

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Financial Statements  
June 30, 2012

With Independent Auditors' Report Thereon

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA  
June 30, 2012**

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**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 1-35  
HUGHES COUNTY, OKLAHOMA**

June 30, 2012

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**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

School District Officials  
June 30, 2012

Board of Education

President	Jack Sherry
Vice-President	Terry Swayze
Member - Clerk	Dewayne Maylen
Member	James Cox
Member	Sherry Morgan

School District Treasurer

Peggy O'Kelley

Minute Clerk

Peggy O'Kelley

Encumbrance Clerk

Crystal Sherry

Superintendent of Schools

Don Ford

# **JOHNSTON & BRYANT**

Certified Public Accountants

Pete Johnston, C.P.A.  
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MEMBER  
American Institute of Certified Public Accountants  
Oklahoma Society of Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Holdenville Independent School District I-35  
Holdenville, Hughes County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Holdenville Independent School District No. I-35, Hughes County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Holdenville Independent School District, No. I-35, Hughes County, Oklahoma. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amounts that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

In our opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Holdenville Independent School District, No. I-35, Hughes County, Oklahoma, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended.

In our opinion, except for the omission of the General Fixed Asset Account Group which results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, the liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Holdenville School District No. I-35, Hughes County, Oklahoma, as of June 30, 2012, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 2012, on our consideration of the Holdenville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Schedule of Expenditures of Federal Awards, the combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information have been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

August 7, 2012



**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combined Statement of Assets, Liabilities and Fund Balance - Regulatory Basis  
All Fund Types and Account Groups  
June 30, 2012

	Governmental Fund Types		
	General	Special Revenue	Fiduciary Fund Types Trust and Agency
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,855,992	\$ 154,438	\$ 161,392
Amount Available for Debt Service	-	-	-
Amount to be Provided	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,855,992</b>	<b>\$ 154,438</b>	<b>\$ 161,392</b>
<u>LIABILITIES AND FUND BALANCE:</u>			
<u>LIABILITIES:</u>			
Warrants Payable	\$ 523,181	\$ 22,954	\$ -
Bonds Outstanding	-	-	-
Encumbrances	14,075	-	-
<b>TOTAL LIABILITIES</b>	<b>537,256</b>	<b>22,954</b>	<b>-</b>
<u>FUND BALANCE:</u>			
Fund Balance-Designated	-	-	-
Fund Balances-Undesignated	1,318,736	131,484	161,392
<b>TOTAL FUND BALANCE</b>	<b>1,318,736</b>	<b>131,484</b>	<b>161,392</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,855,992</b>	<b>\$ 154,438</b>	<b>\$ 161,392</b>

The accompanying notes are an integral part of this statement.

COMBINED FINANCIAL STATEMENTS



**HOLDENVILLE PUBLIC SCHOOL  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid and  
Changes in Fund Balances - Regulatory Basis  
All Governmental Fund Types  
Year Ended June 30, 2012

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>REVENUES COLLECTED:</u>			
District Sources	\$ 1,232,225	\$ 242,078	\$ 106,630
Intermediate Sources	254,721	-	-
State Sources	5,016,664	35,875	-
Federal Sources	1,060,991	923,892	-
<b>TOTAL REVENUE COLLECTED</b>	<b>7,564,601</b>	<b>1,201,845</b>	<b>106,630</b>
<u>EXPENDITURES PAID:</u>			
Instruction	5,256,195	-	-
Support Services	3,019,334	11,868	-
Non-Instruction	709	601,218	-
Capital Outlay	56,680	726,321	-
Other Outlays	15,559	-	6,812
<b>TOTAL EXPENDITURES PAID</b>	<b>8,348,477</b>	<b>1,339,407</b>	<b>6,812</b>
Excess of Revenues Collected Over (Under) Expenditures Paid	(783,876)	(137,562)	99,818
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	-	-	-
Excess of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(783,876)	(137,562)	99,818
Fund Balance, Beginning of Year	2,102,612	269,046	341
Fund Balance, End of Year	<b>\$ 1,318,736</b>	<b>\$ 131,484</b>	<b>\$ 100,159</b>

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Account Group Long-Term Debt	Total (Memorandum Only)
\$ 100,159	\$ 75,146	\$ -	\$ 2,347,127
-	-	161,392	161,392
-	-	338,608	338,608
<u>\$ 100,159</u>	<u>\$ 75,146</u>	<u>\$ 500,000</u>	<u>\$ 2,847,127</u>
\$ -	\$ -	\$ -	\$ 546,135
-	-	500,000	500,000
-	-	-	14,075
<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,060,210</u>
100,159	75,146	-	175,305
-	-	-	1,611,612
<u>100,159</u>	<u>75,146</u>	<u>-</u>	<u>1,786,917</u>
<u>\$ 100,159</u>	<u>\$ 75,146</u>	<u>\$ 500,000</u>	<u>\$ 2,847,127</u>

Capital Projects	Total (Memorandum Only)
\$ -	\$ 1,580,933
-	254,721
-	2,052,539
-	1,984,883
-	8,873,076
-	5,256,195
955	3,032,157
-	601,927
366,953	1,149,954
-	22,371
<u>367,908</u>	<u>10,062,604</u>
(367,908)	(1,198,528)
-	-
(367,908)	(1,189,528)
<u>443,054</u>	<u>2,815,053</u>
<u>\$ 75,146</u>	<u>\$ 1,625,525</u>

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid  
And Changes in Fund Balance – Budget and Actual – Regulatory Basis  
Budgeted Governmental Fund – General Fund  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 1,073,132	\$ 1,073,132	\$ 1,232,225	159,093
Intermediate Sources	242,125	242,125	254,721	12,596
State Sources	3,871,582	4,321,582	5,016,664	695,082
Federal Sources	915,418	915,418	1,060,991	145,573
TOTAL REVENUE COLLECTED	<u>6,102,257</u>	<u>6,552,257</u>	<u>7,564,601</u>	<u>1,012,344</u>
<u>EXPENDITURES PAID:</u>				
Instruction	5,112,519	5,562,519	5,256,195	306,324
Support Services	3,019,400	3,019,400	3,019,334	66
Non-Instruction Services	710	710	709	1
Capital Outlay	56,680	56,680	56,680	-
Other Outlays	15,560	15,560	15,559	1
TOTAL EXPENDITURES PAID	<u>8,204,869</u>	<u>8,654,869</u>	<u>8,348,477</u>	<u>306,392</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(2,102,612)	(2,102,612)	(783,876)	1,318,736
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(2,102,612)	(2,102,612)	(783,876)	1,318,736
FUND BALANCE, BEGINNING OF YEAR	<u>2,102,612</u>	<u>2,102,612</u>	<u>2,102,612</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,318,736</u>	<u>1,318,736</u>

The accompanying notes are an integral part of this statement.

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid  
And Changes in Fund Balance – Budget and Actual – Regulatory Basis  
Budgeted Governmental Fund – Special Revenue  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 216,570	\$ 280,570	\$ 242,078	\$ (38,492)
Intermediate Sources	-	-	-	-
State Sources	28,810	28,810	35,875	7,065
Federal Sources	329,968	1,690,777	923,892	(766,885)
TOTAL REVENUE COLLECTED	<u>575,348</u>	<u>2,000,157</u>	<u>1,201,845</u>	<u>(798,312)</u>
<u>EXPENDITURES PAID:</u>				
Instruction	-	-	-	-
Support Services	11,900	11,900	11,868	32
Non-Instruction Services	527,794	619,998	601,218	18,780
Capital Outlay	304,700	1,637,305	726,321	910,984
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	<u>844,394</u>	<u>2,269,203</u>	<u>1,339,407</u>	<u>929,796</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(269,046)	(269,046)	(137,562)	131,484
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(269,046)	(269,046)	(137,562)	131,484
FUND BALANCE, BEGINNING OF YEAR	<u>269,046</u>	<u>269,046</u>	<u>269,046</u>	<u>131,484</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,484</u>	<u>\$ 131,484</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Holdenville Public Schools Independent District No. I-35 (the "District") have been prepared in conformity with another comprehensive basis of accounting prescribed or permitted by Oklahoma Department of Education. The more significant of the District's accounting policies are described below.

**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 elected members. The appointed Superintendent is the executive officer of the District.

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basis -- but not the only -- criterion for including a potential component unit in 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 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 involved considering 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.

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 1-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting**

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.

**Special Revenue Fund** - The special revenue fund of the District consists of the Building Fund and Child Nutrition Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of constructing, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries.



**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting (continued)**

Debt Service Fund - 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 debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earning 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.

**Proprietary Fund Types**

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the District (internal service fund).

**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. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principle. 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 operations.

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

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**Account Groups**

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

**General Long-Term Debt Account Group** - This account group was established to account for all 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.

**General Fixed Asset Account Group** - This account group is used to account for property, plant and equipment of the school district.

**Memorandum Only - Total Column**

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

**C. Basis of Accounting**

The District prepares its basic 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*. This format significantly differs from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**C. Basis of Accounting (continued)**

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 and liabilities are incurred for proprietary fund types and trust funds.

**D. Encumbrance Accounting**

Encumbrances for goods or purchased services are documented by purchase orders or contracts.

General Fund	\$	14,075
Activity Fund		-
Special Revenue Fund - Food Service		-
Total	\$	14,075

**E. Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual estimate of needs and submit it to the county excise board by October 1 of each year.

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.

**F. Assets, Liabilities and Fund Equity**

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

**Investments** - Investments consist of the purchase of Certificates of Deposit. All investments are recorded at cost.

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**F. Assets, Liabilities and Fund Equity (continued)**

**Inventories** - The value of consumable inventories at June 30, 2012 is not material to the financial statements.

**Fixed Assets and Property, Plant and Equipment** - The General Fixed Assets Account Group is not presented.

**Compensated Absences** - The school does not calculate a dollar value of compensated absences. The amount is paid each year to the employees.

**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.

**Due to Activity Groups** - Due to Activity groups represent the funds received from school related groups and organizations over which the board of education exercises control. These funds are credited to the account maintained by the District for the benefit of the group or organization.

**Reserved for Debt Service** - The balance of the sinking fund is restricted by Oklahoma statutes to be used only for paying of the principal and interest on bonds and judgments (to the extent of all outstanding obligations of the District). Any balance in excess of the outstanding obligations is shown as Cash Fund Balance.

**Fund Balance** - Fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

**G. Revenue, Expenses and Expenditures**

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

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

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Revenue, Expenses and Expenditures (continued)**

**State Sources** - 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 or additions of revenue of the year when the adjustment is made.

The District receives revenues from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked 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 revenue be accounted for in the general fund.

**Federal Sources** - Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through another entity). A grant is monies received which must be spent for a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

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

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

**Operation of Non-Instructional Services Expenditures** - This expenditures category consists of activities which provide non-instructional services to students, staff or the community.

**Capital Outlays** - This expenditure category consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

**Other Outlays** - This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 1. Summary of Significant Accounting Policies (continued)**

**G. Revenue, Expenses and Expenditures (continued)**

**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.

**H. Statement of Cash Flows**

Since the District does not currently have any proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2012 accompanying financial statements.

**I. Use of Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

**Note 2. Property Taxes**

The District's ad valorem property tax is levied each October 1 on the assessed value listed for all real, business personal and public service property located in the District. The assessed value of the certified roll, upon which the levy for the 2012 fiscal year was based, was \$31,732,393.

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2012

**Note 2. Property Taxes (continued)**

Ad valorem tax rates and collections for the year ended June 30, 2012 are as follows:

	Mills Levied	Current Year Collections	Percent Collected of Taxes Levied
General Fund	37.20	\$ 1,114,229	94.37%
Building Fund	5.31	159,047	94.37%
Sinking Fund	3.56	106,630	94.37%
Totals	<u>46.07</u>	<u>\$ 1,379,906</u>	

Collection of prior year ad valorem taxes are as follows:

General Fund	\$ 68,170
Building Fund	9,731
Sinking Fund	-
Total	<u>\$ 77,901</u>

On February 13, 2001, voters of the school district voted to make all current support levies permanent.

**Note 3. Cash and Investments**

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies, certificates of deposit, and savings accounts of bank and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

In accordance with state statutes, the districts investment policy is as follows:

The district treasurer is required by the board of education to invest district monies in the custody of the treasurer in those investments permitted by law. The treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies, or instrumentalities.

The district treasurer shall execute surety bonds as required by law before the performance of all duties required by the Districts investment policy and shall limit investments to:

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 1-35  
HUGHES COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2012

**Note 3. Cash and Investments (continued)**

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided the district treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;
2. Obligations to the payment of which the full faith and credit of this state is pledged;
3. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts to certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
5. Repurchase Agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 above including obligations of the United States, its agencies, and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
6. County, municipal, or school district direct debt obligations for which and ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6 above;
8. Warrants, bonds, or judgments of the District;
9. Any Other investment that is authorized by law.

Credit Risk is the risk that an issuer or other counter part to an investment will not fulfill its obligation. Generally, the school's investments are managed under the custody of the school's treasurer. Investing is performed in accordance with the school's investment policy as described above. As of June 30, 2012 the school's investments were deposited in local banks in bank accounts and certificates of deposits and in the Oklahoma Public School Liquid Asset Pool. These



**HOLDENVILLE PUBLIC SCHOOLS**  
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Notes to Financial Statements  
June 30, 2012

**Note 3. Cash and Investments (continued)**

deposits are in three banks and are entirely insured by the FDIC up to its limits, with the individual banks pledging securities for the deposits in excess of the FDIC limits. As such at June 30, 2012 the school was not subject to custodial credit risk. However, the school is subject to concentration of Credit Risk since one of the three banks have deposits in excess of five percent of the school's total investments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods of time are subject to increased risk of adverse interest rate changes. The School's policy provides that to the extent practicable, investments are matched with anticipated cash flows. The school's investments are held in bank accounts and certificates of deposits which are short term to minimize Interest Rate Risk to as low of level as possible.

**Deposits**

The District's deposits and investments are in three financial institutions as follows:

	<u>Bank Balance</u>	<u>Pledged Collateral</u>	<u>FDIC Insurance</u>
First United Bank, Holdenville, Oklahoma	\$ 548,818	\$ 1,300,000	\$ 250,000
The Bank N/A, Holdenville, Oklahoma	46,000	-	250,000
First National Bank, Holdenville, Oklahoma	<u>1,726</u>	<u>-</u>	250,000
Total Deposits	<u>\$ 596,544</u>	<u>\$ 1,300,000</u>	

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 1-35  
HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statements  
June 30, 2012

**Note 3. Cash and Investments (continued)**

**Investments**

As of June 30, 2012 the School had the following investments:

<u>Type of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality Ratings (1)</u>	<u>Effective Duration (2)</u>	<u>Weighted Average Months to Maturity (2)</u>
Oklahoma Liquid Asset Pool	\$ 1,750,583	\$ 1,750,530	N/A	N/A	N/A
<b>Total Pooled Investments</b>	<b>\$ 1,750,583</b>	<b>\$ 1,750,583</b>			

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable
- (2) Interest Rate Risk is estimated using either duration or weighted average months to maturity depending on the respective policy. Amounts are shown in months except as otherwise noted.

**Note 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 the approval by the District voters. Bond issues have been approved by voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 10 years from the date of issue. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statement  
June 30, 2012

**Note 4. General Long-Term Debt (continued)**

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2012.

Obligation	Balance Outstanding 7/1/2011	Issued (Retired) During Year	Balance Outstanding 6/30/2012
2011 Go Bonds	\$ 500,000	\$ -	\$ 500,000
Totals	\$ 500,000	\$ -	\$ 500,000

The annual requirements to retire general obligations bonds as of June 30, 2012 are as follows:

Fiscal Year	Principal	Interest	Totals
2013	125,000	6,813	131,813
2014	125,000	4,938	129,938
2015	125,000	3,750	128,750
2016	125,000	2,063	127,063
Totals	\$ 500,000	\$ 17,564	\$ 517,564

**Note 5. Employee Retirement System**

Plan Description - The District participates in the Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the board of trustees of the Oklahoma Teacher's 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 Teacher's 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 Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
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Notes to Financial Statement  
June 30, 2012

**Note 5. Employee Retirement System (continued)**

Funding Policy – The contribution rates for the District and its employees are established by and may be amended by Oklahoma statute. The rates are applied to the employee's earnings plus employer – paid fringe benefits. That rate is 9.5% of applicable compensation beginning January 1, 2010. The District is required to match the retirement paid on salaries paid with federal funds.

**Note 6. Contingencies**

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

**Note 7. Subsequent Events**

There have been no subsequent events that would have a material adverse effect on the financial condition of the District.

**Note 8. Risk Management**

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

**Note 9. Surety Bonds**

The superintendent is bonded by Western Surety Company for the sum of \$100,000.

The minute clerk/encumbrances clerk is bonded by Western Surety Company for the sum of \$5,000 each.

The Activity Fund Custodian and Food Service Custodian are bonded by Western Surety Company for the sum of \$25,000 each.

The treasurer is bonded by Western Surety Company for the sum of \$400,000.

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Notes to Financial Statement

June 30, 2012

**Note 9. Surety Bonds (Continued)**

The following employees are bonded by Western Surety company in the amount of \$5,000 each.

- Activities Director
- Encumbrance Clerk
- Child Nutrition Manager at Ethel Reed
- Secretary at Ethel Reed
- Child Nutrition Manager at Thomas Middle School
- Secretary at Thomas Middle School
- Child Nutrition Manager at High School
- Secretary at High School
- Principal
- School Board Clerk

COMBINING FINANCIAL STATEMENTS

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis  
All Special Revenue Funds  
June 30, 2012

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 73,991	\$ 80,447	\$ 154,438
TOTAL ASSETS	<u>\$ 73,991</u>	<u>\$ 80,447</u>	<u>\$ 154,438</u>
 <u>LIABILITIES AND CASH FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Outstanding Warrants	\$ -	\$ 22,954	\$ 22,954
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>22,954</u>	<u>22,954</u>
 <u>FUND EQUITY:</u>			
Fund Balances	<u>73,991</u>	<u>57,493</u>	<u>131,484</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 73,991</u>	<u>\$ 80,447</u>	<u>\$ 154,438</u>

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid - Regulatory Basis  
And Changes in Fund Balances - All Special Revenue Funds  
Year Ended June 30, 2012

	Building Fund	Child Nutrition Program Fund	Total (Memorandum Only)
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ 168,778	\$ 73,300	\$ 242,078
State Sources of Revenue	-	35,875	35,875
Federal Sources of Revenue	479,983	443,909	923,892
TOTAL REVENUE COLLECTED	648,761	553,084	1,201,845
<u>EXPENDITURES:</u>			
Instruction	-	-	-
Support Services	11,868	-	11,868
Non-Instruction Services	-	601,218	601,218
Capital Outlay	726,321	-	726,321
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	738,189	601,218	1,339,407
Excess of Revenues Over (Under) Expenditures Paid	(89,428)	(48,134)	(137,562)
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(89,428)	(48,134)	(137,562)
FUND BALANCE, BEGINNING OF YEAR	163,419	105,627	269,046
FUND BALANCE, END OF YEAR	\$ 73,991	\$ 57,493	\$ 131,484



**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid  
And Changes in Fund Balances – Budget and Actual (Regulatory Basis)  
Special Revenue Fund Types  
Year Ended June 30, 2012

	Building Fund		
	Original Budget	Final Budget	Actual
<b><u>REVENUES COLLECTED:</u></b>			
District Sources of Revenue	\$ 153,181	\$ 153,181	\$ 168,778
State Sources of Revenue	-	-	-
Federal Sources of Revenue	-	1,332,605	479,983
TOTAL REVENUE	<u>153,181</u>	<u>1,485,786</u>	<u>648,761</u>
<b><u>EXPENDITURES PAID:</u></b>			
Instruction	-	-	-
Support Services	11,900	11,900	11,868
Non-Instruction Services	-	-	-
Capital Outlay	304,700	1,637,305	726,321
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>316,600</u>	<u>1,649,205</u>	<u>738,189</u>
Excess of Revenues Over (Under) Expenditures Paid	(163,419)	(163,419)	(89,428)
<b><u>OTHER RESOURCES AND USES:</u></b>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(163,419)	(163,419)	(89,428)
FUND BALANCE, BEGINNING OF YEAR	<u>163,419</u>	<u>163,419</u>	<u>163,419</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,991</u>

Child Nutrition Fund			Total		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 63,389	\$ 127,389	\$ 73,300	\$ 216,570	\$ 280,570	\$ 242,078
28,810	28,810	35,875	28,810	28,810	35,875
329,968	358,172	443,909	329,968	1,690,777	923,892
<u>422,167</u>	<u>514,371</u>	<u>553,084</u>	<u>575,348</u>	<u>2,000,157</u>	<u>1,201,845</u>
-	-	-	-	-	-
-	-	-	11,900	11,900	11,868
527,794	619,998	601,218	527,794	619,998	601,218
-	-	-	304,700	1,637,305	726,321
-	-	-	-	-	-
<u>527,794</u>	<u>619,998</u>	<u>601,218</u>	<u>844,394</u>	<u>2,269,203</u>	<u>1,339,407</u>
(105,627)	(105,627)	(48,134)	(269,046)	(269,046)	(137,562)
-	-	-	-	-	-
(105,627)	(105,627)	(48,134)	(269,046)	(269,046)	(137,652)
<u>105,627</u>	<u>105,627</u>	<u>105,627</u>	<u>269,046</u>	<u>(269,046)</u>	<u>269,046</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,484</u>

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Fund Equity - Regulatory Basis  
Fiduciary Funds  
June 30, 2012

	<u>Agency Fund/ Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	\$ 161,392
TOTAL ASSETS	<u>\$ 161,392</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
<u>FUND EQUITY:</u>	
Unreserved/Undesignated	\$ 45,567
Undesignated - Student Groups	<u>115,825</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 161,392</u>

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Combining Statement of Changes in Assets and Liabilities - Regulatory Basis  
All Agency Funds  
Year Ended June 30, 2012

	<u>Balance 7-1-11</u>	<u>Deposited</u>	<u>Net Transfers</u>	<u>Disbursed</u>	<u>Balance 6-30-12</u>
<b><u>ASSETS:</u></b>					
Cash and Investments	\$ 165,153	\$ 257,284	\$ -	\$ 261,045	\$ 161,392
TOTAL ASSETS	<u>\$ 165,153</u>	<u>\$ 257,284</u>	<u>\$ -</u>	<u>\$ 261,045</u>	<u>\$ 161,392</u>
<b><u>LIABILITIES AND FUND BALANCE:</u></b>					
<b><u>FUND BALANCE:</u></b>					
Designated/Undesignated	\$ 24,660	\$ 82,255	\$ -	\$ 61,348	\$ 45,567
Designated – Student Groups	<u>140,493</u>	<u>175,029</u>	<u>-</u>	<u>199,697</u>	<u>115,825</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 165,153</u>	<u>\$ 257,284</u>	<u>\$ -</u>	<u>\$ 261,045</u>	<u>\$ 161,392</u>

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
 Detail of Activity Funds – Regulatory Basis  
 Year Ended June 30, 2012

Description	Ending Balance 6/30/2011	Deposited	Adjustments	Disbursed	Ending Balance 6/30/2012
All Sports	\$ 8,254.99	\$ 42,792.70	\$ -	\$ 21,590.90	\$ 29,456.79
Football	5,486.85	6,638.74	-	11,674.73	450.86
Boys Basketball	1,882.53	3,041.00	-	3,188.98	1,734.55
Girls Basketball	1,366.85	5,908.00	-	6,526.56	748.29
Boys Baseball	197.29	2,064.75	-	2,045.25	216.79
HS Fast Pitch Softball	860.18	1,000.00	-	1,142.50	717.68
Boys Track	1,643.62	705.06	-	1,279.77	1,068.91
Girls Track	1,429.71	795.04	-	1,407.35	817.40
Girls Softball	2,351.95	754.00	-	3,097.86	8.09
Boys Weightlifting	3,921.02	-	-	555.25	3,365.77
JH 8 Boys Basketball	454.93	930.00	-	840.00	544.93
MS Football	795.00	-	-	184.00	611.00
JH 8 Girls Basketball	1,135.48	-	-	863.00	272.48
MS Fast Pitch Softball	1,074.43	-	-	125.00	949.43
Slow Pitch Softball	1,262.83	-	-	1,029.30	233.53
Baseball	36.31	-	-	-	36.31
Fast Pitch Softball	0.00	-	-	-	0.00
Girls Track	892.13	-	-	305.00	587.13
Boys Track	563.89	-	-	140.00	423.89
Boys Cross Country	-	1,852.00	-	1,577.02	274.98
Girls Cross Country	-	1,725.59	-	1,070.27	655.32
General Fund Refund	-	5,226.91	-	5,226.91	-
Scholarships	57,820.31	792.63	-	900.00	57,711.93
JH General	-	-	-	-	-
JH Student Council	-	-	-	-	0.00
MS Cheerleading	2,694.03	4,860.37	-	6,558.89	995.51
HS Cheerleading	1,707.77	12,793.18	-	11,877.42	2,623.53
FFA	4,647.05	33,705.15	-	34,851.11	3,501.09
FCCLA	234.08	5,094.25	-	4,793.13	535.20
HS Student Council	239.60	598.95	-	743.00	95.55
NHS	308.71	1,363.39	-	1,578.09	94.01
ABC	4.48	-	-	-	4.48
Class of 2013	1,999.31	10,212.03	-	11,978.14	233.20

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
 Detail of Activity Funds – Regulatory Basis  
 Year Ended June 30, 2012

Description	Beginning Balance 6/30/2011	Deposited	Adjustments	Disbursed	Ending Balance 6/30/2012
Class of 2012	1,029.09	2,174.18	-	2,575.98	627.29
Vocal Music	511.56	4,517.23	-	3,063.94	1,964.85
HS Yearbook	3,554.08	8,317.48	-	9,409.46	2,462.10
Band	480.33	1,711.38	-	10,564.55	1,627.16
Band Uniform	11,595.00	-	-	11,595.00	-
HS General	1,457.41	4,802.91	-	4,445.86	1,841.46
FCA	200.93	92.00	-	89.76	203.17
HS Students on a Mission	171.43	987.40	-	831.04	327.79
NASC	726.58	444.50	-	452.45	718.63
Drama	1,277.54	-	-	317.00	960.54
Thomas Elementary	11,752.46	33,143.90	-	31,600.00	13,296.36
Ethel Reed Elementary	14,897.15	24,020.91	-	25,927.53	12,990.53
Key Club	148.31	270.00	-	225.00	193.31
District General	556.64	589.81	-	370.51	775.94
21st Century (best)	6,102.00	2,815.00	-	1,664.63	7,252.37
HEF PREK Software	99.00	4,971.41	-	1,337.98	3,633.43
HEF Hands ON	0.63	502.00	-	500.00	2.00
HEF/ 1st Smart Can	-	704.80	-	702.30	2.50
HEF/3 Mary Taylor	-	802.64	-	802.64	-
HEF/ Amy Morrison	-	742.58	-	741.58	1.00
HEF/ Beth Ann	-	686.16	-	279.52	406.64
HEF/4-7 Lindley	3,042.49	-	-	2,635.98	519.40
HEF/ 4-7 Reading M. Taylof	-	4,309.00	-	4,307.08	1.92
HEF/ 4-7 Mary Taylor	-	1,446.00	-	1,446.00	-
Angel Tree Donations	1,011.49	-	-	-	1,011.49
Delay Clock Project	454.11	1,000.00	-	1,453.31	0.80
Ethel Reed Grant	-	-	-	-	-
HEF/ Fast Plants S. Mcene	13.26	2,065.64	-	2,051.45	14.19
Auditorium Donations	2,135.98	500.00	-	2,635.98	-
HEF/ Smart BD V. Bailey	-	-	-	-	-
HEF/ Lindley	0.00	1,570.00	-	1,570.00	-
Portal PH Meters	-	-	-	-	-
Science Technology	-	-	-	-	-
	<u>\$ 165,153.05</u>	<u>\$ 257,238.74</u>	<u>\$ -</u>	<u>\$ 261,044.76</u>	<u>\$ 161,392.03</u>

## SUPPORTING SCHEDULES

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Schedule of Expenditures of Federal Awards - Regulatory Basis  
Year Ended June 30, 2012

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Education Direct Programs:</u>			
Impact Aid - Title VIII	84.041	46-OK-2010-0752	\$ -
Indian Education Title VII	84-060A	S060A001052	80,649
TOTAL U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education:</u>			
Title I	84.010		44,556
Title II - Part A	84.367	N/A	51,908
Title I - Basic Program	84.010	N/A	352,875
Title VI - Part B	84.358	N/A	42,237
Title II - Part D	84.318	N/A	
JOM	15.130	N/A	-
IDEA-B Flow Through	84.027	N/A	246,147
IDEA-B Pre-School	84.173	N/A	5,717
Title II - Part A- Tech	84.318	N/A	146
Title 4 Part B Lrn Ctr	84.287		197,278
JTPA-Vocational	84.126		-
Medicaid Resources	93.778	N/A	-
ED JOB	84.410		-
TOTAL STATE DEPARTMENT OF EDUCATION			
<u>Passed Through U.S. Department of Agriculture:</u>			
Child Nutrition - Breakfasts	10.553	N/A	-
Child Nutrition - Summer Food	10.559	N/A	-
Child Nutrition - Lunches	10.555	N/A	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through U.S. Department of Human Services:</u>			
Commodity Supplemental Food Program	10.565	N/A	-
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			
<u>Passed Through State of Oklahoma Department of Emergency Management:</u>			
Hazard Mitigation Grant	594	97.039	FEMA -1735-DR-OK
TOTAL STATE OF OKLAHOMA DEPARTMENT OF EMERGENCT MANAGEMENT			
TOTAL FEDERAL FINANCIAL ASSISTANCE			



Balance June 30, 2011	Receipts For Prior Year Expenditures	Receipts For Current Year Expenditures	Expenditures	Balance June 30, 2012
\$ -	\$ -	\$ 44,443	\$ 44,443	\$ -
-	-	80,649	80,649	-
-	-	125,092	125,092	-
-	-	23,693	24,314	20,243
7,154	500	47,468	49,844	2,064
10,321	2,968	338,029	338,029	14,846
20,809	-	42,237	42,237	-
867	867	-	-	-
-	-	22,953	20,641	-
11,777	-	244,745	244,745	1,402
-	-	5,717	5,717	-
146	-	146	146	-
10,689	8,053	185,998	196,715	11,279
-	-	11,267	11,252	-
-	-	27,631	27,631	-
18,071	18,071	-	-	-
79,834	30,459	949,884	961,271	49,834
-	-	105,760	105,760	-
-	16,029	13,207	31,477	-
-	-	280,708	280,708	-
-	16,029	399,675	417,945	-
-	-	28,204	28,204	-
-	-	28,204	28,204	-
-	-	435,541	832,038	-
-	-	435,541	832,038	-
\$ 79,834	\$ 46,488	\$ 1,938,396	\$ 2,364,550	\$ 49,834

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**

Notes to Schedule of Expenditures of Federal Awards - Regulatory Basis  
Year Ended June 30, 2012

**Note 1:** The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of Holdenville Public Schools, I-35, Hughes County, Oklahoma and is presented on the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

No amounts were passed through to a subrecipient.

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Schedule of Accountant's Professional Liability Insurance Affidavit  
July 1, 2011 to June 30, 2012

STATE OF OKLAHOMA    )  
  )ss  
COUNTY OF HUGHES    )

The undersigned representative of the auditing firm listed below being of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit agreement with the Holdenville Public Schools for the audit year 2011-2012.

Johnston and Bryant, C.P.A.'S

By *Allen Bryant*

Subscribed and sworn to before me this 6 day of Sept.

*Jackie Harris*  
Notary Public

My commission expires 11-17-2012  
Commission No. 08011655



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

**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 Board of Education  
Holdenville Independent School District No. I-35  
Holdenville, Hughes County, Oklahoma

We have audited the financial statements of Holdenville Independent School District No I-35, Hughes County, Oklahoma as of and for the year ended June 30, 2012, and have issued our report thereon dated August 7, 2012. As stated in our report, the financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principles generally accepted in the United States of America. In our report, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance And Other Matters**

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

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

August 7, 2012

A handwritten signature in cursive script, appearing to read "Johnston & Byrd", with a long horizontal line extending to the right.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Education  
Holdenville Independent School District NO. I-35  
Holdenville, Oklahoma

**Compliance**

We have audited the Holdenville Public School's (Organization) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2012.. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

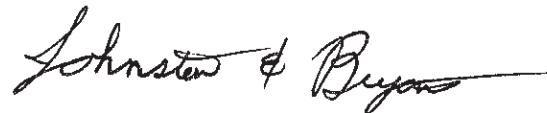
Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control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

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

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

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

August 7, 2012

A handwritten signature in cursive script, appearing to read "Johnston & Bryan", with a long horizontal line extending to the right.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**HOLDENVILLE INDEPENDENT SCHOOL DISTRICT NO. I-35**

**HUGHES COUNTY, OKLAHOMA**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Qualified

Internal Control over financial reporting

Material weaknesses identified?  Yes  No

Reportable conditions identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Findings relating to the financial statements which are required to be reported in accordance with GAGAS?  Yes  None Reported

Federal Awards

Internal control over major programs: Unqualified

Material weaknesses identified?  Yes  No

Reportable conditions identified that are not considered to be material weaknesses?  Yes  None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Findings and questioned costs for Federal Awards  Yes  None Reported

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  Yes  No

**HOLDENVILLE INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

Status of Prior Year Findings

There were no prior audit findings.