

MUSTANG ISD #69, CANADIAN COUNTY
JUNE 30, 2011

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Mustang Independent School District #69
Canadian County, Oklahoma

Board Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Mustang Independent School District #69**, Canadian County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described more fully in Note 1 **Mustang Independent School District #69**, Canadian County, Oklahoma, has prepared these financial statements using accounting practices prescribed or permitted by the Oklahoma State Department of Education which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America although not reasonably determinable are presumed to be material.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly in conformity with accounting principles generally accepted in the United States of America, the financial position of the reporting entity of **Mustang Independent School District #69**, Canadian County, Oklahoma, as of June 30, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the primary government of the **Mustang School District, No 69**, Canadian County, Oklahoma as of June 30, 2011, and the respective changes in financial position thereof and budgetary results for the year then ended on the regulatory basis of accounting described in Note 1. C.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2012, on our consideration of the School 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise **Mustang Independent School District #69**, Canadian County, Oklahoma, primary government taken as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the combined financial statements of the primary government. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education and/or the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations* and is also not a required part of the primary government financial statements of **Mustang Independent School District #69**, Canadian County, Oklahoma. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the primary government taken as a whole on the regulatory basis of accounting described in Note 1. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
February 3, 2012

Required Supplementary Information

- Management Discussion and Analysis

MUSTANG PUBLIC SCHOOLS
906 S. Heights Drive
Mustang, Oklahoma 73064

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Mustang Public School's (referred to as the district) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011.

The district consists of several different funds which consist of the following: General Fund (operating), Building Fund, Child Nutrition Fund, Activity Funds, Oklahoma City MAPS, Bond Funds (approved bond issues), Sinking Fund and information on the Lease Revenue proceeds. The significant transactions of these funds will be discussed.

USING THIS ANNUAL REPORT:

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the district's annual report.

Report Components:

This annual report consists of five parts as follows:

Government-wide Financial Statements: The Statement of Net Assets and the Statement of activities provide information about the activities of the district as a whole and present a longer-term view of the district's finances.

Fund Financial Statements: The Fund Financial Statements focus on the individual parts of the district government. Fund Financial Statements also report the district's operations in more detail than the government-wide statements by providing information about the district's most significant funds. These statements tell how these services were financed in the short term as well as for future spending.

Notes to the Financial Statements: The Notes to the Financial Statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management Discussion and Analysis and the General Fund Budgetary comparison schedule represent financial information required to be presented by GASB. Such information provides users of this report with additional data that supplements the government-wide statements, and notes (referred to as "the basic financial statements").

Other Supplementary Information: This provides optional financial information such as combining statements for non-major funds (which are added together and shown in the fund financial statements in a single column) and a schedule of federal awards. This part of the report provides information is provided to address certain specific needs of various users of the District's annual report.

BASIS OF ACCOUNTING:

The district is permitted to present its financial statements on a regulatory basis of accounting. This regulatory basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the District's regulatory basis of accounting, liabilities are recorded when they are encumbered, except for the recording of depreciation expense on capital assets in the government-wide financial statements for all activities.

As a result of the use of this regulatory basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) are not recorded in these financial statements. Also, certain liabilities and their related expenses are recorded when the district becomes legally obligated (when an item is contracted for or ordered) not when they are received. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of this regulatory basis of accounting.

SIGNIFICANT TRANSACTIONS:

General Fund:

Fiscal year 2010-2011 started with a 7.61% carryover and ended with 15.27%. This was an increase of 7.66% from the previous year. This was due to several factors with the main factors being the allocation of the Jobs Education funds of \$1,413,362.00 and ARRA stabilization money of \$1,713,041.00. This was an increase of \$474,868.00 over 2009-2010 ARRA funds. In addition, we had an increase in our net assessed valuation generating \$727,592.86 in collections, an increase in State School Land of \$140,487.45 and state aid increasing by \$338,750.00 due to student growth. We were also able to decrease our expenditures by over \$2 million dollars. This created a carryover of \$7,637,197.92 for FY 2011-2012 which was an increase of just under \$4 million. As we headed into fiscal year 2011 we were able to accomplish our reduction in staff thereby lowering our payroll expenditures by \$1.3 million the remaining \$700,000 reduction came from 3 main areas, supplies and materials, fees and registrations and outsource services to bring us to our projected \$2 million reduced expenditures. Other transactions that were favorable were the ability to use textbook and professional development funds to offset payroll for two years leading us to another windfall. However with FY 2011-2012 looming before us and knowing we would have no federal funds to fall back on it became very clear early on that we carryover as much as we could into FY 11-12 and hold tight so we would have enough funds to help us through the 2012-2013 school year. As we were finalizing the year 2010-2011 we stepped out in faith and looked at how we could go to full day kindergarten. This was a goal of the district and one we felt was important for the overall well-being of the District.

Building fund:

Fiscal year 2010-2011 started with a carryover of \$936,005.01 and ended the year with \$1,134,428.50. With the continued growth in net valuation our collected ad valorem increased \$110,916.16 over the previous year. Even with an increase in expenditures due mainly to the increase in water/sewer services and other construction cost we were still able to hit our projected carryover budget of at least \$1 million. We will continue to try and maintain our \$1 million dollar balance and strive to enhance that balance each year so we are prepared for any unplanned expenditure or economic downturn.

Child Nutrition Fund:

Fiscal year 2010-2011 started the year with a carryover of \$409,564.01 and ended the year with a fund balance of \$405,254.80. Overall expenditures decrease \$24,541.52 from the previous year and revenue increased by \$83,818.34. That coupled with a lower beginning balance put the Child Nutrition fund at almost a breakeven for FY 2010-2011. This was the first year we actually showed an increase in the fund balance since our decline started in 2007-2008.

Oklahoma City MAPS Trust Fund:

We only submitted one request to MAPS for the FY 2010-2011 but the funds were not received until the FY 2011-2012. We requested \$1.2 million for renovations to the new high school north building. MAPS have been great for the Mustang school district and as we wind down the funds available to us to use, the selection of projects will be determined based on the overall enhancement of the Mustang school district.

Bond Funds:

In FY 2010-2011 no new bond issues were voted on but we sold our next installment of our lease revenue issue in the amount of \$6,825,000 in June of 2011. Of that amount \$4.5 million was used as the lease payment with the remaining \$2,325,000.00 was for continued maintenance and projects as highlighted in Series II of our Lease Revenue sale. Proceeding forward we expect our next sale to be in June of 2012 for \$11,425,000.

BUDGETARY HIGHLIGHTS:

General Fund:

Approaching the budget for FY 2010-2011 we made the decision to reduce budget allocations by another 10% bringing the reductions to a total of 25% over the last three years. This decision was based on the fact that we knew our ARRA funding was going to be reduced by at least 60%. We started the year with a 7.61% carryover from FY 09-10 due mainly to the ARRA funds we had received and ended the year with a 15.27% with the influx of JOBS funding. Budgeting strategies kept constant with the standard of expecting growth of 150 students. We actually came in at 239.15 ADM. The factors really took a beating in 2009-10 ending the year at \$2989.60. In July 2010 factors started out at \$2975.20 prior to calculating the ARRA impact. When we included the ARRA funds the factors worked out to be \$3112.20 and by mid-term they were \$3116.40 when the ARRA funds were included. Even though we did not receive the slashes in allocations throughout FY 2011 and the unexpected JOBS funds provided additional funding for the year we still were facing the fact that all ARRA and JOBS money was to disappear in the school year 2011-2012 which meant we had to be very frugal with our funds as we entered FY 2011-2012. Assistance towards funding in addition to the JOBS was the legislative approval of textbook funds and professional development funds to be used for offsetting other expenditures and holding off on a textbook adoption. All of these factors lead us to make the decision to offer full day kindergarten for FY 2011-2012 for the benefit of our students. Although we knew this would cut into our carryover for the following year we felt it was in the best interest of our students and district.

Building Fund:

The budget for the FY 10-11 continued us on the same plan to limit our expenditures to primarily utilities and summer maintenance projects. In total our expenditures increased by \$47,298.24 which was still lower than our expenditures for FY 2008-2009 and was due mainly to the increase of

water/sewer services. On the revenue side we increased in collections by \$114,577.09 mainly due to the increase in net assessed valuation. With an increase in revenue and only a small increase in expenditures we recognized a growth in carryover of \$198,423.49 for our first time in exceeding \$1 million in carryover. As we look towards FY 2011-2012 we hope we will be able to maintain this balance but know if we have unexpected constraints in our General Fund we may have to pick up some of those expenses in our Building fund.

Child Nutrition Fund:

The budget for FY 2010-11 started with a lower carryover than FY 09-10 by \$94,719.82. This is the third consecutive year that we have ended with less carryover than the previous year. However, by the end of FY 10-11 we were able to end our year with an increase in carryover. In fact we almost had a breakeven year with the beginning of the year numbers starting at \$409,564.01 and ending with \$405,254.80. Payroll had a small decrease as we continued to monitor and not allow any additional time to be worked. Site expenses were up at Valley due to starting a breakfast program in January 2011 but Trails, Creek and Middle School all had decreases in expenditures. The other sites had small increases but nothing of significance. Meal prices for FY 10-11 were not increased but looking at FY 2011-2012 and the new federal law getting ready to be in effect the decision was made to increase prices across the board by .20 for FY 2011-2012.

OKC MAPS Fund:

The budget for FY 10-11 was set up based on the remaining balance of funds requested and expended during the FY 09-10 school year. We requested additional funds totaling \$1,200,000.00 from OCMAPS for replacing the High School North Building but funds were not received until the 2011-2012 school year. Looking towards FY 2011-2012 our resources will continue to decrease thereby making our decisions more specific as we determine how to use those funds to benefit the students of Mustang Schools. One of the proposals we are looking at is to look for land as we continue to grow as a district and our needs increase. Applications are available through December 31, 2017.

A FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Below is a brief summary of the school's financial data for the year ended June 30, 2011. This is the eighth year to implement GASB 34.

Net Assets

The School's combined net assets (regulatory basis) were \$62,605,786 on June 30, 2011 versus \$56,541,641 on June 30, 2010.

	<u>Governmental Activities June 30, 2010</u>	<u>Governmental Activities June 30, 2011</u>
Cash and cash equivalents	\$31,652,882	\$29,721,243
Capital assets, net of accumulated depreciation	57,488,914	65,939,755
Total Assets	\$89,141,796	\$95,660,998
Long-term debt outstanding	27,260,000	26,485,000
Other liabilities	5,340,155	6,570,212
Total Liabilities	\$32,600,155	\$33,055,212

Net assets

Invested in capital assets, net of related debt	\$30,228,914	\$39,454,755
Restricted	19,311,622	5,217,422
Unrestricted	7,001,105	17,933,609
Total Net Assets	\$56,541,641	\$62,605,786

Changes in Net Assets

For the year ended June 30, 2011, net assets of the School (resulting from regulatory basis transactions) changed as follows:

	<u>Governmental Activities FYE 6-30-10</u>	<u>Governmental Activities FYE 6-30-11</u>
Revenues		
<u>Program revenues</u>		
Charges for services	\$2,001,481	\$2,014,868
Operating grants and contributions	11,411,579	11,753,484
<u>General revenues</u>		
Property taxes, levied for general purposes	12,654,499	13,540,621
Property taxes, levied for debt service	7,581,900	7,709,895
State aid - foundation and salary incentive	21,339,897	21,678,647
Other general revenues	9,713,200	7,788,504
Total Revenues	\$64,702,556	\$64,486,019

Expenditures		
Instruction	\$32,928,026	\$32,879,622
Support services	19,995,870	19,978,853
Operation of non-instructional services	3,491,536	3,417,887
Facilities acquisition and construction	1,229,195	44,426
Other outlays	28,526	48,384
Other uses	34,401	243,058
Interest on long-term debt	724,970	646,708
Unallocated depreciation	1,179,347	1,162,936
Total Expenditures	59,611,871	58,421,873
Increase In Net Assets	\$5,090,685	\$6,064,145
Net Assets – Beginning	\$51,450,956	\$56,541,641
Net Assets - Ending	\$56,541,641	\$62,605,786

CAPITAL ASSET AND DEBT ADMINISTRATION

The district continues to have a broad range of capital assets (net of depreciation), including technology, buses, remodels, athletic equipment, and additional classrooms representing \$65,939,755, on June 30, 2011. With the completion of the first phase of the high school, field house and stadium we look forward to the completion of the ninth grade wing, media center, new HS cafeteria and HS campus as we embarked on completing the improvements that our largest bond issue to date allowed us to do. Estimated completion of all projects is currently scheduled for August of 2012.

Bond issue 2005 was used for the following items: The finishing of the fire lane construction at MMS totaling \$71,117.00, soil testing \$2193.50, paving repair \$1000.00 and concrete for \$2167.76 all applied towards the fire lane at MMS. Two, micro rain traveling sprinklers to be used in the district totaling \$10,980.00, caution barricades for Lakehoma totaling \$1,848.13 and a gate for the softball complex for \$308.03. This was a total expenditure of \$89,614.42 .The balance remaining in this fund is \$1,483.67 to be used in FY 2011-2012.

Bond issue 2007/2008 was used to purchase the following items: District wide: carpet replacement and new signs \$1908.42; Technology: 48 units for H.S. lab \$48,912.00, Safari montage hard drive replacement \$1,124.00; Operations: concrete parking pad for operations building; Bond Manager: office furniture \$1,845.22; Elementary: fire control vent hood \$2,400.00, furniture for principal's office \$2,471.26, replace touch bars on doors \$1,134.00; Valley: security doors and locks \$2,384.05, light fixture replacement \$1,119.60, light fixture lenses \$404.10, lock button transmitter \$100.13, office furniture \$2,941.73; Lakehoma: replace classroom carpet \$1,367.00, desks and cabinetry for secretaries \$15,809.00; Trails: desks and cabinetry for secretaries \$10,503.00; Creek: desks and cabinetry for secretaries \$10,195.00, security transmitter for locks on doors \$100.13, assistant principal furniture \$2,283.73; Centennial: bookcases for principal's office \$1,068.78, sod \$575.00; Middle School: weight room flooring \$6,148.24, coaches office flooring \$760.34, security cameras \$2,020.00, washer & dryer for Home Ec \$2,633.00; North Middle School: fire control vent hood \$2,400.00, racks for bun pan, dishwasher rack , shelving and 60ft mat \$1,452.53, integrating rooftop units to new controls \$5,040.00; Mid-High: fire control vent hood \$2,400.00, engineering work for paving projects \$16,500.00, can lights and trim

\$327.21, kickplates \$300.00, sidewalk replacement \$2,318.00, repair security cameras \$790.00; High-School: rental of 2 40' conexes \$231.00, construction of HS stadium ticket booth \$67,811.72, fire protection vent hood \$2,400.00, carpet replacement \$1,036.00, 24'x122'x13.6' bldg. w/concrete pad, labor and insulation \$31,882.46, sod \$225.00, new locks \$743.40, concrete for maintenance bldg. by soccer complex \$2,516.97, glass replacement \$6,920.00, signs for H.S. \$2,034.28, gym cylinders & locks \$220.18, dirt work for construction \$4,365.00, water meter installed \$2,492.50, arch fees for re-roof \$2,386.49, key box for field house \$100.00, travel sprinkler \$1,927.27, stadium waste receptacles \$2,494.90, security for field house \$14,915.00, key cabinet \$598.50, keys \$1,393.44, can lights \$170.03, garage doors for maintenance bldg. \$2,538.60, insulation in cafeteria \$3,200.00, heater and electrical switch over \$3,192.86, security camera repair \$2,195.50, tenor sax and baritone sax \$4621.00, arch fees for scoreboard renovation \$8,550.00.

Bond issue 2008/2011 Transportation was used to purchase a vo-ag truck \$37,021.00 and 2 77 passenger buses \$163,635.61.

Bond issue 2009 was tracked by project codes and is broken down as follows: Creek Classroom Additions \$9,128.41, North Middle School - classroom addition and cafeteria remodel \$249,005.17, High School Renovations - architect, engineering and technology \$3,855.07, High School Stadium - architect, engineering and construction services \$160,931.53, Roof repair/replacement - \$40,482.40, HVAC/Mech/Elect - repairs district wide \$21,722.82, Paving and repairs - \$183,332.48, Flooring - \$14,775.75, Maintenance Equip/Vehicles - \$7,509.12, Portable Buildings - \$225,349.49, Security - \$37,295.03 and Technology - \$118,894.77.

Bond issue 2010 was the first GO sold after our lease revenue issue of 2009 and tracked by project codes. \$9,825,000.00 was used to pay the lease purchase acquisition. Roof Repair/Replacement: \$15,395.00, Paving and Repairs: \$138,374.38, Flooring: \$217,100.03, Furniture & Fixtures: \$102,271.06, Maintenance equip-vehicles: \$120,000.00, Athletic Facility Equip: \$113,705.07, Band & Music Instruments: \$75,460.74, Technology: \$293,333.60 and Misc. Site Renovations: \$2,396.58.

Bond issue 2011 was the second series sold after our 2009 lease revenue issue. Financial Advisor fees: \$17,395.29, Maintenance/HVAC/Electrical: \$531.58.

The district currently has outstanding Bond Debts of \$ 26,485,000.00 at the close of FY 2010-2011.

SIGNIFICANT FACTORS FOR NEXT YEAR:

As 2011 came to a close we believed we were looking at a better year in FY2011-2012 even with the funding cliff of all ARRA and JOB funds being removed. We knew that the funds appropriated would be less than in previous years thus lowered state aid factors were being expected. Health insurance costs are still increasing and we still do not receive full funding for this cost. This will all have a negative impact to our carryover percentage. With the decision being made to implement full day kindergarten we knew that any additional funding we receive would need to be held onto in order to provide the best carryover we can into the FY 2012-2013. Looking to our future we will continue to watch our State Department and the economy and make any reductions needed in order to continue our financial security all the while maintaining the level of services to our students that Mustang has come to expect.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT:

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact the Chief Financial Officer at the Board of Education, 906 S. Heights Drive, Mustang, Oklahoma.

A handwritten signature in black ink, appearing to read "Kay Medcalf". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kay Medcalf
Chief Financial Officer

Basic Financial Statements

- Statement of Net Assets – Primary Government- Regulatory Basis
- Statement of Activities – Primary Government - Regulatory Basis
- Balance Sheet – Primary Government - Regulatory Basis - Governmental Funds
- Statement of Revenues, Expenditures and Changes in Fund Balances – Primary Government - Regulatory Basis - Governmental Funds
- Notes to the Basic Financial Statements

Mustang ISD No. 69, Canadian County
Statement of Net Assets-Regulatory Basis
For the Year Ending June 30, 2011

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 28,256,243
Investments	1,465,000
Capital assets, net of accumulated depreciation	<u>65,939,755</u>
Total Assets	<u>\$ 95,660,998</u>
 Liabilities	
Warrants payable	\$ 6,076,352
Encumbrances payable	493,860
Long-term liabilities:	
Due within one year	7,380,000
Due in more than one year	<u>19,105,000</u>
Total Liabilities	<u>\$ 33,055,212</u>
 Net Assets	
Invested in capital assets, net of related debt	\$ 39,454,755
Restricted for:	
Debt service	4,081,769
Capital projects	1,135,653
Unrestricted	<u>17,933,609</u>
Total Net Assets	<u><u>\$ 62,605,786</u></u>

See accompanying notes to the basic financial statements.

Mustang ISD No. 69, Canadian County
Statement of Activities-Regulatory Basis
For the Year Ending June 30, 2011

Function/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 32,879,622	\$ 0	\$ 7,252,587	\$ 0	\$ (25,627,035)
Support services	19,978,853	0	3,136,873	0	(16,841,980)
Operation of non-instructional services	3,417,887	2,014,868	1,361,784	0	(41,235)
Facilities acquisition and construction (amounts not capitalized)	44,426	0	0	0	(44,426)
Other outlays	48,384	0		0	(48,384)
Other uses	243,058	0	2,240	0	(240,818)
Unallocated Depreciation	1,162,936	0	0	0	(1,162,936)
Interest on long-term debt	646,708	0	0	0	(646,708)
Total governmental activities	\$ 58,421,873	\$ 2,014,868	\$ 11,753,484	\$ 0	\$ (44,653,521)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					13,540,621
Property taxes, levied for debt service					7,709,895
State aid - foundation and salary incentive					21,678,647
Other general revenues					7,788,504
Change in net assets					6,064,145
Net assets - beginning					56,541,641
Net assets - ending					<u>\$ 62,605,786</u>

See accompanying notes to the basic financial statements.

Mustang ISD No. 69, Canadian County
Balance Sheet-Regulatory Basis-Governmental Funds
For the Year Ending June 30, 2011

<u>ASSETS</u>	<u>General Fund</u>	<u>Sinking Fund</u>	<u>2011 Combined Purpose Bond Fund</u>	<u>2010 Combined Purpose Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds June 30, 2011</u>
Cash and cash equivalents	\$ 12,816,835	3,596,769	\$ 6,826,010	\$ 1,017,953	\$ 3,998,676	\$ 28,256,243
Investments	<u>485,000</u>	<u>485,000</u>	<u>0</u>	<u>0</u>	<u>495,000</u>	<u>1,465,000</u>
Total Assets	<u>\$ 13,301,835</u>	<u>4,081,769</u>	<u>\$ 6,826,010</u>	<u>\$ 1,017,953</u>	<u>\$ 4,493,676</u>	<u>\$ 29,721,243</u>
 <u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Warrants payable	\$ 5,343,157	0	\$ 17,395	\$ 9,194	\$ 706,606	\$ 6,076,352
Encumbrances payable	<u>321,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,380</u>	<u>493,860</u>
Total Liabilities	<u>\$ 5,664,637</u>	<u>0</u>	<u>\$ 17,395</u>	<u>\$ 9,194</u>	<u>\$ 878,986</u>	<u>\$ 6,570,212</u>
Fund balances:						
Restricted for:						
Retirement of long-term debt	\$ 0	4,081,769	\$ 0	\$ 0	\$ 0	\$ 4,081,769
Unreserved	7,637,198	0	6,808,615	1,008,758	0	15,454,571
Unreserved, reported in nonmajor funds:						
Special revenue funds	0	0	0	0	2,479,038	2,479,038
Capital project funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,135,653</u>	<u>1,135,653</u>
Total fund balances	<u>\$ 7,637,198</u>	<u>4,081,769</u>	<u>\$ 6,808,615</u>	<u>\$ 1,008,758</u>	<u>\$ 3,614,691</u>	<u>\$ 23,151,031</u>
Total liabilities and fund balances	<u>\$ 13,301,835</u>	<u>4,081,769</u>	<u>\$ 6,826,010</u>	<u>\$ 1,017,953</u>	<u>\$ 4,493,676</u>	

Reconciliation to Statement of Net Assets:

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

Capital assets used in governmental activities of \$107,811,698, net of accumulated depreciation of \$41,871.943, are not financial resources and, therefore, are not reported in the funds.	65,939,755
Long-term debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(26,485,000)</u>
Net assets of governmental activities	<u>\$ 62,605,786</u>

See accompanying notes to the basic financial statements.

Mustang ISD No. 69, Canadian County
Statement of Revenues, Expenditures and Changes in Fund Balances-Regulatory Basis-Governmental Funds
For the Year Ending June 30, 2011

	General Fund	Sinking Fund	2011 Combined Purpose Bond Fund	2010 Combined Purpose Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Local sources	\$ 12,044,164	\$ 7,715,014	\$ 1,010	\$ 6,329	\$ 5,254,308	\$ 25,020,825
Intermediate sources	1,718,746	0	0	0	0	1,718,746
State sources	30,052,475	0	0	0	216,158	30,268,633
Federal sources	5,967,920	0	0	0	1,145,626	7,113,546
Reimbursements	191,563	0	0	0	0	191,563
Investment income	24,677	21,543	0	0	8,410	54,631
Prior Year Lapsed Approp/Estopped Wts	85,006	0	0	0	33,071	118,077
Total Revenue	<u>\$ 50,084,551</u>	<u>\$ 7,736,557</u>	<u>\$ 1,010</u>	<u>\$ 6,329</u>	<u>\$ 6,657,574</u>	<u>\$ 64,486,021</u>
Expenditures						
Current:						
Instruction	\$ 28,966,598	\$ 0	\$ 0	\$ 385,954	\$ 1,610,072	\$ 30,962,623
Support services	17,074,071	0	17,927	675,275	2,534,178	20,301,451
Operation of non-instructional services	0	0	0	0	3,368,909	3,368,909
Other outlays	33,410	0	0	0	14,974	48,384
Other uses	1,592	3,428	0	0	238,038	243,058
Capital Outlay:						
Facilities acquisition and construction	9,774	0	0	9,841,808	1,450,003	11,301,585
Debt Service:						
Principal Retirement	0	7,600,000	0	0	0	7,600,000
Interest and Fiscal Agent Fees	0	646,708	0	0	0	646,708
Total Expenditures	<u>\$ 46,085,445</u>	<u>\$ 8,250,135</u>	<u>\$ 17,927</u>	<u>\$ 10,903,036</u>	<u>\$ 9,216,174</u>	<u>\$ 74,472,717</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,999,106</u>	<u>\$ (513,579)</u>	<u>\$ (16,917)</u>	<u>\$ (10,896,707)</u>	<u>\$ (2,558,600)</u>	<u>\$ (9,986,696)</u>
Other Financing Sources (Uses)						
Bond proceeds	\$ 0	0	6,825,000	0	0	6,825,000
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,825,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,825,000</u>
Net change in fund balances	\$ 3,999,106	\$ (513,579)	\$ 6,808,083	\$ (10,896,707)	\$ (2,558,600)	\$ (3,161,696)
Fund Balance - Beginning of Year	<u>3,638,092</u>	<u>4,595,347</u>	<u>532</u>	<u>11,905,465</u>	<u>6,173,291</u>	<u>26,312,726</u>
Fund Balance - End of Year	<u>\$ 7,637,198</u>	<u>\$ 4,081,768</u>	<u>\$ 6,808,615</u>	<u>\$ 1,008,758</u>	<u>\$ 3,614,691</u>	<u>\$ 23,151,031</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ (3,161,696)

Amounts reported for governmental activities in the Statement of Activities are different because:

-Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term debt in the Statement of Net Assets.	7,600,000
-Issuance of new capital debt obligations is recorded as bond proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Assets.	(6,825,000)
-Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The amount which capital outlays exceeds depreciation for the year is:	
Capital outlays which were capitalized	\$ 12,131,498
Depreciation expense	<u>(3,680,657)</u>
Change in Net Assets of Governmental Activities	<u>8,450,841</u>
	<u>\$ 6,064,145</u>

See accompanying notes to the basic financial statements.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Mustang Independent School District No. 69 (the "District") have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Department of Education regulations. The more significant of the District's accounting policies are described below.

1.A. Financial 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 the 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 elected members. The appointed superintendent is the executive officer of the District.

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 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 whether the activity benefits the District and/or its citizens, or whether the activity 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.

A new criterion was established by GASBS Statement No. 39 that became effective for the year ended June 30, 2004. Under GASBS Statement No. 39, a legally separate, tax exempt organization should be reported as a component unit if: 1) the economic resources of the separate organization are almost entirely for the direct benefit of the primary government or its constituents, 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, 3) and if the economic resources of the separate organization are significant to the primary government. Under this criterion, there are no potential component units that should be included in the District's reporting entity.

1.B. Basis of Presentation

The District prepares its financial statements in a presentation format that is, in substance, the format established by GASB Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

Government-Wide Financial Statements

The Statement of Net Assets-Regulatory Basis and Statement of Activities-Regulatory Basis display information about the reporting government as a whole. They include all funds of the District. All activities of the District are considered governmental activities. Governmental activities are primarily financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements

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.

Fund financial statements of the district are organized into funds. Each fund is considered to be a separate accounting entity with a self-balancing set of accounts. Funds are normally organized into three broad categories: governmental, proprietary and fiduciary. All funds of the District are considered to fall within the governmental category (the district presently has no proprietary or fiduciary types). An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category.
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined. However since the District has only governmental funds, this criteria did not apply.

Based upon the above criteria, the major funds consist of the General Fund, the Sinking Fund, the 1997 Building Bond Fund and the 2010 and 2011 Building Bond Funds. All other funds were considered to be non-major.

Governmental Funds

The governmental funds of the District are described below:

1. General Fund - The General Fund is the primary operating fund of the District and is always a major fund. It is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The District includes the following special revenue funds:

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

Building Fund - The Building Fund consists of monies derived from the proceeds of a building fund tax levy not to exceed (5) mills in any year and may be used for erecting, remodeling, or repairing school buildings; for purchasing furniture and equipment; for paying 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.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

School Activities Fund - The School Activities Fund is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

OCMAPS Fund - The OCMAPS Fund (Oklahoma City Metropolitan Area Public School) consists of monies collected from a limited purpose excise tax earmarked for certain public school or public school facilities expenditures on November 13, 2001. The funds may be expended for providing for improving public school or public school facilities attended by City-resident students by any one or more of the following expenditures: Funding the erection or purchase and complete or partial furnishing and equipping of a public school building, repairs or an existing public school building, furniture or fixtures, improvements, transportation equipment and other equipment.

3. 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 long-term 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.

4. Capital Projects Fund - The capital projects fund consists of the District's Building and Transportation bond issues. These funds are 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.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, the "*economic resources*" measurement focus is used. The accounting objectives of this measurement focus are the determination of operating income and changes in net assets. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

In the fund financial statements, the “*current financial resources*” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a period. These funds use fund balance as their measure of available spendable financial resources at the end of the year.

Basis of Accounting

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Warrants payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets in proprietary funds and those reported in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt in proprietary funds and those reported in the government-wide statements are recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the Obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which 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 (modified accrual basis) for governmental fund types; and when revenues are earned and liabilities are incurred (accrual basis) for proprietary fund types and trust funds.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - The District considers all cash on hand, demand deposit accounts, interest bearing checking accounts, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less to be cash and cash equivalents.

Investments - Investments consist of direct obligations of the United States government and agencies; certificate of deposits with an original maturity date of more than three months; and warrants, bonds or judgments of the District. These investments are recorded at cost, which approximates market value.

Accounts Receivable - As a result of the use of the regulatory basis of accounting, accounts receivable are not reported in the financial statements.

Inventories - As a result of the use of the regulatory basis of accounting, consumable materials and supplies are recorded as expenditures at the time they are encumbered not when they are used. Thus, an inventory amount has not been presented.

Capital Assets - The accounting treatment over property, plant and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

Depreciation of all exhaustible capital assets is recorded as an allocated expense (or as an unallocated expense if an asset serves more than one function) in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings & Improvements	20-40 years
- Vehicle	5-10 years
- Equipment	3-20 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Warrants Payable - Warrants are issued to pay the obligations of 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 Payable - Encumbrances represent commitments related to unperformed contracts for goods and services for which a warrant has not been issued. As a result of the use of the regulatory basis of accounting, these commitments are recognized as an expenditures at the time of the commitment.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

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

1.E. Assets, Liabilities and Fund Equity, (continued)

Long-Term Liabilities (Debt) - All long-term debt arising from cash transactions to be repaid from governmental resources are reported as liabilities in the government-wide statements. In the fund financial statements, the debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. Presently, the long-term debt consists of general obligation bonds payable.

Compensated Absences - As a result of the use of the regulatory basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures related to compensated absences are recorded when paid. The amount of accrued compensated absences is recorded as a commitment in Note 6.

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by 1) law through constitutional provisions or enabling legislation, or 2) external groups such as creditors, grantors, contributors or laws and regulations of other governments.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

In the governmental fund financial statements fund equity is classified as fund balance.

1.F. Revenue and Expenditures

Statement of Activities

Program revenues - Revenues that are derived from each activity or from parties outside the District for a specific purpose are reported as program revenues. These revenues include state, federal or private and charges for services such as meal collections in the child nutrition program. In the Statement of Activities, expenditures are reduced by the program revenue to show the amount of expenditures which are paid from general revenues.

Property taxes, levied for general purposes - The District receives a 35 mill property tax levy which is placed into the General Fund and a 5 mill property tax levy which is placed into the Building Fund.

Property taxes, levied for debt service - The District receives a property tax levy which is recalculated each year to provide sufficient funding to meet long-term debt obligations as they become due.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

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

1.F. Revenue and Expenditures (continued)

State aid - foundation and salary incentive - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the 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 or additions of revenue of the year when the adjustment is made.

Other general revenues - Revenues not allocated to other categories are reported here.

Statement of Revenues, Expenditures and Changes in Fund Balances

Revenues

Local Sources - Revenues from local sources is the money generated from within the District's boundaries. It includes ad valorem tax, interest income, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Sources - Revenues from intermediate sources are monies collected by an intermediate administrative unit (i.e. county government) between the District and the state levels, and distributed to the District in amounts that are different than the proportion collected within the District's boundaries.

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the state aid funds to school districts based on information accumulated from the districts.

In addition to foundation and salary incentive aid, the District receives revenue from the state to administer certain categorical education programs. The 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 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 Sources - Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through another entity). A grant is monies received which must be spent form a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

Investment income - Revenues derived from the investment of District monies are reported here.

Expenditures

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

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

1.F. Revenue and Expenditures (continued)

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction.

Operation of Non-Instructional Services Expenditures - This expenditure category consists of activities which provide non-instructional services to students, staff or the community. These activities include operation of the school lunch program.

Facilities Acquisition and Construction Expenditures - This expenditure category 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 - This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

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

Debt Service - This category is for the servicing of the debt of the District including payments of principal and interest.

Other Financing Sources (Uses)

Bond Proceeds - Monies received from the sale of bonds is placed into this category

Transfers - Sales or purchases of goods and services between funds are accounted for as revenues and expenditures. All other interfund transactions, are reported as transfers. These transfers are eliminated in the government-wide financial statements.

1.G. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis required by the Oklahoma State Board of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2011:

			Carrying Value
Deposits			
Demand Deposits	\$		28,536,073
Time Deposits			<u>1,215,000</u>
Total Deposits	\$		<u><u>29,751,073</u></u>
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ <u>0</u>
Total Investments			\$ <u><u>0</u></u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash			
Equivalents	\$		29,721,243
Activity Fund Outstanding Checks			<u>29,830</u>
Total Deposits and Investments	\$		<u><u>29,751,073</u></u>

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

The District’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2011, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies..
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 2 – Deposit and Investment Risk, (continued)

5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2011, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2011, the District had no concentration of credit risk as defined above.

Note 3 - General Long-term Debt

General long-term debt of the District consists of bonds payable. 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 and transportation purposes. Debt service requirements for bonds are payable solely from the fund balance and 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, 2011:

	Bonds Payable
Balance, July 1, 2010	27,260,000
Additions	6,825,000
Retirements	(7,600,000)
Balance, June 30, 2011	26,485,000

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 3 - General Long-term Debt (continued)

A brief description of the outstanding general obligation bond issues at June 30, 2011 is set forth below:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2011 Combined Purpose	1.1-2.0%	June 1, 2016	\$ 6,825,000	\$ 6,825,000
2007 Combine Purpose	3.70%	June 1, 2012	9,160,000	2,290,000
2008 Combined Purpose	2.8 to 3.15%	June 1, 2013	3,840,000	1,920,000
2009 Combined Purpose	2.0 to 2.50%	June 1, 2014	4,430,000	3,330,000
2010 Combined Purpose	1.45 to 2.00%	June 1, 2015	<u>12,120,000</u>	<u>12,120,000</u>
Totals			\$ <u>36,375,000</u>	\$ <u>26,485,000</u>

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011 Combined Purpose Bonds			
2011-12	\$ 0	\$ 109,210	109,210
2012-13	1,705,000	109,210	1,814,210
2013-14	1,705,000	75,110	1,780,110
2014-15	1,705,000	56,355	1,761,355
2015-16	<u>1,710,000</u>	<u>30,780</u>	<u>1,740,780</u>
Sub Total	\$ <u>6,825,000</u>	\$ <u>380,665</u>	\$ <u>7,205,665</u>
2007 Combined Purpose Bonds			
2012-2013	<u>\$ 2,290,000</u>	<u>\$ 84,730</u>	<u>\$ 2,374,730</u>
Sub Total	\$ <u>2,290,000</u>	\$ <u>84,730</u>	\$ <u>2,374,730</u>
2008 Combined Purpose Bonds			
2011-2012	\$ 960,000	\$ 59,040	\$ 1,019,040
2012-2013	960,000	30,240	990,240
Sub Total	\$ <u>1,920,000</u>	\$ <u>89,280</u>	\$ <u>2,009,280</u>
2009 Combined Purpose Bonds			
2011-2012	\$ 1,100,000	\$ 75,000	\$ 1,175,000
2012-2013	1,100,000	53,000	1,153,000
2013-2014	<u>1,130,000</u>	<u>28,250</u>	<u>1,158,250</u>
Sub Total	\$ <u>3,330,000</u>	\$ <u>156,250</u>	\$ <u>3,486,250</u>
2010 Combined Purpose Bonds			
2011-2012	\$ 3,030,000	\$ 218,160	\$ 3,248,160
2012-2013	3,030,000	157,560	3,187,560
2013-2014	3,030,000	113,625	3,143,625
2014-2015	<u>3,030,000</u>	<u>60,600</u>	<u>3,090,600</u>
Sub Total	\$ <u>12,120,000</u>	\$ <u>549,945</u>	\$ <u>12,669,945</u>
Total Bonds	\$ <u>26,485,000</u>	\$ <u>1,260,870</u>	\$ <u>27,745,870</u>

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 3 - General Long-term Debt (continued)

Interest expense on bonds payable incurred during the current year totaled \$646,708.

Prepaid Judgment

A lawsuit was filed by Twids Sporting Goods, court case #SC-2010-677, Canadian County, Oklahoma. The plaintiff was awarded \$2,460 and the district prepaid this amount. This judgment has 2 years left to be levied for \$820 each year.

A lawsuit was filed by Nano Pac., Inc. court case #SC-2010-1163, Canadian County, Oklahoma. The Plaintiff was awarded \$2,595 and the district prepaid this amount. This judgment will be levied over the next 3 years for \$865.00 each year.

A lawsuit was filed by Charlotte McClendon, court case #SC-2010-1162, Canadian County, Oklahoma. The plaintiff was awarded \$831.67 and the district prepaid this amount. This judgment will be levied over the next 3 years for \$277.22 each year.

Note 4 - Capital Assets

Capital asset activity resulting from regulatory basis transactions for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,792,838	\$ 0	\$ 0	\$ 2,792,838
Vehicles/Equip-Not Placed in Service	0	0	0	0
Construction in Progress	1,756,367	99,780	-1,756,367	99,780
Total Capital 'assets not Being Depreciated	<u>\$ 4,549,205</u>	<u>\$ 99,780</u>	<u>\$ -1,756,367</u>	<u>\$ 2,892,618</u>
Other Capital Assets:				
Buildings & Improvements	\$ 81,482,950	\$ 12,916,570	\$ 0	\$ 94,399,520
Vehicles	5,188,380	690,013	-33,742	5,844,651
Equipment	4,459,665	215,245	0	4,674,910
Total other Capital Assets at historical cost	<u>\$ 91,130,995</u>	<u>\$ 13,821,827</u>	<u>\$ -33,742</u>	<u>\$ 104,919,080</u>
Less accumulated depreciation for:				
Buildings & Improvements	\$ 32,910,238	\$ 2,976,523	\$ 0	\$ 35,886,761
Vehicles	2,622,644	406,090	-26,994	3,001,740
Equipment	2,658,405	325,038	0	2,983,443
Total Accumulated Depreciation	<u>\$ 38,191,286</u>	<u>\$ 3,707,651</u>	<u>\$ -26,994</u>	<u>\$ 41,871,943</u>
Other Capital Assets, net	<u>\$ 52,939,709</u>	<u>10,114,176</u>	<u>-6,748</u>	<u>63,047,137</u>
Governmental Activities Capital Assets, net	<u>\$ 57,488,914</u>	<u>10,213,957</u>	<u>-1,763,115</u>	<u>65,939,755</u>

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 4 - Capital Assets, (continued)

The District was unable to determine the historical cost (or value at time property was donated) of some of its parcels of land purchased before 1970. However, they believe the value of the land would not be material since most of it was acquired when land values were minimal.

Depreciation expense was charged to functions in the Statement of Activities as follows:

Instruction	\$ 1,987,748
Support services	168,671
Operation of non-instructional services	61,302
Unallocated Depreciation	<u>1,162,936</u>
Total	<u>\$ 3,680,657</u>

Note 5 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System. Under the System the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent or the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000, and the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2011. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2011, 2010, and 2009 were \$2,905,753, \$2,934,052, and \$2,576,158 respectively.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 5 - Employee Retirement System, (continued)

The compensation for employees covered by the System for the year ended June 30, 2011 was \$30,609,096; the District's total compensation was \$37,599,938. In addition to the District's 9.50% contributions, the District was required to pay into the System 6.50% of compensation arising from federal grants (\$100,904) and 9.50% of compensation arising from post retirement employees (\$34,365). There were \$1,744,390 contributions made by employees during the year ended June 30, 2011.

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 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 nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2010, is as follows:

Total pension obligation	\$ 19,980,640,592
Net assets available for benefits, at cost	<u>9,566,683,405</u>
 Nonfunded pension benefit obligation	 <u>\$ 10,413,957,187</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2010. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 6 - Commitments and Contingencies

Commitments:

Compensated absences - As a result of the use of the regulatory basis of accounting, accrued liabilities related to compensated absences (vacation and sick-leave) and any employer-related costs earned and unpaid, are not reflected in the government-wide or fund financial statements. However, the commitment for compensated absences at June 30, 2011 is shown below.

The District will pay \$50.00 per day for unused sick leave of an employee who retires or terminates employment up to a maximum of 100 days. Also, unused vacation leave will be compensated to support employees who retire or terminate employment at the employees daily rate of pay up to a maximum of 30 days. The districts liability for compensated absences as of June 30, 2011 is as follows:

	June 30,
	<u>2010</u>
Certified/Support Personnel	\$1,796,783

Lease Purchase Agreements -The District has entered into lease agreements for financing the acquisition of copiers and building construction. These lease purchases would qualify as capital leases for accounting purposes under generally accepted accounting principles since title transfers at the end of the lease terms. All of the leases contain a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 6 - Commitments and Contingencies, (continued)

As a result of the use of the regulatory basis of accounting, accrued liabilities and the associated assets related to lease-purchase agreements are not reflected in the government-wide or fund financial statements. However, the commitment for lease-purchase agreements at June 30, 2011 is shown below:

Year Ending June 30	<u>Copier</u>	<u>Copiers</u>	<u>Building Construction</u>	<u>Total</u>
2012	\$ 6,844	\$ 56,380	\$ 4,500,000	\$ 4,563,224
2013	1,141	9,404	9,285,000	9,295,545
2014	0	0	3,925,000	3,925,000
2015	0	0	5,280,000	5,280,000
2016	<u>0</u>	<u>0</u>	<u>8,330,000</u>	<u>8,330,000</u>
Total	\$ 7,985	\$ 65,784	\$ 31,320,000	\$ 31,393,769
Less: Amounts Representing Interest	(567)	(1,780)	0	(2,347)
Present Value of Future Minimum Lease Payments	\$ <u>7,418</u>	\$ <u>64,004</u>	\$ <u>31,320,000</u>	\$ <u>31,391,422</u>

Contingencies

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

Litigation - The District is subject to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three year period which is deposited into the District's Sinking Fund for the payment of any court assessed judgment rendered against the District. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the District and the State statute relating to judgment, the District feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the District.

Note 7 - Property Tax

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

Mustang ISD No. 69, Canadian County
Notes To The Basic Financial Statements
For The Year Ended June 30, 2011

Note 7 - Property Tax, (continued)

If the first payment is not made timely, 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.

Note 8 - Surety Bonds

The District has an employee schedule bond number 1597462 with The Ohio Casualty Insurance Company that covers listed employees for separate dollar amounts. The bond is for the term March 26, 2011 to March 26, 2012 and cover the following employees for the following penal sums:

Finance Manager	\$ 1,000,000
Assistant Treasurer	1,000,000
Activity Fund Custodian	10,000
Encumbrance Clerk	10,000
Minutes Clerk	10,000
Assistant Encumbrance Clerk	10,000
Superintendent	100,000

Required Supplementary Information

- Budgetary Comparison Schedule - Regulatory Basis - General Fund
- Budgetary Comparison Schedule – Regulatory Basis – OCMAPS Fund
- Budgetary Comparison Schedule – Regulatory Basis – Sinking Fund
- Budgetary Comparison Schedule - Regulatory Basis – Building Fund
- Budgetary Comparison Schedule – Regulatory Basis – Child Nutrition Fund

Mustang ISD No. 69, Canadian County
 Budgetary Comparison Schedule - Regulatory Basis - General Fund (Unaudited)
 For the Year Ending June 30, 2011

General Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 10,886,573	\$ 10,886,573	\$ 12,345,410	\$ 1,458,838
Intermediate sources	1,412,189	1,412,189	1,718,746	306,557
State sources	28,646,397	28,646,397	30,052,475	1,406,078
Federal sources	4,700,758	4,700,758	5,967,920	1,267,162
Total Revenue	<u>\$ 45,645,917</u>	<u>\$ 45,645,917</u>	<u>\$ 50,084,551</u>	<u>\$ 4,438,634</u>
Expenditures				
Instruction	\$ 31,548,148	\$ 31,348,064	\$ 28,961,578	\$ 2,386,486
Support services	17,500,000	17,700,000	17,073,576	626,424
Operation of non-instructional services	0	0	0	0
Facilities acquisition and construction	10,000	10,000	9,774	226
Other outlays	225,861	225,945	40,517	185,428
Total Expenditures	<u>\$ 49,284,009</u>	<u>\$ 49,284,009</u>	<u>\$ 46,085,445</u>	<u>\$ 3,198,564</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,638,092)</u>	<u>\$ (3,638,092)</u>	<u>\$ 3,999,106</u>	<u>\$ 7,637,198</u>
Other Financing Sources (Uses)				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net change in fund balances	\$ (3,638,092)	\$ (3,638,092)	\$ 3,999,106	\$ 7,637,198
Fund Balance - Beginning of Year	<u>3,638,092</u>	<u>3,638,092</u>	<u>3,638,092</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 7,637,198</u></u>	<u><u>\$ 7,637,198</u></u>

Notes to Required Supplementary Information - Budgetary Comparison Schedule

Budgetary Accounting

The District prepares its budget for the General Fund on the regulatory basis of accounting described in Note 1.C in the Notes To The Basic Financial Statements. This basis is consistent with the basis of accounting used in presenting the General Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

Mustang ISD No. 69, Canadian County
 Budgetary Comparison Schedule - Regulatory Basis - OCMAPS Fund (Unaudited)
 For the Year Ending June 30, 2011

OCMAPS Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 2,000,000	\$ 2,000,000	\$ 1,369	\$ (1,998,631)
Intermediate sources	0	0	0	0
State sources	0	0	0	0
Federal sources	0	0	0	0
Total Revenue	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,369</u>	<u>\$ (1,998,631)</u>
Expenditures				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support services	347,764	345,252	345,252	0
Operation of non-instructional services	0	0	0	0
Facilities acquisition and construction	2,827,343	2,627,586	586,627	2,040,959
Other Uses	35,770	238,038	238,038	0
Total Expenditures	<u>\$ 3,210,877</u>	<u>\$ 3,210,877</u>	<u>\$ 1,169,917</u>	<u>\$ 2,040,959</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,210,877)</u>	<u>\$ (1,210,877)</u>	<u>\$ (1,168,548)</u>	<u>\$ 42,329</u>
	0			
Other Financing Sources (Uses)				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net change in fund balances	\$ (1,210,877)	\$ (1,210,877)	\$ (1,168,548)	\$ 42,329
Fund Balance - Beginning of Year	<u>1,210,877</u>	<u>1,210,877</u>	<u>1,210,877</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,329</u>	<u>\$ 42,329</u>

Notes to Required Supplementary Information - Budgetary Comparison Schedule

Budgetary Accounting

The District prepares its budget for the OCMAPS Fund on the regulatory basis of accounting described in Note 1.C in the Notes To The Basic Financial Statements. This basis is consistent with the basis of accounting used in presenting the OCMAPS Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

Mustang ISD No. 69, Canadian County
 Budgetary Comparison Schedule - Regulatory Basis - Sinking Fund (Unaudited)
 For the Year Ending June 30, 2011

Sinking Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 7,416,132	\$ 7,416,132	\$ 7,736,557	\$ 320,425
Intermediate sources	0	0	0	0
State sources	0	0	0	0
Federal sources	0	0	0	0
Total Revenue	\$ 7,416,132	\$ 7,416,132	\$ 7,736,557	\$ 320,425
Expenditures				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support services	0	0	0	0
Principal Retirement	11,395,453	11,395,453	7,600,000	3,795,453
Interest and Fiscal Agent Fees	616,026	616,026	646,708	(30,682)
Judgment Paid	0	0	3,427	(3,427)
Total Expenditures	\$ 12,011,479	\$ 12,011,478	\$ 8,250,134	\$ 3,761,344
Excess (deficiency) of revenues over expenditures	\$ (4,595,347)	\$ (4,595,347)	\$ (513,578)	\$ 4,081,769
Other Financing Sources (Uses)				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0
Net change in fund balances	\$ (4,595,347)	\$ (4,595,347)	\$ (513,578)	\$ 4,081,769
Fund Balance - Beginning of Year	4,595,347	4,595,347	4,595,347	0
Fund Balance - End of Year	\$ (0)	\$ 0	\$ 4,081,769	\$ 4,081,769

Notes to Required Supplementary Information - Budgetary Comparison Schedule

Budgetary Accounting

The District prepares its budget for the Sinking Fund on the regulatory basis of accounting described in Note 1.C in the Notes To The Basic Financial Statements. This basis is consistent with the basis of accounting used in presenting the Sinking Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

Mustang ISD No. 69, Canadian County
 Budgetary Comparison Schedule - Regulatory Basis - Building Fund (Unaudited)
 For the Year Ending June 30, 2011

Building Fund				
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local sources	\$ 1,551,752	\$ 1,551,752	\$ 1,692,976	\$ 141,223
Intermediate sources	0	0	0	0
State sources	0	0	0	0
Federal sources	0	0	0	0
Total Revenue	<u>\$ 1,551,752</u>	<u>\$ 1,551,752</u>	<u>\$ 1,692,976</u>	<u>\$ 141,223</u>
Expenditures				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support services	2,446,757	2,366,757	1,416,514	950,244
Operation of non-instructional services	0	0	0	0
Facilities acquisition and construction	40,000	120,000	91,191	28,809
Other Uses	1,000	1,000	150	850
Total Expenditures	<u>\$ 2,487,757</u>	<u>\$ 2,487,757</u>	<u>\$ 1,507,855</u>	<u>\$ 979,903</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (936,005)</u>	<u>\$ (936,005)</u>	<u>\$ 185,121</u>	<u>\$ 1,121,126</u>
Other Financing Sources (Uses)				
Lapsed Appropriations	\$ 0	\$ 0	\$ 13,303	\$ 13,303
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,303</u>	<u>\$ 13,303</u>
Net change in fund balances	\$ (936,005)	\$ (936,005)	\$ 198,424	\$ 1,134,429
Fund Balance - Beginning of Year	<u>936,005</u>	<u>936,005</u>	<u>936,005</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 1,134,429</u>	<u>\$ 1,134,429</u>

Notes to Required Supplementary Information - Budgetary Comparison Schedule

Budgetary Accounting

The District prepares its budget for the Building Fund on the regulatory basis of accounting described in Note 1.C in the Notes To The Basic Financial Statements. This basis is consistent with the basis of accounting used in presenting the Building Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

Mustang ISD No. 69, Canadian County
 Budgetary Comparison Schedule - Regulatory Basis - Child Nutrition Fund (Unaudited)
 For the Year Ending June 30, 2011

Child Nutrition Fund				
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local sources	\$ 1,828,000	\$ 1,828,000	\$ 2,035,587	\$ 207,587
Intermediate sources	0	0	0	0
State sources	210,000	210,000	216,158	6,158
Federal sources	1,011,000	1,011,000	1,145,626	134,626
Total Revenue	<u>\$ 3,049,000</u>	<u>\$ 3,049,000</u>	<u>\$ 3,397,372</u>	<u>\$ 348,372</u>
Expenditures				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support services	0	0	0	0
Operation of non-instructional services	3,418,115	3,418,115	3,368,909	49,206
Facilities acquisition and construction	0	0	0	0
Other Uses	22,500	22,500	14,824	7,676
Total Expenditures	<u>\$ 3,440,615</u>	<u>\$ 3,440,615</u>	<u>\$ 3,383,733</u>	<u>\$ 56,882</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (391,615)</u>	<u>\$ (391,615)</u>	<u>\$ 13,639</u>	<u>\$ 405,254</u>
Other Financing Sources (Uses)				
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net change in fund balances	\$ (391,615)	\$ (391,615)	\$ 13,639	\$ 405,254
Fund Balance - Beginning of Year	<u>391,615</u>	<u>391,615</u>	<u>391,615</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 405,254</u></u>	<u><u>\$ 405,254</u></u>

Notes to Required Supplementary Information - Budgetary Comparison Schedule

Budgetary Accounting

The District prepares its budget for the Child Nutrition Fund on the regulatory basis of accounting described in Note 1.C in the Notes To The Basic Financial Statements. This basis is consistent with the basis of accounting used in presenting the Child Nutrition Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

Other Supplementary Information

- Combining Balance Sheet –Primary Government- Regulatory Basis – Other Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Primary Government - Regulatory Basis - Other Governmental Funds
- Schedule of Expenditures of Federal Awards

Mustang ISD No. 69, Canadian County
Combining Balance Sheet-Regulatory Basis-Other Governmental Funds
For the Year Ending June 30, 2011

	Special Revenue Funds				Capital Project Funds				
	Building Fund	Child Nutrition Fund	OCMAPS Fund	Student Activity Fund	2007-2008 Building Bond Fund	2,009 Building Bond Fund	2005 Building Bond Fund	2008-2010 Transportation Bond Fund	Other Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 1,169,874	\$ 632,341	\$ 244,813	\$ 647,026	\$ 679,998	\$ 458,950	\$ 1,484	\$ 164,190	\$ 3,998,676
Investments	245,000	0	0	250,000	0	0	0	0	495,000
Total Assets	\$ 1,414,874	\$ 632,341	\$ 244,813	\$ 897,026	\$ 679,998	\$ 458,950	\$ 1,484	\$ 164,190	\$ 4,493,676
LIABILITIES AND FUND BALANCE									
Liabilities:									
Warrants payable	\$ 108,831	\$ 226,321	\$ 202,484	\$ 0	\$ 2,196	\$ 3,230	\$ 0	\$ 163,544	\$ 706,606
Encumbrances payable	171,614	765	0	0	0	0	0	0	172,380
Total Liabilities	\$ 280,445	\$ 227,087	\$ 202,484	\$ 0	\$ 2,196	\$ 3,230	\$ 0	\$ 163,544	\$ 878,986
Fund balances:									
Reserved for:									
Debt service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, undesignated, reported in:									
Special revenue funds	1,134,429	405,255	42,329	897,026	0	0	0	0	2,479,038
Capital project funds	0	0	0	0	677,803	455,720	1,484	646	1,135,653
Total fund balances	\$ 1,134,429	\$ 405,255	\$ 42,329	\$ 897,026	\$ 677,803	\$ 455,720	\$ 1,484	\$ 646	\$ 3,614,691
Total liabilities and fund balances	\$ 1,414,874	\$ 632,341	\$ 244,813	\$ 897,026	\$ 679,998	\$ 458,950	\$ 1,484	\$ 164,190	\$ 4,493,676

Mustang ISD No. 69, Canadian County
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance--Regulatory Basis--Other Governmental Funds
 For the Year Ending June 30, 2011

	Special Revenue Funds				Capital Project Funds				Total Other Governmental Funds
	Building Fund	Child Nutrition Fund	OCMAPS Fund	Student Activity Fund	2007-2008 Building Bond Fund	2009 Building Bond Fund	2005 Building Bond Fund	2000 Transportation Bond Fund	
Revenues									
Local sources	\$ 1,687,487	\$ 2,016,086	\$ 0	\$ 1,537,419	\$ 2,050	\$ 10,751	\$ 38	\$ 476	\$ 5,254,308
Intermediate sources	0	0	0	0	0	0	0	0	0
State sources	0	216,158	0	0	0	0	0	0	216,158
Federal sources	0	1,145,626	0	0	0	0	0	0	1,145,626
Reimbursements	0	0	0	0	0	0	0	0	0
Investment income	5,489	1,552	1,369	0	0	0	0	0	8,410
Prior Year Lapsed Appro/Estopped Wts	13,303	17,949	0	1,819	0	0	0	0	33,071
Total Revenue	\$ 1,706,278	\$ 3,397,373	\$ 1,369	\$ 1,539,238	\$ 2,050	\$ 10,751	\$ 38	\$ 476	\$ 6,657,574
Expenditures									
Current:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 1,466,729	\$ 53,533	\$ 89,810	\$ 0	\$ 0	\$ 1,610,072
Support Services	1,416,514	0	345,252	0	136,059	419,393	16,304	200,657	2,534,178
Operation of Non-Instructional Services	0	3,368,909	0	0	0	0	0	0	3,368,909
Facilities Acquisition and Construction	91,191	0	586,627	0	135,796	563,079	73,311	0	1,450,003
Other Outlays	150	14,824	0	0	0	0	0	0	14,974
Other uses	0	0	238,038	0	0	0	0	0	238,038
Total Expenditures	\$ 1,507,855	\$ 3,383,733	\$ 1,169,917	\$ 1,466,729	\$ 325,388	\$ 1,072,282	\$ 89,614	\$ 200,657	\$ 9,216,174
<i>Excess (deficiency) of revenues over expenditures</i>	<i>\$ 198,423</i>	<i>\$ 13,640</i>	<i>\$ (1,168,548)</i>	<i>\$ 72,509</i>	<i>\$ (323,338)</i>	<i>\$ (1,061,531)</i>	<i>\$ (89,576)</i>	<i>\$ (200,180)</i>	<i>\$ (2,558,600)</i>
Other Financing Sources (Uses)									
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net change in fund balances	\$ 198,423	\$ 13,640	\$ (1,168,548)	\$ 72,509	\$ (323,338)	\$ (1,061,531)	\$ (89,576)	\$ (200,180)	\$ (2,558,600)
Fund Balance - Beginning of Year	936,005	391,615	1,210,877	824,517	1,001,140	1,517,251	91,060	200,826	6,173,291
Fund Balance - End of Year	\$ 1,134,429	\$ 405,255	\$ 42,329	\$ 897,026	\$ 677,803	\$ 455,720	\$ 1,484	\$ 646	\$ 3,614,691

Mustang School District No.1-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2011

ACTIVITIES	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Industrial Arts	\$ 349	\$ 435	\$ 431	\$ 353
Annual-H.S.	4,433	27,800	18,142	14,091
High School Athletics	49,265	155,204	131,652	72,817
Band-H.S.	1,475	82,653	78,413	5,715
Boys Basketball-H.S.	668	21,725	15,664	6,729
Boys Soccer-H.S.	5,839	22,507	24,608	3,738
Creative Writing H.S.	418	1	297	122
Odyssey of the Wind	307	1	0	308
D.A.R.E.	457	422	463	416
Mustang Elementary	29,780	18,529	27,083	21,226
Enrichment Organization	7,611	32	0	7,643
Art-Mustang Valley	2,686	11	0	2,697
FCA-H.S.	630	0	290	340
FFA-H.S.	16,651	63,725	61,881	18,494
FCCLA-H.S.	777	2,188	2,115	850
French Club-H.S.	151	732	502	380
Freshmen Cheer-H.S.	266	12,609	9,822	3,052
High School General	27,159	48,710	67,232	8,636
Girls Basketball-H.S.	21	5,787	5,027	781
Girls Track-H.S.	649	423	428	644
Girls Volleyball-H.S.	2,408	7,673	7,353	2,727
Golf-H.S.	524	1,053	1,080	497
Lakehoma Elementary	37,630	25,636	17,763	45,503
Native American Club-H.S.	510	2	0	512
Media-H.S.	3,292	705	1,042	2,955
Media-M.S.	3,478	588	1,238	2,828
Media-North M.S.	12,947	18,346	22,788	8,504
Key Club H.S.	799	671	667	803
Athletics-M.S.	70,370	66,578	62,529	74,419
Band - M.S.	5,387	43,092	35,110	13,368
Cheer-M.S.	4,192	1,477	5,123	546
FCA-M.S.	3,209	12	709	2,513
Middle School	36,469	25,785	31,732	30,522
Skills for Living - M.S.	841	3	368	476
Pep Club-M.S.	772	3	0	775
Science Club-M.S.	227	1	0	228
Cheer-North M.S.	94	0	0	94
Student Council-M.S.	1,695	1,249	1,113	1,831
Vocal Music - M.S.	10,979	32,532	31,837	11,674
Yearbook - M.S.	9,596	15,571	15,752	9,415
Mustang Valley Elementary	16,797	30,528	27,981	19,344
National Honor Society-H.S.	430	2	0	432
Media-Creek	1,727	18,487	16,912	3,302
Athletics - North M.S.	21,679	47,958	41,914	27,722
Band- North M.S.	6,528	44,358	45,201	5,686
Model United Nations-H.S.	487	2	0	489
Sub Total Activities	<u>\$ 402,657</u>	<u>\$ 845,805</u>	<u>\$ 812,264</u>	<u>\$ 436,198</u>

Mustang School District No. I-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2011
(Continued)

ACTIVITIES	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
North Middle School	\$ 19,351	\$ 36,457	\$ 30,405	\$ 25,403
Pom Pon-H.S.	6,847	6,407	5,888	7,367
Pep Club-North M.S.	1,650	29	625	1,054
Science Club- North M.S.	2,896	2,291	1,202	3,985
Speech Club-North M.S.	623	222	454	390
Student Council-North	1,033	614	804	844
Vocal Music-North M.S.	6,331	30,628	30,084	6,875
Yearbook-North M.S.	6,265	15,027	15,664	5,629
Jr. Class-H.S.	12,888	34,559	32,925	14,521
Science/Math-H.S.	510	92	0	603
Sr. Class-H.S.	42,814	33,519	34,293	42,040
Special Olympics	157	846	0	1,003
Drama Department/Club	7,781	13,603	12,083	9,302
Student Council-H.S.	198	8,394	6,387	2,204
Varsity Cheer-H.S.	3,477	7,564	4,951	6,091
Vocal Music-H.S.	2,748	21,159	22,298	1,610
Wesley E. Moore Scholarship	1,509	1,009	2,000	518
D.E.C.A.-H.S.	4,059	21,197	22,298	2,957
Baseball-H.S.	15,741	21,429	19,306	17,864
Sixth Grade-North M.S.	345	1	0	346
Administration	2,561	7,806	7,516	2,851
Media Valley	13,603	16,919	17,413	13,109
Counseling Activities-Valley	320	1,461	896	886
Trails Elementary	12,514	20,415	15,730	17,199
Girls Softball-H.S.	4,748	4,289	6,704	2,334
Spanish Club-H.S.	673	3,027	2,789	910
Media-Mustang Trails	2,045	13,287	13,900	1,432
M.E.A.D.-Mustang Elementary	1,559	1,221	881	1,899
Drug Free Club-Trails	1,495	2,498	2,854	1,140
9th-Varsity Football H.S.	7,438	3,307	8,759	1,986
Gifted and Talented	444	2	0	445
Transportation	1,472	985	703	1,754
Creek Choir	307	0	307	0
Boys-Girls Tennis H.S.	1,342	5	188	1,159
L.E. Drug Free Leaders	2,778	4,775	4,962	2,591
Boys/Girls Cross Country	801	3,099	2,374	1,527
Girls Soccer-H.S.	4,778	13,274	12,975	5,076
Chisholm Trails	3,103	1,689	4,271	522
Builder's Club-M.S.	1,217	638	724	1,131
Builder's Club-North M.S.	1,859	90	0	1,949
Debate Club - H.S.	552	2	0	554
Mustang Creek Elementary	9,218	22,062	25,343	5,937
Media-LE	1,626	14,023	14,571	1,078
Renaissance-M.S.	186	2,436	2,456	166
Reading - M.S.	9,039	10,804	7,926	11,917
Renaissance-North M.S.	1,788	646	1,077	1,356
Sub Total Activities	\$ 224,687	\$ 403,810	\$ 396,986	\$ 231,512

Mustang School District No.1-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2011
(Continued)

ACTIVITIES	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Renaissance - H.S.	\$ 2,537	\$ 1,084	\$ 1,997	\$ 1,625
Special Life Skills - M.H.	1,096	5	0	1,101
Technology Student - M.S.	35	224	210	49
Academic Team - H.S.	16	0	16	0
Art Club - H.S.	38	2,574	1,899	713
Athletic Training- H.S.	12,427	10,684	14,928	8,184
Technology - North M.S.	449	1	235	216
Spanish Club- M.V.	659	3	0	662
P.A.S.S.-MEC	2,262	8,175	7,908	2,530
Mid High School	19,833	8,207	8,976	19,064
Advanced Placement-H.S.	9,514	20,613	19,622	10,504
Grounds Improvement	1,252	5	0	1,258
Wetlands Society - H.S.	425	2	0	427
FCCLA- M.H.	549	1,915	1,528	936
Outdoor Classroom-MV	3,827	491	886	3,432
Golf-North M.S.	714	3	0	717
Student Council-M.H.	158	1,277	1,197	238
Spanish Club-M.H.	1,768	520	676	1,612
Media-M.H.	3,163	1,022	1,191	2,994
Yearbook-M.H.	444	7,360	6,533	1,271
Renaissance M.H.	993	581	0	1,574
Girls Basketball-M.H.	39	0	0	39
Track/Cross Country N	972	1,085	949	1,108
Creek/North Outdoor	1,351	306	240	1,418
Band M.H.	297	1	250	49
Football-North M.S.	895	4	246	653
5th Grade LE	6,800	3,659	1,534	8,926
Pre-Kindergarten-MEC	12,896	22,444	22,337	13,003
Mustang Education Center	549	2	236	315
Special Education M.H.	443	2	0	445
Art-Lakehoma	3,938	16	0	3,955
Musical-H.S.	2,203	1,951	2,070	2,084
Wrestling-H.S.	346	1	0	347
JROTC-H.S.	378	2	0	380
HS Athletic Department Staff	344	8,224	1,915	6,654
Art Club - M.H.	310	7,130	6,819	621
Mustang Elementary Staff	1,786	2,554	2,379	1,961
Mustang Valley Staff	769	2,722	1,590	1,900
Mustang Lakehoma Staff	947	1,151	659	1,439
Mustang Trails Staff	3,621	3,406	2,955	4,072
Mustang Creek Staff	2,219	5,202	3,584	3,837
Mustang Middle School	2,558	2,823	1,233	4,147
MNMS Staff	930	1,245	1,703	472
MID-High Staff	7,701	16,602	11,348	12,955
High School Staff	15,694	39,656	21,750	33,600
Education Center Staff	1,271	2,049	1,548	1,771
Sub Total Activities	\$ <u>131,420</u>	\$ <u>186,984</u>	\$ <u>153,149</u>	\$ <u>165,256</u>

Mustang School District No. I-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2011
(Continued)

ACTIVITIES	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Administration Staff	\$ 4,894	\$ 4,399	\$ 4,273	\$ 5,020
High School Tech Education	365	2	0	367
High School Boys Track	1,770	82	903	949
Mid-High Business Professionals	486	2	0	488
Mustang Creek Counsel	3,518	1,247	1,245	3,521
MPS Special Needs	44	0	0	44
Mustang Creek Art	2,728	5,970	4,883	3,815
ECO Club High School	501	448	410	539
Lakehoma Music	1,142	286	670	758
Mustang Trails Art	4,538	7,287	7,802	4,024
Mustang Trails Honor Club	1,564	2,032	1,993	1,603
Centennial Elementary	21,681	25,458	28,146	18,993
Trails Special Ed.	0	699	0	699
Centennial Staff	2,840	3,294	2,009	4,125
Mustang Elementary Art	2,087	5,369	5,361	2,095
Mustang Elementary Media	2,913	19,851	16,496	6,268
Trails Reading Carnival	869	1,261	1,996	134
Trails Student Council	4,788	2,980	5,727	2,040
M-H Boys Basketball	68	3,581	2,904	745
Mustang Elementary Counseling	3,418	265	0	3,683
H.S. Spanish National Honor	299	1,966	1,855	410
H.S. Mac Choir	0	4,107	3,496	611
H.S. Video Team	6,960	8,867	13,332	2,495
H.S. Swim Team	96	0	0	97
Creek Archery Club	0	767	275	491
Archery Club-M.S.	0	601	555	46
Sub Total Activities	<u>\$ 67,571</u>	<u>\$ 100,820</u>	<u>\$ 104,330</u>	<u>\$ 64,060</u>
Total Activity Funds	<u>\$ 826,336</u>	<u>\$ 1,537,419</u>	<u>\$ 1,466,729</u>	<u>\$ 897,026</u>

Exhibit E-6

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Project Number	Deferred Revenue (Accounts Receivable) July 1, 2010	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2011
U.S. Department of Education						
Direct Programs:						
Indian Education Title VII	84.060A	561	(9,274)	91,138	173,254	(91,390)
Passed Through Oklahoma State Department of Education:						
Title I, Basic	84.010	511	(2,663)	502,300	501,556	(1,919)
ARRA Title I, Basic	84.389	516	(23,858)	36,728	12,870	0
Title I Cluster			(26,521)	539,028	514,426	(1,919)
IDEA-B SEA Discretionary	84.027	613	0	9,537	9,537	0
IDEA-B Flowthrough	84.027	621	(58,047)	1,534,690	1,529,028	(52,385)
ARRA IDEA B, Flow Through	84.391A	622	(49,339)	338,602	336,575	(47,312)
ARRA Preschool	84.392A	643	(16,619)	16,619	0	0
IDEA-B Preschool	84.173	641	(2,598)	35,454	36,605	(3,749)
Special Education Cluster			(126,603)	1,934,902	1,911,745	(103,446)
ARRA Education Stabilization Fund	84.394	782	0	1,713,041	1,713,041	0
ARRA Stabilization Cluster			0	1,713,041	1,713,041	0
Title II, Part A,	84.367	541	(29,731)	152,121	150,468	(28,078)
Title II, Part D	84.318	546	0	1,425	1,425	0
Title II, Part D	84.318	548	(1,216)	1,216	0	0
Title IV, Part A	84.186A	551	(12,311)	12,311	0	0
Title III, Emergency Immigrant	84.365	571	0	5,758	5,758	0
Title III, Part A	84.365	572	(2,657)	24,533	21,995	(119)
Education Jobs Fund	84.410	790	0	1,413,362	1,413,362	0
Passed through Oklahoma Department of Vocational Education						
Carl Perkins Supplemental Grant	84.048	421/424	(25,000)	67,449	42,449	0
Total U.S. Department of Education			(233,313)	5,956,284	5,947,923	(224,952)
U.S. Department of Human Services						
Passed through Department of Human Services:						
Rehabilitation Services (OJT) Federal	84.126	456	2,239	11,637	6,485	7,391
Total U.S. Department of Human Services			2,239	11,637	6,485	7,391
U.S. Department of Agriculture						
Passed Through State Department of Education:						
Breakfast Program	10.553	385	0	216,495	216,495	0
Lunch Program	10.555	385	0	929,132	929,132	0
Commodities Distributed-Lunch	10.555	385	0	169,980	169,980	0
Child Nutrition Cluster			0	1,315,607	1,315,607	0
Total U.S. Department of Agriculture			0	1,315,607	1,315,607	0
TOTAL FEDERAL ASSISTANCE			(231,074)	7,283,528	7,270,015	(217,561)

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - The District does not track expenditures paid from these federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

Note 3 - Commodities received in the amount of \$169,980 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

The following transactions related to the American Recovery and Reinvestment Act:

	CFDA #	Program #	Federal Grant Receipts	Federal Grant Expenditures	Deferred ARRA Revenue (Accounts Rec)
ARRA Title I	84.389	516	36,728	12,870	0
ARRA Special Education	84.391A	622	338,602	336,575	(47,312)
ARRA Special Education Preschool	84.392A	643	16,619	0	0
ARRA Education Stabilization Fund	84.394	782	1,713,041	1,713,041	0
			2,104,990	2,062,486	(47,312)

Internal Control and Compliance

Federal Programs

- Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133
- Summary Schedule of Prior Year Audit Findings - Federal Programs
- Schedule of Findings and Questioned Costs - Federal Programs

Other Internal Control and Compliance

- Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards



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PHONE (405) 224-6363 • FAX (405) 224-6364
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CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board Members:

Compliance

We have audited **Mustang Independent School District #I-69**, Canadian County, Oklahoma's, compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, **Mustang Independent School District #I-69, Canadian County**, Oklahoma complied, in all material respects, with the 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, 2011.

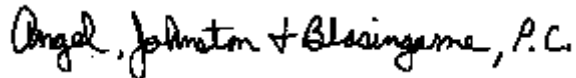
Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity'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.

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

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



Chickasha, Oklahoma
February 3, 2012

Mustang ISD No. 69, Canadian County
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2011

Management Letter Findings:

2010-1 Finding – The high school band sold value cards for \$10/card during the fall of 2009. 676 cards were properly checked out to the students, however the cards were not accounted for after that point to ensure that all cards were either sold or given back to the school. Of these 676 cards, only 285 were sold. 50 were sent back to the vendor and 25 were still on hand on 11/02/2010. Thus 316 cards are unaccounted for.

Recommendation - We recommend that a reconciliation be performed by the sponsor for this type of fundraiser. All cards issued should be reconciled back to cash collected or returned cards.

Current Status - This was not noted for the 2010-11 audit.

2010-2 Finding – During our testing of the Title II-Part D federal program, we noted that a \$1,216.32 claim for reimbursement was filed with the Oklahoma Department of Education in March of 2010. As of November 3, 2010 (the date of our audit fieldwork), the school had not received this reimbursement. Upon bringing this to the attention of the district, they contacted the Oklahoma Department of Education who agreed that a payment was not sent and that a reimbursement would be issued as soon as possible

Recommendation – We recommend the district institute procedures to ensure claims for reimbursement are received.

Current Status – We did not note claims pending for the 2010-11 audit.

Mustang ISD No. 69, Canadian County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2011

Section 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|--|
| 1. Type of auditor's report issued | Adverse
(Due to F/S being prepared on a regulatory basis of accounting) |
| 2. Internal control over financial reporting; | |
| a. Material weaknesses identified? | None Reported |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|-----------------------------------|
| 1. Internal control over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 2. Type of auditor's report issued on compliance for major program: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No |
| 4. Identification of major programs: | |
| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
| 84.027/84.391A/84.392A/84.173 | Special Education Cluster |
| 84.410 | Education Jobs Fund |
| 84.010/84.389 | Title I Cluster |
| 84.394 | ARRA Education Stabilization Fund |
| 10.553/10.555 | Child Nutrition Fund Cluster |
| 5. Dollar threshold used to distinguish between Type A or Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

(None reported)

Section 3

Federal Award Findings and Questioned Costs

(None reported)



ANGEL,
JOHNSTON &
BLASINGAME, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

**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 Independent School District #69
Canadian County, Oklahoma

Board Members:

We have audited the fund type and account group financial statements, including budget and actual, of **Mustang Independent School District #69**, as of and for the year ended June 30, 2011, which collectively comprise the District's combined financial statements, as listed in the table of contents as combined financial statements, and have issued our report thereon dated February 3, 2012. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to the general fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the board of education of Mustang School, Oklahoma State Department of Education, and certain federal regulatory agencies and is not intended to be, and should not be used by anyone other than these specified parties.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
February 3, 2012

Additional Information

- Schedule of Accountant's Professional Liability Insurance Affidavit

Officials

Mustang ISD No. 69, Canadian County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2011

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Mustang Independent School District* for the audit year 2010-11.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2012.

Notary Public

My Commission Expires 11-12-12

**MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011**

BOARD OF EDUCATION

President	Dona Zanotti
1st Vice President	Jeffery Johnson
2nd Vice President	Amanda Strassle
Member	Chad Fulton
Member	Jim Davis

SUPERINTENDENT OF SCHOOLS

Bonnie Lightfoot

SCHOOL DISTRICT TREASURER

Kay Medcalf

ENCUMBRANCE CLERK

Stacy Brown

BOARD CLERK

Debbie Schuman