,254,213,415	8,905,998,270

Based on sales tax revenues returned to the Cities.  
Source: Oklahoma Tax Commission.

### Major Employers (City of Edmond Only)

<u>Employer</u>	<u>Primary Business</u>	<u>Approximate Number of Employees</u>
Edmond Public Schools	Public Education	2,561
University of Central Oklahoma	Higher Education (Public)	1,423
City of Edmond	Municipal Government	714
Mercy Edmond	Healthcare	449
INTEGRIS Health Edmond	Healthcare	327
Petra Industries, Inc.	Electronics Distribution	325
OU Medical Center – Edmond	Healthcare	288
Crest Foods	Grocery Store	275
Adfitech	Mortgage Quality Control	271
Pelco Products, Inc.	Traffic/Utility Hardware	172

Source: Edmond Economic Development Authority "2018 Edmond Economic Abstract" Report.

### School Enrollment

<u>School Year Ending June</u>	<u>Number of Students Enrolled</u>	<u>% Change</u>
2018	24,721	1.86%
2017	24,269	1.76
2016	23,849	1.86
2015	23,413	2.24
2014	22,901	1.72
2013	22,514	2.47
2012	21,971	3.13
2011	21,304	2.36
2010	20,812	2.94
2009	20,199	2.64
2008	19,679	

Source: School District Administration

## Population

	<u>Year</u>	<u>City of Edmond</u>
Historical:	1960	8,577
	1970	16,633
	1980	34,637
	1990	52,315
	2000	68,315
	2010	81,405
Estimate:	2017	91,950

Sources: Oklahoma Department of Commerce and U.S. Census Bureau.

### ABSENCE OF MATERIAL LITIGATION

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2018 Building Bonds, (b) contesting or affecting any authority for or the validity of the 2018 Building Bonds, (c) contesting the power of the School District to issue the 2018 Building Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2018 Building Bonds, or (e) contesting the corporate existence or boundaries of the School District.

### LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2018 Building Bonds are subject to the approving opinion of \_\_\_\_\_, \_\_\_\_\_, Oklahoma, Bond Counsel, and the Attorney General of the State of Oklahoma.

### CONTINUING DISCLOSURE

The School District has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the School District by not later than eight months following the end of its fiscal year (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. The Annual Financial Information will be filed by the School District with each Nationally Recognized Municipal Securities Information Repository (NRMSIR). The notices of material events will be filed by the School District with either each NRMSIR or the Municipal Securities Rulemaking Board and each State Repository. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

During the last five years, the School District has not failed in any material respect under the Rule to provide annual reports or notices of material events.

### TAX MATTERS

#### Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2018 Building Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2018 Building Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code; however, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), for taxable years beginning before January 1, 2018, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. No federal alternative minimum tax applies to corporations for taxable years

beginning after December 31, 2017. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the School District in connection with the 2018 Building Bonds, and Bond Counsel has assumed compliance by the School District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2018 Building Bonds from gross income under Section 103 of the Code.

The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, (other than certain "qualified" obligations). **The 2018 Building Bonds are not "qualified" obligations for this purpose.**

In addition, under existing statutes interest on the 2018 Building Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.5 of Title 68, Oklahoma Statutes, 2011.

### **Certain Ongoing Federal Tax Requirements and Covenants**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2018 Building Bonds in order that interest on the 2018 Building Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2018 Building Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2018 Building Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The School District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2018 Building Bonds from gross income under Section 103 of the Code.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2018 Building Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2018 Building Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2018 Building Bonds.

Prospective owners of the 2018 Building Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2018 Building Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Original Issue Discount**

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2018 Building Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2018 Building Bonds. In

general, the issue price for each maturity of 2018 Building Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2018 Building Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2018 Building Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2018 Building Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

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

### **Bond Premium**

In general, if an owner acquires a 2018 Building Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2018 Building Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2018 Building Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2018 Building Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.



If an owner purchasing a 2018 Building Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2018 Building Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

### **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2018 Building Bonds under federal or state law or otherwise prevent beneficial owners of the 2018 Building Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2018 Building Bonds.

### **No Other Opinion**

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2018 Building Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2018 Building Bonds, or under state and local tax law.

**Prospective purchasers of the 2018 Building Bonds should consult their own tax advisors as to the consequences of their acquisition, holding, or disposition of the 2018 Building Bonds.**

### **CREDIT RATINGS**

The 2018 Building Bonds have been rated "AA+" by Standard & Poor's, and Oklahoma #1 by the Municipal Rating Committee of Oklahoma. The ratings assigned by Standard & Poor's and the Municipal Rating Committee of Oklahoma express only the view of each respective rating agency. The explanation of the significance of each rating may be obtained from Standard & Poor's and the Municipal Rating Committee of Oklahoma, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings may have an effect on the market price of the 2018 Building Bonds.

### **UNDERWRITING**

The General Obligation Building Bonds, Series 2018 are being purchased at competitive sale by \_\_\_\_\_, (the "Underwriter"). The Underwriter has agreed to purchase the 2018 Building Bonds at a price equal to \$\_\_\_\_\_ plus accrued interest from August 1, 2018.

### **FINANCIAL ADVISOR**

BOK Financial Securities, Inc. is acting as Financial Advisor to the School District in the issuance of the 2018 Building Bonds. The Financial Advisor is located at 499 W. Sheridan Avenue, Suite 2500, Oklahoma City, Oklahoma, 73102, telephone (405) 272-2199, (Attn: Zack Robinson).

**MISCELLANEOUS**

All quotations from and summaries and explanations of law herein do not purport to be complete and reference is made to said laws for full and complete statements of their provisions.

The Official Statement is not to be construed as a contract or agreement between the School District and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District, or its agencies and authorities, since the date hereof.

INDEPENDENT SCHOOL DISTRICT NO. 12  
OF OKLAHOMA COUNTY, OKLAHOMA

BY: \_\_\_\_\_  
President, Board of Education

**EXHIBIT A**

**FINANCIAL STATEMENTS WITH AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**



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

Financial Statements  
Year-End June 30, 2017

Edmond Independent School District No. 12  
Oklahoma County, Oklahoma  
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June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of June 30, 2017, the changes in its financial position for the year then ended.

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of June 30, 2017, and the respective changes in regulatory basis financial position thereof for the year then ended, in accordance with the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

## **Other Matters**

### *Other Information*

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

The combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



The Oklahoma Department of Education requires management discussion and analysis, budgetary information and the statement of statutory fidelity and honesty bonds be presented to supplement the financial statements. Such information, although not considered part of the basic financial statements, is required by the Oklahoma Department of Education, who considers it an essential part of the financial reporting. We have applied certain limited procedures to this supplemental information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2018, 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.

*Mary E Johnson & Associates PLLC*

Ardmore, Oklahoma

January 16, 2018

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

Management's Discussion and Analysis  
June 30, 2017

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, 2017. 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, 2017

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

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

**District-wide Statements**

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

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

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

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

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

**EDMOND PUBLIC SCHOOLS  
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Management's Discussion and Analysis  
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**Fund Financial Statements**

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

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

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

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

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Current and other assets	\$145.6	\$152.2	\$179.8
Capital assets	355.3	379.9	392.5
<b>Total assets</b>	<b>\$500.9</b>	<b>\$532.1</b>	<b>\$572.3</b>
Long-term obligations	\$143.9	\$149.5	\$158.9
Other liabilities	19.0	19.1	19.9
<b>Total liabilities</b>	<b>\$162.9</b>	<b>\$168.6</b>	<b>\$178.8</b>
Net position:			
Invested in capital assets, net of debt	\$272.3	\$290.6	\$311.2
Restricted	34.6	37.8	41.3
Unrestricted	31.1	35.1	41.0
<b>Total net position</b>	<b>\$338.0</b>	<b>\$363.5</b>	<b>\$393.5</b>

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**Net Position**

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

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Revenues			
Program revenues			
Charges for services	\$12.3	\$13.5	\$15.2
Federal and State grants	14.8	14.0	13.6
General revenues			
Property taxes	108.2	115.2	122.6
Other taxes	16.4	18.7	19.1
Federal entitlement	--	--	--
State entitlement	45.7	43.6	41.4
Other general revenues	1.2	1.6	1.8
Total revenues	\$198.6	\$206.6	\$213.7
Expenses			
Program expenses			
Instruction	\$85.9	\$90.3	\$93.4
Support services	60.4	62.5	61.5
Non-instruction	13.1	13.8	13.3
Interest on long-term debt	2.4	2.5	2.8
Depreciation-unallocated	11.6	12.0	12.7
Total expenses	\$173.4	\$181.1	\$183.7
<b>Increase in net position</b>	\$25.2	\$25.5	\$30.0
Beginning Net Position	312.8	338.0	363.5
Ending Net Position	\$338.0	\$363.5	\$393.5

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**Changes in Net Position**

In 2017 the District's revenues increased \$7.1 million from the prior year (See Table A-3). The most significant variance from the prior year was in property taxes. Revenue from property taxes increased \$7.4 million over the prior year. This increase resulted from an increase of 6.1% in the District's property valuation from \$1.749 billion to \$1.856 billion and an increase in the millage rate from 66.30 mills to 66.34 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.

Overall program revenues increased \$1.3 million from the prior year, which is the net of increases in charges for services and decreases in federal and state grants. The increase in charges for services included \$1.1 million increase attributable to student clubs and organizations with the largest portion derived from band, orchestra, and vocal music collections for a trip to London in December 2017. Another \$479,000 increase resulted from a new tuition-based extended day pre-k program which was introduced as a budget measure in 2017. Decreases included insurance loss recoveries of \$159,000 due to the non-recurring revenues in the prior year related to the North High School flood and a decrease in student lunch revenues of \$84,000 due to three fewer serving days than the prior year.

The increases in school activity collections were offset by a decrease in federal and state grants of \$400,000. The decrease is comprised of a \$1.1 million decrease in textbook funding (eliminated from legislative appropriation in 2017), a \$324,000 decrease in funded bonuses for national board certified teachers (due to legislative action removing psychologists and speech pathologists from eligibility) and a \$109,000 decrease in remediation funding under the Achieving Classroom Excellence ("ACE") program, offset by increases totaling approximately \$1.1 million in Title I and Title II collections due to timing of reimbursement claims.

Other taxes increased \$400,000 over the prior year, primarily from a \$312,000 increase in motor vehicle collections and a \$107,000 increase in school land earnings. A \$294,000 increase in county 4-mill collections that was produced by higher valuations was offset by a decrease of \$261,000 in the property sold by the county to recover delinquent taxes.

State entitlement revenues decreased by \$2.2 million. This represents the net of an increase of \$1.1 million in health insurance funding and a decrease of \$3.3 million in state aid to schools. The health insurance increase was due to a combination of a premium increase of 8.4% and a slight increase in participation. The state aid to schools is allocated based on weighted students through an equalization formula that reduces state funding to a school district by the funding received through local tax collections and certain state revenues dedicated to education. Despite a 2.3% increase in the weighted student count, Edmond experienced a state aid decrease due to a \$29 per student decrease in the funding factor and increased local and dedicated revenues which serve to reduce state aid funding.

In the category of other general revenues, investment income more than doubled over the prior year from \$439,000 to \$973,000 government-wide. These gains were offset by reduced premium on issuance of bonds of \$479,000.

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Program expenses increased \$2.6 million. Approximately 82% of the increase was in the areas of instruction and support services. The remaining increase of 18% is largely due to increased bond activity, to include spending bond proceeds to construct and equip facilities, increased depreciation expense, and debt service costs.

The increase in instructional program expense was \$3.1 million which primarily consisted of \$2.0 million in personnel costs and \$1.3 million in textbooks (from carryover and bond funds). Other significant variances from the prior year include increases of \$150,000 for instruments and \$110,000 in technology hardware, software and supplies, and reductions of \$176,000 in uniforms, \$134,000 in rental services and \$92,000 in communication services.

Expenditures for support services decreased by \$1 million which primarily consisted of an \$868,000 decrease in support personnel costs due to position cuts and reducing personnel contracts by one day. Operational cost increases for utilities, maintenance, custodial and security were largely offset by decreases in technology-related supplies and equipment, rental expense and professional employee training expenses.

Non-instruction expenses decreased \$500,000. Included in that decrease was food and milk expense which was down \$150,000 from the prior year as a result of three fewer instructional days (one day reduction for budget cuts plus two snow days). Donations were down \$160,000 from the prior year, and appliance purchases decreased by \$100,000.

Interest costs increased \$300,000 over the prior year despite lower interest rates on recent bond issues due to higher balances in bonds outstanding.

Depreciation expense increased \$700,000 due to capital asset construction and acquisition.

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

The financial performance of the District's funds are reflected in the balance sheet for governmental funds report on page 17. The District's balance sheet for all funds reflects a combined fund balance of \$116.2 million, an increase of \$24.2 million over the prior year. The overall increase is attributed to a \$5.8 million increase in the general fund, a \$101,000 increase in the building fund, a \$17.8 million increase in the capital project funds (bond funds) and a \$1.2 million increase in the activity fund, offset by decreases of \$168,000 in the debt service fund, \$301,000 in the child nutrition fund, and \$172,000 in the Oklahoma City Metropolitan Area Public Schools ("MAPS") Sales Tax Fund. MAPS sales tax collections concluded in 2008. All funds allocated to the District were claimed, and projects were completed by September 2016.

### **General Fund Budgetary Highlights for 2017**

The 2017 general fund budget was based on the primary objectives of maintaining class sizes and meeting the personnel demands needed to accommodate student enrollment growth while positioning the District financially to recover from the state budget cuts of the prior year as well as providing the ability to respond to continued funding cuts and the ramifications of other legislative actions.

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In the general fund, local revenue increased consistent with the increase in property valuations in the District. Additionally, collection of delinquent taxes produced a \$1.3 million favorable budget variance. Motor vehicle collections contributed another \$1 million positive budget variance. State aid was cut nearly every month starting in February. Although a portion of the cuts were restored by the end of June, the net cuts to common education ended at \$39.2 million. Although the district budget contemplated some degree of state aid cut, it was more than expected and produced a \$974,000 unfavorable budget variance. Besides the state aid cuts, there were other state programs including textbooks, professional development, ACE remediation and driver education which were completely unfunded in 2017 and other programs such as alternative education and reading sufficiency which sustained cuts in excess of 30%. Health insurance reimbursement increased due to premium increases and increased participation. Federal reimbursements increased substantially related to timing differences between federal expenditures and claims reimbursements.

Employee wages and benefits continue to comprise the largest portion of the expenditure budget. Total 2017 payroll cost was \$132.7 million, 95.6% of the District's total general fund expenditures. This represents an increase of \$1.3 million over the prior year. The increase is primarily due to additional positions for Heartland Middle School which opened in August 2016, step increases on the salary schedules of existing personnel, and new positions necessitated by enrollment growth. The increase would have been larger, but the District also cut some positions and reduced contracts by one day for budget savings. General fund expenditures were 74.4% instruction and student services, 6.5% facilities operations, 6.3% school administration, 4.4% student transportation, 4.9% food service and before/after care (reimbursable by those programs), 2.3% central services and 1.2% general administration.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

During 2017, the District completed \$26.8 million in construction projects, including completion of Santa Fe High School stadium improvements, Orvis Risner Elementary addition and renovations, Heritage Elementary School phase II, Frontier Elementary School phase II, and additions at Clegern, Russell Dougherty, Clyde Howell, and Sunset elementary schools, Summit Middle School and Santa Fe High School. Also completed were various flooring and parking projects.

On June 30, 2017, the District had bond funds available, including accumulated interest, of \$76.6 million, which will be spent on capital projects including a tennis center in conjunction with the City of Edmond; additions of classrooms, band rooms, media centers, and gymnasiums which will dual purpose as storm shelters; site renovations; parking and road improvements; football stadium upgrades at Memorial and North high schools; and instructional, technology and transportation equipment. Accumulated bond fund interest accounted for \$2.6 million of the bond funds available.

Edmond's sixth middle school, Heartland Middle School, opened in August 2016 and the Santa Fe High School football stadium was opened September 2016.



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**Long-term Debt**

At fiscal year end, the District had \$157.9 million in total long-term debt outstanding. This is a net increase of \$9.6 million from last year's amount of \$148.3 million. The District issued new bonds totaling \$49.7 million and retired \$40.1 million of outstanding bonds.

In February 2017, voters in the District approved the issuance of bonds totaling \$111,000,000, to be issued in four series over a two-year period. The issuance plan minimized fluctuations in patrons' taxes and also staggered construction requirements. The first installment in the amount of \$37,580,000 was issued in March 2017, and the second installment of \$20,000,000 was issued in August 2017. The third installment of \$30,900,000 has an anticipated issuance in March 2018, and the fourth installment of \$22,520,000 is anticipated to be issued in August 2018.

This election supported the second phase of a multi-year plan to meet space demands of enrollment growth while also providing storm shelters in all of our schools. These shelter spaces will be classrooms, media centers, gymnasiums, multi-purpose rooms, and a band room as determined by the particular needs of each school. In addition to securing funding to complete the shelter plan, this bond election extended football stadium upgrades to the remaining high schools as well as provided continued financial support for technology, roofing, flooring, HVAC, school safety and security, and school equipment.

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

Fiscal year 2017 was another volatile year for state finances. A revenue failure was declared in February 2017, and state funding to common education was cut by \$11.1 million from the General Revenue Fund and another \$39.2 million from the HB1017 Education Reform Revolving Fund. Following the declared revenue failure was a series of cash collection shortfalls which resulted in cuts to state aid payments to schools in March, April, and May of \$18.9 million, \$17.4 million, and \$6.8 million, respectively. Fortunately, by the end of June, collections were sufficient to restore the cuts caused by cash shortfalls. Also by the end of the fiscal year, there was no longer a revenue failure in the General Revenue Fund. The \$11.1 million cut to schools in February for the General Revenue Fund failure was returned to school districts in fiscal year 2018. However, the HB1017 fund was still in revenue failure at June 30, and the \$39.2 million cut was not restored.

The 2017 Legislature was tasked with crafting a budget for 2018 that would fill a \$900 million budget hole. Several new funding measures were passed including the following:

- Changing the lottery by deleting the requirement that 35% of *gross* proceeds go to education and instead requiring the first \$50 million of *net* proceeds go to education (45% to K-12 and early childhood, 45% to higher ed, 5% to school consolidation assistance fund, and 5% to TRS Revolving Fund). Any net proceeds over \$50 million would go to schools through State Department of Education ("SDE") allocation for pre-k reading and STEM programs.
- Increasing the gross production tax on new horizontal wells starting July 1, 2017 from 1% to 4% in the first four years of the well.
- Removing 1.25% of the sales and excise tax exemptions on motor vehicles.

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- Prescribing the allocation of 36.2% of motor vehicle revenues to schools based on school district average daily attendance, limited to amount apportioned in 2014-15 with no guarantee of prior year amounts by month.
- Increasing the range of long horizontal wells from 640 acres to 1280 acres.
- Instituting a smoking cessation fee of \$1.50 per pack of cigarettes.\*

\*The smoking cessation fee was found unconstitutional by the Oklahoma Supreme Court.

Even with the revenue measures, the legislature appropriated \$51 million from the rainy day fund for financial support of schools and another \$60.2 million for the 2017 ad valorem reimbursement to schools. This indicates that the state budget is still reliant on non-recurring funding sources. The 2018 appropriation for common education is \$2.45 billion, which is \$21.7 million more than the 2017 original appropriation and \$72 million more than the 2017 final appropriation (including the return of excess cuts).

After the ruling by the Supreme Court of the smoking cessation fee as unconstitutional, the Governor called a special session of the legislature which began September 25 and ended unsuccessfully with a gubernatorial veto on November 17, 2017. A second special session was called to begin December 18. As of this writing, the second special session was still convened. If budget agreement cannot be reached to replace the unconstitutional funding measure, budget cuts to state agencies will likely be implemented. Although common education was not a direct recipient of the smoking cessation fee, it is possible that a re-appropriation would be done to spread the cuts over all agencies rather than forcing the three agencies directly affected to sustain the full impact of any cut.

The District positioned itself well to survive the funding turmoil in 2017. Budget cuts and some positive variances from budget actually resulted in an increase in general fund balance.

One of the positive revenue variances was motor vehicle collections. A group of school districts prevailed in a lawsuit against the Oklahoma Tax Commission over the allocation method used when guaranteed prior year collections for the month could not be paid. The court decision did not provide for any back-payments but would restore the higher monthly "base" from before the change. Then, new legislation for 2018 removed the guarantee of prior year collections and made permanent the new allocation method based on average daily attendance. Since the lawsuit did not provide for school districts to recoup past amounts, it is unlikely we will lose any of the gains in motor vehicle collections.

Recognizing that funding for common education is still inadequate to achieve the standards for class sizes and textbook and media/library spending put into law by House Bill 1017, the 2016 Legislature voted to continue the moratorium on those accreditation standards until the state funding factor per student reaches \$3,291.60. The preliminary factor rate for 2018 is \$3,042.20.

The State of Oklahoma is facing a crisis in teacher recruitment and retention. One of the main reasons cited is low teacher pay. A state question which proposed a \$5,000 teacher pay increase to be funded from an additional sales tax failed at the voting polls in November 2016, but the teacher pay discussion continues into the 2018 legislative session. Legislation to increase teacher pay would almost certainly

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be accompanied by a funding mechanism, but would not likely cover employee retirement contributions the District pays on behalf of employees as a negotiated benefit. Nor is it likely, based on bills previously introduced, that funding would be provided for pay raises for support personnel.

Despite the uncertainties surrounding state funding, local property growth, both residential and commercial, in Edmond is still strong. Property valuation is anticipated to increase an average of 4% over the next two years.

Enrollment growth is projected to continue at the rate of about 400 students per year over the next couple of years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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## **BASIC FINANCIAL STATEMENTS**

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Statement of Net Position – Regulatory Basis  
June 30, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Investments	\$ 123,412,482
Investments	56,029,636
Other Current Assets	29,279
Inventories	359,307
Capital Assets:	
Land and Construction in Progress	63,613,642
Other Capital Assets, net of depreciation	328,875,116
	<u>572,319,462</u>
<b>Total Assets</b>	<b>\$ 572,319,462</b>
 <b>LIABILITIES AND EQUITY</b>	
<b>Current Liabilities</b>	
Warrants Outstanding	\$ 6,091,556
Salaries and Related Benefits	12,705,909
Vendor Obligations Payable	350,822
Reserve for Encumbrances	775,172
Long -term liabilities	
Due within One Year	43,536,000
Due in More than One Year	115,345,999
	<u>178,805,458</u>
<b>Total Liabilities</b>	<b>\$ 178,805,458</b>
 <b>Net Position</b>	
Net Investments in Capital Assets	\$ 311,228,350
Restricted for	
Debt Service	29,314,756
School Organizations	4,754,375
Child Nutrition	2,055,298
Buildings	5,085,346
Private Grants	63,967
Unrestricted	41,011,912
<b>Total Net Position</b>	<b>\$ 393,514,004</b>

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, 2017

<i>Functions/Programs</i>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<i>Primary Government</i>					
<i>Governmental Activities</i>					
Instruction	\$ 93,457,292	\$ 112,810	\$ 8,700,985	\$ -	\$ (84,643,497)
Support Services	61,483,245	6,130,616	306,819	-	(55,045,810)
Non-Instruction Services	13,273,456	8,988,563	4,559,537	-	274,644
Interest on Long-Term Debt	2,760,300	-	-	-	(2,760,300)
Depreciation-Unallocated	12,733,117	-	-	-	(12,733,117)
Total Governmental Activities	\$ 183,707,410	\$ 15,231,989	\$ 13,567,341	\$ -	\$ (154,908,080)
<i>General Revenues</i>					
<i>Taxes</i>					
Property taxes, levied for general purposes					\$ 68,324,902
Property taxes, levied for building purposes					9,754,155
Property taxes, levied for sinking fund purposes					44,547,012
General Taxes					19,133,116
Investment Earnings					1,767,247
State Aid - Formula grant					41,367,873
Gain on sale of property					12,351
Total General Revenues					\$ 184,906,656
Change in Net Position					\$ 29,998,576
Net Position - Beginning					363,515,428
Net Position - Ending					\$ 393,514,004

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Balance Sheet – Governmental Funds– Regulatory Basis  
June 30, 2017

	General Fund	Debt Service Fund	2016A Bond Fund	2017A Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Investments	35,737,449	\$ 36,212,301	\$ 15,575,087	7,330,600	\$ 31,547,815	\$ 126,403,252
Investments	7,989,708	\$ 10,232,699	2,491,961	29,920,461	2,404,362	53,039,191
Other Current Assets	9,795	720	-	18,763	-	29,278
Inventory	45,941	-	-	-	267,932	313,873
<b>Total Assets</b>	<b>\$ 43,782,893</b>	<b>\$ 46,445,720</b>	<b>\$ 18,067,048</b>	<b>\$ 37,269,824</b>	<b>\$ 34,220,109</b>	<b>\$ 179,785,594</b>
<b>Liabilities</b>						
Warrants Outstanding	\$ 18,169,571	\$ -	\$ 343,063	\$ -	\$ 285,153	\$ 18,797,787
Vendor Obligations Payable	34,811	-	1,015	-	314,996	350,822
Principal and Interest Accruals	-	43,658,190	-	-	-	43,658,190
Reserve for Encumbrances	775,172	-	-	-	-	775,172
<b>Total Liabilities</b>	<b>\$ 18,979,554</b>	<b>\$ 43,658,190</b>	<b>\$ 344,078</b>	<b>\$ -</b>	<b>\$ 600,149</b>	<b>\$ 63,581,971</b>
<b>Fund Balances</b>						
Nonspendable	\$ 45,942	\$ -	\$ -	\$ -	\$ 267,932	\$ 313,874
Restricted	599,522	\$ 2,787,530	17,549,786	37,235,262	24,159,685	82,331,785
Committed	-	-	-	-	6,759,969	6,759,969
Assigned	24,157,875	-	173,184	34,562	2,432,374	26,797,995
<b>Total Fund Balances</b>	<b>\$ 24,803,339</b>	<b>\$ 2,787,530</b>	<b>\$ 17,722,970</b>	<b>\$ 37,269,824</b>	<b>\$ 33,619,960</b>	<b>\$ 116,203,623</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,782,893</b>	<b>\$ 46,445,720</b>	<b>\$ 18,067,048</b>	<b>\$ 37,269,824</b>	<b>\$ 34,220,109</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$551,763,459 and accumulated depreciation is \$159,274,701 392,488,758

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. 45,432

Sinking Fund Principal and Interest Accruals are part of the net assets at the district-wide level 43,658,190

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

	Bonds Payable	157,885,000	
	Compensated Absences	997,001	(158,881,999)

Net position of governmental activities. \$ 393,514,004

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, 2017

	General Fund	Debt Service Fund	2016A Bond Fund	2017A Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>						
Property Taxes	\$ 68,324,903	\$ 44,547,013	\$ -	\$ -	\$ 9,754,155	122,626,071
Interest	184,714	543,847	140,830	34,562	194,957	1,098,910
County Revenue	6,690,534	-	-	-	-	6,690,534
State Revenue	53,691,648	1,069	-	-	76,774	53,769,491
Federal Revenue	7,838,088	-	-	-	3,235,124	11,073,212
Other	1,013,559	-	-	-	15,334,908	16,348,467
<b>Total Revenue</b>	<b>\$ 137,743,446</b>	<b>\$ 45,091,929</b>	<b>\$ 140,830</b>	<b>\$ 34,562</b>	<b>\$ 28,595,918</b>	<b>\$ 211,606,685</b>
<b>EXPENDITURES</b>						
Current						
Instruction	\$ 87,510,924	\$ -	\$ 2,204,458	\$ 641	\$ 3,201,980	\$ 92,918,003
Support Services	44,519,011	-	956,939	30,647	18,571,334	64,077,931
Non-instruction Services	6,764,343	-	-	-	5,627,606	12,391,949
Capital Outlay	-	-	11,243,945	313,450	11,247,127	22,804,522
Other Outlays	31,707	4,021	-	-	11,477	47,205
Debt Service						
Interest Paid	-	2,760,300	-	-	-	2,760,300
Principal Retirement	-	40,100,000	-	-	-	40,100,000
<b>Total Expenditures</b>	<b>\$ 138,825,985</b>	<b>\$ 42,864,321</b>	<b>\$ 14,405,342</b>	<b>\$ 344,738</b>	<b>\$ 38,659,524</b>	<b>\$ 235,099,910</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,082,539)	\$ 2,227,608	\$ (14,264,512)	\$ (310,176)	\$ (10,063,606)	\$ (23,493,225)
Other Financing Sources						
Transfers In	\$ 6,850,271	\$ -	\$ -	\$ -	\$ 1,835,351	\$ 8,685,622
Transfers Out	(155)	(410,825)	-	-	(8,274,642)	(8,685,622)
Accrued Principal & Interest	-	(2,652,938)	-	-	-	(2,652,938)
Premium on Bond Sales	-	667,953	-	-	-	667,953
Proceeds of Bonds	-	-	-	37,580,000	12,080,000	49,660,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 6,850,116</b>	<b>\$ (2,395,810)</b>	<b>\$ -</b>	<b>\$ 37,580,000</b>	<b>\$ 5,640,709</b>	<b>\$ 47,675,015</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,767,577</b>	<b>(168,202)</b>	<b>(14,264,512)</b>	<b>37,269,824</b>	<b>(4,422,897)</b>	<b>24,181,790</b>
Fund Balances - Beginning	19,035,762	2,955,732	31,987,482	-	38,042,857	92,021,833
Fund Balances - Ending	<u>\$ 24,803,339</u>	<u>\$ 2,787,530</u>	<u>\$ 17,722,970</u>	<u>\$ 37,269,824</u>	<u>\$ 33,619,960</u>	<u>\$ 116,203,623</u>

See Notes to Financial Statements



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds to the Statement of Activities– Regulatory Basis  
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds		\$ 24,181,790						
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>								
This is the amount by which capital outlays exceeds depreciation during the period.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;">Capital Outlay</td> <td style="width: 20%; text-align: right;">\$ 25,314,628</td> </tr> <tr> <td></td> <td style="text-align: right;">Depreciation Expense</td> <td style="text-align: right;"><u>(12,733,117)</u></td> </tr> </table>		Capital Outlay	\$ 25,314,628		Depreciation Expense	<u>(12,733,117)</u>	12,581,511
	Capital Outlay	\$ 25,314,628						
	Depreciation Expense	<u>(12,733,117)</u>						
<p>In the statement of activities, the gain from the disposal of assets is reported. In the governmental funds, proceeds from the disposal of assets, if any, are reported. Thus the change in net position differs by the net underpreciated costs of the assets disposed.</p>								
		(9,083)						
<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>								
		137,430						
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Debt issued this year exceeded repayments.</p>								
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: right;">Debt Issued</td> <td style="width: 20%; text-align: right;">\$ (49,660,000)</td> </tr> <tr> <td></td> <td style="text-align: right;">Debt Repayments</td> <td style="text-align: right;"><u>40,100,000</u></td> </tr> </table>		Debt Issued	\$ (49,660,000)		Debt Repayments	<u>40,100,000</u>	(9,560,000)
	Debt Issued	\$ (49,660,000)						
	Debt Repayments	<u>40,100,000</u>						
<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>								
		13,990						
<p>Resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are not a liability at the district-wide level but considered a component of restricted net assets</p>								
		<u>2,652,938</u>						
Change in net position of governmental activities.		<u>\$ 29,998,576</u>						

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Statement of Fiduciary Net Position – Regulatory Basis  
June 30, 2017

	<u>Private Purpose Trust</u>
Assets	
Cash and Cash Investments	\$ <u>474,928</u>
Total Assets	\$ <u>474,928</u>
Net Position	
Nonspendable Endowment	\$ 440,088
Restricted for Scholarships	<u>34,840</u>
Total Net Position	\$ <u>474,928</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, 2017

	<u>Private Purpose Trust</u>
Additions:	
Interest	6,654
Total Additions	\$ 6,654
<b>Deductions</b>	
Other Expenses	-
Changes in Net Position	\$ 6,654
Net Position-Beginning	468,274
Net Position -Ending	\$ 474,928

See Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

Note 1 -- Summary of Significant Accounting Policies

The Reporting Entity - The Edmond Independent School District No. 12 (the District) is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70 of the Oklahoma Statutes.

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

Basic Financial Statements – Fund Financial Statements - Governmental fund financial statements are reported using the cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments and inventories on hand, encumbrances issued, and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of governmental and fiduciary fund categories on a basis required by the cash basis and budget laws of the State of Oklahoma. Since resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements.

The District reports the following major governmental funds:

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

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

2016A and 2017A Bond Funds are used to account for the proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types which are included in other governmental funds:

Governmental Funds:

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

Fiduciary Funds:

3. Private purpose trust fund: The District accounts for resources held in a trust or custodial capacity for individuals or private organizations. These funds are primarily used for scholarships

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

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

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

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

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

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

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

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

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

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Oklahoma Statute 70-18. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 39% of the District's general fund revenue comes from state sources.

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



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

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

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

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

Net Position and Fund Balance –

District-Wide Financial Statements –

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

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

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

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

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

Fund Financial Statements–

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified Inventories as being nonspendable as these items are not expected to be converted to cash within the next year. Endowment principal is non-spendable by terms of the endowment bequest.

Restricted: This classification includes amounts for which constraints on the use of the resources are either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified school bond 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.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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

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

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

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

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

As of June 30, 2017, fund balances are comprised of the following:

	General Fund	Debt Service Fund	2016A Fund	2017A Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable						
Inventory	\$ 45,942	\$ -	\$ -	\$ -	\$ 267,932	\$ 313,874
Restricted						
Capital Outlay and Property Maintenance	-	-	17,549,786	37,235,262	24,095,718	78,880,766
Debt Service	-	2,787,530	-	-	-	2,787,530
Federal and State Programs	599,522	-	-	-	-	599,522
Instruction	-	-	-	-	63,967	63,967
Total Restricted:	<u>599,522</u>	<u>2,787,530</u>	<u>17,549,786</u>	<u>37,235,262</u>	<u>24,159,685</u>	<u>82,331,785</u>
Committed						
Food Services	-	-	-	-	2,005,594	2,005,594
School Organizations	-	-	-	-	4,754,375	4,754,375
Total Committed:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,759,969</u>	<u>6,759,969</u>
Assigned						
Employee Compensation	775,172	-	-	-	-	775,172
Site Budget Carryover	247,658	-	-	-	-	247,658
Anticipated Federal Program Carryover	482,092	-	-	-	-	482,092
Appropriated Budget	22,652,953	-	-	-	-	22,652,953
Bond Costs and Capital Outlay	-	-	173,184	34,562	2,432,374	2,640,120
Total Assigned:	<u>24,157,875</u>	<u>-</u>	<u>173,184</u>	<u>34,562</u>	<u>2,432,374</u>	<u>26,797,995</u>
	<u>\$ 24,803,339</u>	<u>\$ 2,787,530</u>	<u>\$ 17,722,970</u>	<u>\$ 37,269,824</u>	<u>\$ 33,619,960</u>	<u>\$ 116,203,623</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

Note 2 -- Cash and Investments

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provision of state law. At June 30, 2017, the bank balance of deposits and cash pools was completely covered by federal depository insurance and by collateral held by the District’s third party agent in the District’s name.

Interest Rate Risk - 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.

At June 30, 2017 the District held U.S. Government agency investments in the following:

<u>Agency</u>	<u>Moodys Rating</u>	<u>Term</u>	<u>Balance</u>
Federal Home Loan Bank	AAA	3-14 months	\$ 39,264,952
Federal Home Loan Mortgage Corporation	AAA	17 months	2,984,337
Federal National Mortgage Association	AAA	5-11 months	13,766,384
Investment in U.S. Government Agencies			<u>\$56,015,673</u>
Investment in Judgments			<u>13,963</u>
Total Investments			<u>\$56,029,636</u>

Judgments that were awarded against the District for obligations from prior years were purchased from the plaintiffs as investments of the general fund. The original judgment amounts totaling \$21,245 are levied in the sinking fund ratably over three years at a statutory interest rate set annually. As of June 30, 2017 the balance to collect was \$13,963. The interest rate for 2017 was 5.25%.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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	\$ 148,325,000	\$ 49,660,000	\$ 40,100,000	\$ 157,885,000	\$ 42,685,000
Compensated Absences	1,134,431	713,218	850,648	997,001	851,000
Total governmental activity long-term liabilities	<u>\$ 149,459,431</u>	<u>\$ 50,373,218</u>	<u>\$ 40,950,648</u>	<u>\$ 158,882,001</u>	<u>\$ 43,536,000</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, 2017 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, 2017
12,160,000	Building	8/1/2012	3,040,000	3,040,000	8/1/2017	.5%-2.5%	3,040,000
26,560,000	Combined	3/1/2013	6,640,000	6,640,000	3/1/2018	1.25%-1.5%	6,640,000
14,400,000	Building	8/1/2013	3,600,000	3,600,000	8/1/2018	2.00%	7,200,000
30,600,000	Building	3/1/2014	7,650,000	7,650,000	3/1/2019	1.0%-2.0%	15,300,000
8,440,000	Combined	8/1/2014	2,110,000	2,110,000	8/1/2019	1.0%-2.0%	6,330,000
35,460,000	Combined	3/1/2015	8,865,000	8,865,000	3/1/2020	2.00%	26,595,000
9,600,000	Building	8/1/2015	2,400,000	2,400,000	8/1/2020	1.5%-2.0%	9,600,000
33,520,000	Building	3/1/2016	8,380,000	8,380,000	3/1/2021	2.00%	33,520,000
12,080,000	Combined	8/1/2016	3,020,000	3,020,000	8/1/2021	1.5%-2.5%	12,080,000
37,580,000	Combined	3/1/2017	9,395,000	9,395,000	3/1/2022	2.00%	37,580,000
							<u>\$ 157,885,000</u>

As of June 30, 2017, 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
2018	\$ 42,685,000	\$ 3,070,113	\$ 45,755,113
2019	45,420,000	2,185,150	47,605,150
2020	34,170,000	1,305,200	35,475,200
2021	23,195,000	642,900	23,837,900
2022	12,415,000	210,550	12,625,550
	<u>\$ 157,885,000</u>	<u>\$ 7,413,913</u>	<u>\$ 165,298,913</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

Note 3 -- Long-term Liabilities (continued)

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General obligation bonded debt of the District is limited by state law to 10% of the assessed valuation of the District. The legal debt limit at June 30, 2017 is approximately \$185,568,000.

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.

*Pledged Revenues* – Property tax revenues collected by the District are pledged to repay the District's General Obligation Bonds. The principal and interest paid on general obligations with the pledged revenues in current year was \$40,100,000 and \$2,760,300, respectively. As of June 30, 2017, \$157,885,000 general obligations were outstanding and \$73,420,000 of general obligations bonds were authorized but not issued. Subsequent to year end the District issued an additional \$20,000,000 of voter approved general obligation bonds.

Note 4 -- Employee Retirement System

Teachers' Retirement System of Oklahoma

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

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

- Members who began contributions prior to November 1, 2017 become 100% vested in benefits earned to date after five years of credited service. The vesting term for members who began contributions on or after November 1, 2017 is seven years.
- Members who joined the System prior to July 1, 1992 are eligible to retire at maximum benefits at the earlier of age 62 or when age and years of creditable service total 80. Members joining from July 1, 1992 to October 31, 2011 are eligible for maximum benefits at the earlier of age 62 or when their age and years of creditable service total 90. Members who joined the System on or after November 1, 2011 are eligible to retire with maximum benefits at the earlier of age 65 or when their age and years of creditable service total 90 as long as their age is at least 60.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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June 30, 2017

Note 4 -- Employee Retirement System (continued)

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2017. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contributions as allowed by statute.

For the year ended June 30, 2017, qualifying employee contributions were reduced by a retirement credit of \$980,401 as provided in state statute and paid by the State of Oklahoma as on-behalf payments. The government-wide financial statements include amounts representing on-behalf payments made to the System by the State of Oklahoma. The District pays the member portion as an employment benefit for its full-time employees as allowed by statute.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
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June 30, 2017

Note 4 -- Employee Retirement System (continued)

The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2017, 2016, and 2015 were \$15,388,645, \$15,047,972, and \$14,869,886, respectively, equal to the required contributions for each year.

*Pension Reporting* – GASB Statement 68, effective for fiscal years beginning after June 15, 2014, created new pension reporting standards for plans administered through trusts that have certain characteristics. In the District's opinion, statutory language and case law place the pension obligation for TRS on the State of Oklahoma. Under GASB 68, in financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability. Since the District does not present financial statements using the economic resources measurement focus and accrual basis of accounting, the deferred outflows and inflows of resources and pension liability are not included in the district's financial statements. In the District's opinion, there is no legal or factual way in Oklahoma for a school district to pay for any portion of the ultimate pension. According to TRS calculations, the amount of allocated pension liability attributable to the District for the year ended June 30, 2016 (the measurement date, which is the most current information available) was \$185,084,693.

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 occurrences prior to April 9, 2014 the District was covered under commercial insurance policies. Effective April 9, 2014, the District joined a joint self-insurance trust whose members consist of school districts in the state of Oklahoma for the purpose of insuring against property, general liability and automobile/fleet losses. Cash from member contributions and investment earnings is used to pay claims. The trust purchases reinsurance through a commercial insurer to limit its maximum loss and minimize exposure on larger risks. There have been no significant reductions in coverage from the prior year and insurance settlements have not exceeded coverage since joining the self-insurance trust.



EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

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 the following outstanding construction commitments as of June 30, 2017:

	Construction Commitments
2016 A Bond Fund	\$ 15,628,969
2017 A Bond Fund	\$ 386,550
Other Governmental Funds	6,658,280
Total	<u>\$ 22,673,799</u>

Note 8 -- Schedule of Transfers

Transfer From	Transfer To	Amount	Nature of Transfer
Child Nutrition Fund	General Fund	\$4,115,068	Operating Transfer for Payroll
Student Activity Fund	General Fund	2,735,203	Operating Transfer
Student Activity Fund	Student Activity Fund	808,625	Operating Transfer
Student Activity Fund	Child Nutrition Fund	4,994	Operating Transfer
Student Activity Fund	Gift Fund	4,348	Operating Transfer
Child Nutrition Fund	Child Nutrition Fund	4,280	Operating Transfer
Debt Service Fund	Building Fund	410,825	Operating Transfer
2012A Bond Fund	Bond Residual Fund	415,314	Operating Transfer
2012 B Bond Fund	Bond Residual Fund	186,965	Operating Transfer
		<u>\$8,685,622</u>	

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
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June 30, 2017

Note 9 -- Capital Assets

Capital Asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 13,992,260	\$ -	\$ -	\$ 13,992,260
Construction in progress	53,577,639	22,811,287	26,767,544	49,621,382
Total capital assets, not being depreciated	<u>\$ 67,569,899</u>	<u>\$ 22,811,287</u>	<u>\$ 26,767,544</u>	<u>\$ 63,613,642</u>
<i>Capital assets, being depreciated</i>				
Buildings	\$ 424,654,411	\$ 26,779,863	\$ -	\$ 451,434,274
Furniture	1,850,125	494,722	2,750	2,342,097
Musical Instruments	860,200	131,986	-	992,186
Equipment	17,389,061	841,809	132,045	18,098,825
Vehicles	14,259,930	1,022,505	-	15,282,435
Total capital assets, being depreciated	<u>\$ 459,013,727</u>	<u>\$ 29,270,885</u>	<u>\$ 134,795</u>	<u>\$ 488,149,817</u>
Less Accumulated Depreciation	<u>146,667,296</u>	<u>12,733,117</u>	<u>125,712</u>	<u>159,274,701</u>
Total capital assets, being depreciated, net	<u>\$ 312,346,431</u>	<u>\$ 16,537,768</u>	<u>\$ 9,083</u>	<u>\$ 328,875,116</u>
Governmental activities capital assets, net	<u>379,916,330</u>	<u>39,349,055</u>	<u>26,776,627</u>	<u>392,488,758</u>
<b>Total Primary Government</b>	<u><b>\$ 379,916,330</b></u>	<u><b>\$ 39,349,055</b></u>	<u><b>\$ 26,776,627</b></u>	<u><b>\$ 392,488,758</b></u>

Note 10 – Subsequent Events

Subsequent to the fiscal year end, the District issued the second installment of bonds from the February 14, 2017 bond election. Voters in the District approved the issuance of bonds totaling \$111,000,000, to be issued in four series over a two-year period. The bond issues provide for additions which will double as storm shelters to include classrooms at Frontier, Heritage, Northern Hills, and Chisholm elementary schools and Memorial and North high schools, gymnasiums at Charles Haskell Elementary and Sequoyah and Central Middle schools, a media center at Cimarron Middle School, and a band room at Santa Fe High School. Upgrades at Angie Debo, Cross Timbers, and Will Rogers elementary schools and Summit Middle School will provide shelter space at those locations. With the completion of these projects, all of the schools in the district will have adequate shelter space for students and staff in the event of a tornado.

Bond proceeds will also be used for stadium upgrades at Memorial and North high schools, tennis facilities, science classroom and other improvements to existing facilities as well as transportation and equipment purchases. The first installment in the amount of \$37,580,000 was issued in March 2017, and the second installment of \$20,000,000 was issued in August 2017.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Notes to Financial Statements  
June 30, 2017

Note 10 – Subsequent Events (continued)

The third installment of \$30,900,000 was approved by the Board of Education to go out for bid with an anticipated issuance in March 2018, leaving the fourth installment of \$22,520,000 to be issued August 2018. Construction commitments subsequent to year end totaled \$18,444,913 from bond funds.

Note 11 – Tax Abatement

The State of Oklahoma has authorized by Oklahoma State Statutes Title 31 to offer Homestead and Veterans exemptions to Ad Valorem property taxes. These exemptions reduce the ad valorem taxes remitted to the District. For the year ended June 30, 2017, the district had the \$2,444,188 in abated ad valorem tax revenues.

Note 12 – New GASB Standards

The District implemented GASB No. 77, *Tax Abatement Disclosures*, which requires new disclosures about tax abatement agreements and their impact on the governmental unit's financial position.

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**OTHER SUPPLEMENTARY INFORMATION**

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule –General Fund (Unaudited) – Regulatory Basis  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 62,293,126	\$ 62,293,126	\$ 68,324,903	\$ 6,031,777
Interest	96,000	96,000	184,714	88,714
County Revenue	6,676,486	6,676,486	6,690,534	14,048
State Revenue	53,488,697	53,488,697	53,691,648	202,951
Federal Revenue	7,190,300	7,190,300	7,838,088	647,788
Other	7,659,926	7,659,926	7,863,830	203,904
Total Revenue	<u>\$ 137,404,535</u>	<u>\$ 137,404,535</u>	<u>\$ 144,593,717</u>	<u>\$ 7,189,182</u>
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 89,681,314	\$ 89,681,314	87,510,924	\$ 2,170,390
Support Services	48,765,822	48,765,822	44,519,011	4,246,811
Non-instruction Services	6,994,198	6,994,198	6,764,343	229,855
Other Outlays	10,963,667	10,963,667	31,862	10,931,805
Total Expenditures	<u>\$ 156,405,001</u>	<u>\$ 156,405,001</u>	<u>\$ 138,826,140</u>	<u>\$ 17,578,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (19,000,466)	\$ (19,000,466)	\$ 5,767,577	\$ 24,768,043
Budgetary Fund Balance - Beginning	19,000,466	19,000,466	19,035,762	35,296
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,803,339</u>	<u>\$ 24,803,339</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Budgetary Comparison Schedule – Other Appropriated Funds (unaudited) – Regulatory Basis  
For the Year Ended June 30, 2017

	Building Fund		Child Nutrition Fund		Debt Service Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
<b>REVENUE</b>						
Property Taxes	\$ 8,894,502	\$ 9,754,155	\$ -	\$ -	\$ 42,561,528	44,547,013
Interest	12,200	29,146	8,300	16,859	-	543,847
State Revenue	881	235	51,800	76,539	-	1,069
Federal Revenue	-	-	3,183,966	3,235,124	-	-
Other	153,300	567,983	4,603,400	4,492,833	-	(2,395,808)
Total Revenue	<u>\$ 9,060,883</u>	<u>\$ 10,351,519</u>	<u>\$ 7,847,466</u>	<u>\$ 7,821,355</u>	<u>\$ 42,561,528</u>	<u>\$ 42,696,121</u>
<b>EXPENDITURES</b>						
Current						
Instruction	\$ 205,953	\$ 99,592	\$ -	\$ -	\$ -	\$ -
Support Services	10,393,752	10,033,768	-	-	-	-
Non-instruction Services	23,553	0	8,154,190	4,011,849	-	-
Capital Outlay	59,092	115,412	-	-	-	-
Other Outlays	3,162,272	1,529	2,006,835	4,110,074	4,023	4,023
Debt Service						
Interest Paid	-	-	-	-	2,828,237	2,760,300
Principal Retirement	-	-	-	-	42,685,000	40,100,000
Total Expenditures	<u>\$ 13,844,622</u>	<u>\$ 10,250,301</u>	<u>\$ 10,161,025</u>	<u>\$ 8,121,923</u>	<u>\$ 45,517,260</u>	<u>\$ 42,864,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,783,739)	101,218	(2,313,559)	(300,568)	(2,955,732)	(168,202)
Budgetary Fund Balance - Beginning	4,783,739	4,984,128	2,313,559	2,385,039	2,955,732	2,955,732
Budgetary Fund Balance - Ending	<u>\$ -</u>	<u>\$ 5,085,346</u>	<u>\$ -</u>	<u>\$ 2,084,471</u>	<u>\$ -</u>	<u>\$ 2,787,530</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Combining Balance Sheet– Other Governmental Funds – Regulatory Basis  
For the Year Ended June 30, 2017

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Funds
	Building	MAPS	Child Nutrition	Activity	Gift	Total		
<b>Assets</b>								
Cash and Cash Investments	\$ 2,886,718	\$ -	\$ 2,082,640	\$ 4,854,906	\$ 63,967	\$ 9,888,231	\$ 21,659,584	\$ 31,547,815
Investments	2,404,362					2,404,362	-	2,404,362
Inventory	189,055	-	78,877	-	-	267,932	-	267,932
<b>Total Assets</b>	<b>\$ 5,480,135</b>	<b>\$ -</b>	<b>\$ 2,161,517</b>	<b>\$ 4,854,906</b>	<b>\$ 63,967</b>	<b>\$ 12,560,525</b>	<b>\$ 21,659,584</b>	<b>\$ 34,220,109</b>
<b>Liabilities</b>								
Warrants Outstanding	\$ 143,542	\$ -	\$ 13,337	\$ 100,531	\$ -	\$ 257,410	\$ 27,743	\$ 285,153
Vendor Obligations Payable	251,247	-	63,709	-	-	314,956	40	314,996
<b>Total Liabilities</b>	<b>\$ 394,789</b>	<b>\$ -</b>	<b>\$ 77,046</b>	<b>\$ 100,531</b>	<b>\$ -</b>	<b>\$ 572,366</b>	<b>\$ 27,783</b>	<b>\$ 600,149</b>
<b>Fund Balances</b>								
Nonspendable	\$ 189,055	\$ -	\$ 78,877	\$ -	\$ -	\$ 267,932	\$ -	\$ 267,932
Restricted	4,896,291	-	-	-	63,967	4,960,258	19,199,427	24,159,685
Committed	-	-	2,005,594	4,754,375	-	6,759,969	-	6,759,969
Assigned	-	-	-	-	-	-	2,432,374	2,432,374
<b>Total Fund Balances</b>	<b>5,085,346</b>	<b>-</b>	<b>2,084,471</b>	<b>4,754,375</b>	<b>63,967</b>	<b>11,988,159</b>	<b>21,631,801</b>	<b>33,619,960</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,480,135</b>	<b>\$ -</b>	<b>\$ 2,161,517</b>	<b>\$ 4,854,906</b>	<b>\$ 63,967</b>	<b>\$ 12,560,525</b>	<b>\$ 21,659,584</b>	<b>\$ 34,220,109</b>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
– Other Governmental Funds– Regulatory Basis  
For the Year Ended June 30, 2017

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Funds
	Building	MAPS	Child Nutrition	Activity	Gift	Total		
<b>REVENUE</b>								
Property Taxes	\$ 9,754,155	\$ -	\$ -	\$ -	\$ -	\$ 9,754,155	\$ -	\$ 9,754,155
Interest	29,146	19	16,859	23,342	296	69,662	125,295	194,957
State Revenue	235	-	76,539	-	-	76,774	-	76,774
Federal Revenue	-	-	3,235,124	-	-	3,235,124	-	3,235,124
Other	157,156	-	4,492,833	10,599,792	54,028	15,303,809	31,099	15,334,908
Total Revenue	<u>\$ 9,940,692</u>	<u>\$ 19</u>	<u>\$ 7,821,355</u>	<u>\$ 10,623,134</u>	<u>\$ 54,324</u>	<u>\$ 28,439,524</u>	<u>\$ 156,394</u>	<u>\$ 28,595,918</u>
<b>EXPENDITURES</b>								
Current								
Instruction	\$ 99,592	\$ -	\$ -	1,272,730	78,428	1,450,750	\$ 1,751,230	\$ 3,201,980
Support Services	10,033,768	880	-	3,847,821	1,153	13,883,622	4,687,712	18,571,334
Non-instruction Services	0	-	4,011,849	1,598,148	-	5,609,997	17,609	5,627,606
Capital Outlay	115,412	170,338	-	3,356	-	289,106	\$ 10,958,021	11,247,127
Other Outlays	1,527	-	-	25	-	1,552	9,925	11,477
Total Expenditures	<u>\$ 10,250,299</u>	<u>\$ 171,218</u>	<u>\$ 4,011,849</u>	<u>\$ 6,722,080</u>	<u>\$ 79,581</u>	<u>\$ 21,235,027</u>	<u>\$ 17,424,497</u>	<u>\$ 38,659,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,607)	(171,199)	3,809,506	3,901,054	(25,257)	7,204,497	(17,268,103)	(10,063,606)
Other Financing Sources								
Transfers In	410,825	-	9,274	808,625	4,348	1,233,072	602,279	1,835,351
Transfers Out	-	-	(4,119,348)	(3,553,015)	-	(7,672,363)	(602,279)	(8,274,642)
Proceeds of Bonds	-	-	-	-	-	-	12,080,000	12,080,000
Total Other Financing Sources	<u>410,825</u>	<u>-</u>	<u>(4,110,074)</u>	<u>(2,744,390)</u>	<u>4,348</u>	<u>(6,439,291)</u>	<u>12,080,000</u>	<u>5,640,709</u>
Net Change in Fund Balances	101,218	(171,199)	(300,568)	1,156,664	(20,909)	765,206	(5,188,103)	(4,422,897)
Fund Balances, Beginning	4,984,128	171,199	2,385,039	3,597,711	84,876	11,222,953	26,819,904	38,042,857
Fund Balances, Ending	<u>\$ 5,085,346</u>	<u>\$ -</u>	<u>\$ 2,084,471</u>	<u>\$ 4,754,375</u>	<u>\$ 63,967</u>	<u>\$ 11,988,159</u>	<u>\$ 21,631,801</u>	<u>\$ 33,619,960</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, 2017

	<u>2013A Bond</u>	<u>2013B Bond</u>	<u>2014A Bond</u>	<u>2014B Bond</u>	<u>2015A Bond</u>	<u>2015B Bond</u>	<u>2016B Bond</u>	<u>Bond Residual</u>	<u>Capital Project Funds</u>
<b>Assets</b>									
Cash and Cash Investments	\$ -	\$ -	\$ 1,042,899	\$ 226,963	\$ 1,172,791	\$ 6,536,208	\$ 9,535,970	\$ 3,144,753	\$ 21,659,584
Other Receivable	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,042,899</b>	<b>\$ 226,963</b>	<b>\$ 1,172,791</b>	<b>\$ 6,536,208</b>	<b>\$ 9,535,970</b>	<b>\$ 3,144,753</b>	<b>\$ 21,659,584</b>
<b>Liabilities</b>									
Warrants Outstanding	\$ -	\$ -	\$ -	\$ -	\$ 398	\$ 13,796	\$ 13,549	\$ -	\$ 27,743
Vendor Obligations Payable	-	-	-	-	40	-	-	-	40
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 438</b>	<b>\$ 13,796</b>	<b>\$ 13,549</b>	<b>\$ -</b>	<b>\$ 27,783</b>
<b>Fund Balances</b>									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	914,981	204,263	1,053,345	6,466,847	9,480,877	1,079,114	19,199,427
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	127,918	22,700	119,008	55,565	41,544	2,065,639	2,432,374
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>1,042,899</b>	<b>226,963</b>	<b>1,172,353</b>	<b>6,522,412</b>	<b>9,522,421</b>	<b>3,144,753</b>	<b>21,631,801</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,042,899</b>	<b>\$ 226,963</b>	<b>\$ 1,172,791</b>	<b>\$ 6,536,208</b>	<b>\$ 9,535,970</b>	<b>\$ 3,144,753</b>	<b>\$ 21,659,584</b>

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
– Other Capital Project Funds – Regulatory Basis  
For the Year Ended June 30, 2017

	2013A Bond	2013B Bond	2014A Bond	2014 B Bond	2015A Bond	2015B Bond	2016B Bond	Bond Residual	Total Other Capital Project Funds
<b>REVENUE</b>									
Interest	\$ -	\$ -	\$ 6,508	\$ 1,549	\$ 21,797	\$ 34,846	\$ 41,544	\$ 19,051	\$ 125,295
Other	-	-	-	170	9,755	-	-	21,174	31,099
Total Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,508</u>	<u>\$ 1,719</u>	<u>\$ 31,552</u>	<u>\$ 34,846</u>	<u>\$ 41,544</u>	<u>\$ 40,225</u>	<u>\$ 156,394</u>
<b>EXPENDITURES</b>									
Current									
Instruction	\$ -	\$ -	\$ 398,937	\$ 5,055	\$ 936,985	\$ 154,254	\$ 57,600	\$ 198,399	\$ 1,751,230
Support Services	-	-	81,655	192,584	1,363,935	801,860	2,073,435	174,243	4,687,712
Non-instruction Services	-	-	-	-	-	17,609	-	-	17,609
Capital Outlay	-	-	1,045,620	490,546	7,417,931	1,227,492	468,088	308,344	10,958,021
Other Outlays	-	-	-	170	9,755	-	-	-	9,925
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,526,212</u>	<u>\$ 688,355</u>	<u>\$ 9,728,606</u>	<u>\$ 2,201,215</u>	<u>\$ 2,599,123</u>	<u>\$ 680,986</u>	<u>\$ 17,424,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,519,704)	(686,636)	(9,697,054)	(2,166,369)	(2,557,579)	(640,761)	(17,268,103)
Other Financing Sources									
Transfers In	-	-	-	-	-	-	-	602,279	602,279
Transfers Out	(415,314)	(186,965)	-	-	-	-	-	-	(602,279)
Proceeds of Bonds	-	-	-	-	-	-	12,080,000	-	12,080,000
Total Other Financing Sources	<u>\$ (415,314)</u>	<u>\$ (186,965)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,080,000</u>	<u>\$ 602,279</u>	<u>\$ 12,080,000</u>
Net Change in Fund Balances	(415,314)	(186,965)	(1,519,704)	(686,636)	(9,697,054)	(2,166,369)	9,522,421	(38,482)	(5,188,103)
Fund Balances, Beginning	415,314	186,965	2,562,603	913,599	10,869,407	8,688,781	-	3,183,235	26,819,904
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042,899</u>	<u>\$ 226,963</u>	<u>\$ 1,172,353</u>	<u>\$ 6,522,412</u>	<u>\$ 9,522,421</u>	<u>\$ 3,144,753</u>	<u>\$ 21,631,801</u>

**EDMOND INDEPENDENT SCHOOL DISTRICT NO.12**  
**Oklahoma County, Oklahoma**  
**Combining Statement of Assets and Fund Balances**  
**– Activity Fund**  
**For the Year Ended June 30, 2017**

<b>ASSETS</b>	Balance 6/30/2016	Total Receipts	Total Disbursements	Balance 6/30/2017
<b>Activities:</b>				
Academic Team	\$3,555	\$11,273	\$9,839	\$4,989
Advanced Placement/Enrichment	116,248	292,234	271,012	137,470
Alternative School	3,734	2,864	2,191	4,407
Art	27,656	61,313	53,726	35,243
Athletics	408,840	1,221,503	1,143,010	487,333
Before/After School Programs	1,227,790	3,405,938	3,568,259	1,065,469
Central Office	20,584	120,375	109,865	31,094
Charitable/Community/Service	20,589	808,092	804,783	23,898
Cheerleading/Pom/Pep	60,798	197,975	166,169	92,604
Chess Club	5,356	16,075	9,441	11,990
Concessions/Vending	293,348	351,951	348,003	297,296
Donations/Grants	38,223	168,530	149,175	57,578
Drama/Debate/Speech	52,623	35,046	32,279	55,390
Ethnic Heritage Clubs	4,678	2,498	2,467	4,709
Faculty	6,478	542	920	6,100
FBLA/DECA	29,980	190,199	184,957	35,222
FCCLA-Family, Career & Community Leaders	6,582	47,778	47,563	6,797
FFA Future Farmers of America	33,178	155,687	156,838	32,027
Foreign Language Clubs	18,191	15,732	12,708	21,215
Freshman Class	1,423	0	15	1,408
General Activity	301,614	777,015	762,130	316,499
Home Arts/Technology Ed/Wood Tech	40,991	133,258	144,623	29,626
Interest	62,816	21,299	3,606	80,509
Junior Class	89,807	40,904	25,953	104,758
Math Club	1,451	75	609	917
Media Center	97,636	172,451	169,533	100,554
Music	176,943	2,206,241	1,239,213	1,143,971
Musical Productions	61,829	76,020	76,812	61,037
National Forensic League	4,627	35,270	34,875	5,022
National Honor Society	13,154	12,461	11,473	14,142
Newspaper	1,182	5,081	4,841	1,422
Odyssey of the Mind	0	1,304	0	1,304
Parking	220	145,850	145,830	240
Photo Lab	15,021	20,030	22,970	12,081
Prom Fund	8,732	27,496	17,430	18,798
PSAT Counselor	15,413	29,110	24,075	20,448
Refunds	4,688	28,216	27,953	4,951
Robotics Team	13,155	31,540	28,113	16,582
ROTC	496	23,436	22,575	1,357
Scholarships	21,312	11,182	14,118	18,376
Science/Environmental	5,925	10,765	8,753	7,937
Senior Class	11,491	36,751	35,530	12,712
Sophomore Class	145	721	500	366
Special Education	13,924	31,099	22,457	22,566
Special Projects	3,722	12,871	10,748	5,845
Student Council	22,049	128,855	130,256	20,648
Summer School	16,790	113,643	23,848	106,585
Writing	1,486	3,074	2,605	1,955
Yearbook	208,291	183,256	182,131	209,416
Young Democrats/Republicans/Government	2,947	6,880	8,315	1,512
<b>Total Assets</b>	<b>\$3,597,711</b>	<b>\$11,431,759</b>	<b>\$10,275,095</b>	<b>\$4,754,375</b>
<b>FUND BALANCES</b>				
Designated for School Organizations	\$3,597,711	\$11,431,759	\$10,275,095	\$4,754,375
<b>Total Fund Balances</b>	<b>\$3,597,711</b>	<b>\$11,431,759</b>	<b>\$10,275,095</b>	<b>\$4,754,375</b>

**Basis of Presentation**

The above schedule and format is required by the Oklahoma State Department of Education and is not intended to represent a financial statement in accordance with accounting principles prescribed by the Oklahoma State Department of Education.

**EDMOND INDEPENDENT SCHOOL DISTRICT NO.12**  
**Oklahoma County, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance 6/30/16	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/17
<u>U.S. Department of Education</u>						
Direct Programs						
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (11,870)	\$ 218,690	\$ 224,293	\$ (17,473)
Passed Through Oklahoma Department of Career and Technology Education Vocational Education - Basic Grant to States	84.048	421/424	\$ (101,758)	\$ 224,390	\$ 169,954	\$ (47,322)
Passed Through Oklahoma State Department of Education						
Title I, Improving Basic Programs	84.010	511/512/518/785	\$ (738,538)	\$ 2,397,365	\$ 2,004,968	\$ (346,141)
Title I Cluster			\$ (738,538)	\$ 2,397,365	\$ 2,004,968	\$ (346,141)
		615/621/				
Special Education - Grants to States	84.027	623/625	\$ (833,338)	\$ 4,064,446	\$ 4,132,779	\$ (901,671)
Special Education - Preschool Grants	84.173	641/642	(14,063)	120,975	119,123	(12,211)
Special Education Cluster			\$ (847,401)	\$ 4,185,421	\$ 4,251,902	\$ (913,882)
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	\$ (256,808)	\$ 416,889	\$ 239,075	\$ (78,994)
Mathematics and Science Partnerships	84.366	544/545	\$ (39,002)	\$ 161,534	\$ 122,532	\$ -
Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	571/572	\$ (5,048)	\$ 108,526	\$ 131,587	\$ (28,109)
Passed Through Oklahoma Department of Rehabilitation Services Job Training	84.126	456	\$ 77,304	\$ 12,076	\$ 13,395	\$ 75,985
Total U.S. Department of Education			\$ (1,923,121)	\$ 7,724,891	\$ 7,157,706	\$ (1,355,936)
<u>U.S. Department of Health and Human Services</u>						
Passed through the Oklahoma Health Care Authority Medical Assistance Program	93.778	698	\$ 4,563	\$ -	\$ 2,042	\$ 2,521
<u>U.S. Department of the Interior</u>						
Direct Programs						
Indian Education - Assistance to Schools Johnson O'Malley Program	15.130	563/564	\$ 30,947	\$ 23,518	\$ 22,108	\$ 32,357
<u>U.S. Department of Agriculture</u>						
Passed through the Oklahoma State Department of Education						
Breakfast Program	10.553	764	\$ -	\$ 635,486	\$ 635,486	\$ -
Lunch Program	10.555	763	-	2,580,019	2,580,019	-
Summer Food Program	10.559	766	-	19,619	19,619	-
Passed through the Oklahoma Department of Human Services						
Lunch Program	10.555		\$ 31,107	\$ 456,565	\$ 442,680	\$ 44,992
Summer Food Program	10.559		334	3,472	3,366	440
Child Nutrition Cluster			\$ 31,441	\$ 3,695,161	\$ 3,681,170	\$ 45,432
Total U.S. Department of Agriculture			\$ 31,441	\$ 3,695,161	\$ 3,681,170	\$ 45,432
Total Expenditures of Federal Awards			\$ (1,856,170)	\$ 11,443,570	\$ 10,863,026	\$ (1,275,626)

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Edmond Independent School District No.12 Oklahoma County, Oklahoma under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Edmond Independent School District No.12 Oklahoma County, Oklahoma, it is not intended to and does not present the basic financial statements as listed in the table of contents, of Edmond Independent School District No.12 Oklahoma County, Oklahoma.

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

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

**Note C: Indirect Cost Rate**

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

**Note D: Subrecipients**

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

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## **OTHER INFORMATION**

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Statement of Statutory Fidelity and Honesty Bonds (unaudited)  
For the Year Ended June 30, 2017

The District has a public employee dishonesty bond with Ohio Casualty Insurance Company covering all district employees not individually bonded. This bond coverage is \$100,000 per loss with a \$2,500 deductible per employee. The bond number is 3884485 and the term is from July 1, 2005 until cancelled.

The treasurer and assistant treasurer are bonded under separate surety bonds, each for \$500,000, with Ohio Casualty Insurance Company. The bonds (numbered 3863216 and 87C002416, respectively) are effective for the period from July 1 through June 30 and are renewed annually.

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edmond Independent School District No.12, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Edmond Independent School District No.12, Oklahoma County, Oklahoma’s basic financial statements and have issued our report thereon dated January 16, 2018. Our report included an adverse opinion on U.S. generally accepted accounting principles because the District prepares its financial statements on a prescribed regulatory basis of accounting.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Edmond Independent School District No.12, Oklahoma County, Oklahoma’s internal control over financial reporting (internal control) 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.

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



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Edmond Independent School District No.12, Oklahoma County, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Mary E Johnson & Associates PLLC*

Ardmore, Oklahoma  
January 16, 2018

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

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

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

We have audited Edmond Independent School District No.12, Oklahoma County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Edmond Independent School District No.12, Oklahoma County, Oklahoma's major federal programs for the year ended June 30, 2017. Edmond Independent School District No.12, Oklahoma County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, Edmond Independent School District No.12, Oklahoma County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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

Management of Edmond Independent School District No.12, Oklahoma County, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Edmond Independent School District No.12, Oklahoma County, Oklahoma's internal control over compliance.

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

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

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

*Mary E Johnson & Associates PLLC*

Ardmore, Oklahoma  
January 16, 2018

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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

**Financial Statements:**

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

**Federal Awards:**

Internal control over major program:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported	
Type of auditors' report issued on compliance for major programs:			Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No	

Identification of Major Programs:		
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
84.027; 84.173	Special Education Cluster (IDEA)	
84.367	Improving Teacher Quality State Grants	

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO.12  
Oklahoma County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

**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, 2017

**Section II – Financial Statement Findings**

None.

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

None.

**EXHIBIT B**  
**CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of August 1, 2018 (this “Disclosure Agreement”), is executed and delivered by Independent School District No. 12, Oklahoma County, Oklahoma (the “Issuer”) in connection with the issuance of the General Obligation Building Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated as of July 11, 2018 (the “**Resolution**”). The School District is the “obligated person” with respect to the Bonds for the purposes of the Rule, hereinafter defined, hereby covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist each Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Commission”). The Issuer represents that it will be the only “obligated person” (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds.

**Section 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the Chief Financial Officer of the School District or his or her designee, or such other officer or employee as the School District shall designate from time to time.

“*Dissemination Agent*” shall mean any entity designated by the Issuer to act as the Dissemination Agent hereunder.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access System. Reference is made to Commission Release No. 34-59062, December 8, 2008 (the “*Release*”) relating to the EMMA system for municipal securities disclosure effective on July 1, 2009.

“*Material Event*” shall mean any of the events listed in Exhibit B to this Disclosure Agreement.

“*Material Event Notice*” means notice of a Material Event in Prescribed Form.

“*MSRB*” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“*Official Statement*” means the “final official statement,” as defined in the paragraph (f)(3) of the Rule, relating to the Bonds.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or such



other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 promulgated by the Commission under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Agreement, including any official interpretations thereof.

“*State*” shall mean the State of Oklahoma.

### **Section 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 10 business days after such information becomes available, and not later than 240 days after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2018 Fiscal Year, provide to the MSRB in Prescribed Form the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5.

(b) If the Issuer fails to provide an Annual Report to the MSRB by the date required in subsection (a), the Issuer shall send a notice of such failure to the MSRB by a date not in excess of 10 business days after the occurrence of such failure.

**Section 4. Content of Annual Reports.** The Issuer’s Annual Report shall contain or include by reference the following:

(a) Annual audited financial statements of the Issuer and an annual update of all material financial and operating data of the Issuer, to the same extent as provided in those portions identified in Exhibit A hereto of the Official Statement and as required by applicable state law. The descriptions in the Official Statement of financial and operating data of the Issuer are of general categories of financial and operating data deemed to be material as of the date of the Official Statement. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any annual financial and operating data containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) The audited financial statements of the Issuer for the prior fiscal year, prepared on a regulatory basis as prescribed by the Oklahoma Department of Education provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to

the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report within 10 business days of when they become available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

**Section 5. Disclosure of Material Events.** The Issuer hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, a Material Event Notice to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Resolution. The Issuer is required to deliver such Material Event Notice in the same manner as provided by Section 3(a) of this Disclosure Agreement.

**Section 6. Duty To Update EMMA/MSRB.** The Issuer shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

**Section 7. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Material Event Notice under Section 5.

**Section 8. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Material Event Notice under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Material Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Material Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Material Event Notice.

**Section 11. Default.** In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent.** The Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees, to the extent permitted under Oklahoma law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent.

**Section 13. Notices.** Any notices or communications to School District under this Disclosure Agreement may be given as follows: Independent School District No. 12, Oklahoma County, Oklahoma, Attention: Chief Financial Officer, Telephone: 405-340-2800.

**Section 14. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, each Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 15. Recordkeeping.** The Issuer shall maintain records of all filings of Annual Reports and Material Event Notices, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

**Section 16. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**INDEPENDENT SCHOOL DISTRICT NO. 12,  
OKLAHOMA COUNTY, OKLAHOMA**

By: \_\_\_\_\_  
President, Board of Education

[Signature Page to Continuing Disclosure Agreement]

**EXHIBIT A**

**DESCRIPTION OF PORTIONS OF  
OFFICIAL STATEMENT REQUIRING ANNUAL UPDATE**

The information under the Heading “Financial Information”

Appendix A – Audited Financial Statements.

## **EXHIBIT B**

### **EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENT NOTICES ARE REQUIRED**

1. Principal and interest payment delinquencies.
2. Nonpayment-related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls, if material.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Tender offers.
13. Bankruptcy, insolvency, receivership or similar event of the Issuer<sup>†</sup>.
14. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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<sup>†</sup>This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.