

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69,
CANADIAN COUNTY, OKLAHOMA**

JUNE 30, 2021



Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2021

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MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
JUNE 30, 2021

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JUNE 30, 2021

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BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Mustang School District Number I-69
Mustang, Canadian County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Mustang School District Number I-69, Mustang, Canadian County, Oklahoma (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021 the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2021, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2021



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

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

The Honorable Board of Education
Mustang School District Number I-69
Mustang, Canadian County, Oklahoma

We have audited 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, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Mustang School District Number I-69, Mustang, Canadian County, Oklahoma (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2021, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2021



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

The Honorable Board of Education
Mustang School District Number I-69
Mustang, Canadian County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Mustang School District Number I-69, Mustang, Canadian County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

October 1, 2021

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2021

There were no prior year significant deficiencies.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section 1 - Summary of Auditor's Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not report any significant deficiencies in the internal controls over financial reporting which were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. An unmodified opinion report was issued on the compliance of major programs.
5. The audit did not report any significant deficiencies in the internal controls over major programs.
6. The audit disclosed no audit findings which are required to be reported under Uniform Guidance.
7. Programs determined to be major are the COVID-19 Education Stabilization Fund-ESSER/CARES Act Programs (84.425D), which were not clustered in determination, and the Child Nutrition Programs (10.553, 10.555, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

None

Section 3 – Findings and questioned costs for federal awards:

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2021

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)	PRIOR YEAR (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL LONG-TERM DEBT	
ASSETS							
Cash and investments	\$ 15,642,427	2,057,669	17,809,488	9,602,717	3,440,525	9,602,717	52,768,021
Amounts available in debt service							8,529,394
Amount to be provided for retirement of long-term debt						48,482,283	47,745,606
Total Assets	\$ 15,642,427	2,057,669	17,809,488	9,602,717	3,440,525	58,085,000	109,043,021
LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants payable	\$ 8,713,523	395,409	25,436				8,990,631
Encumbrances	25,225	3,728					65,532
Funds held for school organizations					3,440,525		2,193,714
Long-term debt:							
Bonds payable						58,085,000	56,275,000
Total liabilities	8,738,748	399,137	25,436	0	3,440,525	58,085,000	67,524,877
Fund Balance:							
Restricted		1,658,532	17,784,052	9,602,717			30,086,532
Unassigned	6,903,679						11,431,612
Cash fund balances	6,903,679	1,658,532	17,784,052	9,602,717	0	0	41,518,144
Total Liabilities and Fund Balance	\$ 15,642,427	2,057,669	17,809,488	9,602,717	3,440,525	58,085,000	109,043,021

The notes to the combined financial statements are an integral part of this statement

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)	PRIOR YEAR (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE		
Revenues collected:						
Local sources	\$ 23,929,103	3,595,267	55,501	16,319,861	43,899,732	43,867,734
Intermediate sources	3,891,404			2	3,891,406	3,545,515
State sources	51,112,063	582,137			51,694,200	52,893,627
Federal sources	5,187,624	3,848,012			9,035,636	5,317,853
Interest earnings	56,890	333			57,223	584,769
Non-revenue receipts	102,585	13,069		563,267	678,921	1,180,861
Total revenues collected	<u>84,279,669</u>	<u>8,038,818</u>	<u>55,501</u>	<u>16,883,130</u>	<u>109,257,118</u>	<u>107,390,359</u>
Expenditures:						
Instruction	56,557,405		78,344		56,635,749	56,680,969
Support services	32,209,405	2,885,970	1,722,593		36,817,968	36,662,614
Operation of non-instructional services	6,868	4,625,313			4,632,181	5,270,253
Facilities acquisition & construction services	1,522		17,143,354		17,144,876	16,419,539
Other outlays :						
Debt service				15,809,807	15,809,807	14,295,058
Reimbursements		1,465			1,465	93,843
Correcting entry	42,271	7,647			49,918	435,506
Total expenditures	<u>88,817,471</u>	<u>7,520,395</u>	<u>18,944,291</u>	<u>15,809,807</u>	<u>131,091,964</u>	<u>129,857,782</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(4,537,802)	518,423	(18,888,790)	1,073,323	(21,834,846)	(22,467,423)
Other financing sources (uses):						
Proceeds from sale of bonds			16,255,000		16,255,000	18,715,000
Adjustments to prior year encumbrances	9,869	813			10,682	1,203,509
Total other financing sources (uses)	<u>9,869</u>	<u>813</u>	<u>16,255,000</u>	<u>0</u>	<u>16,265,682</u>	<u>19,918,509</u>
Excess of revenues collected over (under) expenditures	(4,527,933)	519,236	(2,633,790)	1,073,323	(5,569,164)	(2,548,914)
Cash fund balances, beginning of year	<u>11,431,612</u>	<u>1,139,296</u>	<u>20,417,842</u>	<u>8,529,394</u>	<u>41,518,144</u>	<u>44,067,058</u>
Cash fund balances, end of year	<u>\$ 6,903,679</u>	<u>1,658,532</u>	<u>17,784,052</u>	<u>9,602,717</u>	<u>35,948,980</u>	<u>41,518,144</u>

The notes to the combined financial statements are an integral part of this statement

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 21,172,378	23,929,103	23,924,576
Intermediate sources	3,128,191	3,891,404	3,545,515
State sources	51,328,169	51,112,063	52,322,267
Federal sources	4,214,000	5,187,624	3,013,141
Interest earnings		56,890	559,526
Non-revenue receipts		102,585	643,531
Total revenues collected	<u>79,842,738</u>	<u>84,279,669</u>	<u>84,008,556</u>
Expenditures:			
Instruction	91,274,350	56,557,405	56,550,762
Support services		32,209,405	32,541,826
Operation of non-instruction services		6,868	35,975
Facilities acquisition & construction services		1,522	10,314
Other outlays:			
Reimbursement			92,583
Correcting entry		42,271	433,465
Total expenditures	<u>91,274,350</u>	<u>88,817,471</u>	<u>89,664,925</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(11,431,612)	(4,537,802)	(5,656,369)
Other financing sources (uses):			
Adjustments to prior year encumbrances	<u>0</u>	<u>9,869</u>	<u>77,412</u>
Excess of revenues collected over (under) expenditures	(11,431,612)	(4,527,933)	(5,578,957)
Cash fund balance, beginning of year	<u>11,431,612</u>	<u>11,431,612</u>	<u>17,010,569</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>6,903,679</u>	<u>11,431,612</u>

The notes to the combined financial statements are an integral part of this statement

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 4,782,771	4,782,771	3,595,267	5,006,442
State sources	441,190	441,190	582,137	571,360
Federal sources	2,074,240	3,296,836	3,848,012	2,304,712
Interest earnings	1,876	1,876	333	3,127
Non-revenue receipts			13,069	117,240
Total revenues collected	<u>7,300,077</u>	<u>8,522,673</u>	<u>8,038,818</u>	<u>8,002,881</u>
Expenditures:				
Support services	4,015,641	4,015,641	2,885,970	2,416,941
Operation of non-instructional services	4,423,732	5,646,328	4,625,313	5,234,278
Facilities acquisition & construction services				47,195
Other outlays:				
Reimbursement			1,465	1,260
Correcting entry			7,647	2,041
Total expenditures	<u>8,439,373</u>	<u>9,661,969</u>	<u>7,520,395</u>	<u>7,701,715</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,139,296)	(1,139,296)	518,423	301,166
Other financing sources (uses):				
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>813</u>	<u>4,220</u>
Excess of revenues collected over (under) expenditures	(1,139,296)	(1,139,296)	519,236	305,386
Cash fund balances, beginning of year	<u>1,139,296</u>	<u>1,139,296</u>	<u>1,139,296</u>	<u>833,910</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,658,532</u>	<u>1,139,296</u>

The notes to the combined financial statements are an integral part of this statement

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 15,615,861	16,319,861	14,936,391
Intermediate Sources		2	
Interest earnings			22,116
Non-revenue receipts		563,267	420,090
Total revenues collected	<u>15,615,861</u>	<u>16,883,130</u>	<u>15,378,597</u>
Requirements:			
Bonds	15,299,000	14,445,000	13,115,000
Coupons	1,220,135	1,364,807	1,180,058
Total requirements	<u>16,519,135</u>	<u>15,809,807</u>	<u>14,295,058</u>
Excess of revenue collected over (under) expenditures	(903,274)	1,073,323	1,083,539
Cash fund balance, beginning of year	<u>8,529,394</u>	<u>8,529,394</u>	<u>7,445,855</u>
Cash fund balance, end of year	<u>\$ 7,626,120</u>	<u>9,602,717</u>	<u>8,529,394</u>

The notes to the combined financial statements are an integral part of this statement

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Mustang Public Schools Independent District, No. I-69 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

A. Reporting Entity

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 State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local independent school district. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Measurement Focus

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building fund, co-op fund, child nutrition fund, and the OKC MAPS trust fund.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not use the co-op fund in 2020-21.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

OKC MAPS Trust Fund - Money derived from special sales tax on behalf of the school district. These funds are to be kept separate and expended only for those items addressed in the tax levy agreement. The District did not use this fund in 2020-21.

Debt Service Fund – The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund – The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain any expendable trust funds during the 2020-21 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis for State and Local Governments* with certain modifications. This format differs significantly from that required by GASB 34.

The financial statements are essentially prepared on the basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting and Presentation – cont'd

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The Board of Education must request an initial temporary appropriations budget from their county excise board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until the annual estimate of needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. 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.

The 2020-21 Estimate of Needs was amended by the following supplemental appropriations during the fiscal year:

<u>Fund</u>	<u>Amount</u>
Child Nutrition	\$1,222,595

This amendment was approved by the county excise board.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

Cash and cash equivalents – The District considers all cash on hand, demand deposit accounts, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2021, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate sick days to a maximum number of 100 days, at \$25 to \$50.00 per day, depending on years of employment. Also, unused vacation leave will be compensated to support employees who retire or terminate employment at the employee's daily rate of pay up to a maximum of 30 days. The government-wide financial statements do not include any liability for any rights to receive vacation, sick leave, or other employee benefits.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amount in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls 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 in a timely manner, the entire tax becomes due and payable on January 2. 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. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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 from or additions to the 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 program 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.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Monetary Transactions – The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. During the 2020-21 fiscal year, there were no transfers made between funds.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's cash deposits and investments at June 30, 2021, were \$48,559,121, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

2. CASH AND INVESTMENTS – cont'd

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2021.

4. GENERAL LONG-TERM DEBT

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 of the date of issue.

General long-term debt of the District consists of building bonds payable and capital leases. Debt service requirements for bonds and judgments are paid solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2021:

	<u>Payable</u>
Balance, July 1, 2020	\$ 56,275,000
Additions	16,255,000
Retirements	<u>(14,445,000)</u>
Balance, June 30, 2021	<u>\$ 58,085,000</u>

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2021, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2017, original issue \$15,360,000, interest rate of 2.00% to 3.00%, due in annual installments of \$3,840,000, and a final payment due on 04-01-22	\$ 3,840,000
Combined Purpose Bonds, Series 2018, original issue \$10,900,000, interest rate of 2.25% to 3.00%, due in annual installments of \$2,725,000, and a final payment of due on 06-01-23	5,450,000
Building Bonds, Series 2018, original issue \$920,000, interest rate of 3.00% to 3.25%, due in annual installments of \$230,000, and a final payment of due on 06-01-23	460,000
Combined Purpose Bonds, Series 2019, original issue \$17,000,000, interest rate of 2.00%, due in annual installments of \$4,250,000, and final payment due on 06-01-24	615,000
Building Bonds, Series 2019, original issue \$820,000, interest rate of 2.25% to 2.85%, due in annual installments of \$205,000, and a final payment due on 06-01-24	12,750,000
Building Bonds, Series 2020, original issue \$1,415,000, interest rate of 1.25%, due in annual installments of \$1,415,000, final payment of \$1,430,000 due on 06-1-25	5,675,000
Combined Purpose Bonds, Series 2020, original issue \$3,260,000, interest rate of 2.00%, due in annual installments of \$3,260,000, final payment of \$3,260,000 due on 06-1-25	13,040,000

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

4. GENERAL LONG-TERM DEBT – cont'd

Combined Purpose Bonds, Series 2021, original issue \$13,040,000, interest rate of 1.50 to 2.00%, due in annual installments of \$2,425,000, final payment due on 06-1-26	\$ 9,705,000
Building Bonds, Series 2021, original issue \$6,550,000, interest rate of 1.50%, due in annual installments of \$1,635,000, final payment of \$1,645,000 due on 06-1-26	<u>6,550,000</u>
Total	<u>\$ 58,085,000</u>

The annual debt service requirements for the retirement of the bonds and capital leases, including the payment of principal and interest are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 15,925,000	1,158,108	17,083,108
2023	16,145,000	780,977	16,925,977
2024	13,190,000	457,942	13,647,942
2025	8,750,000	223,312	8,973,312
2026	4,075,000	73,275	4,148,275
Total	<u>\$ 58,085,000</u>	<u>2,693,614</u>	<u>60,778,614</u>

Interest paid on general long-term debt during the 2020-21 fiscal year totaled \$1,240,384.

5. LEASE REVENUE BONDS

Pursuant to the issuance of series bonds in the amount of \$97,300,000, passed by electors on April 3, 2012, on July 1, 2012, the Canadian County Educational Facilities Authority issued \$64,195,000 of Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2012, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Mustang School District. Also on July 1, 2012, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Canadian County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Canadian County Educational Facilities Authority. The sublease calls for eleven (11) annual payments starting September 1, 2013. These payments will be made out of bond funds. Mustang Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

5. LEASE REVENUE BONDS – cont'd

long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

Pursuant to the issuance of series bonds in the amount of \$180,800,000, passed by electors on February 14, 2017, in May 2017, the Canadian County Educational Facilities Authority issued \$138,300,000 of Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2017, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Mustang School District. Also on February 14, 2017, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Canadian County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Canadian County Educational Facilities Authority. The sublease calls for twelve (12) annual payments starting September 1, 2018. These payments will be made out of bond funds. Mustang Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

6. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

6. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting – cont'd

benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2020-21 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 7.70%.

Annual Pension Cost

The District's total contributions for 2021, 2020 and 2019 were \$10,291,353, \$10,091,305, and \$8,444,590, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2021. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest.

The District is also a member of the Oklahoma State School Boards Association (OSSBA) Employment Services program, which helps to cover the cost of unemployment claims. Depending on the level of membership the District elects, the District makes a deposit into an account administered by OSSBA, or will make payments periodically as needed. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

8. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant 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 amounts, 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.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

8. CONTINGENCIES – cont'd

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2020-21 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

The District is a 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.

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2021

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 1,415,971	641,698	2,057,669
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants payable	\$ 5,371	390,038	395,409
Encumbrances	3,728		3,728
Total liabilities	9,099	390,038	399,137
Fund Balance:			
Restricted	1,406,872	251,660	1,658,532
Total Liabilities and Fund Balance	\$ 1,415,971	641,698	2,057,669

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:			
Local sources	\$ 3,203,308	391,959	3,595,267
State sources		582,137	582,137
Federal sources		3,848,012	3,848,012
Interest earnings		333	333
Non-revenue receipts		13,069	13,069
Total revenues collected	<u>3,203,308</u>	<u>4,835,510</u>	<u>8,038,818</u>
Expenditures:			
Support services	2,885,970		2,885,970
Operation of non-instructional services		4,625,313	4,625,313
Other outlays:			
Reimbursement		1,465	1,465
Correcting entry		7,647	7,647
Total expenditures	<u>2,885,970</u>	<u>4,634,425</u>	<u>7,520,395</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	317,338	201,085	518,423
Other financing sources (uses):			
Adjustments to prior year encumbrances	<u>0</u>	<u>813</u>	<u>813</u>
Excess of revenues collected over (under) expenditures	317,338	201,898	519,236
Cash fund balances, beginning of year	<u>1,089,534</u>	<u>49,762</u>	<u>1,139,296</u>
Cash fund balances, end of year	<u><u>\$ 1,406,872</u></u>	<u><u>251,660</u></u>	<u><u>1,658,532</u></u>

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	Actual	ORIGINAL BUDGET	FINAL BUDGET	Actual
Revenues Collected:						
Local sources	\$ 2,926,107	2,926,107	3,203,308	\$ 1,856,664	1,856,664	391,959
State sources				441,190	441,190	582,137
Federal sources				2,074,240	3,296,836	3,848,012
Interest earnings				1,876	1,876	333
Non-revenue receipts						13,069
Total revenues collected	<u>2,926,107</u>	<u>2,926,107</u>	<u>3,203,308</u>	<u>4,373,970</u>	<u>5,596,566</u>	<u>4,835,510</u>
Expenditures:						
Support services	4,015,641	4,015,641	2,885,970			
Operation of non-instructional services				4,423,732	5,646,328	4,625,313
Other outlays:						
Reimbursement						1,465
Correcting entry						7,647
Total expenditures	<u>4,015,641</u>	<u>4,015,641</u>	<u>2,885,970</u>	<u>4,423,732</u>	<u>5,646,328</u>	<u>4,634,425</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,089,534)	(1,089,534)	317,338	(49,762)	(49,762)	201,085
Other financing sources (uses):						
Adjustment to prior year encumbrances	0	0	0	0	0	813
Excess of revenues collected over (under) expenditures	(1,089,534)	(1,089,534)	317,338	(49,762)	(49,762)	201,898
Cash fund balances, beginning of year	1,089,534	1,089,534	1,089,534	49,762	49,762	49,762
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,406,872</u>	<u>\$ 0</u>	<u>0</u>	<u>251,660</u>

<u>ASSETS</u>						
	BOND (31) FUND	BOND (34) FUND	BOND (35) FUND	BOND (38) FUND	BOND (39) FUND	TOTAL
Cash	\$ 62	17,769,428	33,413	6,537	48	17,809,488
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Warrants payable	\$ 0	22,786	2,650			25,436
Fund Balance:						
Restricted	62	17,746,642	30,763	6,537	48	17,784,052
Total Liabilities and Fund Balance	\$ 62	17,769,428	33,413	6,537	48	17,809,488

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	BOND (31) FUND	BOND (32) FUND	BOND (34) FUND	BOND (35) FUND	BOND (36) FUND	BOND (37) FUND	BOND (38) FUND	BOND (39) FUND	TOTAL
Revenues Collected:									
Local sources	\$ 0	0	55,501	0	0	0	0	0	55,501
Expenditures:									
Instruction			78,344						78,344
Support services	14,272	54	1,386,138	158	14	11,744	307,261	2,952	1,722,593
Facilities acquisition & construction services	40,203		17,037,008	66,143					17,143,354
Total expenditures	54,475	54	18,501,490	66,301	14	11,744	307,261	2,952	18,944,291
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(54,475)	(54)	(18,445,989)	(66,301)	(14)	(11,744)	(307,261)	(2,952)	(18,888,790)
Other financing sources (uses):									
Bond proceeds	0	0	16,255,000	0	0	0	0	0	16,255,000
Excess of revenues collected over (under) expenditures	(54,475)	(54)	(2,190,989)	(66,301)	(14)	(11,744)	(307,261)	(2,952)	(2,633,790)
Cash fund balances, beginning of year	54,537	54	19,937,631	97,084	14	11,744	313,798	3,000	20,417,842
Cash fund balances, end of year	\$ 62	0	17,746,642	30,783	0	0	6,537	48	17,784,052

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BALANCE 7-01-20	ADDITIONS	ADJUSTMENTS / TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
<u>ASSETS</u>					
Cash and investments	\$ 2,193,714	2,954,863	3,688	1,711,739	3,440,525
<u>LIABILITIES</u>					
Funds held for school organizations:					
Industrial Arts	\$ 7,558	9,963		6,579	10,942
Annual - H.S.	28,275	54,385		15,400	67,260
High School Athletics	181,606	289,993	15,529	298,075	189,053
Band - H.S.	103,635	114,612	(1,500)	95,867	120,880
JROTC Booster	29,351	2,335		2,727	28,959
H.S. Softball Booster	7,564	23,399		19,369	11,594
Centennial Counseling	4,696	601		412	4,885
Centennial Media	5,147	6,155		6,673	4,629
Mustang Elementary	59,208	28,864		16,600	71,472
Trails PTA	3,000	0		0	3,000
Art	7,967	1,686		0	9,653
Centennial Music	636	0		292	344
FFA - H.S.	19,560	58,665		54,704	23,521
FCCLA - H.S.	4,672	927	1,438	2,032	5,005
French Club - H.S.	97	0		0	97
Student Nutrition Assistance	1,480	200		0	1,680
High School General	88,372	148,520	(1,354)	109,993	125,544
Riverwood Main Activity	26,229	36,850	(2,760)	27,835	32,484
Leadership	10,700	1,215		8,727	3,188
Riverwood Media	5,781	225		2,605	3,401
Riverwood Art	2,648	1,557		1,757	2,448
Lakehoma Elem	35,466	46,085		17,070	64,481
Centennial Art	4,993	169		2,964	2,198
Media - HS	1,122	85		647	560
Media - MS	5,117	2,223		1,909	5,431
Media - North MS	8,246	9,959		11,134	7,071
Key Club HS	4,177	1,470		2,237	3,410
Athletics - MS	22,821	24,702	1,147	22,203	26,467
Open	1,147	0	(1,147)	0	0
FCA - MS	2,230	0		0	2,230
Middle School	21,936	31,179	(1,235)	14,495	37,385
Skills for Living - MS	20	6,963	528	5,372	2,139
Pep Club - MS	0	135		0	135

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BALANCE 7-01-20	ADDITIONS	ADJUSTMENTS / TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
Open	\$ 895	0	(895)	0	0
Student Council - MS	1,675	645		1,283	1,037
Vocal Music - MS	15,057	2,493		1,798	15,752
Yearbook - MS	6,762	4,579	105	1,320	10,126
Mustang Valley Elem	44,821	8,467		10,949	42,339
Nat'l Honor Society - HS	1,408	3,230		2,859	1,779
Media - Creek	1,562	745		497	1,810
Athletics - North MS	10,913	20,587	895	13,920	18,475
Misc Revenue	41,557	9,722	(711)	33,559	17,009
MMS Activity	33,176	9,856	2,265	8,399	36,898
Riverwood Music	3,132	0		571	2,561
Pep Club - North MS	116	0		0	116
Science Club - North MS	6,829	835	(835)	2,021	4,808
Speech Club - North MS	1,899	0		225	1,674
Student Council - North MS	689	312		210	791
Vocal Music - North MS	2,364	9,840		5,204	7,000
Yearbook - North MS	9,351	4,018		3,197	10,172
Jr Class - HS	19,170	29,200		25,883	22,487
Science/Math - H.S.	7,727	14,297		1,765	20,259
Sr Class - HS	79,163	55,612	(380)	75,596	58,799
Special Olympics	5,155	0		0	5,155
Drama Department/Club	19,559	8,021		9,539	18,041
Student Council - HS	1,533	46,942	8,475	42,455	14,495
Vocal Music - HS	59,462	59,752		107,517	11,697
Scholarship Fund	252	1,000		1,000	252
D.E.C.A. - H.S.	12,320	30,712	(1,100)	12,906	29,026
Riverwood PE	325	38		0	363
Canyon Ridge Sith Grade	3,880	0		0	3,880
MBI Main Activity	19,523	27,369	320	19,501	27,711
Media - Valley	3,720	399		1,545	2,574
Counseling Activities - Valley	2,620	3,516	15	2,826	3,325
Trails Activity	26,895	18,739		9,533	36,101
MBI Media	1,015	375		313	1,077
MHS Multicultural Club	6	101		101	6
Trails Media	12,147	350		1,775	10,722
M.E.A.D. - Mustang Elementary	1,588	2,154		2,482	1,260
Drug Free Club - Trails	1,162	2,249		1,550	1,861
MBI Art	1,351	1,535	120	591	2,415
Gifted and Talented	760	0		0	760
Transportation	2,875	962		1,498	2,339
Creek Choir	808	0		0	808
MBI Music	3,923	1,923	(370)	2,059	3,417
L.E. Drug Free Leaders	4,399	3,052		2,288	5,163

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BALANCE 7-01-20	ADDITIONS	ADJUSTMENTS / TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
MBI P.E.	\$ 1,113	3,218		3,563	768
Open	10,541	12,067	(70)	8,588	13,950
Chisholm Trails	1,495	0		0	1,495
Builder's Club - North MS	141	2,349	(1,609)	548	333
Debate Club - HS	926	0		0	926
Mustang Creek Elem	15,899	38,745		37,891	16,753
Lakehoma Media	3,870	463		87	4,246
Renaissance - MS	210	135		0	345
Renaissance - North MS	319	135		237	217
Renaissance - HS	2,611	405		1,100	1,916
Special Life Skills - MS	2,882	0		2,734	148
Mustang Elem PE	2,979	1,451	1,567	2,237	3,760
Mustang Elem Music	1,985	225	784	210	2,784
Art Club - HS	3,356	14,593	7,965	10,180	15,734
Athletic Training - HS	3,743	29,677		9,125	24,295
Technology - North MS	34	0		0	34
Admin Use of Facility	87,960	7,394	(15,163)	19,256	60,935
P.A.S.S. - MEC	17,059	7,082		7,058	17,083
CRI Activity Account	31,188	32,840	1,405	12,196	53,237
Advanced Placement - HS	18,579	21,836		18,970	21,445
Grounds Improvement	1,268	941		0	2,209
Canyon Ridge Staff	880	3,045		2,911	1,014
Open	1,438	0	(1,438)	0	0
Outdoor Classroom - MS	3,331	900		458	3,773
Golf - North MS	380	0		0	380
CRI Counseling Activity	2,493	6,367	2,000	4,196	6,664
Canyon Ridge Int Media	1,445	5,084	2,350	4,941	3,938
MHS Crafts	7,460	555	(7,965)	0	50
Canyon Ridge Vocal/Music	8,940	2,184		1,105	10,019
CRI Art	2,750	654	4,135	2,238	5,301
Canyon Ridge Int PE	13,466	4,333	(5,000)	2,132	10,667
Track/Cross Country - North MS	139	0		0	139
Creek/North Outdoor	323	0		0	323
Football - North MS	237	0		0	237
Prairie View Activity	17,702	53,525		45,605	25,622
Pre-Kindergarten - MEC	13,884	518		5,191	9,211
Prairie View Staff	403	0		0	403
Special Education - M-H	1,691	0		0	1,691
Art - Lakehoma	881	1,224		1,205	900
Musical - HS	47,885	9,778		10,124	47,539
MCM - Media	1,978	2,927		3,485	1,420
JROTC - HS	3,246	0		0	3,246

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BALANCE 7-01-20	ADDITIONS	ADJUSTMENTS / TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
HS Athletic Dept. Staff	\$ 120,849	149,105		93,200	176,754
Canyon Ridge Int Reading	4,465	670	(70)	213	4,852
Mustang Elementary Staff	769	0		164	605
Mustang Valley Staff	9,006	13,155		5,452	16,709
Mustang Lakehoma Staff	5,882	500		989	5,393
Mustang Trails Staff	9,314	0		0	9,314
Mustang Creek Staff	1,867	5,958		2,402	5,423
Mustang Middle School Staff	1,539	1,367		0	2,906
MNMS Staff	1,084	4,515		2,030	3,569
MHS Relay for Life	947	0		947	0
High School Staff	2,409	468		2,500	377
Education Center Staff	9,121	1,303		2,413	8,011
Administration Staff	513	135		0	648
High School Tech Education	279	1,000	(105)	501	673
HS - Business Prof. of America	4,072	1,842	450	1,818	4,546
Mustang Creek Counseling	2,119	3,094		1,913	3,300
MPS Special Needs	44	0		0	44
Mustang Creek Art	2,506	0		1,244	1,262
Eco Club High school	398	0		0	398
Lakehoma Music	2,078	0		285	1,793
Mustang Trails Art	554	1,310		1,214	650
Mustang Trails Honor	4,133	0		0	4,133
Centennial Elementary	68,098	58,905	40	52,228	74,815
Trails Special Ed.	2,803	0		0	2,803
Centennial Staff	2,642	1,515		1,545	2,612
Mustang Elem Art	2,367	4,378	(2,353)	2,209	2,183
Mustang Elem Media	4,496	749		2,626	2,619
Trails Reading Carnival	151	0		0	151
Trails Student Council	1,734	0		0	1,734
Mustang Trails PE Activ.	2,089	0		0	2,089
Praire View Art	2,237	1,225		2,115	1,347
H.S. Spanish Nat'l Honor	984	275		548	711
H.S. Video Club	3,036	420		280	3,176
Horizon P.E.	1,437	0	266	0	1,703
District Operations	944	541		1,175	310
Archery Club - MS	3,850	0		587	3,263
Valley Student Council	3,205	275		501	2,979
Centennial Outdoor Classroom	1,259	180		8	1,431
Mustang Students in Need	8,311	5,091		0	13,402
MCM Music	2,130	6,380		2,721	5,789
CRI Outdoor Classroom	3,937	0		0	3,937
CRI Student Council	938	0		0	938
Canyon Ridge Yearbook	5,794	2,260	(5,050)	460	2,544
CRI Communications/Bro.	668	0		0	668

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	BALANCE 7-01-20	ADDITIONS	ADJUSTMENTS / TRANSFERS	DEDUCTIONS	BALANCE 6-30-21
CRI Technology Stdnt	\$ 780	402		928	254
CRI Spanish Acct	1,000	0		0	1,000
CRI Renaissance Acct	2,320	0		259	2,061
MCM Athletics	21,305	24,975		33,785	12,495
CRI Special Education Acct	1,065	0		712	353
Horizon Int Activity Acct	15,684	29,273	(418)	21,275	23,264
Horizon Int Staff Acct	1,230	987		1,183	1,034
Horizon Int Counseling	736	1,378	(30)	1,378	706
Horizon Int Media Acct	7,309	11,384	25	13,673	5,045
Prairie View Media	3,596	1,416		2,680	2,332
Horizon Int Vocal/Music	6,772	3,319		4,550	5,541
Horizon Int Art Account	0	339		216	123
HS Security	5,000	0		1,171	3,829
Bronco Club	286,570	1,059,892		64,514	1,281,948
Teacher of the year	3,019	70		1,171	1,918
Centennial PE	2,907	2,012	(266)	3,013	1,640
Centennial Archery	849	553		508	894
Prairie View Music	1,380	370		1,242	508
Prairie View PE	755	463		0	1,218
Native American Club	104	0		0	104
MHS Archery & Fishing	5,619	15		1,209	4,425
Mustang Valley PE Activ.	4,233	0		0	4,233
Unidentified Variance	(3,688)	0	3,688	0	0
Total Liabilities	<u>\$ 2,193,714</u>	<u>2,954,863</u>	<u>3,688</u>	<u>1,711,739</u>	<u>3,440,525</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Project Number	Program or Award Amount	Balance at 7/1/20	Revenue Collected	Total Expenditures	Balance at 6/30/21
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	561	\$ 242,420	0	184,162	242,390	58,228
<u>Passed Through State Department of Education:</u>							
Title I, Basic Program	84.010	511	725,305		563,067	584,770	21,703
Title I, Basic Program 2019-20	84.010	799		610,634	610,634		
Title I, Delinquent	84.010	532	33,029		28,317	28,317	
Title I, Delinquent 2019-20	84.010	799		16,600	16,600		
Title II, Part A	84.367	541	285,076		285,076	285,076	
Title II, Part A 2019-20	84.367	799		160,166	160,166		
Title III, Part A	84.365	571	25,440		18,845	24,205	5,360
Title III, Part A	84.365	572	76,179		64,773	67,738	2,965
Title IV, Part A	84.424	552	70,439		70,439	70,439	
Title IV, Part A 2019-20	84.424	799		23,055	23,055		
CARES Special Education	84.027	617	105,984		93,426	105,659	12,233
IDEA-B Flowthrough	84.027	621	2,131,730		1,884,919	1,922,184	37,265
IDEA-B Flowthrough 2019-20	84.027	799		43,800	43,800		
IDEA-B Prof Development	84.027	613	990		900	900	
IDEA-B Prof Development	84.027	615	27,509		27,435	27,435	
IDEA-B Preschool	84.173	641	55,933		39,019	43,019	4,000
IDEA-B Preschool 2019-20	84.173	799		2,000	2,000		
<u>*COVID-19 ESSERF / CARES Act:</u>							
ESSERF / CARES Act	84.027	788	610,316		590,097	596,679	6,582
ESSERF	84.425	789	300,000		300,000	300,000	
Sub Total			4,447,930	856,255	4,822,568	4,056,421	90,108
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins	84.048	421	50,393		50,292	50,292	
Carl Perkins 2019-20	84.048	799		56,743	56,743		
Sub Total			\$ 50,393	56,743	107,035	50,292	0
<u>U.S. Department of Agriculture:</u>							
<u>*Child Nutrition Programs Cluster:</u>							
<u>Passed Through State Department of Education</u>							
School Breakfast Program	10.553	764			50,259	50,259	
National School Lunch Program	10.555	763			79,527	129,275	
Summer Food Program	10.559	766			3,718,226	2,616,002	
<u>Passed Through Dept of Human Services</u>							
Non-cash assistance - commodities	10.555	n/a			271,447	271,447	
Total Program Cluster					4,119,459	3,066,983	
<u>Other Federal Assistance:</u>							
JROTC	12.357	779	73,859	0	73,859	73,859	0
Total Federal Assistance			4,814,602	912,998	9,307,083	7,489,945	148,336

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2021. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Non-Monetary Assistance - Commodities received by the District in the amount of \$271,447 are of a non-monetary nature and therefore the total revenue does not agree with the financial statements.

* Major programs

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Advantage Insurance Group - Liberty Mutual Surety	Asst. Treasurer	601096232	\$ 1,000,000	7/1/20 - 7/1/21
	Superintendent	601096232	100,000	7/1/20 - 7/1/21
	Activity Fund Custodian	601096232	10,000	7/1/20 - 7/1/21
	Encumbrance Clerk	601096232	10,000	7/1/20 - 7/1/21
	Asst. Encumbrance Clerk	601096232	10,000	7/1/20 - 7/1/21
	Minutes Clerk	601096232	10,000	7/1/20 - 7/1/21
	Courier	601096232	10,000	7/1/20 - 7/1/21
	Courier	601096232	10,000	7/1/20 - 7/1/21
	Secretary to Athletic Director	601096232	10,000	7/1/20 - 7/1/21
	PE / Health	601096232	10,000	7/1/20 - 7/1/21
	PE / Health	601096232	10,000	7/1/20 - 7/1/21
	Athletic Facilitator	601096232	10,000	7/1/20 - 7/1/21
	Asst. Athletic Director	601096232	10,000	7/1/20 - 7/1/21
	Site Cashiers, Managers, Secretaries, & Gate Workers	601096232	181,000	7/1/20 - 7/1/21
	(61 total workers for \$3,000 each)			
State Farm Insurance Group -	CFO (General Liability)	96-B5-J4405-3 F	1,000,000	12/13/19 - 12/13/21

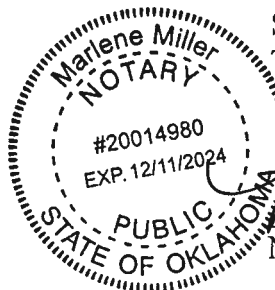
MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2020 TO JUNE 30, 2021

State of Oklahoma)
) ss
County of Tulsa)

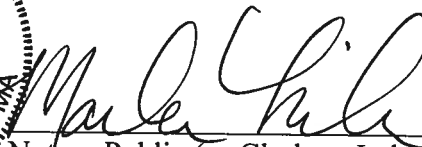
The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Mustang Public Schools for the audit year 2020-21.

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
Auditing Firm

By _____
Authorized Agent



Subscribed and sworn to before me
This 1st day of October 2021



Notary Public (or Clerk or Judge)

My Commission Expires: 12-11-2024
Commission No. 20014980



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-8779

October 1, 2021

Mr. Charles Bradley, Supt.
Mustang Public Schools
906 South Heights Drive
Mustang, Oklahoma 73064

Dear Mr. Bradley:

Listed below are the observations and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

No exceptions observed

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

Christopher P. Gullekson

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP