

PRELIMINARY OFFICIAL STATEMENT DATED MAY 6, 2024

NEW ISSUE – Book-Entry-Only

Ratings: S&P _____
Oklahoma #1

*In is anticipated that prior to delivery of the Bonds, Bond Counsel will render an opinion which states under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2024A Building Bonds and 2024C Building Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2024A Building Bonds and 2024C Building Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code. **Interest on the 2024B Building Bonds is included in gross income for Federal income tax purposes.** Interest on the Bonds is exempt from State of Oklahoma income tax under existing law. See "TAX MATTERS RESPECTING THE 2024A & 2024C BUILDING BONDS" and "TAX MATTERS RESPECTING THE 2024B BUILDING BONDS" herein.*

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

**INDEPENDENT SCHOOL DISTRICT NUMBER 69
CANADIAN COUNTY, OKLAHOMA
(Mustang School District)**

**\$17,535,000
General Obligation Building Bonds
Series 2024A**

**\$4,825,000
General Obligation Building Bonds
Federally Taxable Series 2024B**

**\$2,565,000
General Obligation Building Bonds
Series 2024C**

(See inside cover for Maturity Dates, Maturity Amounts, Coupons, Yields, and CUSIPs)

Dated: June 1, 2024

Due: June 1, As Shown Below

Interest on the \$17,535,000 Independent School District Number 69, Canadian County, Oklahoma, General Obligation Building Bonds, Series 2024A (the "2024A Building Bonds"), its \$4,825,000 General Obligation Building Bonds, Federally Taxable Series 2024B, (the "2024B Building Bonds"), and its \$2,565,000 General Obligation Building Bonds, Series 2024C ("the "2024C Building Bonds") (collectively, the "Bonds" or "2024 Bonds") will accrue from June 1, 2024, (the "Dated Date") and will be payable June 1 and December 1 of each year commencing June 1, 2025, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein. The Paying Agent/Registrar is UMB Bank, n.a. (the "Paying Agent/Registrar").

The 2024 Bonds constitute direct and general obligations of Independent School District No. 69 of Canadian County, Oklahoma, payable from ad valorem taxes levied against all taxable property located therein, excepting homestead exemptions, without limitation as to rate or amount. The 2024 Bonds are being issued in accordance with the provisions contained in the Oklahoma Constitution, and laws of the State of Oklahoma supplementary and amendatory thereto.

The 2024 Bonds are offered subject to the approval of legality by the Attorney General of the State of Oklahoma and Phillips Murrah P.C., Oklahoma City, Oklahoma, Bond Counsel. It is anticipated that the 2024 Bonds in definitive form will be available for delivery on or about June 26, 2024.

**Financial Advisor
BOK Financial Securities, Inc.**

Official Statement Dated May __, 2024

MATURITY DATES, MATURITY AMOUNTS, COUPONS, YIELDS, AND CUSIPS

\$17,535,000
General Obligation Building Bonds
Series 2024A

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 135591</u>
6-1-2026	\$4,380,000			
6-1-2027	\$4,380,000			
6-1-2028	\$4,380,000			
6-1-2029	\$4,395,000			

\$4,825,000
General Obligation Building Bonds
Federally Taxable Series 2024B

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 135591</u>
6-1-2026	\$1,205,000			
6-1-2027	\$1,205,000			
6-1-2028	\$1,205,000			
6-1-2029	\$1,210,000			

\$2,565,000
General Obligation Building Bonds
Series 2024C

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 135591</u>
6-1-2026	\$2,565,000			

REGARDING USE OF THE OFFICIAL STATEMENT

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy within any jurisdiction to any person to whom it is unlawful to make such offer or solicitation within such jurisdiction. In connection with the offering of the 2024 Bonds, no dealer, salesman or any other person has been authorized to give any information or to make any representation other than contained herein. If given or made, such information or representation must not be relied upon.

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

Any statements, contained in this Official Statement involving matters of opinion, estimations or projections, whether or not expressly so stated, are intended as such and not as representations of facts. This Official Statement shall not be construed as a contract or agreement between the Board of Education of Independent School District No. 69 of Canadian County, Oklahoma, (the "School District") and the purchasers, holders or beneficial owners of any of the 2024 Bonds.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE SCHOOL DISTRICT FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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OFFICIAL STATEMENT

INDEPENDENT SCHOOL DISTRICT NO. 69 CANADIAN COUNTY, OKLAHOMA (Mustang School District)

relating to

**\$17,535,000 General Obligation Building Bonds, Series 2024A
and
\$4,825,000 General Obligation Building Bonds, Federally Taxable Series 2024B
and
\$2,565,000 General Obligation Building Bonds, Series 2024C**

INTRODUCTION

Independent School District No. 69 of Canadian County, Oklahoma, also known as the Mustang School District (the "School District") is issuing its \$17,535,000 General Obligation Building Bonds, Series 2024A (the "2024A Building Bonds"), its \$4,825,000 General Obligation Building Bonds, Federally Taxable Series 2024B (the "2024B Building Bonds"), and its \$2,565,000 General Obligation Building Bonds, Series 2024C (the "2024C Building Bonds") (collectively, the "Bonds" or "2024 Bonds") to provide funds for the purpose of acquiring capital improvements and equipment within and for the benefit of the School District. The 2024 Bonds are being issued in accordance with the provisions of the Oklahoma Constitution and laws of the State of Oklahoma supplementary and amendatory thereto. The 2024 Bonds constitute direct and general obligations of the School District payable from ad valorem taxes levied against all taxable property, excepting homestead exemptions, located therein without limitation as to rate or amount.

The School District is located in the central part of the state and lies west-southwest of Oklahoma City. According to the U.S. Census Bureau, the estimated population of the School District as of 2022 was 73,025 people.

The School District has included herein, as Exhibit A, a copy of its Financial Statements as of June 30, 2023 together with Auditor's Report. Exhibit A should be read in its entirety.

THE BONDS

Description

The 2024 Bonds shall bear interest at the rates and mature on the dates as shown on the inside cover of this Official Statement. Interest on the Bonds will accrue from June 1, 2024, and will be payable June 1 and December 1 of each year commencing June 1, 2025, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds – Book Entry System" herein.

Record Date

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

No Redemption Prior to Maturity

The 2024 Bonds are not subject to redemption prior to maturity.

Registration

The 2024 Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the 2024 Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2024 Bonds purchased. See “Book-Entry System” below.

The 2024 Bonds are transferable by their registered owner(s) in person or by their attorney(ies) duly authorized in writing at the principal office of the Paying Agent/Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of the Series 2024 Bond(s). Upon such transfer a new Bond or Bonds of the same maturity or maturities, interest rate or rates and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The School District and the Paying Agent/Registrar may deem and treat the registered owner(s) as the absolute owner(s) (whether or not the Series 2024 Bond(s) shall be overdue) for the purpose of receiving payment thereof and for all other purposes and neither School District nor Registrar shall be affected by any notice to the contrary.

Book-Entry System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from DTC, and none of the School District, the Financial Advisor, the Paying Agent/Registrar or the Underwriters take any responsibility for the accuracy thereof.

DTC will act as securities depository for the 2024 Bonds. The 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each maturity of the 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC at the office of the Paying Agent/Registrar on behalf of DTC utilizing the DTC FAST system of registration.

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

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 Bonds deposited by Direct Participants with DTC (or the Paying Agent/Registrar on behalf of DTC utilizing the DTC FAST system of registration) are registered in the name of DTC's partnership nominee, Cede & Co or such other name as may be requested by an authorized representative of DTC. The deposit of 2024 Bonds with DTC (or the Paying Agent/Registrar on behalf of DTC utilizing the DTC FAST system of registration) and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all the 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2024 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent/Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments on the 2024 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2024 Bonds at any time by giving reasonable notice to the School District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered to DTC.

The School District, Financial Advisor, Bond Counsel, the Paying Agent/Registrar and the Underwriters cannot and do not give any assurances that the DTC Participants will distribute to the Beneficial Owners of the 2024 Bonds: (i) payments of principal of or interest on the 2024 Bonds; (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in the 2024 Bonds; or (iii) redemption or other notices sent to DTC or its nominee, as the Registered Owners of the 2024 Bonds; or that they will do so on a timely basis or that DTC or its participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

None of the School District, Financial Advisor, Bond Counsel, the Paying Agent/Registrar or the Underwriters will have any responsibility or obligation to such DTC Participants (Direct or Indirect) or the persons for whom they act as nominees with respect to: (i) the 2024 Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by any DTC Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the 2024 Bonds; (iv) the delivery by any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Indenture to be given to Registered Owners; (v) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the 2024 Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner.

CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, a part of S&P Global Inc., and are included solely for the convenience of the purchasers of the Bonds. None of the School District, Financial Advisor, Bond Counsel, the Paying Agent/Registrar or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers. Neither the failure to print such numbers on any Bonds, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Bonds.

In reading this Official Statement, it should be understood that while the 2024 Bonds are in the Book Entry system, references in other sections of this Official Statement to Registered Owner should be read to include the Beneficial Owners of the 2024 Bonds, but: (i) all rights of ownership must be exercised through DTC and the Book Entry system; and (ii) notices that are to be given to Registered Owners by the School District or the Paying Agent/Registrar will be given only to DTC.

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Security for the Bonds

The 2024 Bonds are payable from ad valorem taxes levied annually, **without limitation as to rate or amount**, on all taxable property, within the School District including real, personal and public service property, and any other monies available for such purpose. Pursuant to Oklahoma statutes, the Assessor is required to visually inspect all property on a 4-year cycle and determine adjustments due to current market increases or decreases on a yearly cycle. The School District is required to pay a portion of the cost of such reassessment. The current assessment ratios for Oklahoma and Cleveland Counties are shown below:

	Canadian County	Oklahoma County*	Cleveland County
Real Estate	12.00%	11.00%	12.00%
Personal	12.00%	13.75%	12.00%
Public Service	22.85%	22.85%	22.85%

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

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

Authority for Issuance and Purpose of Bonds

The Bonds are issued pursuant to the provisions of and in full compliance with the Constitution and Laws of the State of Oklahoma, particularly Article X, Section 26 of the Constitution of the State of Oklahoma and Title 70, Article XV of the Oklahoma Statutes 2011, and laws supplementary and amendatory thereto, and resolutions of the Board of Education to be adopted on May 13, 2024.

Under state law, school districts cannot become indebted beyond one year for an amount in excess of the income and revenue provided in such year without the approval of three-fifths (60 percent) of the voters within the district at an election held for such purpose.

2017 Authorization

The School District had a successful bond election on February 14, 2017. The special election authorized the issuance of a total of \$180,800,000 in bonds. The School District has previously issued \$34,630,000 of bonds authorized at this election.

The 2024A Bonds include \$17,535,000 of bonds authorized at this election. The 2024B Building Bonds include \$4,825,000 of bonds authorized at this election. The remaining authorized bonds from this election are expected to be issued in varying amounts and in separate series annually from 2025 to 2029.

2023 Authorization

The School District had a successful bond election on February 14, 2023. The special election authorized the issuance of a total of \$180,900,000 in bonds. The School District has previously issued \$2,565,000 of bonds authorized at this election.

The 2024C Building Bonds include \$2,565,000 of bonds authorized at this election. The remaining authorized bonds from this election are expected to be issued in varying amounts and in separate series annually from 2025 to 2034.

Tax Levy and Collection Procedures

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

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

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

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

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THE MUSTANG SCHOOL DISTRICT

The Mustang School District, an area of approximately 69 square miles, is located primarily in Canadian and Oklahoma Counties, much of which lies within the city limits of the City of Mustang and the City of Oklahoma City. The School District consists of one (1) education center, eight (8) elementary schools, three (3) intermediate schools, three (3) middle schools and one (1) high school. The School District is the largest employer in Canadian County. According to the US Census Bureau, the estimated population of the School District as of 2022 was 73,025 people.

Residents of the School District are employed at businesses located throughout the City of Mustang and the City of Oklahoma City. No separate employment figures are available for the School District; however, as of February 2024 the unemployment rate for the counties included in the school district are as follows:

	<u>Unemployment Rate</u>
Canadian County	3.3%
Oklahoma County	3.7%
Cleveland County	3.5%
State of Oklahoma	3.6%
United States	3.9%

Source: Oklahoma Employment Security Commission; Preliminary

Note: County figures are non-seasonally adjusted; State and U.S. figures are seasonally adjusted.

Board of Education and School Administration

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

Board of Education

Dr. Robert Rader	President and Member
Todd Lovelace	Vice President and Member
Travis Helling	Clerk and Member
Sarah Lippencott	Member
Toby Thompson	Member

School Administration

Charles Bradley	Superintendent of Schools
Jeff Landes	Chief Financial Officer

Payment Record

The School District has never defaulted on the payment of its outstanding indebtedness.

FINANCIAL INFORMATION

Computation of Legal Debt Margin

2023-24 Estimated Market Value					\$6,767,433,643
2023-24 Net Assessed Valuation (NAV)	<u>Canadian Co.</u>	<u>Oklahoma Co.</u>	<u>Cleveland Co.</u>	<u>Total</u>	
	\$731,265,501	\$44,589,973	\$7,804,590	\$783,660,064	
Millage Adjustment Factor (MAF)	103.7300%	107.3820%	103.0900%		
Legal Debt Limitation (NAV * MAF * 10%)	\$75,854,170	\$4,788,160	\$804,575	\$81,446,906	
General Obligation Bonds Outstanding*					\$89,945,000
Less: Estimated Sinking Fund Balance (April 11, 2024)					\$29,610,246
Net General Obligation Bonds Outstanding					\$60,334,754
Remaining Legal Debt Margin					\$21,112,152
Ratio of Net G.O. Indebtedness to Net Assessed Valuation					7.70%

* This figure is as of April 11, 2024, and includes the 2024 Bonds.

SOURCE: School District

Direct Indebtedness

Upon the issuance of the 2024 Bonds, the School District will have gross outstanding general obligation bonded indebtedness of \$89,945,000. Such indebtedness matures as follows:

Bond Series	Dated Date	Scheduled Maturity	Original Principal Amount	Outstanding Balance
2019A	6/1/2019	6/1/2024	\$17,000,000	\$4,250,000
2019B	6/1/2019	6/1/2024	820,000	205,000
2020A	6/1/2020	6/1/2025	13,040,000	6,520,000
2020B	6/1/2020	6/1/2025	5,675,000	2,845,000
2021A	6/1/2021	6/1/2026	9,705,000	7,280,000
2021B	6/1/2021	6/1/2026	6,550,000	4,915,000
2022A	6/1/2022	6/1/2027	13,260,000	13,260,000
2022B	6/1/2022	6/1/2027	6,080,000	6,080,000
2023A	6/1/2023	6/1/2028	14,125,000	14,125,000
2023B	6/1/2023	6/1/2028	5,540,000	5,540,000
2024A	6/1/2024	6/1/2029	17,535,000	17,535,000
2024B	6/1/2024	6/1/2029	4,825,000	4,825,000
2024C	6/1/2024	6/1/2026	2,565,000	2,565,000
				\$89,945,000

Direct and Overlapping Indebtedness

	Total Net Assessed Valuation (by Municipal Entity)	Total Net Assessed Valuation in District	Percent of Municipality Net Assessed Valuation in Mustang District	Percent of Total District Net Assessed Valuation	Total Municipality Net Indebtedness ²	Total Municipality Net Indebtedness Underlying or Overlapping Mustang District
Mustang Public Schools	\$783,660,064	\$783,660,064	100.00%	100.00%	\$60,334,754	\$60,334,754
<u>Counties</u>						
Canadian County	2,128,291,555	731,265,501	34.36%	93.31%	0	0
Oklahoma County	9,379,347,621	44,589,973	0.48%	5.69%	46,330,336	220,257
Cleveland County	2,974,586,514	7,804,590	0.26%	1.00%	0	0
		\$783,660,064		100.00%		
<u>Career-Tech Districts</u>						
Canadian Valley Tech Center	2,834,583,098	783,660,064	27.65%	100.00%	1,077,524	297,897
<u>Cities & Towns</u> ¹						
City of Mustang	201,718,989	201,718,989	100.00%	25.74%	944,418	944,418
City of Oklahoma City	8,165,324,249	556,776,431	6.82%	71.05%	939,187,868	64,041,262
Unincorporated/Other Area		25,164,644		3.21%	0	0
		\$783,660,064		100.00%	\$1,047,874,900	\$125,838,588

¹ The amount for Unincorporated/Other Area is an estimate based on information provided by the County Assessors and previous year figures.

² Net Indebtedness figures for Mustang Schools are as of April 11, 2024, and include the 2024 Bonds. All other entities are as of June 30, 2023.

Net Assessed Valuation

(A) The Composition

<u>Classification</u>	<u>Canadian County</u>	<u>Oklahoma County</u>	<u>Cleveland County</u>	<u>Total Net Assessed Value (NAV)</u>	
Real	\$665,301,637	\$43,198,397	\$7,594,220	\$716,094,254	91.38%
Personal	43,672,039	478,502	45,395	44,195,936	5.64%
Public Service	22,291,825	913,074	164,975	23,369,874	2.98%
Total	\$731,265,501	\$44,589,973	\$7,804,590	\$783,660,064	100.00%

SOURCE: Canadian, Oklahoma and Cleveland County Assessors

(B) The Growth

<u>Fiscal Year</u>	<u>Net Assessed Valuation (NAV)</u>	<u>% Change</u>
2023-24	\$783,660,064	11.23%
2022-23	704,569,119	9.27%
2021-22	644,823,230	4.17%
2020-21	619,016,768	7.31%
2019-20	576,834,048	10.13%
2018-19	523,778,447	2.16%
2017-18	512,693,906	7.71%
2016-17	476,016,759	8.84%
2015-16	437,342,684	4.88%
2014-15	416,996,183	

SOURCE: Canadian, Oklahoma and Cleveland County Assessors

Major Property Taxpayers (Mustang School District)

<u>Rank</u>	<u>Taxpayer</u>	<u>Taxable Value</u>	<u>% of Net Assessed Value</u>
1	Oklahoma Gas & Electric Co.	\$17,614,613	2.25%
2	The Links at Mustang Creek LP	4,188,109	0.53%
3	Westgate One LLC	3,852,000	0.49%
4	The Greens at Mustang Creek LP	3,778,680	0.48%
5	Berk-Cohen Assoc at Highland Pt LLC	3,668,430	0.47%
6	Canyon Ranch Apartments LTD Partnership	3,582,230	0.46%
7	Oklahoma City Properties LLC	3,514,531	0.45%
8	Oklahoma Tax Commission	3,334,105	0.43%
9	I-40 OKC Partners LLC	3,111,937	0.40%
10	Oklahoma Natural Gas/Div of One Gas Inc	2,863,771	0.37%

SOURCE: Canadian and Oklahoma County Assessors.

Sinking Fund Tax Collections

<u>Fiscal Year</u>	<u>Net Levy</u>	<u>Current Collections</u>	<u>Total Collections</u>	<u>Collections Percentage*</u>
2023-24	\$18,532,895			
2022-23	17,306,650	\$17,576,683	\$18,143,367	104.83%
2021-22	15,980,472	16,024,015	16,516,203	103.35%
2020-21	15,615,861	15,683,509	16,319,861	104.51%
2019-20	14,475,323	14,499,999	14,936,392	103.19%
2018-19	14,107,426	14,435,870	14,704,974	104.24%
2017-18	13,156,188	13,451,978	13,670,452	103.91%
2016-17	12,229,151	12,484,202	12,681,492	103.70%
2015-16	11,146,125	11,381,514	11,586,079	103.95%
2014-15	10,830,143	11,145,720	11,351,146	104.81%
2013-14	9,147,613	9,443,548	9,581,013	104.74%
Average:				104.12%

*An additional amount is added to the Net Levy compensate for delinquencies in tax collections.

SOURCE: School District Administration and budgets.

Trend of Tax (Millage) Rates on Major Taxing Units (for those residing in the School District and in the City of Mustang & City of Oklahoma City)

<u>Tax Year</u> <u>Beginning</u> <u>July 1,</u>	<u>Taxing Entity</u>					<u>Total Tax Rates</u>	
	<u>School District</u>	<u>City of Mustang</u>	<u>City of Oklahoma City</u>	<u>Canadian County</u>	<u>Career Tech</u>	<u>Oklahoma City Residents</u>	<u>Mustang Residents</u>
2023	66.33	1.32	14.78	16.11	16.01	113.23	99.77
2022	67.29	1.49	15.46	16.11	16.08	114.94	100.97
2021	67.52	1.60	14.73	16.11	16.15	114.51	101.38
2020	67.99	1.73	15.41	16.11	16.17	115.68	102.00
2019	67.85	1.85	15.41	16.11	16.20	115.57	102.01
2018	69.78	2.03	15.51	16.11	16.31	117.71	104.23
2017	68.44	2.11	15.26	16.11	16.38	116.19	103.04
2016	68.48	2.19	14.81	16.11	16.47	115.87	103.25
2015	68.26	2.35	15.62	16.11	16.61	116.60	103.33
2014	68.77	2.52	15.45	16.11	16.44	116.77	103.84
Average	68.07	1.92	15.24	16.11	16.28	115.71	102.38

Note: Tax Rates are reflected on a dollars per \$1,000 of Net Assessed Valuation

SOURCE: School District Administration and budgets.

ECONOMIC AND DEMOGRAPHIC INDICES

Retail Sales

<u>Year</u>	<u>City of Mustang</u>	<u>City of Oklahoma City</u>
2022-23	\$371,008,549	\$14,307,023,720
2021-22	340,110,500	13,431,262,811
2020-21	313,242,955	11,534,545,062
2019-20	289,180,983	11,263,383,032
2018-19	286,452,603	11,391,038,630
2017-18	267,489,843	11,031,345,551
2016-17	253,743,744	10,404,309,755
2015-16	248,156,195	10,737,150,194
2014-15	242,700,918	10,941,681,646
2013-14	229,019,359	10,634,733,491
2012-13	208,148,579	10,335,085,923
2011-12	194,852,049	9,925,921,624

SOURCE: Oklahoma Tax Commission

Major Employers (City of Mustang)

<u>Employer</u>	<u>Primary Business</u>	<u>Approximate Number of Employees</u>
Mustang Public Schools	Education	1,655
Wal-Mart Supercenter	Retail	335
City of Mustang	Government	214
Lowe's	Retail	184
SSM Health St. Anthony Healthplex	Healthcare	90
McDonald's	Restaurant	55
Whataburger	Restaurant	50
Cash Saver	Grocery	50
Swadley's	Restaurant	50
Atwoods	Retail	41

Source: City of Mustang, Oklahoma FY 2023 Annual Comprehensive Financial Report.

School Enrollment

<u>School Year Ending June</u>	<u>Average Daily Membership</u>	<u>% Change</u>
2023	13,488	3.67%
2022	13,010	9.35%
2021	11,898	-3.62%
2020	12,345	4.06%
2019	11,863	4.16%
2018	11,389	3.25%
2017	11,031	2.16%
2016	10,798	2.88%
2015	10,496	5.21%
2014	9,976	

Note: As of October 2023, the estimated Average Daily Membership of the District was 13,628.

SOURCE: School District Administration

Population

<i>Historical</i>	<u>Year</u>	<u>City of Mustang</u>	<u>Canadian County</u>
	1980	7,496	56,452
	1990	10,434	74,409
	2000	13,156	87,697
	2010	17,395	115,541
	2020	19,878	154,405
<i>Estimated</i>	2022	22,232	169,149

Source: U.S. Census Bureau

ABSENCE OF MATERIAL LITIGATION

No litigation is pending (a) seeking to restrain or enjoin the issuance or delivery of the 2024 Bonds, (b) contesting or affecting any authority for or the validity of the 2024 Bonds, (c) contesting the power of the School District to issue the 2024 Bonds or the power of the School District to offer and sell them, (d) affecting the power of the School District to levy and collect taxes to pay the 2024 Bonds, or (e) contesting the corporate existence or boundaries of the School District.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2024 Bonds are subject to the approving opinion of Phillips Murrah P.C., Oklahoma City, Oklahoma, Bond Counsel and the Attorney General of the State of Oklahoma.

CONTINUING DISCLOSURE

The School District has covenanted for the benefit of Bondholders to provide certain financial and operating information for the School District not later than eight months following the end of the fiscal year in which the bonds are issued (as of the date of this document, June 30 is the end of the fiscal year), or later as such information becomes publicly available, and each fiscal year thereafter, and to provide notice of the occurrence of certain events. The specific nature of the financial information and operating data to be provided and the events for which notice must be provided is described in the Continuing Disclosure Agreement (the "Disclosure Agreement"), the form of which is attached hereto as Appendix C. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

The financial information and event notices will be filed by the School District or its dissemination agent with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, Listed Event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the School District or the Bonds is incorporated by reference in this Official Statement.

A failure by the School District to comply with the Continuing Disclosure Agreement will not constitute an event of default with respect to the Bonds, although any holder will have any available remedy at law or in equity, including seeking specific performance by court order, to cause the School District to comply with its obligations under the Continuing Disclosure Agreement. Any such failure must be reported in accordance with Rule 15c2-12 and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Rule 15c2-12 requires that an issuer or other obligated person disclose in an official statement any instances in the previous five years in which such issuer or other obligated person failed to comply, in all

material respects, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12. In connection with certain bonds previously issued by or for the benefit of the School District, the School District agreed to provide certain annual financial information and notice of certain events pursuant to continuing disclosure undertakings similar to the Disclosure Agreement (the "Prior Undertakings"). During the last five years, the School District has failed to comply with certain provisions of those Prior Undertakings. Specifically, in connection with the Canadian County Educational Facilities Authority Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2012, issued on behalf of the School District, the School District failed to timely file its audited financial statements for the fiscal year ended June 30, 2019, and failed to timely file notices of such failures. All filings have since been updated.

TAX MATTERS RESPECTING THE 2024A & 2024C BUILDING BONDS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2024A and 2024C Building Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2024A and 2024C Building Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals under the Code; however, it should be noted that with respect to certain corporations (as defined for federal income tax purposes), for taxable years beginning before January 1, 2018, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the School District in connection with the 2024A and 2024C Building Bonds, and Bond Counsel has assumed compliance by the School District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2024A and 2024C Building Bonds from gross income under Section 103 of the Code.

The Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, (other than certain "qualified" obligations). **The 2024A and 2024C Building Bonds are not "qualified" obligations for this purpose.**

In addition, under existing statutes interest on the 2024A and 2024C Building Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.5 of Title 68, Oklahoma Statutes, 2011.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2024A and 2024C Building Bonds in order that interest on the 2024A and 2024C Building Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2024A and 2024C Building Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2024A or the 2024C Building Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The School District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2024A and 2024C Building Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2024A and 2024C Building Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2024A or 2024C Building Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2024A and 2024C Building Bonds.

Prospective owners of the 2024A and 2024C Building Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2024A and 2024C Building Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a 2024A or 2024C Building Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2024A or 2024C Building Bonds. In general, the issue price for each maturity of 2024A or 2024C Building Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2024A or 2024C Building Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2024A and 2024C Building Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2024A or 2024C Building Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

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

Bond Premium

In general, if an owner acquires a 2024A or 2024C Building Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2024A or 2024C Building Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that 2024A or 2024C Building Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated

maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2024A and 2024C Building Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2024A or 2024C Building Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2024A and 2024C Building Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2024A and 2024C Building Bonds under federal or state law or otherwise prevent beneficial owners of the 2024A and 2024C Building Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2024A and 2024C Building Bonds.

No Other Opinion

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2024A and 2024C Building Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the 2024A and 2024C Building Bonds, or under state and local tax law.

Prospective purchasers of the 2024A or the 2024C Building Bonds should consult their own tax advisors as to the consequences of their acquisition, holding, or disposition of the 2024A or the 2024C Building Bonds.

TAX MATTERS RESPECTING THE 2024B BUILDING BONDS

Opinion of Bond Counsel

In the opinion of bond counsel, interest on the 2024B Building Bonds is included in gross income for federal income tax purposes.

In the opinion of bond counsel, under existing statutes interest on the 2024B Building Bonds shall be exempt from Oklahoma income taxation pursuant to Section 2358.5 of Title 68, Oklahoma Statutes, 2011.

Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the 2024B Building Bonds under the laws of the State or any other state or jurisdiction.

General Matters

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2024B Building Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2024B Building Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2024B Building Bonds.

In general, interest paid on the 2024B Building Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2024B Building Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium

An investor which acquires a 2024B Building Bond for a cost greater than its remaining stated redemption price at maturity and holds such 2024B Building Bond as a capital asset will be considered to have purchased such 2024B Building Bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable 2024B Building Bond premium that reduces interest payments under Section 171 of the Code. 2024B Building Bond premium is generally amortized over the 2024B Building Bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any 2024B Building Bond purchased with a 2024B Building Bond premium should consult their own tax advisors as to the effect of such 2024B Building Bond premium with respect to their own tax situation and as to the treatment of 2024B Building Bond premium for state tax purposes.

Market Discount

An investor that acquires a 2024B Building Bond for a price less than the adjusted issue price of such 2024B Building Bond (or an investor who purchases a 2024B Building Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a 2024B Building Bond originally issued at a discount, the amount by which the issue price of such 2024B Building Bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2024B Building Bond not originally issued at a discount, the amount by which the stated redemption price of such 2024B Building Bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2024B Building

Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the 2024B Building Bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a 2024B Building Bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2024B Building Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2024B Building Bond that acquired such 2024B Building Bond at a market discount also may be required to defer, until the maturity date of such 2024B Building Bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such 2024B Building Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such 2024B Building Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2024B Building Bond for the days during the taxable year on which the owner held such 2024B Building Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2024B Building Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Sales or Other Dispositions

If an owner of a 2024B Building Bond sells the 2024B Building Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such 2024B Building Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, the maximum capital gains rate for certain assets held for more than 12 months is 15%. However, if a 2024B Building Bond was, at its initial issuance, sold at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income. Neither the School District nor Bond Counsel can predict whether the President or Congress will propose legislation effecting the long-term capital gains rate.

If the terms of a 2024B Building Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2024B Building Bond should consult its own tax advisor concerning the circumstances in which such 2024B Building Bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the 2024B Building Bonds may result in a deemed sale or exchange of such 2024B Building Bond under certain circumstances. Owners of such 2024B Building Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a 2024B Building Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2024B Building Bonds, if such owner, upon issuance of the 2024B Building Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors

An owner of a 2024B Building Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2024B Building Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2024B Building Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on 2024B Building Bonds owned by foreign investors. In those instances in which payments of interest on the 2024B Building Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2024B Building Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2024B Building Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2024B Building Bond incurs acquisition indebtedness with respect to such 2024B Building Bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2024B Building Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including

entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2024B Building Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2024B Building Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the School District or any dealer of the 2024B Building Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2024B Building Bonds are acquired by such plans or arrangements with respect to which the School District or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2024B Building Bonds. The sale of the 2024B Building Bonds to a plan is in no respect a representation by the School District that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the 2024B Building Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Health Care and Education Reconciliation Act of 2010

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the 2024B Building Bonds should consult with their tax advisor concerning this additional tax as it may apply to interest earned on the 2024B Building Bonds as well as gain on the sale of a 2024B Building Bond.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2024B Building Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to indebtedness issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2024B Building Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2024B Building Bonds or the

market value thereof would be impacted thereby. Purchasers of the 2024B Building Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2024B Building Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

GLOBAL RISKS

Certain external events, such as pandemics, natural disasters, severe weather, riots, acts of war or terrorism, technological emergencies, or other circumstances, could potentially disrupt the operations and effectiveness of municipal governments, such as the School District.

CREDIT RATINGS

The 2024 Bonds have been rated “_____” by S&P Global Ratings (“S&P”) and the School District is currently rated Oklahoma #1 by the Municipal Rating Committee of Oklahoma. The ratings assigned by S&P and the Municipal Rating Committee of Oklahoma express only the view of each respective rating agency. The explanation of the significance of each rating may be obtained from S&P and the Municipal Rating Committee of Oklahoma, respectively. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Except as set forth in EXHIBIT B – FORM OF CONTINUING DISCLOSURE AGREEMENT, none of the School District, the Financial Advisor, the Paying Agent/Registrar or the Underwriters has undertaken any responsibility either to bring to the attention of the owners of the 2024 Bonds any proposed revision or withdrawal of the rating of the 2024 Bonds or to oppose any such proposed revision or withdrawal. Any revision or withdrawal of ratings may have an effect on the market price of the 2024 Bonds.

UNDERWRITING

The 2024A Building Bonds are being purchased at competitive sale by _____. The underwriter has agreed to purchase the 2024A Building Bonds at a price equal to \$_____ plus accrued interest from June 1, 2024.

The 2024B Building Bonds are being purchased at competitive sale by _____. The underwriter has agreed to purchase the 2024B Building Bonds at a price equal to \$_____ plus accrued interest from June 1, 2024.

The 2024C Building Bonds are being purchased at competitive sale by _____. The underwriter has agreed to purchase the 2024C Building Bonds at a price equal to \$_____ plus accrued interest from June 1, 2024.

FINANCIAL ADVISOR

BOK Financial Securities, Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the bonds. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the District for the investment of debt proceeds or other funds of the District, upon the request of the District.

BOK Financial Securities, Inc., in its capacity of Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the District has provided the following sentence for inclusion in the Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities

laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy of such information.

MISCELLANEOUS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 69
OF CANADIAN COUNTY, OKLAHOMA

BY: _____
President, Board of Education

EXHIBIT A

**FINANCIAL STATEMENTS WITH ACCOUNTANT'S REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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

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

JUNE 30, 2023



Audited by

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

BROKEN ARROW, OK

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2023

BOARD OF EDUCATION

President

Todd Lovelace

Vice-President

Chad Schroeder

Clerk

Travis Helling

Member

Dr. Robert Rader

Member

Toby Thompson

SUPERINTENDENT OF SCHOOLS

Charles Bradley

CHIEF FINANCIAL OFFICER

Jeff Landes

www.mustangps.org

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
JUNE 30, 2023

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MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Mustang Independent School District No. 69
Mustang, Canadian County, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Mustang Independent School District No. 69, Mustang, Canadian County, Oklahoma (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" section of our report, the combined financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2023, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2023, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements-regulatory basis that collectively comprise the District's basic financial statements. The accompanying combining financial statements-regulatory basis and other supplementary information and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements-regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the combining financial statements-regulatory basis and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the combined financial statements-regulatory basis as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 11, 2023



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

The Honorable Board of Education
Mustang Independent School District No. 69
Mustang, Canadian County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements – regulatory basis of the Mustang Independent School District No. 69, Mustang, Canadian County, Oklahoma (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2023, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts as provided by the Oklahoma State Department of Education. However, our report was qualified because the omission of the general fixed asset account group results in an incomplete presentation with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 11, 2023



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

To the Honorable Board of Education
Mustang Independent School District No. 69
Mustang, Canadian County, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mustang Independent School District No. 69, Mustang, Canadian County, Oklahoma's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

December 11, 2023

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NONCOMPLIANCE
JUNE 30, 2023

Finding 2022-1 Payroll

Criteria: School Districts are required, per Oklahoma Statutes Title 70 § 5-135, to implement internal controls and procedures over initiating, recording and paying for all purchases, salaries, wages and contractual obligations.

Condition: We observed that there was insufficient oversight of the payroll function at the payroll administer level. Pursuant to an agreed upon procedures engagement that was performed for the District in April 2022, it was determined that the Director of Payroll committed a payroll scheme that misappropriated approximately \$415,000, over the past five years, which appears to have benefited only two employees. This scheme involved the payment of additional direct deposits during the payroll process through a series of adjusting entries to the District's payroll software. The additional direct deposits were in excess of their approved employment contracts.

Condition: This finding was corrected during the 2022-23 fiscal year. The payroll reports are reviewed by an individual separate from the individual processing payroll each pay period.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section 1 - Summary of Auditor's Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified opinion report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under Uniform Guidance, 2 CFR 200.51(a).
7. Programs determined to be major are the COVID-19 Education Stabilization Fund-CARES/ESSER/ARP Programs (84.425C, 84.425D, 84.425U), which were not clustered in determination, and the IDEA-B Special Education Programs (84.027, 84.173), which were clustered.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

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

None

Section 3 – Findings and questioned costs for federal awards:

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2023

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS		PRIOR YEAR
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS			EXPENDABLE TRUST & AGENCY FUNDS	GENERAL LONG-TERM DEBT ACCOUNT	
ASSETS									
Cash and investments	\$ 25,318,404	2,248,635	11,018,639	20,344,112	6,484,669		65,414,459	55,586,615	
Amounts available in debt service						11,018,639	11,018,639	9,536,036	
Amount to be provided for retirement of long-term debt						214,746,361	214,746,361	229,823,964	
Total Assets	\$ 25,318,404	2,248,635	11,018,639	20,344,112	6,484,669	225,765,000	291,179,459	294,946,615	
LIABILITIES AND FUND BALANCE									
Liabilities:									
Warrants/checks payable	\$ 2,428,757	246,092		1,061,914	350,722		4,087,485	3,809,187	
Encumbrances	13,120,421	276,944		2,308,773	1,602,854		17,308,992	8,878,103	
Funds held for school organizations					3,526,488		3,526,488	2,604,282	
Long-term debt:									
Capital leases						160,745,000	160,745,000	177,860,000	
Bonds payable						65,020,000	65,020,000	61,500,000	
Total Liabilities	15,549,178	523,036	0	3,370,687	5,480,064	225,765,000	250,687,965	254,651,572	
Fund Balance:									
Restricted		1,725,599	11,018,639	16,973,425	1,004,605		30,722,268	35,432,974	
Unassigned	9,769,226						9,769,226	4,862,069	
Cash fund balances	9,769,226	1,725,599	11,018,639	16,973,425	1,004,605	0	40,491,494	40,295,043	
Total Liabilities and Fund Balance	\$ 25,318,404	2,248,635	11,018,639	20,344,112	6,484,669	225,765,000	291,179,459	294,946,615	

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTRY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)	PRIOR YEAR (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST		
Revenues collected:							
Local sources	\$ 28,648,894	4,023,425	18,143,369	196,825	3,097,424	54,109,937	47,278,082
Intermediate sources	4,144,917					4,144,917	4,021,695
State sources	68,701,327	833,728				69,535,055	61,869,699
Federal sources	11,702,542	2,600,231				14,302,773	15,764,800
Interest earnings	1,018,745		456,670			1,475,415	77,951
Nonrevenue receipts	1,552,182		545,662			2,097,844	3,087,147
Total revenues collected	115,768,607	7,457,384	19,145,701	196,825	3,097,424	145,665,941	132,099,374
Expenditures:							
Instruction	64,120,822			1,942,105		66,062,927	63,614,244
Support services	41,801,565	4,919,179		3,436,890	4,625,925	54,783,559	45,273,575
Operation of noninstructional services	5,928,206					5,928,206	6,257,384
Facilities acquisition & construction services		3,034,419		17,245,600	53,900	20,333,919	14,863,253
Other outlays :							
Debt service			17,663,098			17,663,098	17,083,107
Reimbursements	5,469					5,469	7,832
Correcting entry	369,112					369,112	
Total expenditures	112,225,174	7,953,598	17,663,098	22,624,595	4,679,825	165,146,290	147,099,395
Excess of revenues collected over (under) expenditures before other financing sources (uses)	3,543,433	(496,214)	1,482,603	(22,427,770)	(1,582,401)	(19,480,349)	(15,000,021)
Other financing sources (uses):							
Proceeds from sale of bonds				19,665,000		19,665,000	19,340,000
Transfers in (out)	1,354,632	(1,354,632)				0	0
Adjustments to prior year encumbrances	9,092	2,669			39	11,800	6,084
Total other financing sources (uses)	1,363,724	(1,351,963)	0		39	19,676,800	19,346,084
Excess of revenues collected over (under) expenditures	4,907,157	(1,848,177)	1,482,603	(2,762,770)	(1,582,362)	196,451	4,346,063
Cash fund balances, beginning of year	4,862,069	3,573,776	9,536,036	19,736,195	2,586,967	40,295,043	35,948,980
Cash fund balances, end of year	\$ 9,769,226	1,725,599	11,018,639	16,973,425	1,004,605	40,491,494	40,295,043

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 26,002,675	26,002,675	28,648,894	24,067,149
Intermediate sources	3,721,512	3,721,512	4,144,917	4,021,695
State sources	60,101,692	65,653,631	68,701,327	60,837,421
Federal sources	14,336,907	11,261,969	11,702,542	9,465,471
Interest earnings	150,000	150,000	1,018,745	76,998
Nonrevenue receipts	1,466,418	1,466,418	1,552,182	2,579,092
Total revenues collected	<u>105,779,204</u>	<u>108,256,205</u>	<u>115,768,607</u>	<u>101,047,826</u>
Expenditures:				
Instruction	62,876,921	65,353,922	64,120,822	62,991,832
Support services	41,801,565	41,801,565	41,801,565	39,271,616
Operation of noninstruction services	5,928,206	5,928,206	5,928,206	11,707
Facilities acquisition & construction services				819,221
Other outlays:				
Reimbursement	5,469	5,469	5,469	
Correcting entry	29,112	29,112	369,112	
Total expenditures	<u>110,641,273</u>	<u>113,118,274</u>	<u>112,225,174</u>	<u>103,094,376</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(4,862,069)	(4,862,069)	3,543,433	(2,046,550)
Other financing sources (uses):				
Transfers in (out)			1,354,632	
Adjustments to prior year encumbrances			9,092	4,940
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>1,363,724</u>	<u>4,940</u>
Excess of revenues collected over (under) expenditures	(4,862,069)	(4,862,069)	4,907,157	(2,041,610)
Cash fund balance, beginning of year	<u>4,862,069</u>	<u>4,862,069</u>	<u>4,862,069</u>	<u>6,903,679</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>9,769,226</u>	<u>4,862,069</u>

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS			Prior Year (Memorandum Only)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 3,330,632	3,330,632	4,023,425	3,727,528
State sources			833,728	1,032,278
Federal sources		3,150,000	2,600,231	6,299,329
Interest earnings				953
Nonrevenue receipts				7,832
Total revenues collected	<u>3,330,632</u>	<u>6,480,632</u>	<u>7,457,384</u>	<u>11,067,920</u>
Expenditures:				
Support services	2,518,026	5,668,026	4,919,179	2,840,561
Operation of noninstructional services				6,245,677
Facilities acquisition & construction services	3,034,419	3,034,419	3,034,419	59,750
Other outlays:				
Reimbursement				7,832
Total expenditures	<u>5,552,445</u>	<u>8,702,445</u>	<u>7,953,598</u>	<u>9,153,820</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(2,221,813)	(2,221,813)	(496,214)	1,914,100
Other financing sources (uses):				
Transfers in (out)	(1,351,963)	(1,351,963)	(1,354,632)	
Adjustments to prior year encumbrances			2,669	1,144
Total other financing sources (uses)	<u>(1,351,963)</u>	<u>(1,351,963)</u>	<u>(1,351,963)</u>	<u>1,144</u>
Excess of revenues collected over (under) expenditures	(3,573,776)	(3,573,776)	(1,848,177)	1,915,244
Cash fund balances, beginning of year	<u>3,573,776</u>	<u>3,573,776</u>	<u>3,573,776</u>	<u>1,658,532</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,725,599</u>	<u>3,573,776</u>

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:			
Local sources	\$ 17,306,650	18,143,369	16,516,203
Interest earnings		456,670	
Nonrevenue receipts		545,662	500,223
Total revenues collected	17,306,650	19,145,701	17,016,426
Requirements:			
Bonds	16,145,000	16,145,000	15,925,000
Coupons	1,518,098	1,518,098	1,158,107
Total requirements	17,663,098	17,663,098	17,083,107
Excess of revenue collected over (under) expenditures	(356,448)	1,482,603	(66,681)
Cash fund balance, beginning of year	9,536,036	9,536,036	9,602,717
Cash fund balance, end of year	\$ 9,179,588	11,018,639	9,536,036

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

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

B. Measurement Focus

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

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

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

Governmental Fund Types

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

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

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

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not use the co-op fund in 2022-23.

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Fiduciary Fund Types

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

Expendable Trust Funds – Expendable trust funds can include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District only maintained an insurance recovery fund during the 2022-23 fiscal year.

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

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

Account Groups

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus – cont'd

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

C. Basis of Accounting and Presentation – cont’d

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

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The Board of Education request an initial temporary appropriations budget from their County Excise Board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until annual Estimate of Needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each Board of Education shall prepare a financial statement and Estimate of Needs to be filed with the applicable County Clerk and the State Department of Education.

The 2022-23 Estimate of Needs was amended by the following supplemental appropriations during the fiscal year:

<u>Fund</u>	<u>Amount</u>
General	\$ 2,477,001
Building	3,150,000

These amendments were approved by the County Clerk’s Office.

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

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

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

Inventories – The value of consumable inventories at June 30, 2023 is not material to the combined financial statements.

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

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

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

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

Operation of Noninstructional Services Expenditures – Activities concerned with providing noninstructional services to students, staff or the community.

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

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. During the 2022-23 fiscal year, the District transferred \$1,354,632 from the child nutrition fund to the general fund. The District will now operate their child nutrition programs within the general fund.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s cash deposits and investments at June 30, 2023 were \$65,471,797, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

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

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS – cont'd

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

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

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2023.

4. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2023:

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2022	\$ 61,500,000	177,860,000	239,360,000
Additions	19,665,000	0	19,665,000
Retirements	<u>(16,145,000)</u>	<u>(17,115,000)</u>	<u>(33,260,000)</u>
Balance, June 30, 2023	<u>\$ 65,020,000</u>	<u>160,745,000</u>	<u>225,765,000</u>

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2023 is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2019, original issue \$17,000,000, interest rate of 2.00%, due in annual installments of \$4,250,000, and final payment due on 06-01-24	\$ 4,250,000
Building Bonds, Series 2019, original issue \$820,000, interest rate of 2.25% to 2.85%, due in annual installments of \$205,000, and a final payment due on 06-01-24	205,000
Building Bonds, Series 2020, original issue \$5,675,000, interest rate of 1.25%, due in annual installments of \$1,415,000, final payment of \$1,430,000 due on 06-1-25	2,845,000
Combined Purpose Bonds, Series 2020, original issue \$13,040,000, interest rate of 2.00%, due in annual installments of \$3,260,000, final payment of \$3,260,000 due on 06-1-25	6,520,000
Combined Purpose Bonds, Series 2021, original issue \$9,705,000, interest rate of 1.50 to 2.00%, due in annual installments of \$2,425,000, final payment due on 06-1-26	7,280,000
Building Bonds, Series 2021, original issue \$6,550,000, interest rate of 1.50% due in annual installments of \$1,635,000, final payment due on 06-1-26	4,915,000
Combined Purpose Bonds, Series 2022, original issue \$13,260,000, interest rate of 4.00%, due in annual installments of \$3,315,000, final payment due on 06-1-27	13,260,000
Building Bonds, Series 2022, original issue \$6,080,000, interest rate of 3.25 to 3.5%, due in annual installments of \$1,520,000, final payment of \$1,645,000 due on 06-1-27	6,080,000

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

4. GENERAL LONG-TERM DEBT – cont'd

	<u>Amount Outstanding</u>
Combined Purpose Bonds, Series 2023, original issue \$14,125,000, interest rate of 3.00 to 4.00%, due in annual installments of \$3,530,000, final payment of \$3,535,000 due on 06-1-28	\$ 14,125,000
Building Bonds, Series 2023, original issue \$5,540,000, interest rate of 4.30 to 5.0%, due in annual installments of \$1,385,000, final payment due on 06-1-28	5,540,000
<u>Capital Leases:</u>	
Lease purchase for 2012 Mustang Public Schools Project, dated 7-1-12, for \$77,760,000, due in annual principal and rental installments of varying amounts, final payment 9/1/23 (see below)	9,435,000
Lease purchase for 2017 Mustang Public Schools Project, dated 5-1-17, for \$177,580,000, due in annual principal and rental installments of varying amounts, final payment 9/1/29 (see below)	<u>151,310,000</u>
Total	<u>\$ 225,765,000</u>

Mustang Public Schools Project 2012

Pursuant to the issuance of series bonds in the amount of \$97,300,000, passed by electors on April 3, 2012, on July 1, 2012, the Canadian County Educational Facilities Authority issued \$64,195,000 of Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2012, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Mustang School District. Also on July 1, 2012, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Canadian County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Canadian County Educational Facilities Authority. The sublease calls for eleven (11) annual payments starting September 1, 2013, in addition to semiannual rental payments of \$1,500. These payments will be made out of bond funds. Mustang Public Schools will gain ownership to the capital improvements incrementally as each payment is made.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

4. GENERAL LONG-TERM DEBT – cont'd

Mustang Public Schools Project 2017

Pursuant to the issuance of series bonds in the amount of \$180,800,000, passed by electors on February 14, 2017, in May 2017, the Canadian County Educational Facilities Authority issued \$138,300,000 of Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2017, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Mustang School District. Also on February 14, 2017, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Canadian County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Canadian County Educational Facilities Authority. The sublease calls for twelve (12) annual payments starting September 1, 2018, in addition to semiannual rental payments of \$1,500. These payments will be made out of bond funds. Mustang Public Schools will gain ownership to the capital improvements incrementally as each payment is made.

Future Debt Requirements

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 32,900,000	1,982,372	34,882,372
2025	40,810,000	1,561,942	42,371,942
2026	37,155,000	1,016,415	38,171,415
2027	32,090,000	583,710	32,673,710
2028	30,090,000	200,955	30,290,955
Thereafter	52,720,000	-	52,720,000
Total	<u>\$ 225,765,000</u>	<u>5,345,394</u>	<u>231,110,394</u>

Interest paid on general long-term debt during the 2022-23 fiscal year totaled \$1,518,098.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2022-23 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 8.00%.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Annual Pension Cost

The District's total contributions for 2023, 2022 and 2021 were \$11,753,364, \$11,516,314 and \$10,291,353 respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2023. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

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

6. RISK MANAGEMENT

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

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

6. RISK MANAGEMENT – cont'd

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

7. CONTINGENCIES

Federal Grants

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

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2021-23 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

SUPPLEMENTARY INFORMATION

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2023

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 2,248,635	0	2,248,635
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants/checks payable	\$ 246,092		246,092
Encumbrances	276,944		276,944
Total liabilities	523,036	0	523,036
Fund Balance:			
Restricted	1,725,599	0	1,725,599
Total Liabilities and Fund Balance	\$ 2,248,635	0	2,248,635

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:			
Local sources	\$ 4,023,425		4,023,425
State sources	833,728		833,728
Federal sources	2,600,231		2,600,231
Total revenues collected	<u>7,457,384</u>	<u>0</u>	<u>7,457,384</u>
Expenditures:			
Support services	4,919,179		4,919,179
Facilities acquisition & construction services	3,034,419		3,034,419
Total expenditures	<u>7,953,598</u>	<u>0</u>	<u>7,953,598</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(496,214)	0	(496,214)
Other financing sources (uses):			
Transfers in (out)		(1,354,632)	(1,354,632)
Adjustments to prior year encumbrances		2,669	2,669
Total other financing sources (uses)	<u>0</u>	<u>(1,351,963)</u>	<u>(1,351,963)</u>
Excess of revenues collected over (under) expenditures	(496,214)	(1,351,963)	(1,848,177)
Cash fund balances, beginning of year	<u>2,221,813</u>	<u>1,351,963</u>	<u>3,573,776</u>
Cash fund balances, end of year	<u>\$ 1,725,599</u>	<u>0</u>	<u>1,725,599</u>

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	Actual	ORIGINAL BUDGET	FINAL BUDGET	Actual
Revenues Collected:						
Local sources	\$ 3,330,632	3,330,632	4,023,425	\$		
State sources			833,728			
Federal sources		3,150,000	2,600,231			
Total revenues collected	3,330,632	6,480,632	7,457,384	0	0	0
Expenditures:						
Support services	2,518,026	5,668,026	4,919,179			
Facilities acquisition & construction svcs	3,034,419	3,034,419	3,034,419			
Total expenditures	5,552,445	8,702,445	7,953,598	0	0	0
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(2,221,813)	(2,221,813)	(496,214)	0	0	0
Other financing sources (uses):						
Transfers in (out)				(1,351,963)	(1,351,963)	(1,354,632)
Adjustment to prior year encumbrances						2,669
Total other financing sources (uses)	0	0	0	(1,351,963)	(1,351,963)	(1,351,963)
Excess of revenues collected over (under) expenditures	(2,221,813)	(2,221,813)	(496,214)	(1,351,963)	(1,351,963)	(1,351,963)
Cash fund balances, beginning of year	2,221,813	2,221,813	2,221,813	1,351,963	1,351,963	1,351,963
Cash fund balances, end of year	\$ 0	0	1,725,599	\$ 0	0	0

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2023

	BOND (33) FUND	BOND (34) FUND	BOND (38) FUND	TOTAL
<u>ASSETS</u>				
Cash	\$ 2,540,000	16,813,988	990,124	20,344,112
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants/checks payable	\$	71,790	990,124	1,061,914
Encumbrances		2,308,773		2,308,773
Total Liabilities	0	2,380,563	990,124	3,370,687
Fund Balance:				
Restricted	2,540,000	14,433,425	0	16,973,425
Total Liabilities and Fund Balance	\$ 2,540,000	16,813,988	990,124	20,344,112

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	BOND (31) FUND	BOND (33) FUND	BOND (34) FUND	BOND (35) FUND	BOND (38) FUND	BOND (39) FUND	TOTAL
Revenues Collected:							
Local sources	\$ 0	0	196,825	0	0	0	196,825
Expenditures:							
Instruction			1,942,105				1,942,105
Support services			2,446,766		990,124		3,436,890
Facilities acquisition & construction services			17,245,600				17,245,600
Total expenditures	0	0	21,634,471	0	990,124	0	22,624,595
Excess of revenues collected over (under) expenditures before other financing sources (uses)	0	0	(21,437,646)	0	(990,124)	0	(22,427,770)
Other financing sources (uses):							
Transfers in (out)	(62)		(674,762)	(30,763)	705,592	(5)	0
Bond proceeds		2,540,000	16,870,000		255,000		19,665,000
Total other financing sources (uses)	(62)	2,540,000	16,195,238	(30,763)	960,592	(5)	19,665,000
Excess of revenues collected over (under) expenditures	(62)	2,540,000	(5,242,408)	(30,763)	(29,532)	(5)	(2,762,770)
Cash fund balances, beginning of year	62	0	19,675,833	30,763	29,532	5	19,736,195
Cash fund balances, end of year	\$ 0	2,540,000	14,433,425	0	0	0	16,973,425

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2023

	<u>EXPENDABLE TRUST</u> <u>INSURANCE</u> <u>RECOVERY</u> <u>FUND</u>	<u>AGENCY FUNDS</u> <u>SCHOOL</u> <u>ACTIVITY</u> <u>FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 2,958,181	3,526,488	6,484,669
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants/checks payable	\$ 350,722		350,722
Encumbrances	1,602,854		1,602,854
Funds held for school organizations		3,526,488	3,526,488
Total Liabilities	<u>1,953,576</u>	<u>3,526,488</u>	<u>5,480,064</u>
Fund Balance:			
Restricted	<u>1,004,605</u>	<u>0</u>	<u>1,004,605</u>
Total Liabilities and Fund Balance	<u>\$ 2,958,181</u>	<u>3,526,488</u>	<u>6,484,669</u>

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL EXPENDABLE TRUST FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	INSURANCE RECOVERY FUND
Revenues Collected:	
Local sources/reimbursement	\$ 3,097,424
Expenditures:	
Support services	4,625,925
Facilities acquisition & construction services	53,900
Total expenditures	4,679,825
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,582,401)
Adjustments to prior year encumbrances	39
Excess of revenues collected over (under) expenditures	(1,582,362)
Cash fund balances, beginning of year	2,586,967
Cash fund balances, end of year	\$ 1,004,605

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6-30-23
<u>ASSETS</u>					
Cash and Investments	2,604,282	7,972,373	0	7,050,167	3,526,488
<u>LIABILITIES</u>					
Funds held for school organizations:					
801 INDUSTRIAL ARTS	\$ 14,365	14,434		12,304	16,495
802 MHS YEARBOOK (ANNUAL)	93,051	42,891		39,142	96,800
803 MHS ATHLETICS	282,221	429,278		444,785	266,714
804 DISTRICT BAND	134,186	448,025		448,970	133,241
805 JROTC BOOSTER CLUB	33,703	19,105		19,855	32,953
806 MHS SOFTBALL BOOSTER CLUB	12,270	18,945		15,584	15,631
807 CENTENNIAL COUNSELING	5,812	392		1,434	4,770
808 CENTENNIAL MEDIA	7,682	13,261		12,056	8,887
809 PERFORMING ARTS CENTER	7,576	5,714	(3,283)	4,145	5,862
810 MUSTANG ELEMENTARY	56,685	52,303		48,210	60,778
812 VALLEY ART	8,621	0		3,800	4,821
813 CENTENNIAL MUSIC	198	684		651	231
814 MHS FFA	28,160	84,660		88,235	24,585
815 MHS F.C.C.L.A.	3,480	2,781		4,501	1,760
816 MHS FRENCH CLUB	97	0		54	43
817 STUDENT NUTRITION ASSIST.	1,665	1,021		0	2,686
818 HIGH SCHOOL GENERAL	107,131	174,206	7,472	213,549	75,260
819 RIVERWOOD MAIN ACTIVITY	50,284	110,322		87,056	73,550
820 LEADERSHIP	2,555	0		1,632	923
821 RIVERWOOD MEDIA	4,927	1,714		2,479	4,162
822 RIVERWOOD ART	2,260	1,726		2,177	1,809
823 LAKEHOMA ACTIVITY	39,714	39,626		32,346	46,994
824 CENTENNIAL ART	2,362	3,707		1,879	4,190
825 MHS MEDIA	543	236		50	729
826 MMS MEDIA	5,974	23,532		14,375	15,131
827 MNMS MEDIA	6,684	18,098		16,545	8,237
828 MHS KEY CLUB	2,183	13,765		14,243	1,705
829 MMS ATHLETICS	45,944	44,070	(500)	45,632	43,882
830 VIRTUAL SCHOOL OPERATIONS	6,712	0		2,548	4,164
831 TECHNOLOGY	279	9,429	3,283	6,587	6,404
832 MMS FCA	2,230	0		202	2,028
833 MMS ACTIVITY	43,333	21,567	2,150	12,729	54,321
834 MMS SKILLS FOR LIVING	2,480	0		477	2,003

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6-30-23
835 MMS STRIVE	\$ 135	4,413	289	2,974	1,863
838 MMS STUDENT COUNCIL	3,010	6,644	(3,544)	3,106	3,004
839 MMS VOCAL MUSIC	14,518	10,280		12,864	11,934
840 MMS YEARBOOK	13,940	10,100		9,246	14,794
841 VALLEY ACTIVITY	30,223	40,270		39,067	31,426
842 MHS NAT'L HONOR SOCIETY	1,795	7,090		6,965	1,920
843 CREEK MEDIA	2,416	20,463		18,065	4,814
844 MNMS ATHLETICS	33,346	51,205	(500)	38,564	45,487
845 CHILD NUTRITION	0	2,437,136		2,437,136	0
846 MISC REVENUE	18,253	179,783	(1,500)	25,134	171,402
847 MNMS ACTIVITY	40,521	19,565		19,227	40,859
848 RIVERWOOD MUSIC	2,489	4,338		4,265	2,562
849 MNMS PEP CLUB	116	5,150		0	5,266
850 MNMS SCIENCE CLUB	4,513	913		2,325	3,101
851 MNMS SPEECH CLUB	3,113	1,900		1,298	3,715
852 MNMS STUDENT COUNCIL	574	407		706	275
853 MNMS VOCAL MUSIC	7,367	7,242		7,604	7,005
854 MNMS YEARBOOK	13,218	0		3,384	9,834
855 MHS JR CLASS	21,152	76,370		61,294	36,228
856 MHS SCIENCE/MATH CLUB	8,715	15,706		7,489	16,932
857 MHS SR CLASS	47,533	60,745	(7,472)	61,565	39,241
858 SPECIAL OLYMPICS	2,665	0		2,493	172
859 MHS DRAMA	24,304	23,095		17,967	29,432
860 MHS STUDENT COUNCIL	34,125	118,501	6,230	116,631	42,225
862 MHS VOCAL MUSIC	16,725	139,352		138,708	17,369
863 SCHOLARSHIP FUND	1,252	1,000		0	2,252
864 MHS D.E.C.A.	69,456	106,086		107,310	68,232
865 RIVERWOOD P.E.	363	10,159		7,028	3,494
866 CANYON RIDGE SIXTH GRADE	4,691	0		1,002	3,689
867 MBI MAIN ACTIVITY	34,683	35,574		36,279	33,978
868 VALLEY MEDIA	4,493	1,736		2,929	3,300
869 VALLEY COUNSELING	4,132	1,056		2,138	3,050
870 TRAILS ACTIVITY	24,946	41,634		39,006	27,574
871 MBI MEDIA	2,150	10,478		9,147	3,481
872 MHS MULTICULTURAL CLUB	686	0		0	686
873 TRAILS MEDIA	12,141	1,487		3,280	10,348
874 MUSTANG ELEMENTARY M.E.A.D.	1,067	284		747	604
875 TRAILS DRUG FREE CLUB	1,976	349		530	1,795
876 MBI ART	2,148	1,530		935	2,743
877 GIFTED AND TALENTED	760	0		0	760

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6-30-23
878 TRANSPORTATION	\$ 8,798	612		649	8,761
879 CREEK CHOIR	808	723		666	865
880 MBI MUSIC	616	13,241		9,050	4,807
881 LAKEHOMA DRUG FREE LEADERS	5,663	318		664	5,317
882 MBI P.E.	1,883	3,023		2,675	2,231
883 MCM ACTIVITY	16,475	34,645		31,641	19,479
884 CHISHOLM TRAILS FOOD SERV	1,495	0		0	1,495
885 PAC RENTALS	0	69,929		0	69,929
886 MNMS BUILDER'S CLUB	443	2,685	(510)	640	1,978
887 MHS DEBATE CLUB	926	0		39	887
888 CREEK ACTIVITY	21,811	20,587		18,446	23,952
889 LAKEHOMA MEDIA	9,584	7,840		8,744	8,680
890 MMS RENAISSANCE	412	0		0	412
891 MMS SCHOLASTIC ACADEMIC TEAM	0	3,123	(2,150)	398	575
892 MNMS RENAISSANCE	57	0		0	57
893 MHS RENAISSANCE	1,719	0		280	1,439
894 MMS SPECIAL LIFE SKILLS	41	0		0	41
895 MUSTANG ELEMENTARY PE	4,932	3,206		3,613	4,525
896 MUSTANG ELEMENTARY MUSIC	329	950		64	1,215
897 MHS ART CLUB	17,817	24,565		23,685	18,697
898 MHS ATHLETIC TRAINING	36,635	26,488		26,224	36,899
899 MNMS TECHNOLOGY STUDENTS	34	0		0	34
900 ADMIN USE OF FACILITY	68,571	85,644	(1,410)	44,135	108,670
901 MEC P.A.S.S.	11,223	41		4,810	6,454
902 CANYON RIDGE ACTIVITY	59,498	54,477	(5,000)	82,958	26,017
903 MHS ADVANCED PLACEMENT	18,362	34,789		34,630	18,521
904 MHS GROUNDS IMPROVEMENT	2,509	3,464		0	5,973
905 CANYON RIDGE STAFF	2,442	4,226		4,366	2,302
907 VALLEY OUTDOOR CLASSROOM	4,071	8,041		143	11,969
906 WORK ADJUSTMENT TRAINING	0	1,080		428	652
909 CANYON RIDGE COUNSELING	5,788	2,743		2,916	5,615
910 CANYON RIDGE MEDIA	4,121	5,876		7,116	2,881
911 MHS CRAFTS II	50	8,000		50	8,000
912 CANYON RIDGE VOCAL	10,647	13,671		16,485	7,833
913 CANYON RIDGE ART	4,199	268	2,000	3,813	2,654
914 CANYON RIDGE PE	10,834	4,922		6,955	8,801
916 CREEK/MNMS OUTDOOR	323	0		0	323
919 PRAIRIE VIEW ACTIVITY	23,383	76,582		76,963	23,002
920 MEC PRE-K	8,543	5,264		5,634	8,173
921 PRAIRIE VIEW STAFF	4,120	7,530		9,572	2,078

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6-30-23
922 MHS SPECIAL EDUCATION	\$ 1,100	3,185		2,314	1,971
923 LAKEHOMA ART	1,249	3,840		1,064	4,025
924 MHS MUSICAL	53,943	0		10,724	43,219
925 MCM MEDIA	2,833	4,918		4,236	3,515
926 MHS JROTC	3,246	1,529	2,000	2,654	4,121
927 MHS ATHLETIC STAFF	131,211	197,680		186,273	142,618
928 CANYON RIDGE READING	8,364	912		596	8,680
929 MUSTANG ELEMENTARY STAFF	1,011	1,385		1,162	1,234
930 VALLEY STAFF	58,222	37,907		16,040	80,089
931 LAKEHOMA STAFF	9,310	780		2,000	8,090
932 TRAILS STAFF	9,314	0		1,414	7,900
933 CREEK STAFF	5,990	4,021		4,185	5,826
934 MMS STAFF	4,187	555		0	4,742
935 MNMS STAFF	1,933	2,887		3,267	1,553
937 MHS STAFF	512	0		0	512
938 MEC STAFF	6,223	1,000		4,346	2,877
939 ADMINISTRATION	695	0		0	695
940 MHS TECHNOLOGY EDUCATION	172	10,385		8,626	1,931
942 MHS BUSINESS PROF. OF AMER.	7,581	2,424	910	3,601	7,314
943 CREEK COUNSELING	3,407	0		741	2,666
944 MPS SPECIAL NEEDS	44	0		0	44
945 CREEK ART	1,820	868		891	1,797
946 MHS E.C.O.	206	330		0	536
947 LAKEHOMA MUSIC	2,373	501		272	2,602
948 TRAILS ART	650	1,962		1,621	991
949 TRAILS HONOR CHOIR	3,963	208		0	4,171
950 CENT GENERAL ACTIVITY	79,561	70,278		68,741	81,098
951 TRAILS SPECIAL ED.	2,803	0		0	2,803
952 CENTENNIAL STAFF	1,638	1,642		2,069	1,211
953 MUSTANG ELEMENTARY ART	2,234	1,688		1,550	2,372
954 MUSTANG ELEMENTARY MEDIA	5,262	11,365		8,460	8,167
955 TRAILS READING CARNIVAL	151	0		0	151
956 TRAILS STUDENT COUNCIL	1,734	658		400	1,992
957 TRAILS P.E.	89	0		0	89
958 PRAIRIE VIEW ART	2,366	2,451		3,372	1,445
959 MHS SPANISH NAT'L HONOR SOC	674	35		65	644
961 MHS VIDEO CLUB	1,228	40		1,192	76
962 HORIZON P.E.	1,993	1,901		2,105	1,789
963 DISTRICT OPERATIONS	2,276	4,118		4,684	1,710
964 MMS ARCHERY	1,669	3,948		1,741	3,876

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	BALANCE 7-01-22	ADDITIONS	TRANSFERS	DEDUCTIONS	BALANCE 6-30-23
965 VALLEY STUDENT COUNCIL	\$ 2,959	275		275	2,959
966 CENTENNIAL ROBOTICS	1,689	960		1,322	1,327
967 STUDENTS IN NEED	16,298	10,662		1,236	25,724
968 MCM MUSIC	6,604	11,033		11,387	6,250
969 CRI OUTDOOR CLASSROOM	3,937	0		3,937	0
970 CRI STUDENT COUNCIL	669	0		223	446
971 CRI YEARBOOK	5,407	7,398		3,940	8,865
972 CRI COMMUNICATIONS	530	0		379	151
973 CRI TECHNOLOGY	3,668	470	3,000	4,899	2,239
974 CRI SPANISH	1,000	0		0	1,000
975 CRI STEM	2,743	618		710	2,651
976 MCM ATHLETICS	27,900	38,452	(500)	18,691	47,161
977 MBI SPEC EDUCATION	1,065	220		444	841
978 HORIZON ACTIVITY	36,464	36,441	(2,465)	32,267	38,173
979 HORIZON STAFF ACCT	929	810		996	743
980 HORIZON COUNSELING	321	439		0	760
981 HORIZON MEDIA	7,454	11,035		8,576	9,913
982 PRAIRIE VIEW MEDIA	1,670	11,239		8,708	4,201
983 HORIZON VOCAL/MUSIC	5,153	6,741		6,893	5,001
984 HORIZON ART	123	90		116	97
985 HS SECURITY	3,829	0		3,829	0
986 STUDENT SERVICES	0	0	1,500	1,036	464
987 TRANSPORTATION SERVICES	0	73,030		72,916	114
988 COMMUNITY ED	145,373	1,794,603		1,231,697	708,279
989 TEACHER OF THE YEAR	928	30		58	900
990 CENTENNIAL PE	1,514	5,246		5,275	1,485
991 MHS AVIATION	856	4,605		110	5,351
993 CENTINNIAL ARCHERY	195	928		347	776
994 PRAIRIE VIEW MUSIC	2,442	2,689		1,543	3,588
995 PRAIRIE VIEW PE	332	875		332	875
996 NATIVE AMERICAN CLUB	104	497		90	511
997 MHS ARCHERY & FISHING	2,899	1,500		2,437	1,962
998 VALLEY P.E.	1,746	0		0	1,746
Total Liabilities	\$ 2,604,282	7,972,373	0	7,050,167	3,526,488

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

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Control Project No.	Total Expenditures
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
<u>Direct Programs:</u>			
Indian Education	84.060	561	\$ 294,640
<u>Passed Through State Department of Education:</u>			
Title I, Basic	84.010	511	876,609
Title I, Delinquent	84.010	532	16,627
Total Title I (84.010)			893,236
Title II Part A	84.367	541	168,792
Title III Part A	84.365	572	68,344
Title IV Part A	84.424	552	39,193
School Nurse Support Grant	93.323	724	270,468
* IDEA-B Special Education Cluster:			
ARP IDEA-B Flow Through	84.027X	628	390,420
ARP IDEA-B Preschool	84.027X	643	24,813
IDEA-B Flow Through	84.027	621	2,048,631
IDEA-B Professional Development	84.027	613	3,656
IDEA-B Professional Development	84.027	615	15,568
IDEA-B Preschool	84.173	641	70,588
Total IDEA-B Special Education Cluster			2,553,676
* COVID-19 Education Stabilization Funds:			
CARES GEER 1 State Level	84.425C	721	68,000
CRRSA - ESSER II	84.425D	793	271,858
CRRSA - ESSER II Set Aside	84.425D	794	973,233
ARP - ESSER III	84.425U	795	4,012,677
ARP - ESSER Homeless II	84.425U	797	250
ARP - Student Teacher	84.425U	725	20,988
ARP - Science of Reading	84.425U	726	12,274
ARP - ESSER Counselor Corps	84.425U	722	178,000
Total COVID-19 - ESF			5,537,280
<u>Passed Through State Department of Career and Technology Education:</u>			
Carl Perkins	84.048	421	69,460
<u>U.S. DEPARTMENT OF AGRICULTURE - Passed Through State Department of Education:</u>			
<u>Child Nutrition Program Cluster:</u>			
School Breakfast Program	10.553	764	1,756,862
National School Lunch Program	10.555	763	1,586,397
Summer Food Program	10.559	766	1,102,224
Supply Chain Assistance	10.555	759	343,705
Non-cash assistance - Commodities	10.555	N/A	351,817
Total Child Nutrition Program Cluster			5,141,005
<u>Other Child Nutrition Programs:</u>			
P-EBT	10.649	760	5,950
<u>Other Federal Assistance:</u>			
J.R.O.T.C.	12.357	779	70,442
Total Federal Assistance			\$ 15,112,486

* Major programs = 53.53%

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2023. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. None of the federal programs include any loan programs, loan guarantee programs, and has no sub-recipients.

Note 3 - Non-Monetary Assistance - Commodities received by the District were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
PREPARED FOR THE OKLAHOMA STATE DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	OCAS Project Number	Program or Award Amount	Balance at 7/1/22	Revenue Collected	Total Expenditures	Balance at 6/30/23
<u>U.S. DEPARTMENT OF EDUCATION:</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	561	\$ 294,640		267,772	294,640	26,868
Indian Education 2021-22	84.060	799		2,357	2,357		
Sub Total			294,640	2,357	270,129	294,640	26,868
<u>Passed Through State Department of Education:</u>							
Title I, Basic	84.010	511	996,745		667,018	876,609	209,591
Title I, Basic 2021-22	84.010	799		3,364	3,364		
Title I, Part A Neglected	84.010	518	10,962				
Title I, Delinquent	84.010	532	18,440		16,627	16,627	
Title II, Part A	84.367	541	243,561		136,004	168,792	32,788
Title II, Part A 2021-22	84.367	799		18,036	18,036		
Title III, Part A	84.365	572	79,975		68,344	68,344	
Title IV, Part A	84.424	552	49,930		32,754	39,193	6,439
ARP - IDEA-B Flow Through	84.027X	628	392,207		382,070	390,420	8,350
ARP - IDEA-B Flow Through 2021-22	84.027X	799		94,564	94,564		
ARP - IDEA-B Preschool	84.027X	643	28,084		24,813	24,813	
IDEA-B Flow Through	84.027	621	2,488,365		2,002,482	2,048,631	46,149
IDEA-B Flow Through 2021-22	84.027	799		7,534	7,534		
IDEA-B Prof Development	84.027	613	4,687		3,656	3,656	
IDEA-B Prof Development	84.027	615	15,568		15,568	15,568	
IDEA-B Prof Development Transition Development	84.027	618	16,510				
IDEA-B Preschool	84.173	641	70,655		70,588	70,588	
School Nurse Support Grant	93.323	724	270,468		270,468	270,468	
<u>COVID-19 Education Stabilization Funds (ESF):</u>							
CARES GEER 1 State Level	84.425C	721	68,000		68,000	68,000	
ESSER II / CRRSA	84.425D	793	271,858		271,858	271,858	
ESSER II / CRRSA 2021-22	84.425D	799		6,825	6,825		
ESSER II Set Aside	84.425D	794	1,005,252		973,233	973,233	
ESSER II Set Aside 2021-22	84.425D	799		547,744	547,744		
ARP ESSER III	84.425U	795	5,167,555		3,571,569	4,012,677	441,108
ARP ESSER Homeless II	84.425U	797	17,258		250	250	
ARP Student Teacher	84.425U	725	25,510		25,510	20,988	
ARP ESSER Science of Reading	84.425U	726	12,274		7,752	12,274	
ARP - ESSER Counselor Corps	84.425U	722	178,000		177,386	178,000	614
Total Covid-19 (ESF)			6,745,707	554,569	5,650,127	5,537,280	441,722
Sub Total			11,431,864	678,067	9,464,017	9,530,989	745,039
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins	84.048	421	70,193	0	66,626	69,460	2,834
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>							
<u>Passed Through State Department of Education:</u>							
<u>Child Nutrition Programs:</u>							
School Breakfast Program	10.553	764			783,098	1,756,862	
National School Lunch Program	10.555	763			3,298,807	1,586,397	
Summer Food Program	10.559	766				1,102,224	
P-EBT	10.649	760			5,950	5,950	
Supply Chain Assistance	10.555	759			343,705	343,705	
Sub Total					4,431,560	4,795,138	
<u>Passed Through Dept of Human Services</u>							
Non-cash assistance - commodities	10.555	n/a			351,817	351,817	
<u>Other Federal Assistance:</u>							
JROTC	12.357	779	70,442	0	70,442	70,442	0
Total Federal Assistance			\$ 11,867,139	680,424	14,654,591	15,112,486	774,741

Note 1 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the non-cash assistance noted in Note 2.

Note 2 - Food Distribution - Non-cash assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

Note 3 - None of the federal programs include any loan programs, loan guarantee programs, has no sub-recipients and does not use the 10% de minimis indirect cost rate.

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2023

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Advantage Insurance Group - Liberty Mutual Surety	Treasurer	601096232	\$ 1,000,000	7/1/22 - 7/1/23
	Asst. Treasurer	601096232	1,000,000	7/1/22 - 7/1/23
	Superintendent	601096232	100,000	7/1/22 - 7/1/23
	Activity Fund Custodian	601096232	10,000	7/1/22 - 7/1/23
	Encumbrance Clerk	601096232	10,000	7/1/22 - 7/1/23
	Minutes Clerk	601096232	10,000	7/1/22 - 7/1/23

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2022 TO JUNE 30, 2023



State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Mustang Public Schools for the audit year 2022-23.

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

By 
Authorized Agent

Subscribed and sworn to before me
This 11th day of December, 2023

 
Notary Public (or Clerk or Judge)

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



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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

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

December 11, 2023

Mr. Charles Bradley, Supt.
Mustang Public Schools
12400 SW 15th St.
Yukon, Oklahoma 73099

Dear Mr. Charles Bradley,

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

No Audit Exceptions

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

Sincerely,

Christopher P. Gullekson

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

EXHIBIT B

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of June 1, 2024 (this “Disclosure Agreement”), is executed and delivered by Independent School District No. 69, Canadian County, Oklahoma (the “Issuer”) in connection with the Issuer’s issuance of its General Obligation Building Bonds, Series 2024A (the “2024A Bonds”) its General Obligation Building Bonds, Federally Taxable Series 2024B (the “2024B Bonds”) and its General Obligation Building Bonds, Series 2024C (the “2024C Bonds”) (collectively, the “Bonds” or the “2024 Bonds”). The Bonds are being issued pursuant to resolutions dated as of May 13, 2024 (the “**Resolution**”). The Issuer is an “obligated person” with respect to the Bonds for the purposes of the Rule, hereinafter defined, hereby covenants and agrees as follows:

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

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

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

“*Audited Financial Statements*” shall mean the Issuer’s annual financial statements, prepared on a prescribed basis of accounting that demonstrates compliance with the laws of the State of Oklahoma, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

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

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

“*Dissemination Agent*” shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“*EMMA*” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

“Material” with respect to information, means information as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the offering document related to the Bonds, information disclosed hereunder, or information generally available to the public. Notwithstanding the foregoing, *“Material”* information includes information that would be deemed *“material”* for purposes of the purchase or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the information.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

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

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

“Prescribed Form” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

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

“State” shall mean the State of Oklahoma.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 10 business days after such information becomes available, and not later than eight months after the end of the Issuer’s fiscal year (presently July 1 through June 30), commencing with the report for the 2024 Fiscal Year, provide to the MSRB in Prescribed Form the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; *provided* that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date but within 10 business days after they become available. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under Section 5.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in the first sentence of subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit C.

(c) If other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate.

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

(a) Annual Audited Financial Statements of the Issuer and an annual update of the financial information and operating data of the Issuer identified in Exhibit A hereto provided, however, that to the extent all or portions of such financial information and operating data are included in the Issuer's Audited Financial Statements, such information need not be separately provided, but the Issuer shall file, or shall cause the Dissemination Agent to file, a notice to such effect to accompany the Audited Financial Statements. When any such financial information and operating data can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any annual financial and operating data containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(b) The Audited Financial Statements of the Issuer for the prior fiscal year shall be prepared on a regulatory basis as prescribed by the Oklahoma Department of Education provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its Audited Financial Statements are prepared. Notice of any such modification shall be provided to the MSRB, and shall include a reference to the specific federal or State law or regulation describing such accounting basis. If the Issuer's Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain the Issuer's unaudited financial statements in a format similar to the Audited Financial Statements, and the Audited Financial Statements shall be filed in the same manner as the Annual Report within 10 business days of when they become available.

The Issuer is required to deliver the Annual Report in Prescribed Form and by such time so that such entities receive the information by the dates specified.

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

Section 5. Disclosure of Material Events. Whenever the Issuer obtains knowledge of the occurrence of a Material Event, the Issuer shall file a Material Event Notice of the occurrence of such Material Event in Prescribed Form with the MSRB within 10 business days of the occurrence of the applicable event. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds need not be given under this Disclosure Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Resolution.

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

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

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

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

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or Material Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or Material Event Notice in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall

have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Material Event Notice.

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

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

Section 13. Notices and Requests for Additional Information. Any notices or communications to the Issuer under this Disclosure Agreement may be given as follows: Independent School District No. 69, Canadian County, Oklahoma, Attention: Chief Financial Officer, Telephone: 405-376-7356.

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

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

Section 16. Assignment. The Issuer shall not transfer its obligations under this Disclosure Certificate unless the transferee agrees to assume all obligations of the Issuer hereunder or to execute a continuing disclosure undertaking under the Rule.

Section 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**INDEPENDENT SCHOOL DISTRICT NO. 69,
CANADIAN COUNTY, OKLAHOMA**

By: _____
President, Board of Education

[Signature Page to Continuing Disclosure Agreement]

EXHIBIT A

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION AND OPERATING DATA

The information under the Heading “Financial Information”

Exhibit A – Audited Financial Statements.

EXHIBIT B

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

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

EXHIBIT C

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

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Independent School District No. 69 of Canadian County, Oklahoma

Name of Bond Issue: \$17,535,000 General Obligation Building Bonds, Series 2024A,
\$4,825,000 General Obligation Building Bonds, Federally Taxable Series
2024B, and \$2,565,000 General Obligation Building Bonds, Series
2024C

Date of Issuance: _____

Base CUSIP: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate dated the ____ day of _____, 2024. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

**Independent School District No. 69 of Canadian
County, Oklahoma**

By: _____