

UNIFIED SCHOOL DISTRICT NO. 366

Financial Statements
and
Supplemental Information

with Independent Auditor's Report

For the Year Ended June 30, 2011

Unified School District No. 366
 Yates Center, Kansas
 Special Financial Statements
For the Fiscal Year Ended June 30, 2011

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Unified School District No. 366
Yates Center, Kansas
Special Financial Statements
For the Fiscal Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 366
Yates Center, Kansas

We have audited the summary statement of cash receipts, expenditures and unencumbered cash balances of Unified School District No. 366, Yates Center, Kansas, as of and for the year ended June 30, 2011. This financial statement is the responsibility of Unified School District No. 366's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. 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 statement. 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 described in Note 1, Unified School District No. 366, Yates Center, Kansas, has prepared this financial statement using accounting practices prescribed by the State of Kansas which demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

The financial statement referred to above includes only the primary government of the District, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the District's legal entity. The financial statement does not include the financial data of any legally separate component units which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government.

In our opinion, because of the District's policy to prepare its financial statement on the basis of accounting discussed in the preceding two paragraphs, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 366, Yates Center, Kansas as of June 30, 2011, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Unified School District No. 366, Yates Center, Kansas, as of June 30, 2011, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2012, on our consideration of Unified School District No. 366's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and expenditures-agency funds (Schedule 1, 2, and 3, as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. This information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement taken as a whole.

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 statutory basis financial statements of Unified School District No. 366, Yates Center, Kansas. This supplemental information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statement, and, in our opinion, is fairly stated, in all material respects in relation to the statutory basis financial statement taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of Unified School District No. 366, Yates Center, Kansas, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlotterbeck and Burns, LLC

February 28, 2012

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Unified School District No. 366
Summary of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2011

		Beginning Unencumbered Cash Balance	Beginning Balance Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:								
General	(2)	\$ 2,076	835	3,592,547	3,594,626	832	1,133	1,965
Supplemental General	(2)	29,999	3,431	1,050,399	1,045,442	38,387	138,743	177,130
Special Revenue:								
At Risk 4 Year Old		100		45,358	45,458			
At Risk K-12	(2)	90	169	409,815	409,987	87	15,335	15,422
Capital Outlay		200,594		54,330	19,098	235,826		235,826
Driver Training				4,546	4,546			
Food Service	(2)	52,895	258	266,016	308,885	10,284	25,565	35,849
Professional Development		1,144				1,144		1,144
Parent Education Program				2,600	2,600			
Special Education		59,114		696,870	690,385	65,599		65,599
Vocational Education		1,044		201,415	202,308	151	2,994	3,145
KPERS Special Retirement Contribution	(146,856)		259,962	220,654	(107,548)	107,548	
Contingency Reserve		60,011		40,000		100,011		100,011
Special Mini-Grants	(18,690)		125,849	123,066	(15,907)	4,746	(11,161)
Title I		81		130,445	130,526			
Title II				33,228	33,228		15	15
Educational Foundation		6,990			1,000	5,990		5,990
Gate Receipts		3,386		37,135	33,751	6,770		6,770
Special Projects		39,134		14,306	17,524	35,916		35,916
Expendable Trusts:								
Dillion Fullerton Scholarship				5,893		5,893		5,893
Glades Memorial		13,748		1,032	1,000	13,780		13,780
OWLS Project		1,365				1,365		1,365
Steele Memorial		10,046		754	750	10,050		10,050
Total Primary Government	(1)	<u>316,271</u>	<u>4,693</u>	<u>6,972,500</u>	<u>6,884,834</u>	<u>408,630</u>	<u>296,079</u>	<u>704,709</u>
Composition of Cash:								
Certificates of Deposit								62,375
Demand Deposits								138,375
Due from State of Kansas								381,721
Money Market Account								165,514
Petty Cash Advance								1,400
Less: Agency Funds per Statement 4								(44,675)
Adjustment for Rounding								(1)
Total Primary Government	(1)							<u>704,709</u>

(1) Excluding Agency Funds

(2) Beg Bal Adjust - Prior Year Encumbrances Cancelled

Unified School District No. 366
Yates Center, Kansas
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

Principles Used in Determining Scope of Entity

The basic criterion used for including or excluding other governmental organizations as part of the financial statements of the School District is financial accountability. Financial accountability is derived from the District's powers and includes, but is not limited to, appointment of a voting majority of the governing body, imposition of will, financial benefit/burden on primary government and fiscal dependency. The District has waived the application of generally accepted accounting principles and as such, have not included any component units in these financial statements.

B. Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the school district for the year ending June 30, 2011:

Governmental Funds:

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Fiduciary Funds:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds and (d) Agency Funds.

Unified School District No. 366
Yates Center, Kansas
Notes to Financial Statements
For the Year Ended June 30, 2011

C. Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased (see Note 5 for a special exception). For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings and equipment owned by the School District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

D. Budgets

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Unified School District No. 366
 Yates Center, Kansas
 Notes to Financial Statements
For the Year Ended June 30, 2011

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended June 30, 2011, the District amended the budgets of the following funds in the amounts indicated:

		<u>Original Budget</u>	<u>Amended Budget</u>
General Fund	\$	3,493,248	3,590,150
Special Education Fund		656,527	690,385

After the budget of the General Fund was amended, the State of Kansas re-computed the Legal Maximum Budget (based on weighted FTE enrollment) and reduced the budget of the General Fund to \$3,583,851.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special revenue funds of the District:

- Contingency Reserve Fund
- Special Mini-Grants Fund
- Title I Fund
- Title II Fund
- Educational Foundation Fund
- Gate Receipts Fund
- Special Projects Fund

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

E. Assets, Liabilities, and Fund Equity

Cash

To facilitate better management of the District's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are credited to the special revenue funds designated by Kansas statutes.

Unified School District No. 366
Yates Center, Kansas
Notes to Financial Statements
For the Year Ended June 30, 2011

Property Taxes and Other Receivables

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage.

K.S.A. 12-1675 allows the District to deposit idle funds in time deposits-open accounts, and certificates of deposit with allowable financial institutions; and to invest idle funds in U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool.

The District held no investments at June 30, 2011 and held no investments throughout the year.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated any peak periods.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At June 30, 2011, the carrying amount of the District's deposits was \$366,263 and the bank balance was \$786,039. Due to recent changes in FDIC regulations, the entire bank balance was covered by FDIC Insurance.

Unified School District No. 366
Yates Center, Kansas
Notes to Financial Statements
For the Year Ended June 30, 2011

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by State statutes. No physical inventories were taken at year end and no accounting controls exist for control of materials inventory.

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.

F. Revenues and Expenditures

Property Tax Revenue Recognition

Property taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at rates established by Kansas Statutes. This interest is retained by the county.

Taxes levied to finance the budget are made available to the school after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January.

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Unified School District No. 366
Yates Center, Kansas
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 2 Stewardship, Compliance, and Accountability

Compliance with Kansas Cash Basis Law

Expenditures and encumbrances exceeded the available cash in the following funds, in the amounts indicated, as of June 30, 2011:

KPERS Special Retirement Contribution Fund	\$	107,548 (1)
Special Mini-Grants Fund		15,907

(1) The State of Kansas pays the employer share of KPERS for each Unified School District in the State. The Kansas Legislature, by statute, created a KPERS fund in each school district. The State of Kansas automatically deposits state aid to the District's bank account, then withdraws the KPERS amount attributable to each School District through this KPERS fund once each quarter. School District personnel have no control over these deposits and withdrawals. At June 30, 2011, the State of Kansas had not deposited the KPERS amount attributable to Unified School District No. 366 for the two quarters ending June 30, 2011, in the amount of \$107,548. Since the liability was due and payable, but the funds had not been received as of June 30, 2011, a cash basis violation resulted and is displayed as such in Statement 1. The State of Kansas subsequently deposited these funds on July 11 and July 12, 2011.

Compliance with Kansas Budget Law

No violations.

Compliance with Kansas Depository Security Law

No violations.

Note 3 Detail Notes on All Funds and Account Groups

A. Assets:

General Fixed Assets

The District has not maintained a record of fixed assets used in performance of general governmental operations as required by generally accepted accounting principles.

The District has waived the application of generally accepted accounting principles until June 30, 2011, in accordance with K.S.A. 75-1120(a).

Unified School District No. 366
Yates Center, Kansas
Notes to Financial Statements
For the Year Ended June 30, 2011

B. Liabilities:

General Obligation Bonds

Kansas schools are limited to aggregate debt not to exceed 14% of assessed valuation of tangible taxable property within the district. The School District's assessed valuation at June 30, 2011 was \$23,905,025. The District had no general obligation debt outstanding at June 30, 2011. The resulting legal debt limitation was \$3,346,703.

Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-4921 establish the KPERS member-employee contribution rates. Effective July 1, 2009, KPER has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employer share.

Vacation and Sick Pay

The School District's policies regarding sick leave permit employees a maximum accumulation of 50 days. If the employee is not a member of the sick leave pool (see below), an additional 10 days may be earned. Upon resignation, retirement, or death, provided the employee has been with the District at least ten years, the employee is paid \$25 per day for up to 50 days of accumulated, but unused, sick leave.

Employees are granted a maximum of four weeks vacation per year after ten years service. Policies prohibit payment for vacation time in lieu of time off and require the cancellation of accumulated sick pay on date of employment termination.

In addition to the above policy, the School District has formed a sick leave pool. Under this pool, employees may voluntarily contribute up to three days sick pay to this pool. This contribution is reduced from the employee's maximum sick leave accumulation. A maximum of 100 days may be available in the pool at any time. Only employees who contribute to the pool are eligible to use the sick days available in the pool and then only after their own sick leave accumulation has been depleted. Employees eligible to draw from the pool can draw a maximum of 50 days during one contract year.

Unified School District No. 366
 Yates Center, Kansas
 Notes to Financial Statements
For the Year Ended June 30, 2011

C. Operating Transfers:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	At Risk 4-Year Old Fund	K.S.A. 72-6428 \$	45,358
General Fund	At Risk K-12 Fund	K.S.A. 72-6428	409,815
General Fund	Capital Outlay Fund	K.S.A. 72-6428	34,298
General Fund	Driver Training Fund	K.S.A. 72-6428	2,548
General Fund	Food Service Fund	K.S.A. 72-6428	25,000
General Fund	Parent Education Fund	K.S.A. 72-6428	2,600
General Fund	Special Education Fund	K.S.A. 72-6428	511,270
General Fund	Vocational Education Fund	K.S.A. 72-6428	194,957
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	40,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	185,600

Note 4 Summary Disclosure of Significant Contingencies

Federally Assisted Programs - Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 School expects such amounts, if any, to be immaterial.

Note 5 Joint Venture

The District is a participant in a joint venture agreement with seven other school districts for the operation of the ANW Special Education Cooperative. This Coop was formed under an inter-local agreement provided for by Kansas Statutes. Each school district appoints one of its board members to serve as a member of the Coop governing board. Each school district's annual contribution to the Coop is based on full time enrollment plus other minor adjustment factors. Each school district has an unrecorded value equity interest in the Coop which is based on their percentage of contribution. Complete separate statutory basis financial statements for the Coop are available at the ANW Special Education Cooperative administrative office in Humboldt, Kansas. The District's operating contribution to the Coop for the 2010-2011 fiscal year (including State Aid passed through from the State of Kansas) was \$597,781, which represents approximately 7.62% of the total contributions made by all eight participating school districts.

Note 6 In-Substance Receipt in Transit

The District received \$381,721 subsequent to June 30, 2011 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2011.

Unified School District No. 366
 Yates Center, Kansas
 Notes to Financial Statements
For the Year Ended June 30, 2011

Note 6 Economic Dependency

The School District is economically dependent on State and Federal financial assistance. The revenue from the State and Federal government in relation to the total revenues of the District are presented below:

	<u>Total</u>	<u>State</u>		<u>Federal</u>	
	<u>Revenue (1)</u>	<u>Aid</u>	<u>%</u>	<u>Aid</u>	<u>%</u>
General Fund	3,592,547	2,998,955	83.5%	164,838	4.6%
Supplemental General Fund	1,050,399	397,396	37.8%	0	0.0%
Other Funds	878,108	264,914	30.2%	457,202	52.1%
 Total All Funds (1)	 5,521,054	 3,661,265	 66.3%	 622,040	 11.3%

(1) Not including fund transfers

Note 7 Prior Year Encumbrance Correction

The beginning unencumbered cash balance shown on Statement 1 for the KPERS Special Retirement Contribution Fund at July 1, 2010 has been adjusted from the ending unencumbered balance shown in the prior year financial statements. An additional encumbrance of \$146,856 should have been included in the 2009-10 ending unencumbered balance. The amounts shown in the prior year column in Schedule 2 have been adjusted to reflect this correction.

Unified School District No. 366
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2011

Schedule 1

	Certified Budget	Adjustment to Comply With Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
Governmental Type Funds:						
General	\$ 3,590,150	(6,299)	10,775	3,594,626	3,594,626	
Supplemental General	1,038,000		7,442	1,045,442	1,045,442	
Special Revenue:						
At Risk 4 Year Old	45,860			45,860	45,458	402
At Risk K-12	410,000			410,000	409,987	13
Capital Outlay	200,000			200,000	19,098	180,902
Driver Training	4,710			4,710	4,546	164
Food Service	332,050		25,458	357,508	308,885	48,623
Professional Development	1,144			1,144		1,144
Parent Education Program	4,000			4,000	2,600	1,400
Special Education	690,385			690,385	690,385	
Vocational Education	196,000		6,458	202,458	202,308	150
KPERs Special Retirement Contribution	<u>230,600</u>			<u>230,600</u>	<u>220,654</u>	<u>9,946</u>
Totals	<u>6,742,899</u>	<u>(6,299)</u>	<u>50,133</u>	<u>6,786,733</u>	<u>6,543,989</u>	<u>242,744</u>

General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 394,428	406,917	382,708	24,209
Delinquent Taxes	4,048	10,340	5,100	5,240
Reimbursements	6,932	10,775		10,775
Total Revenue from Local Sources	<u>405,408</u>	<u>428,032</u>	<u>387,808</u>	<u>40,224</u>
Revenue from State Sources				
General State Aid	2,423,851	2,487,681	2,615,916	(128,235)
Mineral Production Tax	490	726	490	236
Special Education Aid	497,628	511,270	517,642	(6,372)
Total Revenue from State Sources	<u>2,921,969</u>	<u>2,999,677</u>	<u>3,134,048</u>	<u>(134,371)</u>
Revenue from Federal Sources				
Federal Financial Assistance ARRA	161,612	59,919	59,919	
Federal Ed Jobs Program ARRA		104,919		104,919
Total Revenue from Federal Sources	<u>161,612</u>	<u>164,838</u>	<u>59,919</u>	<u>104,919</u>
Total Cash Receipts	<u>3,488,989</u>	<u>3,592,547</u>	<u>3,581,775</u>	<u>10,772</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	913,223	935,086	959,044	23,958
Non-Certified Salaries	54,147	61,111	60,000	(1,111)
Group Insurance	119,565	136,666	136,000	(666)
Social Security	79,776	89,618	85,000	(4,618)
Other Employee Benefits	2,624	25,937	18,300	(7,637)
Purchased Professional and Technical Services	11,975	21,711	12,000	(9,711)
General Supplies and Materials	98			
Miscellaneous Supplies	173			
Property (Equipment & Furnishings)	22,221			
Other	6,371	5,196	15,000	9,804
Total Instruction	<u>1,210,173</u>	<u>1,275,325</u>	<u>1,285,344</u>	<u>10,019</u>
Support Services - Students				
Certified Salaries	96,718	98,313	100,000	1,687
Non-Certified Salaries	39,214	39,942	41,000	1,058
Group Insurance	13,698	16,003	16,200	197
Social Security	9,259	9,619	10,500	881
Other Employee Benefits	164	4,917	3,700	(1,217)
General Supplies and Materials	5,259	2,213	5,000	2,787
Property (Equipment & Furnishings)			1,000	1,000
Other	677			
Total Support Services - Students	<u>164,989</u>	<u>171,007</u>	<u>177,400</u>	<u>6,393</u>
Support Services - Instr. Staff				
Certified Salaries	43,638	45,951	44,800	(1,151)
Group Insurance	4,892	5,368	5,400	32
Social Security	3,341	3,519	3,500	(19)
Other Employee Benefits	90	2,476	1,870	(606)
Audio Visual and Software	4,275	728		(728)
Total Support Services - Instr. Staff	<u>56,236</u>	<u>58,042</u>	<u>55,570</u>	<u>(2,472)</u>
General Administration				
Certified Salaries	84,375	85,713	85,700	(13)
Group Insurance	4,893	5,368	5,400	32
Social Security	6,031	6,051	6,200	149
Other Employee Benefits	150	2,556	2,000	(556)
Purchased Professional and Technical Services	17,093	19,584	20,000	416
Legal Services	1,400	1,400		(1,400)
General Supplies and Materials	15,212	15,343	10,000	(5,343)
Total General Administration	<u>129,154</u>	<u>136,015</u>	<u>129,300</u>	<u>(6,715)</u>

General Fund
Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
School Administration				
Certified Salaries	\$ 143,700	146,100	146,100	
Non-Certified Salaries	67,047	67,601	67,000	(601)
Group Insurance	29,256	32,123	32,300	177
Social Security	14,983	15,545	16,000	455
Other Employee Benefits	267	5,268	3,950	(1,318)
Purchased Professional and Technical Services	4,538	2,568	2,500	(68)
General Supplies and Materials		12		(12)
Total School Administration	<u>259,791</u>	<u>269,217</u>	<u>267,850</u>	<u>(1,367)</u>
Support Services - Business				
Non-Certified Salaries	73,386	74,008	69,000	(5,008)
Group Insurance	9,786	10,737	10,800	63
Social Security	5,148	5,602	5,300	(302)
Other Employee Benefits	64	328	570	242
Total Support Services - Business	<u>88,384</u>	<u>90,675</u>	<u>85,670</u>	<u>(5,005)</u>
Operations and Maintenance				
Non-Certified Salaries	132,226	123,370	126,000	2,630
Group Insurance	24,706	26,897	27,500	603
Social Security	9,311	8,841	9,600	759
Other Employee Benefits	991	11,453	4,000	(7,453)
Purchased Professional and Technical Services	15,901	13,574	8,000	(5,574)
Repairs and Maintenance		24		(24)
Insurance		195		(195)
General Supplies and Materials	17	224		(224)
Total Operations and Maintenance	<u>183,152</u>	<u>184,578</u>	<u>175,100</u>	<u>(9,478)</u>
Vehicle Operation Services				
Non-Certified Salaries	72,149	71,984	76,000	4,016
Group Insurance	10,173	10,906	11,400	494
Social Security	5,443	5,424	5,800	376
Other Employee Benefits	669	5,714	3,650	(2,064)
Equipment	31,768			
Other	4,017	3,472	4,000	528
Total Vehicle Operation Services	<u>124,219</u>	<u>97,500</u>	<u>100,850</u>	<u>3,350</u>
Monitoring Services				
Non-Certified Salaries	33,446	33,658	34,500	842
Group Insurance	4,893	5,368	5,400	32
Social Security	2,515	2,540	2,600	60
Other Employee Benefits	107	4,855	2,800	(2,055)
Total Monitoring Services	<u>40,961</u>	<u>46,421</u>	<u>45,300</u>	<u>(1,121)</u>
Fund Transfers				
At Risk 4-Year Old	44,130	45,358	45,860	502
Adult Education			2,000	2,000
At Risk K-12	406,958	409,815	410,000	185
Capital Outlay	15,083	34,298	200	(34,098)
Driver Training	2,384	2,548	3,310	762
Food Service	40,000	25,000	70,000	45,000
Parent Education Program	1,800	2,600	4,000	1,400
Summer School			5,125	5,125
Special Education	532,646	511,270	531,271	20,001
Vocational Education	184,288	194,957	196,000	1,043
Contingency Reserve	5,000	40,000		(40,000)
Total Fund Transfers	<u>1,232,289</u>	<u>1,265,846</u>	<u>1,267,766</u>	<u>1,920</u>
Budget Adjustments				
Legal Max Adjustment			(6,299)	(6,299)
Budget Credit Adjustment			10,775	10,775
Total Expenditures and Transfers	<u>3,489,348</u>	<u>3,594,626</u>	<u>3,594,626</u>	

Unified School District No. 366
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Receipts Over (Under) Expenditures and Transfers	\$ (359)	(2,079)		
Unencumbered Cash, Beginning	359	2,076		
Prior Year Encumbrances Cancelled	<u>2,076</u>	<u>835</u>		
Unencumbered Cash, Ending	<u><u>2,076</u></u>	<u><u>832</u></u>		

Unified School District No. 366
 Supplemental General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 540,803	556,369	518,636	37,733
Delinquent Taxes	5,782	14,322	7,075	7,247
16/20M Truck Tax		11,177		11,177
Reimbursements	16,606	7,442		7,442
Total Revenue from Local Sources	<u>563,191</u>	<u>589,310</u>	<u>525,711</u>	<u>63,599</u>
Revenue from County Sources				
Motor Vehicle Tax	70,220	62,413	82,374	(19,961)
Recreational Vehicle Tax	1,044	1,280	1,220	60
Total Revenue from County Sources	<u>71,264</u>	<u>63,693</u>	<u>83,594</u>	<u>(19,901)</u>
Revenue from State Sources				
Supplemental State Aid	281,902	397,396	398,696	(1,300)
Revenue from Federal Sources				
Federal Financial Assistance ARRA	95,779			
Total Cash Receipts	<u>1,012,136</u>	<u>1,050,399</u>	<u>1,008,001</u>	<u>42,398</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	95,779	63,506	133,000	69,494
General Supplies and Materials	24,451	22,961	50,000	27,039
Textbooks	29,979	14,391	50,000	35,609
Audio Visual and Software	58,870	98,949	40,000	(58,949)
Miscellaneous Supplies	83,000	86,946	50,000	(36,946)
Equipment	58,847	30,209	40,000	9,791
Total Instruction	<u>350,926</u>	<u>316,962</u>	<u>363,000</u>	<u>46,038</u>
Support Services - Students				
Other	9,617	17,595	10,000	(7,595)
Support Services - Instr. Staff				
Books and Periodicals	18,701	19,118	16,000	(3,118)
General Administration				
Communication Services	36,960	29,114	36,000	6,886
School Administration				
General Supplies and Materials	4,611	2,907	5,000	2,093
Operations and Maintenance				
Water/Sewer Services (Non-Energy)	19,621	20,911	20,000	(911)
Repair of Buildings	88,504	100,650	95,000	(5,650)
Insurance	32,140	34,704	40,000	5,296
General Supplies and Materials	41,477	44,361	40,000	(4,361)
Heating	38,275	32,113	50,000	17,887
Electricity	93,848	102,755	100,000	(2,755)
Total Operations and Maintenance	<u>313,865</u>	<u>335,494</u>	<u>345,000</u>	<u>9,506</u>
Vehicle Operation Services				
Insurance	6,560	7,615	10,000	2,385
Motor Fuel	35,258	46,299	52,000	5,701
Equipment	46,279	55,614	80,000	24,386
Other	34,886	29,124	21,000	(8,124)
Total Vehicle Operation Services	<u>122,983</u>	<u>138,652</u>	<u>163,000</u>	<u>24,348</u>
Fund Transfers				
Special Education	151,993	185,600	100,000	(85,600)
Budget Credit Adjustment			7,442	7,442
Total Expenditures and Transfers	<u>1,009,656</u>	<u>1,045,442</u>	<u>1,045,442</u>	

Unified School District No. 366
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Receipts Over (Under) Expenditures and Transfers	\$ 2,480	4,957		
Unencumbered Cash, Beginning	24,913	29,999		
Prior Year Encumbrances Cancelled	<u>2,606</u>	<u>3,431</u>		
Unencumbered Cash, Ending	<u>29,999</u>	<u>38,387</u>		

Unified School District No. 366
Adult Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$		2,000	(2,000)
Total Cash Receipts			<u>2,000</u>	<u>(2,000)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries			1,500	1,500
Social Security			300	300
Other Employee Benefits			200	200
Total Expenditures and Transfers			<u>2,000</u>	<u>2,000</u>
Receipts Over (Under) Expenditures and Transfers				
Unencumbered Cash, Beginning				
Unencumbered Cash, Ending				

Unified School District No. 366
At Risk 4 Year Old Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 44,130	45,358	45,860	(502)
Total Cash Receipts	<u>44,130</u>	<u>45,358</u>	<u>45,860</u>	<u>(502)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	34,986	35,937	35,937	
Group Insurance	4,892	5,368	5,373	5
Social Security	2,678	2,751	2,750	(1)
Other Employee Benefits	34	200	300	100
General Supplies and Materials	<u>1,459</u>	<u>1,202</u>	<u>1,500</u>	<u>298</u>
Total Expenditures and Transfers	<u>44,049</u>	<u>45,458</u>	<u>45,860</u>	<u>402</u>
Receipts Over (Under)				
Expenditures and Transfers	81	(100)		
Unencumbered Cash, Beginning	2	100		
Prior Year Encumbrances Cancelled	<u>17</u>			
Unencumbered Cash, Ending	<u>100</u>			

Unified School District No. 366
At Risk K-12 Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 406,958	409,815	410,000	(185)
Total Cash Receipts	<u>406,958</u>	<u>409,815</u>	<u>410,000</u>	<u>(185)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	227,619	241,610	220,000	(21,610)
Non-Certified Salaries	46,743	74,500	65,500	(9,000)
Group Insurance	20,531	33,896	25,000	(8,896)
Social Security	14,000	12,456	21,800	9,344
Other Employee Benefits	82	608	2,400	1,792
Purchased Professional and Technical Services	1,553	9,991	10,000	9
Other Purchased Services	32		5,000	5,000
General Supplies and Materials	49,384	23,247	25,300	2,053
Textbooks	17,077	13,149	5,000	(8,149)
Miscellaneous Supplies	1,083			
Property (Equipment & Furnishings)	29,500	530	15,000	14,470
Other			15,000	15,000
Total Expenditures and Transfers	<u>407,604</u>	<u>409,987</u>	<u>410,000</u>	<u>13</u>
Receipts Over (Under)				
Expenditures and Transfers	(646)	(172)		
Unencumbered Cash, Beginning	100	90		
Prior Year Encumbrances Cancelled	<u>636</u>	<u>169</u>		
Unencumbered Cash, Ending	<u>90</u>	<u>87</u>		

Unified School District No. 366
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$	1		1
Delinquent Taxes	59	49		49
Interest on Investments	3,843	1,880	3,000	(1,120)
Other Revenue From Local Sources	4,249	18,102	5,000	13,102
Total Revenue from Local Sources	<u>8,151</u>	<u>20,032</u>	<u>8,000</u>	<u>12,032</u>
Operating Transfers				
Transfer from General Fund	15,083	34,298	200	34,098
Total Cash Receipts	<u>23,234</u>	<u>54,330</u>	<u>8,200</u>	<u>46,130</u>
Expenditures and Transfers				
Instruction				
Property (Equipment & Furnishings)			60,000	60,000
Operations and Maintenance				
Property (Equipment & Furnishings)	3,788	19,098	40,000	20,902
Facilities Acquisition/Construction				
Site Improvement Services			50,000	50,000
Architecture and Engineering Services			10,000	10,000
Building Repair and Remodeling			40,000	40,000
Other Facilities Acquisition/Construction	153			
Total Facilities Acquisition/Construction	<u>153</u>		<u>100,000</u>	<u>100,000</u>
Total Expenditures and Transfers	<u>3,941</u>	<u>19,098</u>	<u>200,000</u>	<u>180,902</u>
Receipts Over (Under)				
Expenditures and Transfers	19,293	35,232		
Unencumbered Cash, Beginning	<u>181,301</u>	<u>200,594</u>		
Unencumbered Cash, Ending	<u>200,594</u>	<u>235,826</u>		

Unified School District No. 366
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from State Sources				
General State Aid	\$ 1,400	1,998	1,400	598
Operating Transfers				
Transfer from General Fund	2,384	2,548	3,310	(762)
Total Cash Receipts	<u>3,784</u>	<u>4,546</u>	<u>4,710</u>	<u>(164)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	3,295	3,975	3,800	(175)
Social Security	253	304	300	(4)
Other Employee Benefits	3	31	30	(1)
Other Miscellaneous Purchased Services	445	236	500	264
Miscellaneous Supplies			80	80
Total Expenditures and Transfers	<u>3,996</u>	<u>4,546</u>	<u>4,710</u>	<u>164</u>
Receipts Over (Under)				
Expenditures and Transfers	(212)			
Unencumbered Cash, Beginning				
Prior Year Encumbrances Cancelled	<u>212</u>			
Unencumbered Cash, Ending	<u></u>	<u></u>		

Unified School District No. 366
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Student Sales	\$ 62,640	64,500	64,605	(105)
Adults and Non-Reimbursable Programs	6,942	4,985	3,752	1,233
Other Revenue From Local Sources	207	53	1,000	(947)
Total Revenue from Local Sources	<u>69,789</u>	<u>69,538</u>	<u>69,357</u>	<u>181</u>
Revenue from State Sources				
General State Aid	<u>2,575</u>	<u>2,763</u>	<u>2,074</u>	<u>689</u>
Revenue from Federal Sources				
Federal Financial Assistance	<u>149,424</u>	<u>168,715</u>	<u>143,257</u>	<u>25,458</u>
Operating Transfers				
Transfer from General Fund	<u>40,000</u>	<u>25,000</u>	<u>70,000</u>	(45,000)
Total Cash Receipts	<u>261,788</u>	<u>266,016</u>	<u>284,688</u>	(18,672)
Expenditures and Transfers				
Food Service Operations				
Non-Certified Salaries	101,117	96,573	92,000	(4,573)
Group Insurance	20,767	20,357	27,000	6,643
Social Security	7,159	7,216	7,300	84
Other Employee Benefits	790	4,150	2,750	(1,400)
Food and Milk	119,886	160,378	160,000	(378)
Miscellaneous Supplies	8,319	7,746	18,000	10,254
Property (Equipment & Furnishings)	7,222	9,471	15,000	5,529
Other	<u>4,656</u>	<u>2,994</u>	<u>10,000</u>	<u>7,006</u>
Total Food Service Operations	<u>269,916</u>	<u>308,885</u>	<u>332,050</u>	<u>23,165</u>
Budget Credit Adjustment			<u>25,458</u>	<u>25,458</u>
Total Expenditures and Transfers	<u>269,916</u>	<u>308,885</u>	<u>357,508</u>	<u>48,623</u>
Receipts Over (Under)				
Expenditures and Transfers	(8,128)	(42,869)		
Unencumbered Cash, Beginning	60,526	52,895		
Prior Year Encumbrances Cancelled	<u>497</u>	<u>258</u>		
Unencumbered Cash, Ending	<u>52,895</u>	<u>10,284</u>		

Unified School District No. 366
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
None	\$			
Expenditures and Transfers				
Support Services - Instr. Staff				
Purchased Professional and Technical Services			1,144	1,144
Total Expenditures and Transfers			<u>1,144</u>	<u>1,144</u>
Receipts Over (Under)				
Expenditures and Transfers				
Unencumbered Cash, Beginning	<u>1,144</u>	<u>1,144</u>		
Unencumbered Cash, Ending	<u>1,144</u>	<u>1,144</u>		

Unified School District No. 366
Parent Education Program Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 1,800	2,600	4,000	(1,400)
Total Cash Receipts	<u>1,800</u>	<u>2,600</u>	<u>4,000</u>	<u>(1,400)</u>
Expenditures and Transfers				
Support Services - Students				
Purchased Professional and Technical Services	<u>1,800</u>	<u>2,600</u>	<u>4,000</u>	<u>1,400</u>
Total Expenditures and Transfers	<u>1,800</u>	<u>2,600</u>	<u>4,000</u>	<u>1,400</u>
Receipts Over (Under)				
Expenditures and Transfers				
Unencumbered Cash, Beginning	_____	_____		
Unencumbered Cash, Ending	=====	=====		

Unified School District No. 366
Summer School Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$		5,125	(5,125)
Total Cash Receipts			<u>5,125</u>	<u>(5,125)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries			4,550	4,550
Social Security			365	365
Other Employee Benefits			10	10
General Supplies and Materials			200	200
Total Expenditures and Transfers			<u>5,125</u>	<u>5,125</u>
Receipts Over (Under) Expenditures and Transfers				
Unencumbered Cash, Beginning				
Unencumbered Cash, Ending				

Unified School District No. 366
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 532,646	511,270	531,271	(20,001)
Transfer from Supplemental General Fund	151,993	185,600	100,000	85,600
Total Cash Receipts	<u>684,639</u>	<u>696,870</u>	<u>631,271</u>	<u>65,599</u>
Expenditures and Transfers				
Instruction				
LEA Payments to COOP's/Interlocals	172,275	155,211	172,457	17,246
LEA State Aid Flowthrough Payments to COOP's/Interlocals	428,474	442,570	455,292	12,722
Total Instruction	<u>600,749</u>	<u>597,781</u>	<u>627,749</u>	<u>29,968</u>
Monitoring Services				
Non-Certified Salaries	53,874	48,577	50,000	1,423
Group Insurance	939	1,161	1,000	(161)
Social Security	4,091	3,716	4,300	584
Other Employee Benefits	423	820	500	(320)
Other Miscellaneous Purchased Services	15,957	38,330	6,836	(31,494)
Total Monitoring Services	<u>75,284</u>	<u>92,604</u>	<u>62,636</u>	<u>(29,968)</u>
Total Expenditures and Transfers	<u>676,033</u>	<u>690,385</u>	<u>690,385</u>	
Receipts Over (Under)				
Expenditures and Transfers	8,606	6,485		
Unencumbered Cash, Beginning	<u>50,508</u>	<u>59,114</u>		
Unencumbered Cash, Ending	<u>59,114</u>	<u>65,599</u>		

Unified School District No. 366
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Reimbursements	\$ 8,587	6,458		6,458
Operating Transfers				
Transfer from General Fund	184,288	194,957	196,000	(1,043)
Total Cash Receipts	<u>192,875</u>	<u>201,415</u>	<u>196,000</u>	<u>5,415</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	156,743	159,082	159,500	418
Group Insurance	14,678	16,104	16,200	96
Social Security	11,348	11,584	12,200	616
Other Employee Benefits	139	794	1,300	506
Purchased Professional and Technical Services	781	891	1,000	109
General Supplies and Materials	8,225	9,247	5,000	(4,247)
Property (Equipment & Furnishings)	283	4,606	800	(3,806)
Total Instruction	<u>192,197</u>	<u>202,308</u>	<u>196,000</u>	<u>(6,308)</u>
Budget Credit Adjustment			6,458	6,458
Total Expenditures and Transfers	<u>192,197</u>	<u>202,308</u>	<u>202,458</u>	<u>150</u>
Receipts Over (Under)				
Expenditures and Transfers	678	(893)		
Unencumbered Cash, Beginning	259	1,044		
Prior Year Encumbrances Cancelled	<u>107</u>			
Unencumbered Cash, Ending	<u>1,044</u>	<u>151</u>		

Unified School District No. 366
KPERs Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from State Sources				
General State Aid	\$ 98,133	259,962	230,600	29,362
Total Cash Receipts	<u>98,133</u>	<u>259,962</u>	<u>230,600</u>	<u>29,362</u>
Expenditures and Transfers				
Instruction				
Other Employee Benefits	<u>158,583</u>	<u>143,820</u>	<u>149,677</u>	<u>5,857</u>
Support Services - Students				
Other Employee Benefits	<u>13,319</u>	<u>12,185</u>	<u>12,690</u>	<u>505</u>
Support Services - Instr. Staff				
Other Employee Benefits	<u>4,478</u>	<u>4,292</u>	<u>4,321</u>	<u>29</u>
General Administration				
Other Employee Benefits	<u>8,258</u>	<u>7,554</u>	<u>7,871</u>	<u>317</u>
School Administration				
Other Employee Benefits	<u>20,597</u>	<u>18,797</u>	<u>19,631</u>	<u>834</u>
Support Services - Business				
Other Employee Benefits	<u>7,073</u>	<u>6,360</u>	<u>6,800</u>	<u>440</u>
Operations and Maintenance				
Other Employee Benefits	<u>12,650</u>	<u>10,177</u>	<u>11,964</u>	<u>1,787</u>
Student Transportation				
Other Employee Benefits	<u>10,954</u>	<u>9,835</u>	<u>9,102</u>	(<u>733</u>)
Operation of Non-Instruction Services				
Other Employee Benefits	<u>9,077</u>	<u>3,663</u>	<u>8,544</u>	<u>4,881</u>
Food Service Operations				
Other Employee Benefits		<u>3,971</u>		(<u>3,971</u>)
Total Expenditures and Transfers	<u>244,989</u>	<u>220,654</u>	<u>230,600</u>	<u>9,946</u>
Receipts Over (Under)				
Expenditures and Transfers	(146,856)	39,308		
Unencumbered Cash, Beginning		(<u>146,856</u>)		
Unencumbered Cash, Ending	(<u>146,856</u>)	(<u>107,548</u>)		

Unified School District No. 366
Contingency Reserve Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfers		
Transfer from General Fund	\$ 5,000	40,000
Total Cash Receipts	<u>5,000</u>	<u>40,000</u>
 Expenditures and Transfers		
None	<u> </u>	<u> </u>
 Receipts Over (Under)		
Expenditures and Transfers	5,000	40,000
 Unencumbered Cash, Beginning	<u>55,011</u>	<u>60,011</u>
Unencumbered Cash, Ending	<u><u>60,011</u></u>	<u><u>100,011</u></u>

Unified School District No. 366
Special Mini-Grants Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Local Sources		
Other Revenue From Local Sources	\$ _____	1,035
Revenue from Federal Sources		
Federal Financial Assistance	<u>110,930</u>	<u>124,814</u>
Total Cash Receipts	<u>110,930</u>	<u>125,849</u>
 Expenditures and Transfers		
Instruction		
General Supplies and Materials	<u>15,441</u>	<u>18,668</u>
Support Services - Instr. Staff		
Non-Certified Salaries	36,140	34,412
Group Insurance	6,846	7,057
Social Security	2,792	2,822
Other Employee Benefits	36	209
Purchased Professional and Technical Services	12,580	9,537
Other Professional and Technical Services	31,721	28,799
Communication Services	1,200	720
General Supplies and Materials	10,700	9,588
Miscellaneous Supplies	1,132	1,595
Other	<u>510</u>	<u>9,659</u>
Total Support Services - Instr. Staff	<u>103,657</u>	<u>104,398</u>
Total Expenditures and Transfers	<u>119,098</u>	<u>123,066</u>
 Receipts Over (Under)		
Expenditures and Transfers	(8,168)	2,783
 Unencumbered Cash, Beginning	(10,522)	(18,690)
Prior Year Encumbrances Cancelled		
Unencumbered Cash, Ending	<u>(18,690)</u>	<u>(15,907)</u>

Unified School District No. 366
Title I Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Federal Sources		
Federal Financial Assistance	\$ 109,617	108,345
Federal Financial Assistance ARRA	<u>51,946</u>	<u>22,100</u>
Total Cash Receipts	<u>161,563</u>	<u>130,445</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	141,324	122,130
Group Insurance	10,105	3,100
Social Security	9,922	4,688
Other Employee Benefits	<u>131</u>	<u>608</u>
Total Expenditures and Transfers	<u>161,482</u>	<u>130,526</u>
Receipts Over (Under)		
Expenditures and Transfers	81	(81)
Unencumbered Cash, Beginning	<u>81</u>	<u>81</u>
Unencumbered Cash, Ending	<u><u>81</u></u>	<u><u>81</u></u>

Unified School District No. 366
Title II Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Federal Sources		
Federal Financial Assistance	\$ 33,573	33,228
Federal Financial Assistance ARRA	<u>2,425</u>	<u> </u>
Total Cash Receipts	<u>35,998</u>	<u>33,228</u>
 Expenditures and Transfers		
Instruction		
Certified Salaries	6,444	3,200
Social Security	2,918	
Purchased Professional and Technical Services	19,305	19,779
Other Purchased Services	4,646	9,581
Supplies and Materials	<u>2,685</u>	<u>668</u>
Total Expenditures and Transfers	<u>35,998</u>	<u>33,228</u>
 Receipts Over (Under)		
Expenditures and Transfers		
 Unencumbered Cash, Beginning	<u> </u>	<u> </u>
Unencumbered Cash, Ending	<u> </u>	<u> </u>

Unified School District No. 366
Educational Foundation Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Local Sources		
Other Revenue From Local Sources	\$ <u>2,250</u>	<u> </u>
Total Cash Receipts	<u>2,250</u>	<u> </u>
 Expenditures and Transfers		
Instruction		
Purchased Professional and Technical Services	<u> </u>	<u>1,000</u>
Total Expenditures and Transfers	<u> </u>	<u>1,000</u>
 Receipts Over (Under)		
Expenditures and Transfers	2,250	(1,000)
 Unencumbered Cash, Beginning	<u>4,740</u>	<u>6,990</u>
Unencumbered Cash, Ending	<u><u>6,990</u></u>	<u><u>5,990</u></u>

Unified School District No. 366
Dillion Fullerton Scholarship Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Local Sources		
Interest on Investments	\$	208
Other Revenue From Local Sources	<u> </u>	<u>5,685</u>
Total Cash Receipts	<u> </u>	<u>5,893</u>
Expenditures and Transfers		
None	<u> </u>	<u> </u>
Receipts Over (Under)		
Expenditures and Transfers		5,893
Unencumbered Cash, Beginning	<u> </u>	<u> </u>
Unencumbered Cash, Ending	<u> </u>	<u>5,893</u>

Unified School District No. 366
Glades Memorial Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Local Sources		
Interest on Investments	\$ 1,030	1,032
Total Cash Receipts	<u>1,030</u>	<u>1,032</u>
 Expenditures and Transfers		
Instruction		
Scholarships	1,000	1,000
Total Expenditures and Transfers	<u>1,000</u>	<u>1,000</u>
 Receipts Over (Under)		
Expenditures and Transfers	30	32
 Unencumbered Cash, Beginning	<u>13,718</u>	<u>13,748</u>
Unencumbered Cash, Ending	<u><u>13,748</u></u>	<u><u>13,780</u></u>

Unified School District No. 366
OWLS Project Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
None	\$ _____	_____
Expenditures and Transfers		
None	_____	_____
Receipts Over (Under) Expenditures and Transfers		
Unencumbered Cash, Beginning	<u>1,365</u>	<u>1,365</u>
Unencumbered Cash, Ending	<u><u>1,365</u></u>	<u><u>1,365</u></u>

Unified School District No. 366
Steele Memorial Fund
Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Local Sources		
Interest on Investments	\$ 754	754
Total Cash Receipts	<u>754</u>	<u>754</u>
 Expenditures and Transfers		
Instruction		
Scholarships	750	750
Total Expenditures and Transfers	<u>750</u>	<u>750</u>
 Receipts Over (Under)		
Expenditures and Transfers	4	4
 Unencumbered Cash, Beginning	<u>10,042</u>	<u>10,046</u>
Unencumbered Cash, Ending	<u><u>10,046</u></u>	<u><u>10,050</u></u>

Unified School District No. 366
Yates Center, Kansas
Summary of Cash Receipts and Disbursements - Fiduciary Funds
For the Year Ended June 30, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organization Funds:				
Elementary:				
Accelerated Reader Prizes	\$ -	500	260	240
Book Club	69	1,937	1,937	69
Cheerleaders	1	546	544	3
KAYS	28	712	442	298
Library	114	163	28	249
Music	861	1,832	1,199	1,494
Student Council	1,028	780	1,246	562
Vending Machines	63	2,061	2,062	62
Youth Friends	480	4,350	888	3,942
High School:				
Art Club	1,359	2,773	6,006	(1,874)
Band Club	1,225	2,426	2,815	836
Cheerleaders	1,143	9,224	10,017	350
Class of '08	8			8
Class of '09	193			193
Class of '10	461			461
Class of '11	10,396	12,016	21,345	1,067
Class of '12	3,406	17,665	11,168	9,903
Class of '13	1,969	11,397	6,803	6,563
Class of '14	-	5,075	2,808	2,267
Concession Equipment	473			473
Drama Club	210			210
Dramatics	799	498	538	759
FBLA	3,955	4,574	2,134	6,395
FCCLA	1,020	4,158	5,124	54
FFA	885	10,553	10,187	1,251
Foreign Language	296	1,224	1,216	304
Journalism	158	9,309	5,248	4,219
KAYS	257	2,472	2,430	299
Library	52	28		80
Library Fund	-	1,170		1,170
National Honor Society	280	69	81	268
Nurse Fund	84			84
Skills USA	1,016	1,254	1,008	1,262
Student Council	1,616	932	1,657	891
Thespians	166			166
Vocal Club	(7)			(7)
Y-Club	432		150	282
Youth Coalition/S.A.D.D.	163			163
Other Fiduciary Funds:				
Retiree Health Insurance	-	27,107	27,448	(341)
	<u>34,659</u>	<u>136,805</u>	<u>126,789</u>	<u>44,675</u>

Unified School District No. 366
Yates Center, Kansas
Summary of Receipts, Expenditures and Unencumbered Cash - District Activity Funds
For the Year Ended June 30, 2011

<u>Fund</u>	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>						
Elementary:						
Football	\$ 132	1,944	1,178	898		898
Girls Basketball	1,458	4,323	4,760	1,021		1,021
Jumprope for Heart	100	902	902	100		100
Volleyball	28	1,320	727	621		621
High School:						
Athletics	1,668	28,646	26,184	4,130		4,130
Subtotal Gate Receipts	<u>3,386</u>	<u>37,135</u>	<u>33,751</u>	<u>6,770</u>	<u>-</u>	<u>6,770</u>
<u>Special Projects:</u>						
Elementary:						
Roberts Memorial	6			6		6
Sales Tax	-	767	767	-		-
Student Activities	147	948	930	165		165
Yearbook	1,114	2,234	3,334	14		14
High School:						
Crandall Memorial	7,594	337	300	7,631		7,631
Gown Replacement	613	752	708	657		657
Holladay Memorial	3,748	256	250	3,754		3,754
Incentive Fund	119			119		119
Knapp Scholarship	14,829	940	325	15,444		15,444
Principal's Fund	427	2,893	1,946	1,374		1,374
Sales Tax	4,268	4,697	8,964	1		1
Saulsberry Memorial	5,740	82		5,822		5,822
Scholarships	529	400		929		929
Subtotal Special Projects	<u>39,134</u>	<u>14,306</u>	<u>17,524</u>	<u>35,916</u>	<u>-</u>	<u>35,916</u>
Total District Activity Funds	<u><u>42,520</u></u>	<u><u>51,441</u></u>	<u><u>51,275</u></u>	<u><u>42,686</u></u>	<u><u>-</u></u>	<u><u>42,686</u></u>

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

Board of Education
Unified School District No. 366
Yates Center, Kansas

We have audited the statutory basis financial statements of Unified School District No. 366, Yates Center, Kansas, as of and for the year ended June 30, 2011, and have issued our report thereon dated February 28, 2012. 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 Unified School District No. 366, Yates Center, Kansas, 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 Unified School District No. 366, Yates Center, Kansas, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 366, Yates Center, Kansas internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 366, Yates Center, Kansas statutory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body and management of the Unified School District No. 366, Yates Center, Kansas, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlottbeck and Burns, LLC

February 28, 2012

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

Board of Education
Unified School District No. 366
Yates Center, Kansas

Compliance

We have audited the compliance of Unified School District No. 366, Yates Center, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Unified School District No. 366, Yates Center, Kansas, 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 Unified School District No. 366, Yates Center, Kansas, management. Our responsibility is to express an opinion on Unified School District No. 366, Yates Center, Kansas, 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 Unified School District No. 366, Yates Center, Kansas 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 Unified School District No. 366, Yates Center, Kansas compliance with those requirements.

In our opinion, Unified School District No. 366, Yates Center, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Unified School District No. 366, Yates Center, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 366, Yates Center, Kansas internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Unified School District No. 366, Yates Center, Kansas, internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the governing body and management of the Unified School District No. 366, Yates Center, Kansas, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlottbeck and Burns, LLC

February 28, 2012

Unified School District No. 366
Yates Center, Kansas
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the special purpose financial statements of Unified School District No. 366, Yates Center, Kansas.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Conducted in Accordance with Government Auditing Standards".
3. No instances of noncompliance material to the financial statements of Unified School District No. 366, Yates Center, Kansas were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 366, Yates Center, Kansas expresses an unqualified opinion.
6. There were no findings relating to the major federal award programs for Unified School District No. 366, Yates Center, Kansas, that are required to be reported in Part C of this Schedule.
7. The programs tested as major programs were: The Child Nutrition Cluster (10.553 School Breakfast Program, 10.555 National School Lunch Program), The Title I, Part A Cluster (84.010 Title I Grants to Local Educational Agencies, 84.389 Title I Grants to Local Educational Agencies, Recovery Act), and 84.010 Education Jobs Fund.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unified School District No. 366, Yates Center, Kansas was not determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

None.

C. Findings and Questioned Costs – Major Federal Awards Program Audit

None.

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Unified School District No. 366
Yates Center, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Passed through State Department of Education School Breakfast Program	10.553	\$ 46,962 (1), (2)
National School Lunch Program	10.555	121,753 (1), (2)
Total U.S. Department of Agriculture		<u>168,715</u>
U.S. Department of Education Rural Education Passed through State Department of Education	84.358	14,524
Title I Grants to Local Educational Agencies	84.010	108,345 (1), (3)
Title I Grants to Local Educational Agencies, Recovery Act (ARRA)	84.389	22,181 (1), (3)
Improving Teacher Quality State Grants	84.367	33,453
State Fiscal Stabilization Fund - Education State Grants, Recovery Act (ARRA)	84.394	59,919
Education Technology State Grants	84.318	367
Education Jobs Fund	84.410	104,919 (1)
Total U.S. Department of Education		<u>343,708</u>
U.S. Department of Health and Human Services Passed through State Department of Social and Rehabilitational Services Substance Abuse and Mental Health Services	93.243	108,801
Total Expenditures of Federal Awards		<u>621,224</u>

- (1) These programs were considered major programs.
(2) These programs make up the Child Nutrition Cluster
(3) These programs make up the Title I, Part A Cluster

Note - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 366 and is presented on the cash basis of accounting, and accordingly, represents the total cash expended for each program. It does not include transactions that might be included using the modified accrual basis of accounting which is the basis used in the District's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*.

Reconciliation of federal expenditures to the financial statements:

	<u>Actual Cash Received</u>	<u>Expenditures per Statement 3</u>	<u>Adjustment for Encumbrances July 1, 2010</u>	<u>June 30, 2011</u>	<u>Expenditures as Presented Above</u>
School Breakfast Program	10.553	46,962			46,962
National School Lunch Program	10.555	121,753			121,753
Rural Education	84.358	14,524			14,524
Title I Grants to Local Educational Agencies	84.010	108,345			108,345
Title I Grants to Local Educational Agencies, Recovery Act (ARRA)	84.389	22,100			22,181
Improving Teacher Quality State Grants	84.367	32,861	607	(15)	33,453
State Fiscal Stabilization Fund - Education State Grants, Recovery Act (ARRA)	84.394	59,919			59,919
Education Technology State Grants	84.318	367			367
Education Jobs Fund	84.410	104,919			104,919
Substance Abuse and Mental Health Services	93.243	110,290	5,005	(4,746)	108,801
		<u>622,040</u>	<u>5,612</u>	<u>(4,761)</u>	<u>621,224</u>