

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

Financial Statements  
June 30, 2014  
With Independent Auditors' Report Thereon

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA  
June 30, 2014**

Table of Contents

	<u>Page</u>
School District Officials	1
Report of Independent Auditors	2-4
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balance - Regulatory Basis - All Fund Types and Account Groups	5
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Regulatory Basis – All Governmental Fund Types	6
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Governmental Fund Types – General Fund	7
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Governmental Fund Types – Special Revenue Funds	8
Notes to Combined Financial Statements	9-23
Combining Financial Statements	
Combining Statement of Assets, Liabilities and Cash Fund Balances – Regulatory Basis - All Special Revenues Funds	24
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Regulatory Basis – All Special Revenue Funds	25
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Budget and Actual - Regulatory Basis – All Special Revenue Funds	26
Statement of Assets, Liabilities and Fund Balance Regulatory Basis - Fiduciary Funds	27
Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds	28

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA  
June 30, 2014**

Table of Contents

	<u>Page</u>
School Activity Funds Detail	29-30
Supporting Schedules	
Schedule of Expenditures of Federal Awards – Regulatory Basis	31-32
Schedule of Accountant's Professional Liability Insurance Affidavit	33
Compliance and Internal Control	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance With Government Auditing Standards	34-35
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133	36-37
Schedule of Findings and Questioned Costs	38-39

**HOLDENVILLE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. I-35  
HUGHES COUNTY, OKLAHOMA**  
School District Officials  
June 30, 2014

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

Randy Davenport

**JOHNSTON & BRYANT**

Certified Public Accountants

Pete Johnston, C.P.A.  
Allen Bryant, Jr., C.P.A.

P.O. Box 1564  
Ada, Oklahoma 74821-1564  
(580) 332-5549

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

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Holdenville School District I-35, Hughes County, Oklahoma (District), as of and for the year ended June 30, 2014, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

The Board of Education  
Holdenville Independent School District I-35

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

As discussed in Note 1, the financial statements are prepared by the Holdenville School District Number I-35 on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Holdenville School District Number I-35, Hughes County, Oklahoma as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

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

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Holdenville School District Number I-35, Hughes County, Oklahoma, as of June 30, 2014, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

### **Other Information**

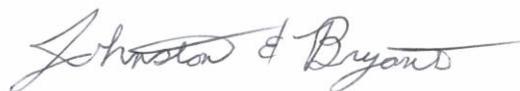
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements-regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The Board of Education  
Holdenville Independent School District I-35

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



August 22, 2014  
Ada, Oklahoma

COMBINED FINANCIAL STATEMENTS

**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, 2014

	Governmental Fund Types		
	General	Special Revenue	Fiduciary Fund Types Trust and Agency
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,063,515	\$ 326,820	\$ 137,234
Amount Available for Debt Service	-	-	-
Amount to be Provided	-	-	-
TOTAL ASSETS	\$ 1,063,515	\$ 326,820	\$ 137,234
<u>LIABILITIES AND FUND BALANCE:</u>			
<u>LIABILITIES:</u>			
Warrants Payable	\$ 624,490	\$ 40,617	\$ -
Bonds Outstanding	-	-	-
Encumbrances	8,194	947	-
TOTAL LIABILITIES	632,684	41,564	-
<u>FUND BALANCE:</u>			
Fund Balance-Designated	-	-	-
Fund Balances-Undesignated	430,831	285,256	137,234
TOTAL FUND BALANCE	430,831	285,256	137,234
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,063,515	\$ 326,820	\$ 137,234

The accompanying notes are an integral part of this statement.

Debt Service	Capital Projects	Account Group Long-Term Debt	Total (Memorandum Only)
\$ 52,360	\$ 487	\$ -	\$ 1,580,416
-	-	52,360	52,360
-	-	197,640	197,640
<u>\$ 52,360</u>	<u>\$ 487</u>	<u>\$ 250,000</u>	<u>\$ 1,830,416</u>
\$ -	\$ -	\$ -	\$ 665,107
-	-	250,000	250,000
-	-	-	9,141
-	-	250,000	924,248
52,360	487	-	52,847
-	-	-	853,321
<u>52,360</u>	<u>487</u>	<u>-</u>	<u>906,168</u>
<u>\$ 52,360</u>	<u>\$ 487</u>	<u>\$ 250,000</u>	<u>\$ 1,830,416</u>

**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, 2014

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b><u>REVENUES COLLECTED:</u></b>			
District Sources	\$ 1,272,409	\$ 238,460	\$ 102,456
Intermediate Sources	264,007	-	-
State Sources	5,346,698	39,179	-
Federal Sources	912,898	842,787	-
TOTAL REVENUE COLLECTED	<u>7,796,012</u>	<u>1,120,426</u>	<u>102,456</u>
<b><u>EXPENDITURES PAID:</u></b>			
Instruction	5,215,841	-	-
Support Services	2,659,083	185,256	-
Non-Instruction	709	560,472	-
Capital Outlay	28,340	262,673	-
Other Outlays	23,362	-	129,937
TOTAL EXPENDITURES PAID	<u>7,927,335</u>	<u>1,008,401</u>	<u>129,937</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(131,323)	112,025	(27,481)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating Transfers In	-	-	-
Excess of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(131,323)	112,025	(27,481)
Fund Balance, Beginning of Year	<u>562,154</u>	<u>173,231</u>	<u>79,841</u>
Fund Balance, End of Year	<u>\$ 430,831</u>	<u>\$ 285,256</u>	<u>\$ 52,360</u>

The accompanying notes are an integral part of this statement.

Capital Projects	Total (Memorandum Only)
\$ -	\$ 1,613,325
-	264,007
-	5,385,877
-	1,755,685
-	9,018,894
-	5,215,841
-	2,844,339
-	561,181
33,938	324,951
-	153,299
33,938	9,099,611
(33,938)	(80,717)
-	-
(33,938)	(80,717)
34,425	849,651
\$ 487	\$ 768,934

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

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUE COLLECTED:</u></b>				
District Sources	\$ 1,129,814	\$ 1,169,814	\$ 1,272,409	102,595
Intermediate Sources	251,436	251,436	264,007	12,571
State Sources	5,058,254	5,168,682	5,346,698	178,016
Federal Sources	460,826	808,566	912,898	104,332
TOTAL REVENUE COLLECTED	6,900,330	7,398,498	7,796,012	397,514
<b><u>EXPENDITURES PAID:</u></b>				
Instruction	4,750,970	5,249,138	5,215,841	33,297
Support Services	2,659,102	2,659,102	2,659,083	19
Non-Instruction Services	710	710	709	1
Capital Outlay	28,340	28,340	28,340	-
Other Outlays	23,362	23,362	23,362	-
TOTAL EXPENDITURES PAID	7,462,484	7,960,652	7,927,335	33,317
Excess of Revenues Collected Over (Under) Expenditures Paid	(562,154)	(562,154)	(131,323)	430,831
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(562,154)	(562,154)	(131,323)	430,831
FUND BALANCE, BEGINNING OF YEAR	562,154	562,154	562,154	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 430,831	430,831

The accompanying notes are an integral part of this statement.

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

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUE COLLECTED:</u></b>				
District Sources	\$ 228,774	\$ 228,774	\$ 238,460	\$ 9,686
Intermediate Sources	-	-	-	-
State Sources	6,558	6,558	39,179	32,621
Federal Sources	376,335	791,304	842,787	51,483
TOTAL REVENUE COLLECTED	611,667	1,026,636	1,120,426	93,790
<b><u>EXPENDITURES PAID:</u></b>				
Instruction	-	-	-	-
Support Services	185,275	185,275	185,256	19
Non-Instruction Services	522,988	567,988	560,472	7,516
Capital Outlay	76,635	446,604	262,673	183,931
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	784,898	1,199,867	1,008,401	191,466
Excess of Revenues Collected Over (Under) Expenditures Paid	(173,231)	(173,231)	112,025	285,256
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(173,231)	(173,231)	112,025	285,256
FUND BALANCE, BEGINNING OF YEAR	173,231	173,231	173,231	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 285,256	\$ 285,256

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, 2014

**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. I-35  
HUGHES COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2014

**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, 2014

**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, 2014

**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, 2014

**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	\$	8,194
Activity Fund		-
Special Revenue Fund		947
		947
Total	\$	9,141

**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, 2014

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

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

**Inventories** - The value of consumable inventories at June 30, 2014 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, 2014

**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, 2014

**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 2014 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 2014 fiscal year was based, was \$33,408,486.

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

Notes to Financial Statements  
June 30, 2014

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

Ad valorem tax rates and collections for the year ended June 30, 2014 are as follows:

	Mills Levied	Current Year Collections	Percent Collected of Taxes Levied
General Fund	37.20	\$ 1,170,823	94.2%
Building Fund	5.31	167,126	94.2%
Sinking Fund	3.14	98,828	94.2%
Totals	45.65	\$ 1,436,777	

Collection of prior year ad valorem taxes are as follows:

General Fund	\$ 46,227
Building Fund	6,599
Sinking Fund	3,629
Total	\$ 56,455

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. I-35  
HUGHES COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2014

**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.

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

Notes to Financial Statements  
June 30, 2014

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

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, 2014 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 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, 2014 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	\$ 386,385	\$ 400,000	\$ 250,000
The Bank N/A, Holdenville, Oklahoma	46,000	-	250,000
First National Bank, Holdenville, Oklahoma	<u>1,736</u>	<u>-</u>	250,000
Total Deposits	<u>\$ 434,121</u>	<u>\$ 400,000</u>	

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

Notes to Financial Statements  
June 30, 2014

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

**Investments**

As of June 30, 2014 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	\$ 1,146,295	\$ 1,146,295	N/A	N/A	N/A
Total Pooled Investments	<u>\$ 1,146,295</u>	<u>\$ 1,146,295</u>			

- (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.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2014.

<u>Obligation</u>	<u>Balance Outstanding 6/30/2013</u>	<u>Issued (Retired) During Year</u>	<u>Balance Outstanding 6/30/2014</u>
2011 Go Bonds	\$ 375,000	\$ (125,000)	\$ 250,000
Totals	<u>\$ 375,000</u>	<u>\$ (125,000)</u>	<u>\$ 250,000</u>

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statement  
June 30, 2014

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

The annual requirements to retire general obligations bonds as of June 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 125,000	\$ 3,750	\$ 128,750
2016	125,000	2,063	127,065
Totals	<u>\$ 250,000</u>	<u>\$ 5,813</u>	<u>\$ 255,813</u>

**Note 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.

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statement  
June 30, 2014

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

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 employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma, plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

Annual Pension Cost

The District's total contributions for 2014, 2013, and 2012 were \$505,455, \$479,531 and \$467,924 respectfully.

**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**

Management has evaluated subsequent events through August 22, 2014 which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**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.

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Notes to Financial Statement  
June 30, 2014

**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.

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

- Activities Director
- Encumbrance Clerk
- 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, 2014

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 209,714	\$ 117,106	\$ 326,820
TOTAL ASSETS	<u>\$ 209,714</u>	<u>\$ 117,106</u>	<u>\$ 326,820</u>
 <b><u>LIABILITIES AND CASH FUND BALANCES</u></b>			
<b><u>LIABILITIES:</u></b>			
Outstanding Warrants	\$ 11,774	\$ 28,843	\$ 40,617
Encumbrances	<u>947</u>	<u>-</u>	<u>947</u>
TOTAL LIABILITIES	<u>12,721</u>	<u>28,843</u>	<u>41,564</u>
 <b><u>FUND EQUITY:</u></b>			
Fund Balances	<u>196,993</u>	<u>88,263</u>	<u>285,256</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 209,714</u>	<u>\$ 117,106</u>	<u>\$ 326,820</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, 2014

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<b><u>REVENUES COLLECTED:</u></b>			
District Sources of Revenue	\$ 174,317	\$ 64,143	\$ 238,460
State Sources of Revenue	-	39,179	39,179
Federal Sources of Revenue	369,969	472,818	842,787
TOTAL REVENUE COLLECTED	<u>544,286</u>	<u>576,140</u>	<u>1,120,426</u>
<b><u>EXPENDITURES:</u></b>			
Instruction	-	-	-
Support Services	184,783	473	185,256
Non-Instruction Services	-	560,472	560,472
Capital Outlay	262,673	-	262,673
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>447,456</u>	<u>560,945</u>	<u>1,008,401</u>
Excess of Revenues Over (Under) Expenditures Paid	96,830	15,195	112,025
<b><u>OTHER RESOURCES AND USES:</u></b>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	96,830	15,195	112,025
FUND BALANCE, BEGINNING OF YEAR	<u>100,163</u>	<u>73,068</u>	<u>173,231</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 196,993</u></u>	<u><u>\$ 88,263</u></u>	<u><u>\$ 285,256</u></u>

**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, 2014

	<u>Building Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b><u>REVENUES COLLECTED:</u></b>			
District Sources of Revenue	\$ 161,272	\$ 161,272	\$ 174,317
State Sources of Revenue	-	-	-
Federal Sources of Revenue	-	369,969	369,969
TOTAL REVENUE	<u>161,272</u>	<u>531,241</u>	<u>544,286</u>
<b><u>EXPENDITURES PAID:</u></b>			
Instruction	-	-	-
Support Services	184,800	184,800	184,783
Non-Instruction Services	-	-	-
Capital Outlay	76,635	446,604	262,673
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>261,435</u>	<u>631,404</u>	<u>447,456</u>
Excess of Revenues Over (Under) Expenditures Paid	(100,163)	(100,163)	96,830
<b><u>OTHER RESOURCES AND USES:</u></b>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(100,163)	(100,163)	96,830
FUND BALANCE, BEGINNING OF YEAR	<u>100,163</u>	<u>100,163</u>	<u>100,163</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,993</u>

Child Nutrition Fund			Total		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 67,502	\$ 67,502	\$ 64,143	\$ 228,774	\$ 228,774	\$ 238,960
6,558	6,558	39,179	6,558	6,558	39,179
376,335	421,335	472,818	376,335	791,304	842,787
450,395	495,395	576,140	611,667	1,026,636	1,120,426
-	-	-	-	-	-
475	475	473	185,275	185,275	185,256
522,988	567,988	560,472	522,988	567,988	560,472
-	-	-	76,635	446,604	262,673
-	-	-	-	-	-
523,463	568,463	560,945	784,898	1,199,867	1,008,401
(73,068)	(73,068)	15,195	(173,231)	(173,231)	112,025
-	-	-	-	-	-
(73,068)	(73,068)	15,195	(173,231)	(173,231)	112,025
73,068	73,068	73,068	173,231	173,231	173,231
\$ -	\$ -	\$ 88,263	\$ -	\$ -	\$ 285,256

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
**HUGHES COUNTY, OKLAHOMA**  
Statement of Assets, Liabilities and Fund Equity - Regulatory Basis  
Fiduciary Funds  
June 30, 2014

	<u>Agency Fund/ Activity Fund</u>
<u>ASSETS</u>	
Cash and Investments	\$ 137,234
TOTAL ASSETS	<u>\$ 137,234</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
<u>FUND EQUITY:</u>	
Unreserved/Undesignated	\$ 7,987
Undesignated - Student Groups	<u>129,247</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 137,234</u>

**HOLDENVILLE PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. I-35**  
Statement of Changes in Assets and Liabilities - Regulatory Basis  
All Agency Funds  
Year Ended June 30, 2014

	<u>Balance</u> 6-30-13	<u>Deposited</u>	<u>Net</u> <u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> 6-30-14
<u>ASSETS:</u>					
Cash and Investments	\$ 157,594	\$ 257,307	\$ -	\$ 277,667	\$ 137,234
TOTAL ASSETS	<u>\$ 157,594</u>	<u>\$ 257,307</u>	<u>\$ -</u>	<u>\$ 277,667</u>	<u>\$ 137,234</u>
 <u>LIABILITIES AND FUND BALANCE:</u>					
<u>FUND BALANCE:</u>					
Designated/Undesignated	\$ 22,496	\$ 37,397	\$ -	\$ 51,906	\$ 7,987
Designated – Student Groups	<u>135,098</u>	<u>219,910</u>	<u>-</u>	<u>175,761</u>	<u>129,247</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 157,594</u>	<u>\$ 257,307</u>	<u>\$ -</u>	<u>\$ 277,667</u>	<u>\$ 137,234</u>

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

Detail of Activity Funds – Regulatory Basis  
Year Ended June 30, 2014

Description	Ending Balance 6/30/2013	Deposited	Adjustments	Disbursed	Ending Balance 6/30/2014
All Sports	\$ 11,292	\$ 33,947	\$ -	\$ 39,738	\$ 5,501
Football	304	8,050	-	6,803	1,551
Boys Basketball	1,010	2,526	-	2,982	554
Girls Basketball	3,248	6,424	-	7,373	2,299
Boys Baseball	501	1,417	-	1,910	8
HS Fast Pitch Softball	1,407	4,061	-	1,523	3,945
Boys Track	541	1,725	-	1,862	404
Girls Track	719	2,635	-	2,052	1,302
Girls Softball	503	-	-	459	44
Boys Weightlifting	3,712	-	-	880	2,832
JH 8 Boys Basketball	339	630	-	721	248
MS Football	611	-	-	-	611
JH 8 Girls Basketball	43	837	-	876	4
MS Fast Pitch Softball	949	-	-	297	652
Slow Pitch Softball	234	-	-	6	228
Baseball	36	-	-	-	36
Fast Pitch Softball	-	-	-	-	-
Girls Track	2,529	-	-	2,094	435
Boys Track	424	-	-	34	390
Boys Cross Country	384	832	-	407	809
Girls Cross Country	617	519	-	797	339
Golf	-	1,930	-	823	1,107
General Fund Refund	-	4,186	-	4,186	-
Scholarships	56,528	234	-	2,200	54,562
JH Student Council	-	-	-	-	-
MS Cheerleading	2,763	2,192	-	3,446	1,509
HS Cheerleading	4,560	17,651	-	17,422	4,789
FFA	1,557	30,698	-	30,313	1,942
FCCLA	889	577	-	1,043	423
HS Student Council	721	745	-	224	1,242
NHS	130	2,857	-	2,708	279
ABC	4	-	-	-	4
Class of 2013	-	-	-	-	-
Class of 2014	724	2,135	-	2,859	-
Class of 2011	1,424	3,893	-	4,980	337

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

Detail of Activity Funds – Regulatory Basis  
Year Ended June 30, 2014

Description	Beginning Balance 6/30/2013	Deposited	Adjustments	Disbursed	Ending Balance 6/30/2014
Class of 2016	-	408	-	83	325
Vocal Music	162	7,619	-	7,350	431
HS Yearbook	1,691	7,515	-	8,104	1,102
Band	1,099	29,862	-	26,334	4,627
Drill Team	-	1,870	-	1,503	367
HS General	2,151	3,450	-	4,000	1,601
FCA	237	418	-	571	84
Students on a Mission	69	-	-	-	69
NASC	801	-	-	-	801
Drama	1,021	-	-	-	1,021
Thomas Elementary	23,834	19,791	-	38,411	5,214
Ethel Reed Elementary	15,261	30,663	-	22,813	23,111
Key Club	124	844	-	794	174
District General	-	-	-	-	-
Bestt	8,649	-	-	7,764	885
HEF/Reading	-	5,225	-	362	4,863
HEF/Bblack	-	6,590	-	6,579	11
HEF/United Stream	-	-	-	-	-
HEF/Wall Ball	2,770	-	-	-	2,770
HEF/FACS	-	671	-	671	-
HEF/1st/2nd	-	11,680	-	11,299	381
HEF/Carryover	12	-	-	-	12
Angel Tree Donations	1,011	-	-	11	1,000
Delay Clock Project	-	-	-	-	-
	<u>\$ 157,595</u>	<u>\$ 257,307</u>	<u>\$ -</u>	<u>\$ 277,667</u>	<u>\$ 137,235</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, 2014

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grantor's Number
<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
TOTAL U.S. DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Education:</u>		
Title I	84.010	
Title II - Part A	84.367	N/A
Title I - Basic Program	84.010	N/A
Title VI - Part B	84.358	N/A
Title II - Part D	84.318	N/A
JOM	15.130	N/A
IDEA-B Flow Through	84.027	N/A
IDEA-B Pre-School	84.173	N/A
Title II - Part D- Tech	84.318	N/A
Title IV Part B Lrn Ctr	84.287	
JTPA-vocational	84.126	
Medicaid Resources	93.778	N/A
ED JOB	84.410	
TOTAL STATE DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Vocation And Technical Education</u>		
Carl D. Perkins	84.048	
<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	97.039	FEMA-1735-DR-OK
TOTAL STATE OF OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT		
TOTAL FEDERAL FINANCIAL ASSISTANCE		

Balance 6/30/13	Receipts for Prior Year Expenditures	Receipts for Current Year Expenditures	Expenditures	Balance 6/30/14
\$ -	\$ -	\$ 39,701	\$ 39,701	\$ -
-	-	81,983	81,983	-
-	-	121,684	121,684	-
10,650	-	10,565	10,565	-
4,461	-	29,406	29,406	13,058
64,806	-	372,392	372,393	33,254
1,510	-	22,357	22,357	-
-	-	-	-	-
-	-	20,536	22,891	-
-	-	245,378	245,378	-
-	-	11,623	11,623	-
-	-	-	-	-
-	-	-	-	-
-	-	1,900	2,263	-
-	-	41,504	41,504	-
-	-	-	-	-
81,427	-	755,661	758,380	46,312
-	-	35,554	18,913	-
-	-	35,554	18,913	-
-	-	115,877	297,787	-
-	-	26,919	31,084	-
-	-	297,787	297,787	-
-	-	440,583	626,658	-
-	-	32,334	32,334	-
-	-	32,334	32,334	-
-	-	369,969	82,301	-
-	-	369,969	82,301	-
\$ 81,427	\$ -	\$ 1,755,785	\$ 1,640,270	\$ 46,312

**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, 2014

**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**

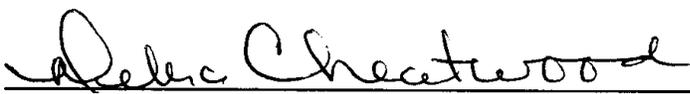
Schedule of Accountant's Professional Liability Insurance Affidavit  
July 1, 2013 to June 30, 2014

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 2013-2014.

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

Subscribed and sworn to before me this 23 day of 2014 October

  
Notary Public

My commission expires 05/08/15  
Commission No. 07004538



INDEPENDENT AUDITORS' 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

**INDEPENDENT AUDITORS' 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 School District Number I-35  
Holdenville, Hughes County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, Issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of the Holdenville School District Number I-35, Holdenville, Hughes County, Oklahoma(District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 22, 2014, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of the financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control over Financial Reporting**

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

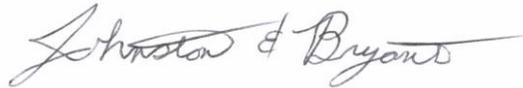
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Purpose of this Report**

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



Ada, Oklahoma  
August 22, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Holdenville School District Number I-35, Holdenville, Hughes County, Oklahoma (District)'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Holdenville School District Number I-35, Holdenville, Hughes County, Oklahoma, 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, 2014.

### **Report on Internal Control Over Compliance**

Management of Holdenville School District Number I-35, Holdenville, Hughes County, Oklahoma (the District), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 District's internal control over compliance.

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

Our consideration of internal control over compliance was 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Ada, Oklahoma  
August 22, 2014

## 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, 2014

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
10.553	Child Nutrition- Breakfast
10.555	Child Nutrition- Lunch
10.559	Child Nutrition- Summer Food Program

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, 2014

Status of Prior Year Findings

There were no prior audit findings.

