

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 JANUARY 27, 2012

NEW ISSUE – Book-Entry Only

Ratings: S&P _____
Oklahoma #1

It is anticipated prior to delivery of the Bonds, Bond Counsel will render an opinion which states interest on the Bonds is excludable from the gross income of the payee thereof in the computation of Federal income tax under present law and interpretation thereof. In addition, such interest is not treated as a preference item in calculating alternative minimum taxable income imposed under the Internal Revenue Code of 1986 (the "Code"). Under the Code, however, interest on the Bonds is to be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the foreign branch profits tax. Furthermore, an individual who owns the Combined Purpose Bonds of 2012 may be required, under the Code, to include in gross income a portion of his or her Social Security or railroad retirement payments. See "TAX EXEMPTIONS" herein. Interest on the Bonds is exempt from Oklahoma Income taxes.

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)**

\$23,380,000

General Obligation Combined Purpose Bonds of 2012

Dated: March 1, 2012

Due: March 1, As Shown Below

Interest on the \$23,380,000 Independent School District Number 12, Oklahoma County, Oklahoma, General Obligation Combined Purpose Bonds of 2012 (the "Bonds" or the "2012 Combined Purpose Bonds") will accrue from March 1, 2012, (the "Dated Date") and will be payable March 1 and September 1 of each year commencing March 1, 2013, 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 UMB Bank, n.a., (the "Paying Agent/Registrar").

The 2012 Combined Purpose 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 2012 Combined Purpose 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</u>
3-1-2014	\$5,845,000			
3-1-2015	5,845,000			
3-1-2016	5,845,000			
3-1-2017	5,845,000			

The 2012 Combined Purpose 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 2012 Combined Purpose Bonds in definitive form will be available for delivery on or about March 15, 2012.

Financial Advisor



Official Statement Dated: _____

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 2012 Combined Purpose 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 2012 Combined Purpose 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.

TABLE OF CONTENTS

Introduction	1
The Bonds.....	1
The Edmond School District	6
Financial Information.....	7
Economic and Demographic Indices	11
Absence of Material Litigation.....	12
Legal Matters	12
Continuing Disclosure	12
Tax Exemptions	12
Credit Ratings	14
Underwriting	15
Financial Advisor.....	15
Miscellaneous	15
Financial Statements with Accountants Report for the Year Ended June 30, 2010.	Exhibit A
Continuing Disclosure Agreement	Exhibit B

OFFICIAL STATEMENT

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

\$23,380,000

General Obligation Combined Purpose Bonds of 2012

INTRODUCTION

Independent School District No. 12 of Oklahoma County, Oklahoma, also known as the Edmond School District (the "School District") is issuing its \$23,380,000 General Obligation Combined Purpose Bonds of 2012 (the "Bonds" or the "2012 Combined Purpose Bonds") to provide funds for the purpose of making capital improvements and purchasing equipment within and for the benefit of the School District. The 2012 Combined Purpose 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 2012 Combined Purpose 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 fourth 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, 2010 together with Auditor's Report. Exhibit A should be read in its entirety.

THE BONDS

Description

The 2012 Combined Purpose 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 March 1, 2012, and will be payable March 1 and September 1 of each year commencing March 1, 2013, 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 2012 Combined Purpose 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.

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%	12.00%
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 2001, and laws supplementary and amendatory thereto, and a resolution of the Board of Education to be adopted on February 6, 2012.

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 November 8, 2011. The special election authorized the issuance, in separate series, by the School District of a total of \$35,540,000 in bonds. The School District anticipates that it will issue the remaining \$12,160,000 in August 2012.

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 1st 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 15th day of the preceding month.

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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 15 elementary schools, 5 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 (November 2011) unemployment rates for the counties included in the school district are as follows:

	Unemployment Rate
Logan County	5.0%*
Oklahoma County	5.7%*
State of Oklahoma	6.1%
United States	8.6%

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

Kathleen Duncan	President and Member
Jamie Underwood	First Vice President and Member
George Cohlma	Member
Kemp Cole	Member
Lee Ann Kuhlman	Member
Judy Pendergraft	Clerk and Non-Member

School Administration

Dr. David Goin	Superintendent of Schools
David Fraser	Chief Financial Officer
Bret Towne	Associate Superintendent of District Operations

Payment Record

The School District has never defaulted.

FINANCIAL INFORMATION

Computation of Legal Debt Margin

2011-12 Estimated Market Value			\$13,010,827,609
	<u>Oklahoma Co.</u>	<u>Logan Co.</u>	<u>Total</u>
2011-12 Net Assessed Valuation (NAV)	\$1,388,025,671	\$60,867,899	\$1,448,893,570
Millage Adjustment Factor (MAF)	105.6979%	101.98%	--
Legal Debt Limitation (NAV * MAF * 10%)	\$146,711,398	\$6,207,308	\$152,918,706
General Obligation Bonds Outstanding*			\$137,860,000
Less: Sinking Fund Balance (January 18, 2012)			<u>50,004,338</u>
Net General Obligation Bonds Outstanding			\$87,855,662
Remaining Legal Debt Margin			\$65,063,044
Ratio of Net G.O. Indebtedness to NAV			6.06%

* This figure is as of January 18, 2012, but includes the 2012 Combined Purpose Bonds.

Source: School District

Direct Indebtedness

The School District has gross outstanding general obligation bonded indebtedness of \$137,860,000 (which includes the 2012 Combined Purpose Bonds).

<u>Series</u>	<u>Dated Date</u>	<u>Final Scheduled Maturity</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
2007A	3/1/2007	3/1/2012	\$20,000,000	\$5,000,000
2007B	7/1/2007	7/1/2012	7,200,000	1,800,000
2008A	3/1/2008	3/1/2013	18,500,000	9,250,000
2008B	7/1/2008	7/1/2013	10,400,000	5,200,000
2009A	3/1/2009	3/1/2014	21,600,000	16,200,000
2009B	7/1/2009	7/1/2014	14,680,000	11,010,000
2010A	3/1/2010	3/1/2015	22,480,000	22,480,000
2010B	7/1/2010	7/1/2015	13,640,000	13,640,000
2011A	3/1/2011	3/1/2016	20,500,000	20,500,000
2011B	8/1/2011	8/1/2016	9,400,000	9,400,000
2012A	3/1/2012	3/1/2017	23,380,000	<u>23,380,000</u>
				\$137,860,000

Direct, Overlapping and Underlying Indebtedness

	2011 Total Net Assessed Valuation (by Municipal Entity)	2011 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 Sinking Fund) [1]	Total Municipality Net Indebtedness Underlying or Overlapping Edmond District [1]
Direct Debt						
Edmond Public Schools						
Oklahoma County	\$ 1,388,025,671	\$ 1,388,025,671				
Logan County	<u>60,867,899</u>	<u>60,867,899</u>				
	\$ 1,448,893,570	\$ 1,448,893,570	100.00%	100.00%	\$ 87,855,662	\$ 87,855,662
Overlapping Debt						
<u>Counties</u>						
Oklahoma County	\$ 5,879,219,987	\$ 1,388,025,671	23.61%	95.80%	65,314,892	15,420,200
Logan County	280,907,527	<u>60,867,899</u>	21.67%	<u>4.20%</u>	-	-
		1,448,893,570		100.00%		
<u>Vo-Tech District V-21 (Francis Tuttle)</u>						
Francis Tuttle	\$ 2,717,350,961	\$ 1,448,893,570	53.32%	100.00%	-	-
Underlying Debt						
<u>Cities & Towns</u>						
City of Edmond	\$ 806,652,399	\$ 790,954,187	98.05%	54.59%	-	-
City of Oklahoma City	4,654,928,426	572,777,409	12.30%	39.53%	502,817,141	61,870,403
Unincorporated Area		<u>\$ 85,161,974</u>		<u>5.88%</u>	-	-
		\$ 1,448,893,570		100.00%	\$ 655,987,695	\$ 165,146,265

Note [1]: Debt figures for all entities other than the school district are as of June 30, 2010. Figures for the school district are as of January 18, 2012 & include the 2012 Combined Purpose Bonds.

2011-12 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)	\$1,237,357,025	\$56,205,935	\$1,293,562,960	89.28%
Personal	112,422,467	1,106,096	113,528,563	7.84
Public Service	<u>38,246,179</u>	<u>3,555,868</u>	<u>41,802,047</u>	<u>2.88</u>
Total	\$1,388,025,671	\$60,867,899	\$1,448,893,570	100.00%

Source: Oklahoma & Logan County Assessors

(B) The Growth

<u>Fiscal Year</u>	<u>Net Assessed Valuation</u>	<u>Change</u>
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	8.24%
2007-08	1,171,043,571	10.75%
2006-07	1,057,379,855	12.08%
2005-06	943,404,941	10.99%
2004-05	850,014,790	9.47%
2003-04	776,455,139	9.80%
2002-03	707,161,247	

Source: Oklahoma County and Logan County Assessors.

Major Property Taxpayers

<u>Entity</u>	<u>2011 Assessed Value</u>
Oklahoma Gas & Electric	\$9,837,721
Mercy Health Center Inc.	8,511,149
Southwestern Bell Telephone Co.	8,083,289
Quail Springs Mall LLC	8,082,403
AT&T Mobility LLC	6,842,414
Oklahoma Natural Gas	5,803,583
NP I&G Quail Springs LLC	4,413,574
Nestle Purina Petcare Co	4,016,567
Cox Oklahoma Telecom LLC	3,480,195
Wal Mart Real Estate Business Tr	2,980,413

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>
2011-12	\$33,139,491			
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%
2007-08	26,866,417	27,424,337	28,148,770	104.77%
2006-07	23,768,516	24,033,548	24,443,086	102.84%
2005-06	21,288,635	21,522,117	22,081,538	103.72%
2004-05	19,632,032	18,523,951	20,460,220	104.22%
2003-04	17,722,078	17,916,044	18,437,286	104.04%
2002-03	16,576,698	16,701,983	17,289,518	104.30%
			Average:	104.14%

*Collection percentage is determined utilizing total collections. 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 Beginning</u>	<u>Edmond School District</u>	<u>City of Edmond</u>	<u>Oklahoma County</u>	<u>Total Levy</u>
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
7/1/2007	82.04	0.14	22.29	104.47
7/1/2006	81.55	0.18	22.81	104.54
7/1/2005	81.64	0.20	22.90	104.74
7/1/2004	82.20	0.00	22.99	105.19
7/1/2003	81.19	0.00	23.15	104.34
7/1/2002	81.83	0.00	22.35	104.18
Average	81.93	0.05	23.28	105.27

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

Note: The School District's tax rate (mill levy) includes an amount for the Area Vo-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>
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
2006-07	1,211,057,098	8,565,803,339
2005-06	1,118,443,719	8,089,185,757
2004-05	1,036,172,400	7,568,087,071
2003-04	958,347,460	7,314,284,741
2002-03	878,930,923	6,926,277,316
2001-02	832,849,640	7,016,148,807

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	2,526
University of Central Oklahoma	Higher Education (public)	1,191
City of Edmond	Municipal Government	660
Adfitech	Mortgage Quality Control	497
Edmond Medical Center	Healthcare	450
Remy International, Inc.	Auto Parts Manufacturing	300
Petra Industries, Inc.	Electronics Distribution	265
Cox Communications	Communication Services	180
Pelco Products	Utility Hardware/Parts	133

Source: Edmond Economic Development Authority (as of March 2011).

School Enrollment

<u>School Year Ending June</u>	<u>Number of Students Enrolled</u>	<u>% Change</u>
2011	21,304	2.36%
2010	20,812	2.94
2009	20,199	2.64
2008	19,679	0.07
2007	19,665	2.94
2006	19,102	3.04
2005	18,537	2.72
2004	18,045	1.18
2003	17,833	2.31
2002	17,430	2.05

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
Actual:	2010	81,405

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 2012 Combined Purpose Bonds, (b) contesting or affecting any authority for or the validity of the 2012 Combined Purpose Bonds, (c) contesting the power of the School District to issue the 2012 Combined Purpose 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 2012 Combined Purpose 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 2012 Combined Purpose 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). The School District has never failed to comply in all material respects with any previous undertakings with regard to continuing disclosure.

TAX EXEMPTIONS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to delivery of the 2012 Combined Purpose Bonds in order that interest on the 2012 Combined Purpose Bonds not be included in gross income for federal income tax purposes under Section 103 of the Code. The Arbitrage and Use of Proceeds Certificate of the School District which will be delivered concurrently with the delivery of the 2012 Combined Purpose Bonds will contain representations, covenants and procedures relating to compliance with such requirements of the Code. Pursuant to the Arbitrage and Use of Proceeds Certificate of the School District, the School District agrees and covenants that it shall at all times perform all acts and things necessary or appropriate under any valid provision of law in order to ensure that interest paid on the 2012 Combined Purpose Bonds shall not be included in gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 2012 Combined Purpose Bonds is not included in gross income for federal income tax purposes and, under existing statutes, interest on the 2012 Combined Purpose Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. In rendering the foregoing opinion, Bond Counsel has assumed the accuracy of the School District's representations contained in the Arbitrage and Use of Proceeds Certificate and continuing compliance by the School District with its covenants set forth therein. For other federal tax information, see "Certain Federal Tax Information" herein.

State Tax Exemption

Interest on the Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.4 of Title 68, Oklahoma Statutes, Supp. 2001.

Certain Federal Tax Information

The following is a discussion of certain federal income tax matters under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to particular Bondowners or Beneficial Owners. 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 2012 Combined Purpose Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Alternative Minimum Tax - The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. Interest on the 2012 Combined Purpose Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in alternative minimum taxable income would be included in calculating alternative minimum taxable income. The adjusted current earnings of a corporation includes the amount of any income received that is otherwise exempt from taxes, such as interest on the 2012 Combined Purpose Bonds.

Social Security and Railroad Retirement Payments - The Code provides that interest on tax exempt obligations is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits received are to be included in the taxable income of individuals.

Branch Profits Tax - The Code provides that interest on tax-exempt obligations is included in effectively connected earnings and profits for purposes of computing the branch profits tax on certain foreign corporations doing business in the United States.

Borrowed Funds - The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

Property and Casualty Insurance Companies - The Code contains provisions relating to property and casualty insurance companies whereunder the amount of certain loss deductions otherwise allowed for taxable years beginning after 1986 is reduced (in certain cases below zero) by a specified percentage of, among other things, interest on tax-exempt obligations acquired after August 7, 1986.

S Corporation - The Code imposes a tax on excess net passive income of certain S corporations that have subchapter C earnings and profits. Passive investment income includes interest on tax-exempt obligations.

Financial Institutions - 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 2012 Combined Purpose Bonds are not "qualified" obligations for this purpose.**

Original Issue Discount Bonds – The excess, if any, of the principal amount payable when a maturity of the 2012 Combined Purpose Bonds is scheduled to come due over the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such 2012 Combined Purpose Bonds of the same maturity (the "Discount Bonds") was sold, constitutes original issue discount which is not includable in gross income for Federal income tax purposes to the same extent as interest on the 2012 Combined Purpose Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds; even though there will not be a corresponding cash payment.

Owners of Discount Bonds are advised that they should consult with their own tax advisors with respect to the determination for Federal income tax purposes of original issue discount accrued upon the sale, redemption or other disposition of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium Bonds – In general, if an owner acquires 2012 Combined Purpose Bonds 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 such 2012 Combined Purpose Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), such 2012 Combined Purpose Bonds (the "Premium Bonds") will have bond premium. In general, under Section 71 of the Code, an owner of Premium Bonds must amortize the bond premium over the remaining term of the Premium Bonds, based on the owner's yield over the remaining term of the Premium Bonds, determined on the basis of constant yield principals. An owner of Premium Bonds 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 tax-exempt bonds, such as the 2012 Combined Purpose Bonds, that are Premium Bonds, 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 owners of Premium Bonds may realize a taxable gain upon disposition of Premium Bonds even though they are sold or redeemed for an amount less than or equal to the owner's original acquisition cost.

Owners of Premium Bonds are advised that they should consult with their tax advisors with respect to 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, and disposition of such Bonds.

CREDIT RATINGS

The 2012 Combined Purpose Bonds have been rated ___ 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 2012 Combined Purpose Bonds.

UNDERWRITING

The General Obligation Combined Purpose Bonds of 2012 are being purchased at competitive sale by _____, (the "Underwriter"). The Underwriter has agreed to purchase the 2012 Combined Purpose Bonds at a price equal to \$_____ plus accrued interest from March 1, 2012.

The Underwriter may offer and sell the 2012 Combined Purpose Bonds to certain dealers (including dealers depositing the 2012 Combined Purpose Bonds into unit investment trusts) and others at prices lower than the offering price set forth on cover page hereof.

FINANCIAL ADVISOR

BOSC, Inc., a subsidiary of BOK Financial Corporation, is acting as Financial Advisor to the School District in the issuance of the 2012 Combined Purpose Bonds. The Financial Advisor is located at 201 Robert S. Kerr Avenue, 4th Floor, Oklahoma City, Oklahoma, 73102, telephone (405) 272-2226, (Attn: Chris Cochran).

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 ACCOUNTANTS REPORT
FOR THE YEAR ENDED JUNE 30, 2010**



Financial Statements
June 30, 2010

Edmond Independent School District No. 12

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Index
June 30, 2010

	Page
Independent Auditors' Report	3
Required Supplementary Information:	
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Assets - Regulatory Basis	14
Statement of Activities - Regulatory Basis	15
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds - Regulatory Basis	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Regulatory Basis	17
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds - Regulatory Basis	18
Statement of Fiduciary Net Assets-Regulatory Basis	19
Statement of Changes in Fiduciary Net Assets - Regulatory Basis	20
Notes to Financial Statements	21
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund (Unaudited)	37
Notes to Required Supplementary Information	38
Other Supplementary Information	
Combining Balance Sheet - Other Governmental Funds - Regulatory Basis	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Other Governmental Funds-Regulatory Basis	41
Combining Balance Sheet - Other Capital Project Funds - Regulatory Basis	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Other Capital Project Funds-Regulatory Basis	43
Budgetary Comparison Schedule - Appropriated Funds (Unaudited)	44
Combining Statement of Changes in Assets and Fund Balances- All Activity Funds	45
Schedule of Expenditures of Federal Awards	46
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	50
Schedule of Findings and Questioned Costs	52
Summary of Prior Year Findings	55
Schedule of Accountants' Professional Liability Insurance Affidavit	56



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Edmond Independent School District No. 12 as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the index. These financial statements are the responsibility of the Edmond Independent School District No. 12's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Edmond Independent School District No. 12, as of June 30, 2010, or changes in financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Edmond Independent School District No. 12, as of June 30, 2010, and the respective changes in financial position on a regulatory basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

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INDEPENDENT AUDITORS' REPORT

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2011, on our consideration of Edmond Independent School District No. 12's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles prescribed by the Oklahoma State Department of Education require that the management's discussion and analysis and budgetary comparison information on pages 5-12 and 37-38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting principles prescribed by the Oklahoma State Department of Education, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Edie Bailly LLP

Oklahoma City, Oklahoma
February 3, 2011

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Management Discussion & Analysis (unaudited)
June 30, 2010

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, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section.

VIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
 Oklahoma County, Oklahoma
 Management Discussion & Analysis (unaudited)
 June 30, 2010

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

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

District-wide Statements

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
 Oklahoma County, Oklahoma
 Management Discussion & Analysis (unaudited)
 June 30, 2010

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

Fund Financial Statements

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

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

Most of the District's basic services are included in *governmental funds*, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending.

Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2009	2010
Current and Other Assets	\$100.6	\$111.1
Capital assets	229.9	251.4
Total assets	\$330.5	\$362.5
Long-term debt outstanding	\$102.0	\$112.1
Other liabilities	36.2	20.5
Total liabilities	\$138.2	\$132.6

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Management Discussion & Analysis (unaudited)
June 30, 2010

Net assets:		
Invested in capital assets, net of debt	\$142.9	\$177.6
Restricted	21.3	25.6
Unrestricted	28.1	26.7
Total net assets	\$192.3	\$229.9

Net Assets

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

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

	2009	2010
Revenues		
Program revenues		
Charges for services	\$10.1	\$10.5
Federal and State grants	16.2	30.5
General revenues		
Property taxes	\$83.4	\$89.4
Other taxes	12.3	13.1
State entitlement	47.8	40.2
Other general revenues	2.2	1.5
Total revenues	\$172.0	\$185.2
Expenses		
Program expenses		
Instruction	\$77.0	\$81.6
Support services	49.9	52.0
Non-instruction	17.7	3.1
Interest on long-term debt	3.5	3.2
Depreciation-unallocated	6.9	7.7
Total expenses	\$155.0	\$147.6
Increase in net assets	\$17.0	\$37.6
Ending Net Assets	\$192.3	\$229.9

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Management Discussion & Analysis (unaudited)
June 30, 2010

Changes in Net Assets

General Fund – The 2009-10 fiscal year was a difficult financial time for the state of Oklahoma and the many agencies and school districts that depend on state revenue for financial support. State funding to all state agencies was cut multiple times during the fiscal year, and payments were adjusted on a month-to-month basis depending on the revenue collections by the State. State cash reserves and federal stimulus dollars helped plug the financial gap and provide much needed support as Oklahoma weathered the economic storm. Although Oklahoma appeared to be somewhat recession proof, when the national economic downturn hit our state, it hit hard. Revenue from income tax collections and gross production tax dropped dramatically and put the state in a difficult financial position. The state leaders and legislature took a wait-and-see approach and were consistent and patient in their approach to dealing with the revenue shortfall.

The District took a very conservative financial approach in 2010 by restricting travel, not releasing site and department contingency funds, and reducing expenditures in all areas. The District's revenue ended down \$5.4 million compared to the November 2009 approved budget. The greatest revenue loss was in the state aid, where the District incurred a budget shortfall of \$5.6 million. This shortfall in state aid was partially offset by an increase of \$1.8 million in federal education stabilization funds and \$853,000 in school land earnings. The final expenditures for 2010 ended at \$125.2 million, down \$5.5 million from the original expenditure projections.

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

The District's student growth continued with an additional 595 students enrolling in the 2010-11 school year, bringing total enrollment to 21,342 students.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in the governmental funds report on page 16. The District's governmental funds reported combined fund balances of \$59.6 million, an increase of \$23.7 million. The significant increase can be attributed to a \$23.7 million increase in bond funds.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Management Discussion & Analysis (unaudited)
June 30, 2010

General Fund Budgetary Highlights for 2010

Despite the declining state revenue, Edmond Schools still ended the year with a strong financial position. The June 30, 2010 general fund balance was \$10.6 million, 8.6% of collections. The District spent \$1.4 million of the beginning of year fund balance.

The general fund budget for 2009-10 was \$133,984,000. The District continues to be consistent in its spending patterns. Payroll cost was 94% of total expenditures, and 62.3% of the budget was spent on instruction. The District pays the health insurance single premium to cover its employees; however, health insurance cost for employees to cover their families continues to escalate and has become unaffordable for many support employees. Due to the state revenue shortfall in 2010, the District paid \$1.2 million in employee health insurance premiums that were an obligation of the State.

Despite the loss of \$6.9 million (12.1%) in state revenue, the District's total revenue collections for 2010 increased by \$1.3 million. The loss of state revenue was offset by an increase of \$2.8 million in local revenue and an increase of \$5.3 million (63.5%) in federal funds which consisted primarily of the ARRA stimulus funds.

The District was also able to control expenditures for the fiscal year by implementing a moratorium on hiring and spending, limiting out of state travel, reducing site and department budgets, limiting new programs and controlling the cost of existing programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During 2010, the District completed \$25.8 million in construction projects, including new classroom additions at North High School, Sunset Elementary, and Orvis Risner Elementary. Major renovations and improvements took place at Memorial High School and Orvis Risner, Cross Timbers, Chisholm, and Ida Freeman elementary schools. The District also constructed new tennis courts at four middle school campuses, made significant roof repairs at four sites, and made numerous improvements to playgrounds, gym floors, and athletic fields.

On June 30, 2010 the District had bond funds available, including accumulated interest, of \$20.4 million, which will be spent on capital projects including classroom additions, site renovations, and the District's conference center. Accumulated bond fund interest accounted for \$4.7 million of the bond funds available.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Management Discussion & Analysis (unaudited)
June 30, 2010

In March 2011, the District will receive bond proceeds from an issue approved by voters on December 14, 2010 totaling \$29.9 million. Approved capital projects are principally in the areas of expansion and renovations at John Ross Elementary, North High School, Boulevard Academy, and a new support facility for maintenance operations. The bond issue also included a proposition for the construction of an indoor competition swimming pool at a cost of \$10.0 million. The swimming pool is part of a cooperative agreement between the Edmond Public Schools, the City of Edmond, and the YMCA. The swimming pool will be owned by the District, and the facility will be operated by the City and the YMCA. Other district projects include facility improvements at Angie Debo, Chisholm, Orvis Risner and Washington Irving elementary schools, Sequoyah Middle School, and middle school athletic fields. The bond issue also includes funds for other capital improvements, equipment, buses, technology purchases, fine arts equipment, and transportation equipment.

Long-term Debt

At fiscal year end, the District had \$111.2 million in total long-term debt outstanding. This is a net increase of \$10 million from last year's amount of \$101.2 million. The District issued new bonds totaling \$37.2 million and retired \$27.2 million of outstanding bonds.

A proposed bond issue with an estimated amount of approximately \$33 million will be presented to voters in December 2011. The Edmond community will be asked to approve funding for a new elementary school as well as technology, roofing, school safety and security, athletics and fine arts equipment, transportation, and construction and remodeling at several school locations.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The financial issues our nation's economy faces at this time will continue to have an impact on Oklahoma's economy. National economic factors such as low interest rates, a weak dollar, high unemployment rates, new health care legislation, low natural gas prices, and November mid-term elections will continue to shape Oklahoma's future economy. Although the stock market has recovered nicely and signs of economic growth are apparent, the potential for continued revenue shortfalls and the looming federal funding cliff of 2012 and 2013 signal continued budget reductions for state agencies in Oklahoma. The financial uncertainties and political unknowns as to how the state will be able to cope with the continued loss of various tax revenues and slow economic growth are concerns we must prepare for during the next 24 months.

The 2011 budget is based on the primary objective of creating and managing a balanced budget for 2011. Based on our budget model for the next few years, it is imperative that the District continue to protect the fund balance. The revenue picture for the State

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Management Discussion & Analysis (unaudited)
June 30, 2010

continues to be a serious concern, and without the significant federal revenue provided to Oklahoma, Edmond's financial picture would be much different. This year's budget is developed with the goal of controlling our expenditures and keeping them in line with revenue collections.

The general fund budget is the primary operational budget for the District and supports employee wages and benefits, site and department operations, legal services, insurance premiums, and the instructional needs for all classrooms. The appropriated budget for 2011 is \$130,129,000. The 2011 general fund budget includes a slight increase in our projected fund balance from 8.6% (\$10.6 million) on July 1, 2010 to a projected fund balance of 8.7% (\$10.7 million) on June 30, 2011.

As the District's administrative staff planned for the 2011 fiscal year and how to manage the anticipated state revenue cuts, a budget reduction plan was created and implemented. The administration presented a budget reduction plan for 2011 that was adopted for implementation on June 14, 2010. The district goal is to absorb the reductions on an equitable basis and spread across all aspects of the school district. The plan included initiatives to reduce the 2011 expenditures by \$3,500,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Statement of Net Assets – Regulatory Basis
June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Investments	\$ 110,906,762
Restricted Cash and Cash Investments	120,000
Other Current Assets	12,941
Inventories	65,240
Nondepreciated Capital Assets	36,284,155
Depreciated Capital Assets, Net of Depreciation	<u>215,104,963</u>
Total Assets	<u>\$ 362,494,061</u>
LIABILITIES	
Warrants Outstanding	\$ 7,780,052
Accounts Payable	245,100
Salaries and Related Benefits	11,285,080
Retainage Payable	120,000
Reserve for Encumbrances	810,613
Deferred Bond Proceeds Deposit	272,800
Long-term Obligations:	
Due within one year	30,212,000
Due beyond one year	<u>81,884,660</u>
Total Liabilities	<u>\$ 132,610,305</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 177,584,686
Restricted for:	
Debt Service	16,210,560
School-based Activities	2,148,603
Child Nutrition	2,514,755
Buildings	4,765,408
Unrestricted	<u>26,659,744</u>
Total Net Assets	<u><u>\$ 229,883,756</u></u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Statement of Activities – Regulatory Basis
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 81,651,933	\$ 129,650	\$ 17,685,164	\$ --	\$ (63,837,119)
Support Services	51,965,514	3,543,086	1,457,280	--	(46,965,148)
Non-instruction services	3,118,205	6,838,259	11,352,467	--	15,072,521
Interest on long-term debt	3,222,520	--	--	--	(3,222,520)
Depreciation - unallocated	7,652,284	--	--	--	(7,652,284)
Total school district	<u>\$ 147,610,456</u>	<u>\$ 10,510,995</u>	<u>\$ 30,494,911</u>	<u>\$ --</u>	<u>\$ (106,604,550)</u>

General Revenues:

Taxes	
Property taxes, levied for general purposes	\$ 49,592,608
Property taxes, levied for building purposes	7,080,469
Property taxes, levied for debt service	32,751,638
General Taxes	13,084,617
State aid - formula grants	40,155,494
Investment earnings	1,490,071
Total General Revenues	<u>\$ 144,154,897</u>
Change in net assets	\$ 37,550,347
Net assets - beginning	192,333,409
Net assets - ending	<u>\$ 229,883,756</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Balance Sheet
Governmental Funds – Regulatory Basis
June 30, 2010

ASSETS	General Fund	Debt Service Fund	2010A Bond Fund	Other Governmental Funds	Totals Governmental Funds
Pooled Cash and Investments	\$ 29,064,942	\$ 23,341,523	\$ 3,663,006	\$ 25,505,125	\$ 81,574,596
Non-pooled Cash and Investments	-	10,000,000	16,500,000	2,832,166	29,332,166
Restricted Certificate of Deposit	-	-	-	120,000	120,000
Other Current Assets	11,140	-	-	1,801	12,941
Inventories - Supplies, materials	-	-	-	52,851	52,851
Total Assets	<u>\$ 29,076,082</u>	<u>\$ 33,341,523</u>	<u>\$ 20,163,006</u>	<u>\$ 28,511,943</u>	<u>\$ 111,092,554</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Warrants Outstanding	\$ 6,349,695	\$ -	\$ 76,342	\$ 1,354,015	\$ 7,780,052
Accounts Payable	53,473	-	30,416	161,211	245,100
Salaries and Related Benefits	11,285,080	-	-	-	11,285,080
Retainage Payable	-	-	-	120,000	120,000
Principal and Interest Accruals	-	31,265,363	-	-	31,265,363
Reserve for Encumbrances	800,000	-	-	10,613	810,613
Total Liabilities	<u>\$ 18,488,248</u>	<u>\$ 31,265,363</u>	<u>\$ 106,758</u>	<u>\$ 1,645,839</u>	<u>\$ 51,506,208</u>
Fund Balances					
Fund Balance					
Unreserved					
Undesignated reported in :					
General Fund	\$ 10,587,834	\$ -	\$ -	\$ -	\$ 10,587,834
Special Revenue Funds	-	-	-	7,486,944	7,486,944
Designated for School Organizations	-	-	-	2,148,603	2,148,603
Reserved for					
Capital Projects	-	-	20,056,248	17,230,557	37,286,805
Retirement of Long-Term Debt	-	2,076,160	-	-	2,076,160
Fund Balances, End of Year	<u>\$ 10,587,834</u>	<u>\$ 2,076,160</u>	<u>\$ 20,056,248</u>	<u>\$ 26,866,104</u>	<u>\$ 59,586,346</u>
Total Liabilities and Fund Balances	<u>\$ 29,076,082</u>	<u>\$ 33,341,523</u>	<u>\$ 20,163,006</u>	<u>\$ 28,511,943</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$338,336,378 and the accumulated depreciation is \$86,947,260.	251,389,118
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.	12,389
Deferral of bond proceeds received as a good faith payment from the purchaser in the current year.	(272,800)
Sinking Fund Principal and Interest Accruals are part of net assets at the district-wide level.	31,265,363
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds Payable	111,175,000
Compensated Absences	921,660
	(112,096,660)
Total Net Assets - Governmental Activities	\$ 229,883,756

See Accompanying 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, 2010

Page 1 of 2

	General Fund	Debt Service Fund	2010A Bond Fund	Other Governmental Funds	Totals Governmental Funds
Revenues:					
Property Taxes	\$ 49,592,608	\$ 32,751,639	\$ -	\$ 7,080,469	\$ 89,424,716
Interest	155,966	190,553	24,054	428,906	799,479
County Revenue	4,744,432	-	-	-	4,744,432
State Revenue	50,636,978	1,098	-	100,663	50,738,739
Federal Revenue	13,733,598	-	-	2,268,467	16,002,065
Other	486,217	-	-	11,774,977	12,261,194
Total Revenues	\$ 119,349,799	\$ 32,943,290	\$ 24,054	\$ 21,653,482	\$ 173,970,625
Expenditures					
Current					
Instruction	\$ 78,037,551	\$ -	\$ 704,099	\$ 2,697,338	\$ 81,438,988
Support Services	40,977,993	-	370,579	11,110,610	52,459,182
Non-instruction services	5,196,354	-	-	5,638,680	10,835,034
Capital Outlay	-	-	1,373,128	17,040,330	18,413,458
Other Outlays	1,008,966	-	-	369,981	1,378,947
Debt Service					
Interest Paid	-	3,222,520	-	-	3,222,520
Principal Retirement	-	27,145,000	-	-	27,145,000
Total Expenditures	\$ 125,220,864	\$ 30,367,520	\$ 2,447,806	\$ 36,856,939	\$ 194,893,129
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (5,871,065)	\$ 2,575,770	\$ (2,423,752)	\$ (15,203,457)	\$ (20,922,504)
Adjustments to Prior Year Encumbrances	\$ 197,191	\$ -	\$ -	\$ 9,103,918	\$ 9,301,109
Other Financing Sources (Uses)					
Transfers In	\$ 4,241,769	\$ -	\$ -	\$ 994,107	\$ 5,235,876
Transfers Out	-	(190,552)	-	(5,045,324)	(5,235,876)
Accrued Principal and Interest	-	(2,474,233)	-	-	(2,474,233)
Premium on Bond Sales	-	685,503	-	-	685,503
Bonds Issued	-	-	22,480,000	14,659,200	37,139,200
Total Other Financing Sources (Uses)	\$ 4,241,769	\$ (1,979,282)	\$ 22,480,000	\$ 10,607,983	\$ 35,350,470
Net Change in Fund Balance	\$ (1,432,105)	\$ 596,488	\$ 20,056,248	\$ 4,508,444	\$ 23,729,075
Beginning Fund Balance	12,019,939	1,479,672	-	22,357,660	35,857,271
Ending Fund Balances	\$ 10,587,834	\$ 2,076,160	\$ 20,056,248	\$ 26,866,104	\$ 59,586,346

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
 Oklahoma County, Oklahoma
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds – Regulatory Basis
 For the Year Ended June 30, 2010

Page 2 of 2

Total net changes in fund balances - governmental funds		\$ 23,729,075
The change in nets assets reported in the statement of activities is different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	Depreciation Expense	\$ (7,652,284)
This is the amount by which capital outlays exceeds depreciation during the period.	Capital Outlays	<u>29,109,336</u> 21,457,052
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.		(64,538)
Amount recognized as deferred revenue on 2010B bond issue as a result of a good faith payment made in the current year and reversal of 2009B deferral from prior year.	2009B	\$ 293,600
	2010B	<u>(272,800)</u> 20,800
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Debt issued this year exceeded repayments.	Debt Issued	\$ (37,160,000)
	Debt Repayments	<u>27,145,000</u> (10,015,000)
The receipt of USDA commodities are not reported as revenue in the governmental funds but are reflected in the government-wide financial statements.		(51,275)
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.		<u>2,474,233</u>
Change in net assets of governmental activities		<u>\$ 37,550,347</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Statement of Fiduciary Net Assets – Regulatory Basis
June 30, 2010

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Investments	\$ 492,702
Total Assets	<u>\$ 492,702</u>
NET ASSETS	
Held in Trust for Scholarships	<u>\$ 492,702</u>

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
 Oklahoma County, Oklahoma
 Statement of Changes in Fiduciary Net Assets – Regulatory Basis
 For the Year Ended June 30, 2010

	Private- Purpose Trust
Additions:	
Interest	\$ 10,915
Deductions	
Other Expenses	(25,000)
Change In Net Assets	(14,085)
Net Assets- Beginning	506,787
Net Assets- Ending	\$ 492,702

See Accompanying Notes to Financial Statements

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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 Statements-Management's Discussion and Analysis-for State and Local Governments*.

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

The District reports the following major governmental funds:

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

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

2010A Bond Fund is used to account for the proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

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

Governmental Funds:

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

Fiduciary Funds:

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 42% of the District's general fund revenue comes from state sources.

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

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

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

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

Net Assets and Fund Balance - District-Wide Financial Statements – When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

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

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

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

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

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

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
 Oklahoma County, Oklahoma
 Notes to Financial Statements
 June 30, 2010

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

Fund Balances– In the fund financial statements, governmental funds report fund balances as either a reserved or unreserved fund balance.

Reserved Fund Balance – That portion of fund balance which has been legally segregated for a specific purpose.

Unreserved Fund Balance – Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

Note 2 -- Cash and Cash Investments

At June 30, 2010, the bank balance of deposits and cash pools was \$100,241,574. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The deposit policy for custodial credit risk requires compliance with the provisions of state law. The bank balance was completely covered by federal depository insurance and by collateral held by the District’s third party agent in the District’s name.

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

Note 3 -- Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Bonds Payable	\$ 101,160,000	\$ 37,160,000	\$ (27,145,000)	\$ 111,175,000	\$ 29,515,000
Compensated Absences	857,122	760,504	(695,966)	921,660	697,000
Total governmental activity long-term liabilities	\$ 102,017,122	\$ 37,920,504	\$ (27,840,966)	\$ 112,096,660	\$ 30,212,000

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

Note 3 -- Long-term Liabilities (continued)

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

Bonds payable at June 30, 2010, are composed of the following individual general obligation bond issues:

Issue Amount	Purpose	Issue Date	Annual Payment	Final Payment	Maturity Date	Interest Rates (%)	Total Outstanding
\$ 12,540,000	Combined	7/1/2005	\$ 3,135,000	\$ 3,135,000	7/1/2010	3.2%-4%	\$ 3,135,000
17,220,000	Combined	3/1/2006	4,305,000	4,305,000	3/1/2011	3.5%-4%	4,305,000
10,600,000	Building	7/1/2006	2,650,000	2,650,000	7/1/2011	4%-4.5%	5,300,000
20,000,000	Combined	3/1/2007	5,000,000	5,000,000	3/1/2012	4%	10,000,000
7,200,000	Building	7/1/2007	1,800,000	1,800,000	7/1/2012	4%-4.25%	5,400,000
18,500,000	Combined	3/1/2008	4,625,000	4,625,000	3/1/2013	2.5%-3%	13,875,000
10,400,000	Building	7/1/2008	2,600,000	2,600,000	7/1/2013	3.25%-3.5%	10,400,000
21,600,000	Combined	3/1/2009	5,400,000	5,400,000	3/1/2014	2.25%-2.5%	21,600,000
14,680,000	Building	7/1/2009	3,670,000	3,670,000	7/1/2014	2%-4%	14,680,000
22,480,000	Combined	3/1/2010	5,620,000	5,620,000	3/1/2015	2%-3%	22,480,000
							\$ 111,175,000

The annual requirements to amortize all bond debt outstanding as of June 30, 2010, including interest payments, are as follows:

Period Ending	Principal	Interest	Total Debt Service
June 30			
2011	\$ 29,515,000	\$ 3,284,035	\$ 32,799,035
2012	31,365,000	3,046,375	34,411,375
2013	23,715,000	1,314,100	25,029,100
2014	17,290,000	667,650	17,957,650
2015	9,290,000	213,900	9,503,900
	\$ 111,175,000	\$ 8,526,060	\$ 119,701,060

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, 2010 is approximately \$134,969,000.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

Note 3 -- Long-term Liabilities (continued)

Proceeds of general obligation bond issues are recorded in the Capital Projects Fund and at least 85% of the proceeds are restricted to the use for which they were approved in the bond elections. Subsequent to year end, the District issued an additional \$13,640,000 in bonds. Prior to June 30, 2010, the District received a good faith deposit on this issue of \$272,800 which is shown as deferred revenue. There is an additional \$29.9 million in approved but unissued bonds.

Note 4 -- Employee Retirement System

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

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

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.0% from January 1, 2009 through December 31, 2009 and 9.5% from January 1, 2010 forward of applicable compensation for the year ended June 30, 2010. Plan members are required to contribute 7% of their annual covered salary. The District pays full-time employees' contributions as allowed by statute. The District's contributions to TRS (net of retirement credit paid by the State of Oklahoma) for the years ended June 30, 2010, 2009, and 2008 were \$13,805,613, \$12,537,796, and \$11,841,463, respectively, equal to the required contributions for each year.

The government-wide financial statements include amounts representing on-behalf payments made to the System by the State of Oklahoma. These payments do not represent a direct or indirect payment of the District. The total amount of payments made by the State of Oklahoma on-behalf of the District for 2010 totaled \$861,437.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

Note 5 -- 403(b) Retirement Savings Plan

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

Note 6 -- Risk Management

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

Note 7 -- Surety Bonds

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

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

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

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

Note 8 -- Contingencies

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

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

The District has outstanding construction commitments of approximately \$41.8 million as of June 30, 2010.

Note 9 -- Operating Leases

The District has a lease with a vendor for the use of copier machines at all District locations. The lease expired on June 30, 2010 but was renewed for an additional year ending June 30, 2011, the final renewal option period under the original lease. The monthly base rental for all locations is \$26,664.

Note 10 -- Schedule of Transfers

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
Child Nutrition Fund	General Fund	\$ 3,305,003	Operating Transfer for Payroll
Student Activity Fund	General Fund	936,766	Operating Transfer
Student Activity Fund	Building Fund	3,385	Operating Transfer
Student Activity Fund	Gift Fund	3,670	Transfer of Grant Proceeds
Sinking Fund	Building Fund	190,552	Operating Transfer
2006B Bond Fund	Bond Residual Fund	796,500	Operating Transfer
		<u>\$ 5,235,876</u>	

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

Note 11 -- Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,891,777	\$ 1,153,355	\$ -	\$ 8,045,132
Construction in progress:	20,843,644	25,825,219	(18,429,840)	28,239,023
Total capital assets not being depreciated	<u>\$ 27,735,421</u>	<u>\$ 26,978,574</u>	<u>\$ (18,429,840)</u>	<u>\$ 36,284,155</u>
Capital assets being depreciated:				
Buildings	\$ 261,816,563	\$ 18,435,688	\$ -	\$ 280,252,251
Furniture	1,576,247	12,579	-	1,588,826
Musical Instruments	391,012	74,373	-	465,385
Equipment	8,953,144	982,291	(108,340)	9,827,095
Vehicles/Buses	8,906,832	1,056,346	(44,512)	9,918,666
Total capital assets being depreciated	<u>\$ 281,643,798</u>	<u>\$ 20,561,277</u>	<u>\$ (152,852)</u>	<u>\$ 302,052,223</u>
Less accumulated depreciation for:				
Buildings	\$ (65,584,779)	\$ (6,135,638)	\$ -	\$ (71,720,417)
Furniture	(1,030,617)	(72,844)	-	(1,103,461)
Musical Instruments	(154,807)	(36,743)	-	(191,550)
Equipment	(6,024,067)	(550,426)	107,665	(6,466,828)
Vehicles/Buses	(6,652,883)	(856,633)	44,512	(7,465,004)
Total accumulated depreciation	<u>\$ (79,447,153)</u>	<u>\$ (7,652,284)</u>	<u>\$ 152,177</u>	<u>\$ (86,947,260)</u>
Total capital assets being depreciated, net	<u>\$ 202,196,645</u>	<u>\$ 12,908,993</u>	<u>\$ (675)</u>	<u>\$ 215,104,963</u>
Governmental activity capital assets, net	<u><u>\$ 229,932,066</u></u>	<u><u>\$ 39,887,567</u></u>	<u><u>\$ (18,430,515)</u></u>	<u><u>\$ 251,389,118</u></u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Financial Statements
June 30, 2010

Note 12 -- Subsequent Events

A bond issue for \$29,900,000 was approved by voters on December 14, 2010. This bond issue will provide funding for building renovations at Sequoyah Middle School, North High School, Boulevard Academy, and Angie Debo, Chisholm, Orvis Risner, Washington Irving and John Ross elementary schools. Other approved projects include the construction of a new maintenance facility, remodeling the existing maintenance and former transportation facilities into office and storage space, middle school athletic improvements, and construction of an indoor 50-meter competition swimming pool as a part of a larger City of Edmond/YMCA recreation center. The bond issue also includes funds for other capital improvements, equipment and buses.

Required Supplementary Information

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – General Fund (unaudited)
For the Year Ended June 30, 2010

	Original and Final Budget Amounts	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, July 1	\$ 12,019,939	\$ 12,019,939	\$ --
Resources (inflows)			
Property Taxes	49,313,530	49,592,608	279,078
Interest	448,000	155,966	(292,034)
County Revenue	4,840,300	4,744,432	(95,868)
State Revenue	55,508,780	50,636,978	(4,871,802)
Federal Revenue	14,216,700	13,733,598	(483,102)
Other	4,841,291	4,925,177	83,886
Amounts Available for Appropriation	<u>\$ 141,188,540</u>	<u>\$ 135,808,698</u>	<u>\$ (5,379,842)</u>
Charges to Appropriations (outflows)			
Instruction	\$ 83,800,649	\$ 78,037,551	\$ 5,763,098
Support Services	43,716,340	40,977,993	2,738,347
Non-instruction services	5,470,939	5,196,354	274,585
Other Outlays	996,072	1,008,966	(12,894)
Total Charges to Appropriations	<u>\$ 133,984,000</u>	<u>\$ 125,220,864</u>	<u>\$ 8,763,136</u>
Budgetary Fund Balance, June 30	<u>\$ 7,204,540</u>	<u>\$ 10,587,834</u>	<u>\$ 3,383,294</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Notes to Required Supplementary Information
June 30, 2010

Budgeting –No later than October 1 of each year, the board of education of each school district shall file with the State Board of Education an itemized expenditure budget and request for state appropriated funds for the ensuing fiscal year and an estimate of revenues from all sources to be received by the district during the ensuing fiscal year. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. The final budget may be revised upon approval of the Board of Education in open meeting.

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

Other Supplementary Information

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Combining Balance Sheet
Other Governmental Funds – Regulatory Basis
June 30, 2010

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Fund
	Building	MAPS	Child Nutrition	Activity	Gifts	Total		
ASSETS								
Pooled Cash and Investments	\$ 5,053,141	\$ 174,849	\$ 2,586,647	\$ -	\$ -	\$ 7,814,637	\$ 17,690,488	\$ 25,505,125
Non-pooled Cash and Investments	-	-	-	2,829,651	2,515	2,832,166	-	2,832,166
Restricted CD	-	-	-	-	-	-	120,000	120,000
Other Receivables	-	-	1,801	-	-	1,801	-	1,801
Inventories - Supplies, materials	-	-	52,851	-	-	52,851	-	52,851
Total Assets	\$ 5,053,141	\$ 174,849	\$ 2,641,299	\$ 2,829,651	\$ 2,515	\$ 10,701,455	\$ 17,810,488	\$ 28,511,943
LIABILITIES AND FUND BALANCES								
Liabilities								
Warrants Outstanding	\$ 141,130	32,800	53,714	681,048	-	\$ 908,692	\$ 445,323	\$ 1,354,015
Accounts Payable	146,603	-	-	-	-	146,603	14,608	161,211
Retainage Payable	-	-	-	-	-	-	120,000	120,000
Reserve for Encumbrances	-	-	10,613	-	-	10,613	-	10,613
Total Liabilities	\$ 287,733	\$ 32,800	\$ 64,327	\$ 681,048	\$ -	\$ 1,065,908	\$ 579,931	\$ 1,645,839
Fund Balance								
Unreserved								
Undesignated								
Special Revenue Funds	\$ 4,765,408	142,049	\$ 2,576,972	\$ -	\$ 2,515	\$ 7,486,944	\$ -	\$ 7,486,944
Designated for School Organizations	-	-	-	2,148,603	-	2,148,603	-	2,148,603
Reserved for								
Capital Projects	-	-	-	-	-	-	17,230,557	17,230,557
Fund Balances, End of Year	\$ 4,765,408	\$ 142,049	\$ 2,576,972	\$ 2,148,603	\$ 2,515	\$ 9,635,547	\$ 17,230,557	\$ 26,866,104
Total Liabilities and Fund Balances	\$ 5,053,141	\$ 174,849	\$ 2,641,299	\$ 2,829,651	\$ 2,515	\$ 10,701,455	\$ 17,810,488	\$ 28,511,943

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, 2010

	Other Special Revenue Funds						Total Other Capital Project Funds	Total Other Governmental Fund
	Building	MAPS	Child Nutrition	Activity	Gifts	Total		
Revenues								
Property Taxes	\$ 7,080,469	\$ -	\$ -	\$ -	\$ -	\$ 7,080,469	\$ -	\$ 7,080,469
Interest	39,462	2,280	26,949	23,780	450	92,921	335,985	428,906
State Revenue	239	-	100,424	-	-	100,663	-	100,663
Federal Revenue	-	-	2,268,467	-	-	2,268,467	-	2,268,467
Other	31,354	533,295	4,898,352	6,195,370	24,900	11,683,271	91,706	11,774,977
Total Revenues	\$ 7,151,524	\$ 535,575	\$ 7,294,192	\$ 6,219,150	\$ 25,350	\$ 21,225,791	\$ 427,691	\$ 21,653,482
Expenditures								
Current								
Instruction	\$ 167,245	\$ 346,665	\$ -	\$ 496,782	\$ -	\$ 1,010,692	\$ 1,686,646	\$ 2,697,338
Support Services	6,111,010	277,880	-	3,054,407	-	9,443,297	1,667,313	11,110,610
Non-instruction services	-	-	3,908,125	1,730,555	-	5,638,680	-	5,638,680
Capital Outlays	-	137,694	-	37,666	126,235	301,595	16,738,735	17,040,330
Other Outlays	-	236,883	3,059	86,124	-	326,066	43,915	369,981
Total Expenditures	\$ 6,278,255	\$ 999,122	\$ 3,911,184	\$ 5,405,534	\$ 126,235	\$ 16,720,330	\$ 20,136,609	\$ 36,856,939
Excess (Deficiency) of Revenues over Expenditures	\$ 873,269	\$ (463,547)	\$ 3,383,008	\$ 813,616	\$ (100,885)	\$ 4,505,461	\$ (19,708,918)	\$ (15,203,457)
Adjustments to Prior Year Encumbrances	\$ 202,863	\$ 142,388	\$ 87,014	\$ -	\$ -	\$ 432,265	\$ 8,671,653	\$ 9,103,918
Other Financing Sources (Uses)								
Transfers In	\$ 193,937	\$ -	\$ -	\$ -	\$ 3,670	\$ 197,607	\$ 796,500	\$ 994,107
Transfers Out	-	-	(3,305,003)	(943,821)	-	(4,248,824)	(796,500)	(5,045,324)
Proceeds of Bonds	-	-	-	-	-	-	14,659,200	14,659,200
Total Other Financing Sources (Uses)	\$ 193,937	\$ -	\$ (3,305,003)	\$ (943,821)	\$ 3,670	\$ (4,051,217)	\$ 14,659,200	\$ 10,607,983
Net Change in Fund Balance	\$ 1,270,069	\$ (321,159)	\$ 165,019	\$ (130,205)	\$ (97,215)	\$ 886,509	\$ 3,621,935	\$ 4,508,444
Beginning Fund Balance	3,495,339	463,208	2,411,953	2,278,808	99,730	8,749,038	13,608,622	22,357,660
Ending Fund Balances	\$ 4,765,408	\$ 142,049	\$ 2,576,972	\$ 2,148,603	\$ 2,515	\$ 9,635,547	\$ 17,230,557	\$ 26,866,104

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Combining Balance Sheet
Other Capital Project Funds – Regulatory Basis
June 30, 2010

	<u>2007A Bond</u>	<u>2007B Bond</u>	<u>2008A Bond</u>	<u>2008B Bond</u>	<u>2009A Bond</u>	<u>2009B Bond</u>	<u>2010B Bond</u>	<u>Residual Bond Fund</u>	<u>Total Other Capital Project Funds</u>
ASSETS									
Pooled Cash and Investments	\$ 1,019,073	\$ 274,778	\$ 818,198	\$ 240,574	\$ 3,378,653	\$ 8,232,891	\$ 272,896	\$ 3,453,425	\$ 17,690,488
Restricted Certificate of Deposit	120,000	-	-	-	-	-	-	-	120,000
Total Assets	<u>\$ 1,139,073</u>	<u>\$ 274,778</u>	<u>\$ 818,198</u>	<u>\$ 240,574</u>	<u>\$ 3,378,653</u>	<u>\$ 8,232,891</u>	<u>\$ 272,896</u>	<u>\$ 3,453,425</u>	<u>\$ 17,810,488</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Warrants Outstanding	\$ 3,158	\$ -	\$ 5,684	\$ 40	\$ 79,161	\$ 306,086	\$ -	\$ 51,194	\$ 445,323
Accounts Payable	-	-	865	-	5,373	8,370	-	-	14,608
Retainage Payable	120,000	-	-	-	-	-	-	-	120,000
Total Liabilities	<u>\$ 123,158</u>	<u>\$ -</u>	<u>\$ 6,549</u>	<u>\$ 40</u>	<u>\$ 84,534</u>	<u>\$ 314,456</u>	<u>\$ -</u>	<u>\$ 51,194</u>	<u>\$ 579,931</u>
Fund Balance									
Reserved for Capital Projects	<u>\$ 1,015,915</u>	<u>\$ 274,778</u>	<u>\$ 811,649</u>	<u>\$ 240,534</u>	<u>\$ 3,294,119</u>	<u>\$ 7,918,435</u>	<u>\$ 272,896</u>	<u>\$ 3,402,231</u>	<u>\$ 17,230,557</u>
Fund Balances, End of Year	<u>\$ 1,015,915</u>	<u>\$ 274,778</u>	<u>\$ 811,649</u>	<u>\$ 240,534</u>	<u>\$ 3,294,119</u>	<u>\$ 7,918,435</u>	<u>\$ 272,896</u>	<u>\$ 3,402,231</u>	<u>\$ 17,230,557</u>
Total Liabilities and Fund Balances	<u>\$ 1,139,073</u>	<u>\$ 274,778</u>	<u>\$ 818,198</u>	<u>\$ 240,574</u>	<u>\$ 3,378,653</u>	<u>\$ 8,232,891</u>	<u>\$ 272,896</u>	<u>\$ 3,453,425</u>	<u>\$ 17,810,488</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Other Capital Project Funds – Regulatory Basis
For the Year Ended June 30, 2010

	2006B Bond	2007A Bond	2007B Bond	2008A Bond	2008B Bond	2009A Bond	2009B Bond	2010B Bond	Residual Bond Fund	Total Other Capital Project Funds
Revenues										
Interest	\$ -	\$ 7,968	\$ 1,829	\$ 16,555	\$ 75,792	\$ 110,454	\$ 94,287	\$ 96	\$ 29,004	\$ 335,985
Other	-	-	-	25,110	-	61,891	-	-	4,705	91,706
Total Revenues	\$ -	\$ 7,968	\$ 1,829	\$ 41,665	\$ 75,792	\$ 172,345	\$ 94,287	\$ 96	\$ 33,709	\$ 427,691
Expenditures										
Current										
Instruction	\$ -	\$ 25,399	\$ -	\$ 128,026	\$ 227,984	\$ 978,927	\$ 324,536	\$ -	\$ 1,774	\$ 1,686,646
Support Services	-	110,347	2,300	162,273	131,836	992,384	222,574	-	45,599	1,667,313
Capital Outlays	-	147,117	-	315,704	467,796	8,906,139	6,285,337	-	616,642	16,738,735
Other Outlays	-	-	-	-	-	-	-	-	43,915	43,915
Total Expenditures	\$ -	\$ 282,863	\$ 2,300	\$ 606,003	\$ 827,616	\$ 10,877,450	\$ 6,832,447	\$ -	\$ 707,930	\$ 20,136,609
Excess (Deficiency) of Revenues over Expenditures	\$ -	\$ (274,895)	\$ (471)	\$ (564,338)	\$ (751,824)	\$ (10,705,105)	\$ (6,738,160)	\$ 96	\$ (674,221)	\$ (19,708,918)
Adjustments to Prior Year Encumbrances	\$ -	\$ 249,229	\$ 17,065	\$ 478,082	\$ 185,178	\$ 7,282,118	\$ 598	\$ -	\$ 459,383	\$ 8,671,653
Other Financing Sources (Uses)										
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 796,500	\$ 796,500
Transfers Out	(796,500)	-	-	-	-	-	-	-	-	(796,500)
Proceeds of Bonds	-	-	-	-	-	-	14,386,400	272,800	-	14,659,200
Total Other Financing Sources (Uses)	\$ (796,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,386,400	\$ 272,800	\$ 796,500	\$ 14,659,200
Net Change in Fund Balance	\$ (796,500)	\$ (25,666)	\$ 16,594	\$ (86,256)	\$ (566,646)	\$ (3,422,987)	\$ 7,648,838	\$ 272,896	\$ 581,662	\$ 3,621,935
Beginning Fund Balance	796,500	1,041,581	258,184	897,905	807,180	6,717,106	269,597	-	2,820,569	13,608,622
Ending Fund Balances	\$ -	\$ 1,015,915	\$ 274,778	\$ 811,649	\$ 240,534	\$ 3,294,119	\$ 7,918,435	\$ 272,896	\$ 3,402,231	\$ 17,230,557

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Budgetary Comparison Schedule – Appropriated Funds (unaudited)
For the Year Ended June 30, 2010

	Building Fund		Child Nutrition Fund		Debt Service Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
Budgetary Fund Balance, July 1	\$ 3,495,339	\$ 3,495,339	\$ 2,360,361	\$ 2,411,953	\$ 1,479,672	\$ 1,479,672
Resources (inflows)						
Property Taxes	7,027,758	7,080,469	-	-	31,362,261	32,751,639
Interest	90,300	39,462	42,400	26,949	-	190,553
State Revenue	400	239	105,889	100,424	-	1,098
Federal Revenue	-	-	1,964,650	2,268,467	-	-
Other	868,363	428,154	5,106,969	4,985,366	-	685,503
Amounts Available for Appropriation	<u>\$ 11,482,160</u>	<u>\$ 11,043,663</u>	<u>\$ 9,580,269</u>	<u>\$ 9,793,159</u>	<u>\$ 32,841,933</u>	<u>\$ 35,108,465</u>
Charges to Appropriations (outflows)						
Instruction	\$ 179,259	\$ 167,245	\$ -	\$ -	\$ -	\$ -
Support Services	7,223,696	6,111,010	-	-	-	-
Non-instruction Services	-	-	3,678,291	3,908,125	-	-
Capital Outlays	56,180	-	-	-	-	-
Other Outlays	1,240,865	-	3,409,900	3,308,062	-	190,552
Debt Service						
Interest Paid	-	-	-	-	3,326,933	5,696,753
Principal Retirement	-	-	-	-	29,515,000	27,145,000
Total Charges to Appropriations	<u>\$ 8,700,000</u>	<u>\$ 6,278,255</u>	<u>\$ 7,088,191</u>	<u>\$ 7,216,187</u>	<u>\$ 32,841,933</u>	<u>\$ 33,032,305</u>
Budgetary Fund Balance, June 30	<u>\$ 2,782,160</u>	<u>\$ 4,765,408</u>	<u>\$ 2,492,078</u>	<u>\$ 2,576,972</u>	<u>\$ -</u>	<u>\$ 2,076,160</u>

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Combining Statement of Changes in Assets and Fund Balances – All Activity Funds
For the Year Ended June 30, 2010

Activities:	ASSETS	Balance	Total	Total	Balance
		June 30, 2009	Receipts	Disbursements	June 30, 2010
Academic Team		6,337	3,209	6,259	3,287
Advanced Placement/Enrichment		38,707	162,176	152,307	48,576
Alternative School		1,818	2,775	239	4,354
Art		13,518	39,291	41,552	11,257
Athletics		225,842	1,001,632	1,001,751	225,723
Before/After School Programs		459,897	788,647	762,607	485,937
Central Office		114,693	5,751	15,182	105,262
Charitable/Community/Service		30,396	964,280	964,794	29,882
Cheerleading/Pom/Pep		38,671	156,642	141,330	53,983
Chess Club		221	-	122	99
Concessions/Vending		210,781	301,516	241,289	271,008
Donations		20,805	37,026	49,699	8,132
Drama/Debate/Speech		10,669	19,686	20,248	10,107
Driver Education		-	30,500	27,763	2,737
Ethnic Heritage Clubs		8,113	-451	2,234	5,428
Faculty/Hospitality		11,006	2,574	4,030	9,550
FBLA/DECA		26,089	128,458	145,842	8,705
FCCLA-Family, Career & Community		1,942	11,947	11,200	2,689
FFA Future Farmers of America		16,457	113,325	110,429	19,353
Foreign Language Clubs		20,279	31,663	30,693	21,249
Freshman Class		2,927	807	3,138	596
General Activity		307,207	534,586	563,062	278,731
Home Arts/Technology Ed/Wood Tech		9,634	31,329	29,550	11,413
Interest		58,511	20,062	20,606	57,967
Junior Class		19,745	48,320	48,897	19,168
Math Club		3,786	175	1,075	2,886
Media Center		56,848	139,832	127,853	68,827
Music		236,732	913,750	1,078,250	72,232
Musical Productions		43,872	81,934	103,692	22,114
National Forensic League		2,787	11,890	12,196	2,481
National Honor Society		7,754	19,300	20,192	6,862
Newspaper		2,127	3,599	4,445	1,281
Parking		-	100,725	100,725	-
Photo Lab		8,996	17,534	18,526	8,004
PSAT Counselor		18,571	58,375	54,662	22,284
Refunds		1,205	37,018	35,859	2,364
Robotics Team		2,303	17,763	15,130	4,936
ROTC		642	10,040	10,130	552
Scholarships		4,106	21,564	7,907	17,763
Science/Environmental		9,708	7,305	9,097	7,916
Senior Class		12,139	52,070	52,274	11,935
Sophomore Class		1,238	2,601	2,877	962
Special Education		11,944	15,896	18,622	9,218
Special Projects		19,087	30,909	32,404	17,592
Student Council		41,564	86,102	90,111	37,555
Summer School		-	83,715	80,355	3,360
Transcripts		3,447	447	531	3,363
Writing		3,108	2,850	3,796	2,162
Yearbook		131,338	209,630	215,530	125,438
Young Democrats/Republicans/ Government		1,241	5,699	5,617	1,323
Total Assets		2,278,808	6,366,474	6,496,679	2,148,603
FUND BALANCES					
Designated for School Organizations		2,278,808	6,366,474	6,496,679	2,148,603
Total Fund Balances		\$ 2,278,808	\$ 6,366,474	\$ 6,496,679	\$ 2,148,603

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, 2010

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance	Federal Grant	Federal Grant	Federal Grant	Balance
			June 30, 2009	Receipts	Expenditures	Reimbursements	June 30, 2010
<u>U.S. Department of Education</u>							
Direct Programs							
Indian Education, Grants to Local Educational Agencies	84.060	561	\$ (41,090)	\$ 222,412	\$ 211,979	\$ -	\$ (30,657)
Passed Through Oklahoma Department of Career and Technology Education							
Vocational Education - Basic Grant to States	84.048	421	\$ (23,210)	\$ 185,828	\$ 186,921	\$ -	\$ (24,303)
Passed Through Oklahoma State Department of Education							
Title I, Improving Basic Programs	84.010	511/512/518	\$ (550,913)	\$ 1,785,017	\$ 1,526,847	\$ -	\$ (292,743)
Title I, American Recovery and Reinvestment Act Improving Basic Programs	84.389A	516/534	613,480	96,015	575,078	277,293	(142,876)
Title I Cluster			\$ 62,567	\$ 1,881,032	\$ 2,101,925	\$ 277,293	\$ (435,619)
		615/621/					
Special Education - Grants to States	84.027	623/625	\$ (674,906)	\$ 3,732,037	\$ 3,855,080	\$ -	\$ (797,949)
Special Education - Preschool Grants	84.173	641/642	(12,187)	71,868	72,974	-	(13,293)
Special Education - American Recovery and Reinvestment Act Grants to States	84.391	622	1,737,885	170,005	2,093,303	448,979	(634,392)
Special Education - American Recovery and Reinvestment Act Preschool Grants	84.392A	643	58,282	-	54,519	3,763	-
Special Education Cluster			\$ 1,109,074	\$ 3,973,910	\$ 6,075,876	\$ 452,742	\$ (1,445,634)
Title II, Part D Enhancing Education through Technology	84.318X	546/548	\$ (9,620)	\$ 24,827	\$ 17,362	\$ -	\$ (2,155)
Title V, Part A Innovative	84.298	556	\$ (39,154)	\$ 42,384	\$ 3,230	\$ -	\$ -
Title II, Part A Teacher and Principal Training and Recruiting Fund	84.367	541	\$ (165,481)	\$ 468,502	\$ 423,899	\$ -	\$ (120,878)
Part A, English Language Acquisition, Language Enhancement and Academic Achievement	84.365	571/572	\$ (19,039)	\$ 66,497	\$ 73,383	\$ -	\$ (25,925)
Safe and Drug Free Schools - State Grants	84.186	551	\$ (8,910)	\$ 45,293	\$ 79,305	\$ -	\$ (42,922)
State Personnel Development Grants	84.323A	651	\$ (1,120)	\$ -	\$ 9,479	\$ -	\$ (10,599)
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	782	\$ -	\$ 6,177,651	\$ 6,177,651	\$ -	\$ -
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	789	-	451,557	451,557	-	-
State Fiscal Stabilization Fund Cluster			\$ -	\$ 6,629,208	\$ 6,629,208	\$ -	\$ -
Passed Through Oklahoma Department of Rehabilitation Services							
Job Training	84.126	456	\$ 27,481	\$ 74,328	\$ 42,395	\$ -	\$ 59,414
Total U.S. Department of Education			\$ 891,498	\$ 13,614,221	\$ 15,854,962	\$ 730,035	\$ (2,079,278)

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Project Number	Balance June 30, 2009	Federal Grant Receipts	Federal Grant Expenditures	Federal Grant Reimbursements	Balance June 30, 2010
<u>U.S. Department of Health and Human Services</u>							
Passed through the Oklahoma Health Care Authority							
Medical Assistance Program	93.778	698	\$ 28,604	\$ -	\$ -	\$ -	\$ 28,604
<u>U.S. Department of the Interior</u>							
Direct Programs							
Indian Education - Assistance to Schools							
Johnson O'Malley Program	15.130	563/564	\$ (10,648)	\$ 18,193	\$ 21,807	\$ -	\$ (14,262)
<u>U.S. Department of Agriculture</u>							
Passed through the Oklahoma State Department of Education							
Breakfast Program	10.553		\$ -	\$ 406,022	\$ 406,022	\$ -	\$ -
Lunch Program	10.555		-	1,796,659	1,796,659	-	-
Summer Food Program	10.559		-	21,381	21,381	-	-
Lunch Program--Commodities	10.555		62,990	338,106	388,777	-	12,319
Summer Food Program--Commodities	10.559		673	4,024	4,627	-	70
Child Nutrition Cluster			\$ 63,663	\$ 2,566,192	\$ 2,617,466	\$ -	\$ 12,389
Passed through the Oklahoma Department of Human Services							
American Recovery and Reinvestment Act Child Nutrition Equipment							
Assistance Grant	10.579		\$ -	\$ 12,553	\$ 12,553	\$ -	\$ -
Fresh Fruit and Vegetable Program	10.582		-	31,852	31,852	-	-
Total U.S. Department of Agriculture			\$ 63,663	\$ 2,610,597	\$ 2,661,871	\$ -	\$ 12,389
<u>U.S. Department of Labor</u>							
Passed through the Employee Benefits Security Administration							
American Recovery and Reinvestment Act COBRA Premium Assistance	17.151	784	\$ -	\$ 2,371	\$ 5,658	\$ -	\$ (3,287)
Total Expenditures of Federal Awards			\$ 973,117	\$ 16,245,382	\$ 18,544,298	730,035	\$ (2,055,834)

Note1 - Basis of Presentation

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



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

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

We have audited the financial statements of governmental activities, each major fund, and the aggregate remaining fund information, of Edmond Independent School District No. 12 (District) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 3, 2011. Our opinions were modified because the District prepares its financial statements on a prescribed regulatory basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

**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***

Compliance and Other Matters

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

We noted certain matters that we reported to management of Edmond Independent School District No. 12 in a separate letter dated February 3, 2011.

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

Edie Sully LLP

Oklahoma City, Oklahoma
February 3, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

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

Compliance

We have audited the compliance of Edmond Independent School District No. 12 (District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Edmond Independent School District No. 12 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 10-1.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 10-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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

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



Oklahoma City, Oklahoma
February 3, 2011

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
 Oklahoma County, Oklahoma
 Schedule of Findings and Questioned Costs
 June 30, 2010

Section 1 -- Summary of Auditors' Results

Financial Statements:

Type of Independent Auditors' Report: Unqualified

Internal Control Over Financial Reporting

- Material weakness(es) identified? ___ Yes X No
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X None reported
- Noncompliance material to financial statements noted ___ Yes X No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified? ___ Yes X No
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? X Yes ___ None reported

Type of auditors' report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 X Yes ___ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010, 84.389	Title I, Part A
84.027, 84.173, 84.391, 84.392, 84.323	Special Education Cluster
84.394, 84.397	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and type B programs \$556,329

Auditee qualified as low-risk auditee X Yes ___ No

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
June 30, 2010

Section II - Findings relating to the Financial Statements

None.

Section III - Findings and Questioned Costs for Federal Awards

10-1 Condition:	Employees working with the Special Education Cluster did not have proper time and effort documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.
Criteria:	As defined by OMB Circular A-87, Attachment B, paragraph 8h, documentation should be kept on employees who are paid with federal programs. The documentation certifies the federal program time they have performed, signed by employee and supervisor knowing first-hand knowledge of the work performed by the employee.
Cause:	District was not aware that time and effort applied to Special Education. Federal Auditors informed the district of the requirement, and documentation stated being kept in January 2010.
Context:	Of the employees tested during the audit, 82% of the employees had not signed the proper documentation for time and effort requirements.
Effect:	The District is out of compliance with OMB Circular A-87, Attachment B, paragraph 8h regarding time and effort documentation.
Recommendation:	Controls should be implemented to ensure that time and effort documentation is completed by employees paid with the Special Education funds.
Response:	Employees who are paid with federal funds must keep records of their time worked. If an employee is paid from two or more different budgets, one being federal, a Time and Effort form must be signed once per month. If an employee is paid 100% from federal funds, a Time and Effort form must be signed biannually. The District became aware this was a requirement for Special Education federal funding during the ARRA audit that was conducted in March 2010 and corrective action was implemented at that time. The District has implemented a time and effort reporting process whereby certification forms are sent by the Special Services office to each employee paid with Special Education federal program funds according to the required reporting schedule (currently all Special Education federally funded positions are 100% and report biannually).

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Schedule of Findings and Questioned Costs
June 30, 2010

The Special Services office maintains a list of all employees paid with Special Education federal funding and follows up with the employees until all signed forms have been received. The Director of Special Services also signs the form as having first-hand knowledge of the work performed by the employee. Completed and signed forms are retained by the Special Services office for a period of at least five years.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Summary of Prior Year Findings
June 30, 2010

Section II - Findings relating to the Financial Statements

- 09-1 Condition: The District's internal control system does not have a review process in place for general journal entries made to the general ledger.
- Current status: No similar findings found during current year.

Section III - Findings and Questioned Costs for Federal Awards

None.

EDMOND INDEPENDENT SCHOOL DISTRICT NO. 12
Oklahoma County, Oklahoma
Schedule of Accountants' Professional Liability Insurance Affidavit
For the Year Ended June 30, 2010

STATE OF OKLAHOMA)
) ss
County of Oklahoma)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit law" at the time of audit contract and during the entire audit engagement with Edmond Independent School District No. 12 for the audit year 2009-2010.

Eide Bailly LLP

BY: Vanessa M. Dutton

Subscribed and sworn to before me on this 3rd day of February, 2011.

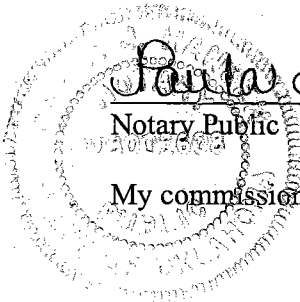
 Paula S. Hanson
Notary Public
My commission expires 03/05/12

EXHIBIT B
CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of March 1, 2012 (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 Combined Purpose Bonds, Series 2012 (the “Bonds”). The Bonds are being issued pursuant to a Resolution dated as of February 6, 2012 (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 (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 2012 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

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: 405-340-2816.

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. Past Compliance. The Issuer represents that it has complied with the requirements of each continuing disclosure undertaking entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

Section 17. 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 B—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[†].
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.

[†]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.