FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7 KINGFISHER COUNTY, OKLAHOMA JUNE 30, 2012

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2012

TABLE OF CONTENTS

School District Officials

Qualified Opinion on the Financial Statements and Supplementary Schedule of Expenditures of Federal Awards - Governmental Entity Independent Auditor's Report

Combined Financial Statements

Combined Balance Sheet - Regulatory Basis - All Fund Types and Account Groups ..... Schedule 1-00

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis All Governmental Fund Types ..... Schedule 2-00

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Regulatory Basis - Budgeted Governmental Fund Types ..... Schedule 3-00

Notes to Combined Financial Statements

SUPPORTING SCHEDULES

Combining Financial Statements

Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - All Special Revenue Funds ..... Schedule 4-00

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis All Special Revenue Funds ..... Schedule 5-00

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Regulatory Basis - All Special Revenue Funds ..... Schedule 6-00

Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - Capital Project Funds ..... Schedule 7-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2012

TABLE OF CONTENTS, (CONTINUED)

Combining Financial Statements, (Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis All Capital Projects Funds ..... Schedule 8-00

Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - Fiduciary Funds ..... Schedule 9-00

Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds ..... Schedule 10-00

Supplementary Information

Schedule of Expenditures of Federal Awards ..... Schedule 11-00

Reports on Internal Control and on Compliance

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 Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Schedule of Findings and Questioned Costs

Audit Comments

School District's Response to Audit Comments

Schedule of Accountant's Professional Liability Insurance Affidavit

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JULY 1, 2011 THROUGH JUNE 30, 2012

Board of Education

President	Roland Mulherin
Vice-President	Sandy Newton
Member	Steve Neuman
Member	Scott Ulsaker
Member	Michael Copeland

School District Treasurer

Pam Werner

Superintendent of Schools

Jason Sternberger

BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

QUALIFIED OPINION ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - GOVERNMENTAL ENTITY

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Kingfisher Independent School District No. 7
Kingfisher, Kingfisher County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Kingfisher Independent School District No. 7, Oklahoma, as of and for the year ended June 30, 2012, as listed in the Table of Contents. These financial statements are the responsibility of Kingfisher Independent School District No. 7, 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 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, Kingfisher Independent School District No. 7, Oklahoma, prepares its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

As discussed in Note 1, the financial statements referred to above do not include the General Fixed Asset Account Group. The amount that should be recorded in the General Fixed Asset Account Group is not known.

In our opinion, because of the School's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Kingfisher Independent School District No. 7, Oklahoma, as of June 30, 2012, or the results of its operations for the year then ended.

However, in our opinion, except for the omission of the general fixed asset account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of Kingfisher Independent School District No. 7, Oklahoma, as of June 30, 2012, and the revenues it received and expenditures it paid 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 November 15, 2012, on our consideration of Kingfisher Independent School District No. 7, Oklahoma's, internal control over financial reporting and 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 performed for the purpose of forming an opinion on the fund type and account group financial statements of Kingfisher Independent School District No. 7, Oklahoma, taken as a whole. The Combining Financial Statements as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 financial statements. The Combining Financial Statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements referred to above and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 15, 2012

COMBINED FINANCIAL STATEMENTS

OF

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2012

	Governmental Fund Types		
	General	Special Revenue	Debt Service
ASSETS			
Cash and Investments	$ 1,591,059.14	$ 463,637.44	$ 59,519.47
Amount available in debt service fund	0.00	0.00	0.00
Amount to be provided for retirement of general long-term debt	0.00	0.00	0.00
Total Assets	$ 1,591,059.14	$ 463,637.44	$ 59,519.47
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants payable	$ 352,852.13	$ 41,207.51	$ 0.00
Encumbrances	123,457.72	19,740.58	0.00
Due to others	0.00	0.00	0.00
General obligation bonds payable	0.00	0.00	0.00
Capital lease payable	0.00	0.00	0.00
Interest	0.00	0.00	0.00
Judgments payable	0.00	0.00	0.00
Total Liabilities	476,309.85	60,948.09	0.00
Fund Equity:			
Unreserved:			
Designated for capital projects	0.00	0.00	0.00
Designated for debt service	0.00	0.00	59,519.47
Undesignated	1,114,749.29	402,689.35	0.00
Total fund balances	1,114,749.29	402,689.35	59,519.47
Total Liabilities and Fund Balances	$ 1,591,059.14	$ 463,637.44	$ 59,519.47

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

Governmental Fund Types Capital Projects	Fiduciary Fund Types Trust and Agency	Account Group General Long-Term Debt	Total (Memorandum Only - Note 1) 2012
$ 54,352.54	$ 370,863.28	$ 0.00	$ 2,539,431.87
0.00	0.00	59,519.47	59,519.47
0.00	0.00	8,411,414.53	8,411,414.53
$ 54,352.54	$ 370,863.28	$ 8,470,934.00	$ 11,010,365.87
$ 0.00	$ 0.00	$ 0.00	$ 394,059.64
0.00	0.00	0.00	143,198.30
0.00	370,863.28	0.00	370,863.28
0.00	0.00	1,865,000.00	1,865,000.00
0.00	0.00	6,605,934.00	6,605,934.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	370,863.28	8,470,934.00	9,379,055.22
54,352.54	0.00	0.00	54,352.54
0.00	0.00	0.00	59,519.47
0.00	0.00	0.00	1,517,438.64
54,352.54	0.00	0.00	1,631,310.65
$ 54,352.54	$ 370,863.28	$ 8,470,934.00	$ 11,010,365.87

Schedule 2-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund Types				Total (Memorandum Only - Note 1)
	General	Special Revenue	Debt Service	Capital Projects	2012
Revenues:					
Local sources	$ 2,047,510.96	$ 658,884.53	$ 968,471.54	$ 0.00	$ 3,674,867.03
Intermediate sources	333,457.34	0.00	0.00	0.00	333,457.34
State sources	5,231,345.10	55,350.37	7,976.90	0.00	5,294,672.37
Federal Sources	1,123,449.67	943,869.48	0.00	0.00	2,067,319.15
Total Revenues Collected	8,735,763.07	1,658,104.38	976,448.44	0.00	11,370,315.89
Expenditures:					
Instruction	5,856,221.68	272,846.64	0.00	11,368.53	6,140,436.85
Support services	3,227,542.75	351,130.58	0.00	37,720.75	3,616,394.08
Non - Instructional services	63,555.53	611,678.82	0.00	0.00	675,234.35
Capital outlay	32,664.85	0.00	0.00	1,305,000.00	1,337,664.85
Other outlays	5,828.18	0.00	0.00	554,400.00	560,228.18
Debt service:					
Principal retirement	0.00	0.00	1,200,000.00	0.00	1,200,000.00
Interest and fiscal agent charges	0.00	0.00	21,630.00	0.00	21,630.00
Judgments paid	0.00	0.00	0.00	0.00	0.00
Total Expenditures	9,185,812.99	1,235,656.04	1,221,630.00	1,908,489.28	13,551,588.31
Excess of revenue over (under) expenditures	-450,049.92	422,448.34	-245,181.56	-1,908,489.28	-2,181,272.42
Adjustments to prior year encumbrances	108,950.39	5,086.72	0.00	0.00	114,037.11
Other financing sources (uses):					
Bond sale proceeds	0.00	0.00	0.00	1,865,000.00	1,865,000.00
Excess of revenues and other sources over (under) expenditures and other uses	-341,099.53	427,535.06	-245,181.56	-43,489.28	-202,235.31
Beginning fund balance	1,455,848.82	-24,845.71	304,701.03	97,841.82	1,833,545.96
Ending fund balance	$ 1,114,749.29	$ 402,689.35	$ 59,519.47	$ 54,352.54	$ 1,631,310.65

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

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS
BUDGETED GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	$ 1,455,848.82	$ 1,455,848.82	$ 1,455,848.82
Revenues:			
Local sources	1,777,504.69	1,777,504.69	2,047,510.96
Intermediate sources	263,083.04	263,083.04	333,457.34
State sources	4,573,124.22	4,908,227.63	5,231,345.10
Federal sources	234,362.67	971,019.26	1,123,449.67
Total Revenue, budgetary basis	6,848,074.62	7,919,834.62	8,735,763.07
Expenditures:			
Instruction	4,839,621.38	5,911,381.38	5,856,221.68
Support services	3,355,203.07	3,355,203.07	3,227,542.75
Non - Instructional services	69,833.00	69,833.00	63,555.53
Capital Outlay	32,664.85	32,664.85	32,664.85
Other Outlays	6,601.14	6,601.14	5,828.18
Debt Service:			
Principal retirement	0.00	0.00	0.00
Interest and fiscal agent charges	0.00	0.00	0.00
Judgments paid	0.00	0.00	0.00
Total Expenditures, budgetary basis	8,303,923.44	9,375,683.44	9,185,812.99
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	1,005,798.90
Other financing sources (uses):			
Bond sale proceeds	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	0.00	0.00	1,005,798.90
Adjustments to prior year encumbrances	0.00	0.00	108,950.39
Ending fund balances	$ 0.00	$ 0.00	$ 1,114,749.29

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

Special Revenue Funds			Debt Service Fund		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
$ -24,845.71	$ -24,845.71	$ -24,845.71	$ 304,701.03	$ 304,701.03	$ 304,701.03
447,969.84	589,031.63	658,884.53	916,928.97	916,928.97	968,471.54
0.00	0.00	0.00	0.00	0.00	0.00
9,097.59	64,222.59	55,350.37	0.00	0.00	7,976.90
822,824.17	857,955.37	943,869.48	0.00	0.00	0.00
1,279,891.60	1,511,209.59	1,658,104.38	916,928.97	916,928.97	976,448.44
172,831.22	260,927.72	272,846.64	0.00	0.00	0.00
503,726.89	591,823.38	351,130.58	0.00	0.00	0.00
573,822.93	628,947.93	611,678.82	0.00	0.00	0.00
4,664.85	4,664.85	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	1,200,000.00	1,200,000.00	1,200,000.00
0.00	0.00	0.00	21,630.00	21,630.00	21,630.00
0.00	0.00	0.00	0.00	0.00	0.00
1,255,045.89	1,486,363.88	1,235,656.04	1,221,630.00	1,221,630.00	1,221,630.00
0.00	0.00	397,602.63	0.00	0.00	59,519.47
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	397,602.63	0.00	0.00	59,519.47
0.00	0.00	5,086.72	0.00	0.00	0.00
$ 0.00	$ 0.00	$ 402,689.35	$ 0.00	$ 0.00	$ 59,519.47

NOTES TO COMBINED FINANCIAL STATEMENTS

OF

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Significant Accounting Policies

The basic financial statements of the Kingfisher Independent School District No. 7 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State 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 five elected members. The appointed superintendent is the executive officer of the District.

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

Summary of Significant Accounting Policies, (Continued)

Reporting Entity, (Continued)

The School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

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.

Summary of Significant Accounting Policies, (Continued)

Fund Accounting, (Continued)

Special Revenue Fund - The special revenue funds of the District consist of the Building Fund, Child Nutrition Fund, Co-op Fund and the Insurance Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, 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. The district also deposits monies received from the National School Lunch and Breakfast programs into this fund.

Co-op Fund - The Co-op Fund consists of monies collected from certain federal grant program resources and contributions from other school districts that voluntarily choose to pool their resources for the purpose of coordinated, multi-district special education and related services.

Insurance Fund - The Insurance Fund consists of monies received for insurance claims that shall be used solely to rebuild, repair, or replace the property or assets that were lost, damaged or destroyed.

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

Capital Projects Fund - The Capital Projects Fund is the District's Bond Funds 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.

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. 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.

Summary of Significant Accounting Policies, (Continued)

Fund Accounting, (Continued)

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

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. It is also used to account for liabilities for compensated absences and early retirement incentives which are to be paid from funds provided in future years.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The District has not maintained the cost of fixed assets purchased in previous years. Thus the General Fixed Asset Account Group is not presented.

Memorandum Only - Total Column

The total column on the 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.

Summary of Significant Accounting Policies, (Continued)

C. Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

Summary of Significant Accounting Policies, (Continued)

Budgets and Budgetary Accounting, (Continued)

The District may upon approval by a majority of the electors of the District voting on the question make the advalorem levy, emergency levy and local support levy permanent.

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

E. 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 direct obligations of the United States Government and Agencies or certificates of deposit with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If, at the end of two years, the owner has not done so, the purchaser is issued a deed to the property.

Summary of Significant Accounting Policies, (Continued)

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 Asset Account Group is not presented.

Compensated Absences - The school does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

F. Revenue, Expenses, and Expenditures

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

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

Summary of Significant Accounting Policies, (Continued)

Revenues, Expenses and Expenditures, (Continued)

State Revenues, (Continued)

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2012.

G. 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.

2. 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 of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Cash and Investments, (Continued)

Deposits Categories of Credit Risk

Deposits - The District's cash deposits at June 30, 2012, are categorized to give an indication of the level of risk assumed by the District at year end as follows:

(A) Insured or collateralized with securities held by the District or by its agent in the District's name.

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

(C) Uncollateralized.

	Category			Bank
	(A)	(B)	(C)	Balance
Cash	$ 250,000.00	$ 750,000.00	$ 294,647.10	$ 1,294,647.10
Investments	564,948.99	0.00	679,835.78	1,244,784.77
Total	$ 814,948.99	$ 750,000.00	$ 974,482.88	$ 2,539,431.87

Investments - The District's investments consist of Certificates of Deposit.

3. **General Long-Term Debt**

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

General long-term debt of the District consists of bonds payable, obligations for compensated absences, early retirement incentives and capital leases. Debt service requirements for bonds payable are solely from fund balance and future revenues of the Debt Service Fund.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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:

	Bonds Payable	Capital Leases	Total
Balance 7-1-11	$ 1,200,000	$ 8,610,248	$ 9,810,248
Additions	1,865,000	0	1,865,000
Retirements	(1,200,000)	(2,004,314)	(-3,204,314)
Balance 6-30-12	$ 1,865,000	$ 6,605,934	$ 8,470,934

A brief description of the outstanding bond issues at June 30, 2012 is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Building Bond '11	1.1%	07-01-13	$ 865,000	$ 865,000
Building Bond '11	1.0%	07-01-14	1,000,000	1,000,000
Building Bond 09-b	2.10%	07-01-12	690,000	0
Building Bond ¾ Ct	1.40%	06-01-12	510,000	0
			$ 3,065,000	$ 1,865,000

Presented below is a summary of debt service requirements for the remaining life of the bonds:

Year Ending	Principal	Interest	Total
6-30-13	$ 865,000	$ 39,030	$ 904,030
6-30-14	1,000,000	10,000	1,010,000
	$ 1,865,000	$ 49,030	$ 1,914,030

Interest expense on general long-term debt incurred during the current year totaled $21,630.00.

General Long-Term Debt (Continued)

The District has entered into lease agreements as lessee, which qualify as capital leases for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The leases contain a clause, which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The District records any current year payments on capital leases as expenditures and records a liability for future lease payment in the general long-term debt account group.

A brief description of the outstanding capital leases at June 30, 2012, is set forth below:

The District has a capital lease agreement to assist with financing the building of the Middle School. A revenue bond was issued by Kingfisher Special Works Authority (City of Kingfisher) for this capital lease agreement.

The District has a capital lease agreement to assist with financing the improvements at the 3rd and 4th Grade Center. A revenue bond was issued by Kingfisher Special Works Authority (City of Kingfisher) for this capital lease agreement.

The District has a capital lease agreement to assist with financing the building of the Middle School. A Qualified Zone Academy Bond was issued for this capital lease agreement.

Presented below is a schedule of future minimum lease payments as follows:

Year Ending	City of Kingfisher	QZAB	Total
6-30-2013	$ 28,000	$ 116,914	$ 144,914
6-30-2014	1,988,750	116,914	2,105,664
6-30-2015	3,000	116,914	119,914
6-30-2016	1,042,200	19,564	1,061,764
6-30-2017	3,134,550	19,564	3,154,114
6-30-2018	0	19,564	19,564
Totals	$ 6,196,500	$ 409,434	$ 6,605,934

4. **Employee Retirement System**

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

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% effective July 1, 2010. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7.0% of each member's total compensation.

For the year ended June 30, 2012, the total compensation covered by the Teacher Retirement System was $5,222,173.73. The District's contributions to the System for the years ending June 30, 2012, 2011, and 2010 were $541,772.91, $486,977.08, and $440,540.00, respectively.

Employee Retirement System, (Continued)

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

Total Pension Benefit Obligation	$17,560,754,452
Actuarial Value of Assets	9,960,576,151
Unfunded Actuarial Accrued Liability	$ 7,600,178,301

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

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. 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 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

5. **Health Care Coverage**

During the year ended June 30, 2012, employees of the Kingfisher Independent School District No. 7, Oklahoma, were covered by a health insurance plan (the Plan). The teachers and support personnel may elect to be covered by the Plan. The Plan was authorized by House Bill 1731, 1988 Oklahoma Legislature (74 O.S. 1988, Supp. Section 1301-1322) with the Oklahoma State and Education Employers Group Insurance Board.

6. **Investment Income**

Investment income deposits are receipted as allocated by the Treasurer. School District Funds held by the Treasurer are required to be invested in accordance with Title 70 of the Oklahoma Statutes. Interest income on cash funds totaled $13,594.75.

7. **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.

8. **Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

9. **Surety Bonds**

Superintendent is bonded by Western Surety Company, bond number 182000672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013 .

Treasurer is bonded by Western Surety Company, bond number 68739003, for the penal sum of $100,000.00 for the term of July 1, 2011 to July 1, 2012.

Activity Fund Custodian, Minutes and Lunch Clerk is bonded by Western Surety Company, bond number 18200672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013.

Clerk is bonded by Western Surety Company, bond number 18200672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013.

Surety Bond, (Continued)

Encumbrance Clerk is bonded by Western Surety Company, bond number 18200672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013.

Deputy Clerk is bonded by Western Surety Company, bond number 18200672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013.

Payroll Clerk is bonded by Western Surety Company, bond number 18200672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013.

Assistant Treasurer is bonded by Western Surety Company, bond number 18200672, for the penal sum of $100,000.00 for the term of February 16, 2011 to February 16, 2012 and for the term of February 16, 2012 to February 16, 2013.

10. **Subsequent Events**

Management has evaluated subsequent events through November 15, 2012, 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.

SUPPORTING SCHEDULES

OF

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA

COMBINING FINANCIAL STATEMENTS

OF

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA

Schedule 4-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Building Fund	Child Nutrition Fund	Co-op Fund	Insurance Fund	Totals 2012
ASSETS					
Cash and Investments	$ 275,317.22	$ 117,699.78	$ 58,809.23	$ 11,811.21	$ 463,637.44
Total Assets	$ 275,317.22	$ 117,699.78	$ 58,809.23	$ 11,811.21	$ 463,637.44
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants payable	$ 600.00	$ 23,872.47	$ 16,735.04	$ 0.00	$ 41,207.51
Encumbrances	19,563.78	0.00	176.80	0.00	19,740.58
Total Liabilities	20,163.78	23,872.47	16,911.84	0.00	60,948.09
Total fund balances	255,153.44	93,827.31	41,897.39	11,811.21	402,689.35
Total Liabilities and Fund Balances	$ 275,317.22	$ 117,699.78	$ 58,809.23	$ 11,811.21	$ 463,637.44

Schedule 5-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Building Fund	Child Nutrition Fund	Co-op Fund	Insurance Fund	Totals 2012
Revenues:					
Local sources	$ 282,358.70	$ 211,475.22	$ 160,630.06	$ 4,420.55	$ 658,884.53
Intermediate sources	0.00	0.00	0.00	0.00	0.00
State sources	2,297.48	53,052.89	0.00	0.00	55,350.37
Federal Sources	0.00	397,205.86	546,663.62	0.00	943,869.48
Total Revenues Collected	284,656.18	661,733.97	707,293.68	4,420.55	1,658,104.38
Expenditures:					
Instruction	0.00	0.00	272,846.64	0.00	272,846.64
Support services	114,828.99	0.00	232,677.94	3,623.65	351,130.58
Non - Instructional services	0.00	611,678.82	0.00	0.00	611,678.82
Capital Outlay	0.00	0.00	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00	0.00	0.00
Total Expenditures	114,828.99	611,678.82	505,524.58	3,623.65	1,235,656.04
Excess of revenue over (under) expenditures	169,827.19	50,055.15	201,769.10	796.90	422,448.34
Adjustments to prior year encumbrances	3,765.42	59.10	1,262.20	0.00	5,086.72
Excess of revenues and other sources over (under) expenditures and other uses	173,592.61	50,114.25	203,031.30	796.90	427,535.06
Beginning fund balance	81,560.83	43,713.06	-161,133.91	11,014.31	-24,845.71
Ending fund balance	$ 255,153.44	$ 93,827.31	$ 41,897.39	$ 11,811.21	$ 402,689.35

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS
ALL SPECIAL REVENUE FUNDS (EXCLUDING INSURANCE FUND)
FOR THE YEAR ENDED JUNE 30, 2012

	Building Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	$ 81,560.83	$ 81,560.83	$ 81,560.83
Revenues:			
Local sources	253,999.70	253,999.70	282,358.70
Intermediate sources	0.00	0.00	0.00
State sources	0.00	0.00	2,297.48
Federal sources	0.00	0.00	0.00
Total Revenue, budgetary basis	253,999.70	253,999.70	284,656.18
Expenditures:			
Instruction	0.00	0.00	0.00
Support services	330,895.68	330,895.68	114,828.99
Non - Instructional services	0.00	0.00	0.00
Capital Outlay	4,664.85	4,664.85	0.00
Other Outlays	0.00	0.00	0.00
Total Expenditures, budgetary basis	335,560.53	335,560.53	114,828.99
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	251,388.02
Other financing sources (uses):			
Bond sale proceeds	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	0.00	0.00	251,388.02
Adjustments to prior year encumbrances	0.00	0.00	3,765.42
Ending fund balances	$ 0.00	$ 0.00	$ 255,153.44

Child Nutrition Fund			Coop Fund		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
$ 43,713.06	$ 43,713.06	$ 43,713.06	$ -161,133.91	$ -161,133.91	$ -161,133.91
161,626.20	161,626.20	211,475.22	32,343.94	173,405.73	160,630.06
0.00	0.00	0.00	0.00	0.00	0.00
9,097.59	64,222.59	53,052.89	0.00	0.00	0.00
348,371.77	348,371.77	397,205.86	474,452.40	509,583.60	546,663.62
519,095.56	574,220.56	661,733.97	506,796.34	682,989.33	707,293.68
0.00	0.00	0.00	172,831.22	260,927.72	272,846.64
0.00	0.00	0.00	172,831.21	260,927.70	232,677.94
562,808.62	617,933.62	611,678.82	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
562,808.62	617,933.62	611,678.82	345,662.43	521,855.42	505,524.58
0.00	0.00	93,768.21	0.00	0.00	40,635.19
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	93,768.21	0.00	0.00	40,635.19
0.00	0.00	59.10	0.00	0.00	1,262.20
$ 0.00	$ 0.00	$ 93,827.31	$ 0.00	$ 0.00	$ 41,897.39

Schedule 7-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- REGULATORY BASIS - CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Bulding Bond Fund #39	Building Bond Fund #38	Totals 2012
ASSETS			
Cash and Investments	$ 54,352.54	$ 0.00	$ 54,352.54
Total Assets	$ 54,352.54	$ 0.00	$ 54,352.54
LIABILITIES AND FUND BALANCE			
Liabilities:			
Warrants Payable	$ 0.00	$ 0.00	$ 0.00
Encumbrances	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00
Total fund balances	54,352.54	0.00	54,352.54
Total Liabilities and Fund Balances	$ 54,352.54	$ 0.00	$ 54,352.54

Schedule 8-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Building Bond Fund #39	Building Bond Fund #38	Totals 2012
Revenues:			
Local sources	$ 0.00	$ 0.00	$ 0.00
Total Revenues Collected	0.00	0.00	0.00
Expenditures:			
Instruction	11,368.53	0.00	11,368.53
Support Services	37,720.75	0.00	37,720.75
Non-Instructional Services	0.00	0.00	0.00
Capital Outlay	0.00	1,305,000.00	1,305,000.00
Other Outlays	554,400.00	0.00	554,400.00
Total Expenditures	603,489.28	1,305,000.00	1,908,489.28
Excess of revenue over (under) expenditures	-603,489.28	-1,305,000.00	-1,908,489.28
Other financing sources (uses):			
Bond Sale Proceeds	560,000.00	1,305,000.00	1,865,000.00
Adjustments to prior year encumbrances	0.00	0.00	0.00
Excess of revenue and other sources over (under) expenditures and other uses	-43,489.28	0.00	-43,489.28
Beginning fund balance	97,841.82	0.00	97,841.82
Ending fund balance	$ 54,352.54	$ 0.00	$ 54,352.54

Schedule 9-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- REGULATORY BASIS - FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Fund Activity Funds	Totals 2012
ASSETS		
Cash and Investments	$ 370,863.28	$ 370,863.28
Total Assets	$ 370,863.28	$ 370,863.28
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to others	$ 370,863.28	$ 370,863.28
Total Liabilities	370,863.28	370,863.28
Total fund balances	0.00	0.00
Total Liabilities and Fund Balances	$ 370,863.28	$ 370,863.28

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
- REGULATORY BASIS -
ALL AGENCY FUNDS
July 1, 2011 through June 30, 2012

ASSETS ACTIVITIES	Beginning Balance As of 7-1-11	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of 6-30-12
Football	$ 46,562.14	$ 36,942.66	$ -35.00	$ 45,857.53	$ 37,612.27
Boys Basketball	1,258.84	16,605.26	378.00	15,089.16	3,152.94
Girls Basketball	7,534.51	20,767.26	378.00	18,644.56	10,035.21
Baseball	9,424.68	35,172.17	700.24	35,099.18	10,197.91
Softball	2,999.13	6,741.28	0.00	7,817.78	1,922.63
Wrestling	10,561.99	24,704.54	295.00	26,041.15	9,520.38
Tennis	299.53	1,857.38	0.00	1,010.33	1,146.58
Boys Soccer	546.93	1,931.72	90.00	1,918.38	650.27
Golf	4,115.31	4,518.38	0.00	3,349.95	5,283.74
Track/Cross Country	3,202.96	12,660.93	150.00	13,895.94	2,117.95
Girls Soccer	690.65	3,415.75	90.00	3,440.28	756.12
Swimming	886.88	2,734.00	0.00	3,190.14	430.74
A.D. Fund	22,190.17	63,194.00	565.00	61,102.47	24,846.70
MPB Donations Fund	0.00	3,000.00	0.00	0.00	3,000.00
Petty Cash - Adm. Bldg.	0.00	150.00	0.00	150.00	0.00
Petty Cash - High School	0.00	150.00	0.00	150.00	0.00
Petty Cash - Middle School	0.00	150.00	0.00	150.00	0.00
Petty Cash - Gilmour	0.00	150.00	0.00	150.00	0.00
Petty Cash - Heritage	0.00	150.00	0.00	150.00	0.00
Mama Jackets	64.66	0.00	0.00	0.00	64.66
Interest Holding	28,816.32	0.00	1,308.84	3,537.72	26,587.44
Refund Account	0.00	1,030.00	0.00	1,030.00	0.00
Concessions	19,651.00	32,086.93	0.00	35,447.60	16,290.33
Walking Complex	571.78	0.00	0.00	0.00	571.78
KFG County Administrators	348.59	600.00	0.00	241.61	706.98
F.C.A.	2,390.09	1,885.00	0.00	3,470.88	804.21
Adm. Building Fund	174.85	0.00	0.00	19.70	155.15
Multicultural Club	352.13	0.00	0.00	0.00	352.13
F.C.C.L.A.	735.10	1,524.50	0.00	1,661.97	597.63
F.F.A.	9,926.24	57,540.84	2,667.00	53,479.80	16,654.28
FFA Foundation	736.38	2,980.00	0.00	0.00	3,716.38
Business Professionals	1,614.36	704.00	0.00	165.36	2,153.00
Future Educators of America	548.59	0.00	0.00	0.00	548.59
Band	176.99	13,288.65	332.00	12,042.06	1,755.58
Vocal Music	2,891.79	7,510.24	-15.00	6,175.46	4,211.57
Yellow Jacket Pantry	0.00	10,692.62	0.00	2,045.19	8,647.43
NEHS	709.00	395.00	0.00	575.00	529.00
Family First	271.57	0.00	0.00	0.00	271.57
Speech & Debate Parents League	99.93	0.00	0.00	0.00	99.93
Art	24.60	50.00	0.00	0.00	74.60
Tech Ed/Industrial Arts	442.05	3.00	0.00	185.00	260.05
MS Loud and Proud	0.00	241.00	0.00	0.00	241.00
Yellow Jacket Academy	956.51	802.88	0.00	619.63	1,139.76
KHS Loud & Proud	2,820.11	685.52	0.00	3,072.84	432.79
General Activity Fund	1,142.75	5,254.40	0.00	3,934.63	2,462.52
HS Cheerleaders	3,348.97	14,637.31	0.00	5,441.50	12,544.78

Schedule 10-00

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
- REGULATORY BASIS -
ALL AGENCY FUNDS - (CONTINUED)
July 1, 2011 through June 30, 2012

ASSETS ACTIVITIES	Beginning Balance As of 7-1-11	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of 6-30-12
Camp Goddard	$ 8,512.00	$ 15,212.51	$ -165.00	$ 14,403.16	$ 9,156.35
Middle School Cheerleaders	7,697.57	320.00	0.00	7,529.00	488.57
Middle School Student Fund	1,157.47	8,168.19	0.00	7,964.51	1,361.15
Middle School Stuco	1,615.67	3,030.45	0.00	2,769.56	1,876.56
Middle School Library	3,111.54	13,217.49	-10.00	12,280.74	4,038.29
Middle School Faculty	707.69	3,669.81	0.00	3,686.36	691.14
Gilmour Faculty	512.11	8,651.68	-204.85	8,333.03	625.91
Student Grade Fund	24,862.15	104,349.12	-20,919.48	102,378.95	5,912.84
Grade Annuals	715.81	4,877.00	0.00	3,733.50	1,859.31
High School Annuals	31,253.39	20,696.00	167.00	14,330.94	37,785.45
PTO - KMS	127.98	0.00	0.00	0.00	127.98
PTO - Gilmour	13,342.54	10,896.97	-5,337.02	3,419.52	15,482.97
High School Student Fund	1,220.44	23,679.22	-39.00	23,513.30	1,347.36
High School Faculty	2,504.55	4,988.20	27.00	6,954.93	564.82
High School Library	557.09	157.16	0.00	0.00	714.25
Native American Club	983.61	0.00	0.00	65.76	917.85
KJCC Club	175.36	80.00	0.00	144.71	110.65
Oklahoma Central Academic Confe	0.00	3,184.66	0.00	1,520.00	1,664.66
Stars - 21st Century	3,067.26	5,997.00	0.00	2,124.03	6,940.23
Heritage Student Grade	0.00	10,339.46	20,793.98	22,154.63	8,978.81
Heritage Faculty Fund	0.00	2,275.77	2.85	1,543.76	734.86
Heritage PTO	0.00	359.29	5,337.02	1,152.20	4,544.11
Lunch Projects	1,659.18	300.00	0.00	350.82	1,608.36
Special Ed	551.68	1,013.50	179.76	1,307.76	437.18
Photography Club	2,866.47	12,799.60	560.00	11,862.53	4,363.54
Spanish Club	150.78	0.00	0.00	33.77	117.01
Centennial Grove	1,307.78	0.00	0.00	0.00	1,307.78
Scholarship Fund	46.43	3,500.00	0.00	3,000.00	546.43
Scholastic Meet	1,377.40	0.00	0.00	0.00	1,377.40
HS National Honor Society	885.11	2,705.00	0.00	1,365.27	2,224.84
Grant Activity	18,503.07	22,686.65	-28.00	17,518.68	23,643.04
Speech	51.08	8,153.25	0.00	5,934.25	2,270.08
HS Stuco	9,063.51	18,241.55	-129.00	19,653.62	7,522.44
Senior 2011 (Senior)	637.21	32.00	-32.00	637.21	0.00
Senior 2012 (Senior)	1,151.58	6,475.73	-7.00	7,620.31	0.00
Senior 2013 (Junior)	888.44	17,552.80	0.00	16,354.49	2,086.75
Senior 2014 (Sophpmore)	1,509.98	0.00	0.00	99.44	1,410.54
Senior 2015 (Freshman)	2,249.24	0.00	0.00	105.59	2,143.65
Senior 2016 (8th Grade)	0.00	3,035.00	0.00	1,701.46	1,333.54
TOTAL ASSETS	$ 334,111.25	$ 727,552.28	$ 7,100.34	$ 697,900.59	$ 370,863.28
LIABILITIES					
Due to Student Groups	$ 334,111.25	$ 727,552.28	$ 7,100.34	$ 697,900.59	$ 370,863.28
TOTAL LIABILITIES	$ 334,111.25	$ 727,552.28	$ 7,100.34	$ 697,900.59	$ 370,863.28

SUPPLEMENTARY INFORMATION

OF

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA

KINGFISHER INDEPENDENT SCHOOL DISTRICT #7
KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Project Reporting Number	Program Approved Amount	Beginning Balance at July 1, 2011	Receipts	Expenditures	Ending Balance at June 30, 2012
2010-2011 Programs							
Title I - Part A	84.010	511	$ 0.00	$ -119,925.53	$ 119,925.53	$ 0.00	$ 0.00
Title II - Part A	84.367	541	0.00	-13,032.72	13,032.72	0.00	0.00
Title II - Part D	84.318	546	0.00	-2,062.26	2,062.26	0.00	0.00
Title II - Part D Professional Dev.	84.318	548	0.00	-168.79	168.79	0.00	0.00
Title IV, Part B, 21st Century Community L	84.287	553	0.00	-58,014.38	58,014.38	0.00	0.00
Carl Perkins	84.048	423	0.00	-32,804.03	32,804.03	0.00	0.00
IDEA-B Flow Through - High Needs	84.027	621	0.00	-53,292.95	53,292.95	0.00	0.00
IDEA-B Flow Through	84.027	621	0.00	-170,953.12	170,953.12	0.00	0.00
IDEA-B Preschool	84.173	641	0.00	-12,083.86	12,083.86	0.00	0.00
Carol M White Physical Education Program	84.215	771	0.00	-109,905.83	109,905.83	0.00	0.00
2011-2012 Programs							
Title I	84.010	511	201,230.99	0.00	0.00	200,263.03	-200,263.03
Title II - Part A	84.367	541	36,266.92	0.00	26,487.71	36,266.92	-9,779.21
Title II - Part D Professional Dev.	84.318	548	518.64	0.00	518.64	518.64	0.00
Carl Perkins	84.048	423	85,941.00	0.00	0.00	78,068.77	-78,068.77
Title IV, Part B, 21st Century Community L	84.287	553	279,002.45	0.00	167,395.12	278,619.31	-111,224.19
Title VII - Indian Education	84.060	561	61,234.00	0.00	61,234.00	61,234.00	0.00
Title III Ltd English Proficiency	84.365	572	35,131.20	0.00	30,009.77	30,126.57	-116.80
Discretionary, IDEA-B	84.027	613	5,000.00	0.00	0.00	5,000.00	-5,000.00
IDEA-B Flow Through	84.027	621	324,356.02	0.00	324,356.02	324,356.02	0.00
IDEA-B Preschool	84.173	641	9,260.85	0.00	9,260.85	9,260.85	0.00
Title VI - Part B	84.358	587	25,970.22	0.00	25,970.22	25,970.22	0.00
Medicaid Resources	93.778	698	96,120.85	0.00	96,120.85	96,120.85	0.00
Carol M White Physical Education Program	84.215	771	309,532.23	0.00	356,516.64	286,218.11	70,298.53
Total Department of Education			$ 1,469,565.37	$ -572,243.47	1,670,113.29	1,432,023.29	$ -334,153.47
U.S. Department of Agriculture							
Passed Through State Dept. of Education:							
Cash Assistance:							
National School Lunch Program	10.555				298,536.75	261,976.80	
School Breakfast Program	10.553				95,704.23	95,704.23	
Summer Food Service Program	10.559				2,964.88	0.00	
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				27,179.97	27,179.97	
Total USDA					424,385.83	384,861.00	
TOTAL FEDERAL ASSISTANCE					$ 2,094,499.12	$ 1,816,884.29	

Note - 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 basic financial statements. Nonmonetary assistance in the form of commodities is reported in the schedule at the fair market value of the commodities received and disbursed.

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

OF

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA

BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

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

The Honorable Board of Education
Kingfisher Independent School District No. 7
Kingfisher, Kingfisher County, Oklahoma

We have audited the financial statements of Kingfisher Independent School District No. 7, Kingfisher, Oklahoma, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 15, 2012. As stated in our report, the financial statements were prepared in compliance with the cash basis as prescribed by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than 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 Kingfisher Independent School District No. 7, Oklahoma'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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as number 2012-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingfisher Independent School District No. 7, Kingfisher, Oklahoma'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America and which is described in the accompanying schedule of findings and questioned costs as item number 2012-1.

We noted certain matters that we have reported to the Board of Education and administrative employees of Kingfisher Independent School District No. 7, Oklahoma, in a separate statement of audit comments included with this report.

Kingfisher Independent School District No. 7, Kingfisher, Oklahoma's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit their response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education and administrative employees, and all applicable county, state and federal agencies, 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 15, 2012

BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

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

The Honorable Board of Education
Kingfisher Independent School District No. 7
Kingfisher, Kingfisher County, Oklahoma

Compliance

We have audited the compliance of Kingfisher Independent School District No. 7, Kingfisher, Oklahoma, 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 its major federal programs for the year ended June 30, 2012. Kingfisher Independent School District No. 7, Kingfisher, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the management of Kingfisher Independent School District No. 7, Kingfisher, Oklahoma. Our responsibility is to express an opinion on Kingfisher Independent School District No. 7, Kingfisher, Oklahoma'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 Kingfisher Independent School District No. 7, Kingfisher, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Kingfisher Independent School District No. 7, Kingfisher, Oklahoma's compliance with those requirements.

As described in item 2012-2, in the accompanying schedule of findings and questioned costs, Kingfisher Independent School District No. 7, Kingfisher, Oklahoma, did not comply with the requirement regarding cash management that is applicable to Carol M White Physical Education

Program. Compliance with such requirements is necessary, in our opinion, Kingfisher Independent School District No. 7, Kingfisher, Oklahoma, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Kingfisher Independent School District No. 7, Kingfisher, Oklahoma, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Kingfisher Independent School District No. 7, Kingfisher, Oklahoma, 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 Kingfisher Independent School District No. 7, Kingfisher, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2 to be a material weakness.

Kingfisher Independent School District No. 7, Kingfisher, Oklahoma's, response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit their response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education and administrative employees, all applicable county, state and federal agencies, 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 15, 2012

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS

TYPE OF REPORT ISSUED ON THE FINANCIAL STATEMENTS:	Qualified Opinion
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING:	Yes
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	No
DISCLOSURES OF NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:	(None Reported)
MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS:	Yes
SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES:	No
TYPE OF REPORT ISSUED ON COMPLIANCE FOR MAJOR PROGRAMS:	Qualified Opinion
AUDIT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH SECTION 510(A) OF OMB CIRCULAR A-133:	Yes
MAJOR PROGRAMS:	84.027 Discretionary, IDEA-B 84.027 IDEA-B Flow Through 84.173 IDEA-B Preschool 84.215 Carol M White Physical Education Program 10.555 National School Lunch 10.553 National Breakfast 10.559 Summer Food Service

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS, (CONTINUED)

DOLLAR THRESHOLD USED TO DISTINGUISH BETWEEN TYPE A AND B PROGRAMS:	$300,000
QUALIFIED LOW-RISK AUDITEE:	No

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES:

2012-1 Federal grant funds were requested and received on expenditures that had been previously reimbursed.

Condition: During our audit, we noted where the School requested and received federal grant funds in the amount of $74,985.92 for expenditures that had been previously reimbursed. In addition, the School drew down federal grant funds in the amount of $5,036.14 for a warrant that was later voided in the School's accounting records as well as several payroll expenditures that were later reclassified as non-federal expenditures.

Criteria: Internal controls should be in place to provide effective oversight of the School's procedures for drawing down grant funds by accounting personnel and those charged with governance.

Cause: The School's internal control procedure of reviewing the accounting records for completeness and accuracy by accounting personnel and management that were to provide effective oversight of the School's financial reporting failed to detect expenditures that had been previously claimed as federal expenditures as well as expenditures that had been voided or reclassified.

Effect: Due to the School failing to detect expenditures that had been previously claimed as federal expenditures as well as expenditures that had been voided or reclassified in the School's accounting records, the School submitted an improper federal drawdown which resulted in the School being overpaid federal grant funds in the amount of $80,022.06.

Recommendation: The School's accounting personnel and management must continually monitor and review all draw downs of federal grant funds as well as their corresponding expenditures. The School's accounting records should also be reconciled with the federal program award records to ensure they are in agreement with one another.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESSES:

DEPARTMENT OF EDUCATION

		Questioned Costs
2012-2	Carol M. White Physical Education Program – CFDA No. 84.215; Grant Period – Year Ended June 30, 2012	
	The material weakness at Finding 2012-1 also applies to this grant.	$0

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2012

CURRENT YEAR

1. During our audit, we noted that some of the equipment purchased with federal funds was not properly labeled as required by the federal program guidelines. For tracking purposes, all equipment purchased with federal funds should be labeled with the name of the federal program and the fiscal year the equipment was purchased.

2. During our audit, we noted that although an inventory tracking system had been put in place for federal program equipment purchases, there were still some items that could not be located for inspection. Federal program guidelines require that a tracking system be in place so that federally purchased equipment can be identified and located at all times.

3. During our audit, we noted where federal Medicaid revenues were incorrectly coded as ARRA Medicaid revenues in the School's OCAS accounting records. The School's accounting personnel and management must continually monitor and review the accounting records for completeness and accuracy. The District submitted corrected OCAS data to the Oklahoma State Department of Education prior to the final deadline.

4. During our audit, we noted instances where the School recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed by federal monies. Some amounts were misclassified as federal expenditures and should have been re-classed to a non-federal project. Amounts reported in the Oklahoma Cost Accounting System for each federal project must match what is claimed and reimbursed. The School's accounting personnel and management must continually monitor and review the accounting records looking for misclassifications. The School's accounting records should also be reconciled with the federal program award records to ensure they are in agreement with one another. If misclassifications are found, the School's accounting records should be corrected immediately. The District corrected some of the incorrect OCAS data and resubmitted it to the Oklahoma State Department of Education prior to the final deadline.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2012

CURRENT YEAR(Continued)

5. During our audit, we noted that the updated Oklahoma Cost Accounting System coding in the Child Nutrition fund was not used. Although the Child Nutrition funds were properly spent, they should have been classified as federal project program expenditures in the District's accounting records. The District submitted corrected data to the Oklahoma State Department of Education after making changes to the OCAS data prior to the final deadline. Policies should be implemented to use accurate and updated OCAS coding as set out by the Oklahoma State Department of Education.

6. During our audit, we noted some instances where the school had federal expenditures but the federal project code had not been used in the accounting system to identify these expenditures as federal expenditures. Therefore, some amounts reimbursed with federal monies did not match what was recorded as federal expenditures. Amounts reported in the Oklahoma Cost Accounting System for each federal project must match what is claimed and reimbursed. The School's accounting personnel and management must continually monitor and review the accounting records looking for misclassifications. The School's accounting records should also be reconciled with the federal program award records to ensure they are in agreement with one another. If misclassifications are found, the School's accounting records should be corrected immediately. The District corrected some of the incorrect OCAS data and resubmitted it to the Oklahoma State Department of Education prior to the final deadline.

7. During our audit, we noted an instance where equipment purchased with federal monies was not being used for the purpose intended. Three computers were purchased from Title I monies that were used in the administrative offices for about nine months. Following that time, the computers were relocated for other uses. One computer was located in the maintenance department. The other two computers could not be located. The District should track federal equipment at all times and make sure those items are used for their intended purpose.

8. During our audit, we noted that collateral pledged by one financial institution was insufficient to cover the District's cash balance as of June 30, 2012. The district should obtain sufficient collateral from all banks in excess of the FDIC coverage.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2012

CURRENT YEAR(Continued)

9. During our audit of the District's funds, we noted instances where invoices were not signed to verify receipt of goods or services. The person receiving goods or services should sign the invoice, statement or delivery ticket to indicate that the goods or services were received and in good condition.

10. During our audit of the Activity Fund, we noted instances where the sponsor's receipt books were not turned in to the Activity Fund Custodian at the end of the year. The Activity Fund Custodian should issue receipt books to the sponsors at the beginning of the year, then all used and unused receipt books should be turned back in to the Custodian at the end of the year. The Activity Fund Custodian should keep a log of receipt numbers issued to each sponsor and that sponsor should be able to account for all receipts at the end of the year.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS, (CONTINUED)
JUNE 30, 2012

PRIOR YEAR

1. During our audit, we noted that most of the equipment purchased with federal funds was not properly labeled as required by the federal program guidelines. All equipment purchased with federal funds should be labeled with the name of the federal program and the fiscal year the equipment was purchased in for tracking purposes.

2. During our audit, we noted there was no inventory tracking system in place for federal program equipment purchases. As a result, there were instances where equipment purchased with federal funds could not be located for inspection. Federal program guidelines require that a tracking system be in place so that federally purchased equipment can be identified and located at all times.

3. During our audit, we noted instances where equipment purchased with federal funds had been removed from the School premises by teachers and support staff. If the School is going to allow equipment to be taken off-site, the School should implement an equipment check out system that specifies the equipment, including serial number that is to be checked out. The check-out form should also require the employee to state the educational purpose for taking the equipment off-site, and the employee should sign the check-out form to indicate they will not use the equipment for personal reasons or reasons unrelated to the School.

4. During our audit, we noted where federal revenues under the Clean Diesel Grant Program were incorrectly coded as state revenues in the School's OCAS accounting records. The School's accounting personnel and management must continually monitor and review the accounting records for completeness and accuracy.

5. During our audit, we noted instances where the School recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed by federal monies. Some amounts were recorded as federal project expenditures, but never claimed. In addition, some amounts were misclassified as federal expenditures and should have been re-classed to a non-federal project. Amounts reported in the Oklahoma Cost Accounting System for each federal project must match what is claimed and reimbursed. The School's accounting personnel and management must continually monitor and review the accounting records looking for misclassifications. The School's accounting records should also be reconciled with the federal program award records to ensure they are in agreement with one another. If misclassifications are found, the School's accounting records should be corrected immediately.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS, (CONTINUED)
JUNE 30, 2012

PRIOR YEAR, (CONTINUED)

6. During our audit of the federal programs, we noted an instance where the School did not file a final federal claim they were entitled to in the federal grant Title III, Part A, Project 572. Since the final claim was not filed, the School lost $6,850.87 of federal funds they were entitled to because the filing period for the funds had expired. The School must continually monitor all federal claims to ensure the claims are timely filed and all eligible funds are received.

7. During our audit of the General Fund, Building Fund, Child Nutrition Fund, Co-op Fund, Building Bond Fund and Activity Fund, we noted instances where invoices were not signed to verify receipt of goods or services. The person receiving goods or services should sign the invoice, statement or delivery ticket to indicate that the goods or services were received and in good condition.

8. During our audit of the Building Fund, Child Nutrition Fund, Co-op Fund and Activity Fund, we noted instances where invoices were dated before the purchase orders were approved. All purchase orders must be approved by the purchasing agent to allow any purchase to be made or any order placed. Funds are not to be obligated without authorization by the purchasing agent. The person obligating these funds without approval can be held liable for the purchases.

9. During our audit of the General Fund, we noted instances where expenditures did not have sufficient documentation for the expenditure. Supporting documentation for expenditures should include the original itemized receipt from the vendor that shows the date purchased, price, and individual items purchased.

10. During our audit of the General Fund, we noted instances where awards were purchased for individual students with General Fund monies. State Statutes do not allow the use of tax generated funds to be used for the purchase of awards for individuals. These awards should have been purchased out of the Activity Fund, with board approval.

11. During our audit of the Activity Fund, we noted instances where the sponsors receipt books were not turned in to the Activity Fund Custodian at the end of the year. The Activity Fund Custodian should issue receipt books to the sponsors at the beginning of the year, then all used and unused receipt books should be turned back in to the Custodian at the end of the year. The Activity Fund Custodian should keep a log of receipt numbers issued to each sponsor and that sponsor should be able to account for all receipts at the end of the year.

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS, (CONTINUED)
JUNE 30, 2011

CURRENT YEAR, (CONTINUED)

12. During our audit of the Activity Funds, we found instances where money being receipted by Activity Fund Sponsors was not being forwarded to the Activity Fund Custodians on a timely basis. Per 70 O.S. 5-129, state law requires that sponsors forward their money daily to the Activity Fund Custodian.

The District implemented procedures to correct prior year audit comments 3, 4, 6, 8, 9, 10, and 12. However, prior audit comments 1, 2, 5, 7, and 11 had instances of reoccurrence in the current year.

Kingfisher Public Schools

Making a Difference

January 7, 2013

Britton, Kuykendall & Miller
Certified Public Accountants
204 Franklin P.O. Box 507
Weatherford, Oklahoma 73096

This letter is in response to the Financial Statements and Independent Auditor's Reports for Kingfisher Independent School District No. 37, Kingfisher County, Oklahoma dated June 30, 2012. The following corrective actions have been taken regarding the audit comments

1. The central office met to discuss how this could of happened. Even thought the Federal grant committee approved this, we should have our own system in place to make sure it hasn't already occurred. We will be more diligent in our duties. We also understand that we must purchase $80,022.06 worth of equipment without being reimbursed in order for our books to reconcile properly.
2. We will continue to label everything purchased with federal funds as it comes in. We do believe that the equipment that was discovered was not purchased with FY 12 money and everything from that point has been labeled correctly.
3. I will meet with all of the people at each site and discuss what we need to do in order to make sure everything is on the correct inventory list.
4. We hope we have correctly recoded those funds originally miscoded as ARRA revenue.
5. In order to make sure we properly coded expenses and claims in federal monies, we will seek out more professional development training to stay on top of the latest requirements.
6. The central office will meet to discuss how we will implement proper coding procedures for Child Nutrition
7. As noted in some of the other findings, we will get additional training for our federal programs in order to make sure items are properly coded.
8. We will follow the guidelines set forth and use equipment as directed in the future.
9. School treasurer will contact the bank more often to make sure there is enough collateral pledged.
10. I will meet with all parties involved to make sure invoices are signed to verify receipt of goods or services.
11. We will make sure that each sponsor of an activity turns in their receipt book at the end of the year.

As superintendent, I feel our central office does the best possible job that it can do. The mistakes that were made were simply that. They were not intentional, but an oversight on each of our parts. We will work diligently to improve our performance through additional training and workshops.

If we may be of any further service please do not hesitate to contact us.

Sincerely,

Jason Sternberger

KINGFISHER PUBLIC SCHOOLS

Making a Difference

December 19, 2011

Britton, Kuykendall & Miller
Certified Public Accountants
204 Franklin P.O. Box 507
Weatherford, Oklahoma 73096

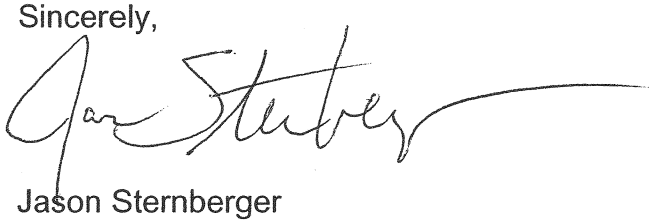
This letter is in response to the Financial Statements and Independent Auditor's Reports for Kingfisher Independent School District No. 37, Kingfisher County, Oklahoma dated June 30, 2011. The following corrective actions have been taken regarding the audit comments

1. Our central office staff met to ensure that once an item was received, it would be placed in district inventory before being distributed to the schools. Metal barcodes will be used for all new equipment. Existing inventory will be checked and labeled with a paper barcode or marker.
2. Our central office staff met to ensure that once an item was received, it would be placed in district inventory before being distributed to the schools. Metal barcodes will be used for all new equipment. Existing inventory will be checked and labeled with a paper barcode or marker.
3. Equipment checkout sheet. Principals and staffs were informed and reminded that any equipment that needs to be taken outside of the school must be checked out through the office. Procedures and steps were reviewed at principals meeting.
4. Incorrect coding: This was reviewed internally to double check accuracy in the future.
5. Misclassifications of federal funds: This was also reviewed internally to ensure expenses match what is claimed & reimbursed. If they are found in the future, they will be corrected immediately.
6. Failure to claim funds: This was reviewed with our federal programs director. A system of checks and balances will be implemented to make sure at least 2 people can monitor all monies that are possible.
7. Not signing for receipt of goods: This was reviewed with central office personnel and site principals. It is understood not to sign for anything unless it is inspected and inventoried first.
8. Invoices dated before PO: This was reviewed with central office personnel and site principals. This had been discussed and implemented in July 1, 2011. The individual responsible for not getting a PO prior to purchase will be financially responsible.
9. Insufficient documentation of purchases: This was reviewed with central office personnel and site principals. In the future, claim receipts will be monitored more effectively to ensure we are in compliance.

10. Awards from General Fund: This has been reviewed over with the principals and encumbrance clerk. No further purchases or individual awards will be allowed.
11. Receipt books: Sponsors will now be required to turn in receipt books during their check-out for end-of-year purposed. The Activity Fund Custodian has reviewed the proper procedures and will now keep a log of all receipts issued.
12. Daily deposits: This was reviewed during a meeting with principals and activity fund custodian. Principals are responsible for reminding sponsors to make daily deposits.

If we may be of any further service please do not hesitate to contact us.

Sincerely,



Jason Sternberger

KINGFISHER INDEPENDENT SCHOOL DISTRICT NO. 7
KINGFISHER COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 THROUGH JUNE 30, 2012

State of Oklahoma)
) ss
County of Custer)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountants' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Kingfisher Independent School District No. 7 for the audit year 2011-2012.

Britton, Kuykendall & Miller
BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

James Kuykendall
by

Subscribed and sworn to before me this 7th day of January, 2013.

Frances A. Lewis
NOTARY PUBLIC