

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
OMB CIRCULAR A-133 SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 215
Lakin, Kansas

We have audited the accompanying financial statements of Unified School District No. 215, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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, 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 and guidance 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 described more fully in Note A, Unified School District No. 215 has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding 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 Unified School District No. 215 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Unified School District No. 215, as of June 30, 2012, and their respective cash receipts and expenditures, and budgetary results, for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2013, on our consideration of the Unified School District No. 215's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kennedy McKee & Company LLP

January 10, 2013

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
Governmental funds:		
General funds:		
General	\$ 13,053	\$ 226
Supplemental general	61,767	498
Special revenue funds:		
Capital outlay	2,010,893	-
Driver training	117,413	-
At-risk (K-12)	124,424	482
Food service	152,000	-
Professional development	229,763	-
At-risk (4 year old)	70,375	-
Special education	694,612	-
Vocational education	80,439	-
Bilingual	114,808	196
Recreation commission	63,910	-
Recreation commission special liability	16,995	-
KPERS retirement contributions	-	-
Parents as teachers	15,000	-
Contingency reserve	499,940	-
Textbook and student materials revolving	701,577	-
Gifts and grants	31,066	-
Special revenue federal grant funds:		
Title I	1	79
Title I ARRA	-	-
Title I ARRA carryover	-	25
Title II, part A teacher quality	-	-
Federal REAP grant	-	-
Title III English language acquisition	-	-
Migrant program	-	-
Migrant family literacy grant	-	-
Marlin Krehbiel scholarship	98,896	-
District activity funds	104,334	-
Debt service fund:		
Bond and interest	1,018,967	-
Permanent funds:		
Vera P. Hutton scholarship	453,680	-
Clyde and Barbara Beymer scholarship	357,446	-
John and Elene Henderson scholarship	114,371	-
Proprietary funds:		
Internal service fund:		
Special reserve	1,278,995	-
Total primary government	8,424,725	1,506
Component unit:		
Lakin Recreation Commission:		
General	1,189,473	-
Special revenue	55,874	-
Total component unit	1,245,347	-
Total reporting entity (excluding agency funds)	\$ 9,670,072	\$ 1,506

The accompanying notes are an integral
part of the financial statements.

Cash receipts	Expenditures	Ending unencumbered cash balance	Add outstanding encumbrances and accounts payable	Ending cash balance
\$ 4,527,755	\$ 4,505,760	\$ 35,274	\$ 41,729	\$ 77,003
1,657,688	1,583,983	135,970	110,222	246,192
603,142	701,557	1,912,478	222,917	2,135,395
6,351	9,139	114,625	-	114,625
540,756	561,210	104,452	9,783	114,235
280,641	294,055	138,586	2,000	140,586
100,000	129,842	199,921	374	200,295
-	27,199	43,176	-	43,176
422,854	450,686	666,780	-	666,780
93,400	103,820	70,019	27,887	97,906
204,518	217,410	102,112	4,268	106,380
594,319	597,424	60,805	-	60,805
115,268	116,250	16,013	-	16,013
397,180	397,180	-	-	-
5,000	5,000	15,000	-	15,000
-	-	499,940	-	499,940
68,930	136,365	634,142	11,711	645,853
-	216	30,850	-	30,850
110,618	110,618	80	17,352	17,432
813	813	-	-	-
-	-	25	302	327
27,759	27,759	-	-	-
-	-	-	15	15
14,659	14,659	-	2,670	2,670
115,000	115,000	-	32,840	32,840
100,000	100,000	-	35,933	35,933
2,875	6,000	95,771	-	95,771
139,549	134,828	109,055	-	109,055
937,221	944,805	1,011,383	-	1,011,383
14,334	19,000	449,014	-	449,014
12,623	14,262	355,807	-	355,807
2,540	3,750	113,161	-	113,161
698,566	680,772	1,296,789	114,584	1,411,373
11,794,359	12,009,362	8,211,228	634,587	8,845,815
616,374	548,040	1,257,807	144,421	1,402,228
116,691	66,183	106,382	-	106,382
733,065	614,223	1,364,189	144,421	1,508,610
\$ 12,527,424	\$ 12,623,585	\$ 9,575,417	\$ 779,008	\$ 10,354,425

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (CONTINUED)**

Year ended June 30, 2012

<u>Fund</u>	<u>Ending cash balance</u>
Composition of cash balance:	
U.S.D. No. 215 accounts:	
Money market accounts	\$ 7,723,007
Demand deposits of activity funds	134,651
Marlin Krehbiel Scholarship accounts:	
Money market account	60,022
Investments	35,749
Vera P. Hutton Scholarship accounts:	
Money market account	13,843
Certificate of deposit	200,000
Investments	235,171
Clyde and Barbara Beymer Scholarship accounts:	
Money market account	21,398
Certificate of deposit	150,000
Investments	184,409
John and Elene Henderson Scholarship accounts:	
Money market	13,161
Certificate of deposit	100,000
Total component unit	<u>1,508,610</u>
Total cash	10,380,021
Agency funds	<u>(25,596)</u>
Total reporting entity - excluding agency funds	<u><u>\$ 10,354,425</u></u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
Governmental funds:					
General funds:					
General	\$ 4,564,728	\$ (58,968)	\$ 4,505,760	\$ 4,505,760	\$ -
Supplemental general	1,596,883	(12,900)	1,583,983	1,583,983	-
Special revenue funds:					
Capital outlay	2,151,000	-	2,151,000	701,557	1,449,443
Driver training	119,485	-	119,485	9,139	110,346
At-risk (K-12)	669,773	-	669,773	561,210	108,563
Food service	515,635	-	515,635	294,055	221,580
Professional development	229,763	-	229,763	129,842	99,921
At-risk (4 year old)	105,375	-	105,375	27,199	78,176
Special education	1,058,627	-	1,058,627	450,686	607,941
Vocational education	165,439	-	165,439	103,820	61,619
Parents as teachers	15,000	-	15,000	5,000	10,000
Bilingual	217,410	-	217,410	217,410	-
Recreation commission	597,424	-	597,424	597,424	-
Recreation commission special liability	116,250	-	116,250	116,250	-
KPERs retirement contribution	407,000	-	407,000	397,180	9,820
Debt service fund:					
Bond and interest	944,805	-	944,805	944,805	-
	<u>13,474,597</u>	<u>(71,868)</u>	<u>13,402,729</u>	<u>10,645,320</u>	<u>2,757,409</u>
Component unit:					
Lakin Recreation Commission:					
General	1,769,000	-	1,769,000	548,040	1,220,960
Special revenue	121,250	-	121,250	66,183	55,067
	<u>1,890,250</u>	<u>-</u>	<u>1,890,250</u>	<u>614,223</u>	<u>1,276,027</u>
	<u>\$ 15,364,847</u>	<u>\$ (71,868)</u>	<u>\$ 15,292,979</u>	<u>\$ 11,259,543</u>	<u>\$ 4,033,436</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 90,350	\$ 59,012	\$ 71,814	\$ (12,802)
Current tax	2,641,706	2,771,065	2,587,945	183,120
Delinquent tax	13,453	17,115	1,223	15,892
Federal sources:				
ARRA stabilization funds	90,024	-	-	-
Education jobs fund	157,632	2,260	-	2,260
State sources:				
State aid	1,208,631	1,183,835	1,526,832	(342,997)
Special education aid	329,714	341,811	364,015	(22,204)
Mineral production tax	151,459	152,657	-	152,657
Total cash receipts	<u>4,682,969</u>	<u>4,527,755</u>	<u>\$ 4,551,829</u>	<u>\$ (24,074)</u>
Expenditures subject to legal maximum budget:				
Instruction	2,413,746	2,562,402	\$ 2,503,040	\$ (59,362)
Support services:				
Student support services	32,224	70,550	49,550	(21,000)
Instructional support staff	22,381	9,028	27,559	18,531
General administration	218,788	211,981	224,940	12,959
School administration	351,042	374,120	328,225	(45,895)
Operations and maintenance	110,243	13,381	11,200	(2,181)
Student transportation services:				
Vehicle operating services	122,378	144,097	214,386	70,289
Vehicle and maintenance services	97,053	28,037	67,130	39,093
Operating transfers	1,302,214	1,092,164	1,138,698	46,534
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(58,968)</u>	<u>(58,968)</u>
Total expenditures	<u>4,670,069</u>	<u>4,505,760</u>	<u>\$ 4,505,760</u>	<u>\$ -</u>
Receipts over (under) expenditures	12,900	21,995		
Unencumbered cash, beginning of year	-	13,053		
Prior year canceled encumbrances	<u>153</u>	<u>226</u>		
Unencumbered cash, end of year	<u>\$ 13,053</u>	<u>\$ 35,274</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 32,446	\$ 34,317	\$ 42,528	\$ (8,211)
Current tax	1,511,307	1,581,641	1,449,269	132,372
Delinquent tax	4,954	8,710	700	8,010
Motor vehicle tax and recreational vehicle tax	26,105	33,020	36,063	(3,043)
Total cash receipts	<u>1,574,812</u>	<u>1,657,688</u>	<u>\$ 1,528,560</u>	<u>\$ 129,128</u>
Expenditures subject to legal maximum budget:				
Instruction	427,737	447,482	\$ 423,324	\$ (24,158)
Support services:				
Student support services	14,454	6,518	14,500	7,982
Instructional support staff	-	-	9,000	9,000
General administration	52,762	156,257	185,625	29,368
School administration	79,411	43,696	82,656	38,960
Operations and maintenance	649,211	605,039	819,815	214,776
Student transportation services:				
Vehicle operating services	52,730	9,735	52,730	42,995
Vehicle and maintenance services	9,233	-	9,233	9,233
Operating transfers	295,120	315,256	-	(315,256)
Adjustment to comply with legal maximum budget	-	-	(12,900)	(12,900)
Total expenditures	<u>1,580,658</u>	<u>1,583,983</u>	<u>\$ 1,583,983</u>	<u>\$ -</u>
Receipts over (under) expenditures	(5,846)	73,705		
Unencumbered cash, beginning of year	67,613	61,767		
Prior year canceled encumbrances	-	498		
Unencumbered cash, end of year	<u>\$ 61,767</u>	<u>\$ 135,970</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 23,114	\$ 6,560	\$ 8,129	\$ (1,569)
Current tax	288,916	563,052	526,208	36,844
Delinquent tax	3,584	2,933	134	2,799
Motor vehicle tax and recreational vehicle tax	19,484	15,749	18,138	(2,389)
Other	8,265	14,848	-	14,848
Total cash receipts	343,363	603,142	\$ 552,609	\$ 50,533
Expenditures:				
Instruction	66,157	105,148	\$ 150,000	\$ 44,852
Support services:				
Student support services	-	-	50,000	50,000
Instructional support staff	1,157	-	10,000	10,000
General administration	-	36,203	50,000	13,797
School administration	347	18,148	64,000	45,852
Operations and maintenance	4,995	-	40,000	40,000
Transportation	-	130,212	325,000	194,788
Facility acquisition and construction services	595,023	411,846	1,462,000	1,050,154
Total expenditures	667,679	701,557	\$ 2,151,000	\$ 1,449,443
Receipts over (under) expenditures	(324,316)	(98,415)		
Unencumbered cash, beginning of year	2,333,650	2,010,893		
Prior year canceled encumbrances	1,559	-		
Unencumbered cash, end of year	\$ 2,010,893	\$ 1,912,478		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 1,628	\$ 2,632	\$ 2,072	\$ 560
Other	3,020	3,719	-	3,719
Transfer from general fund	4,798	-	-	-
Total cash receipts	9,446	6,351	\$ 2,072	\$ 4,279
Expenditures:				
Instruction	8,506	9,114	\$ 24,985	\$ 15,871
Vehicle and maintenance services	640	25	94,500	94,475
Total expenditures	9,146	9,139	\$ 119,485	\$ 110,346
Receipts over (under) expenditures	300	(2,788)		
Unencumbered cash, beginning of year	117,113	117,413		
Unencumbered cash, end of year	\$ 117,413	\$ 114,625		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

AT-RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 609,045	\$ 540,756	\$ 551,983	\$ (11,227)
Transfer from supplemental general fund	6,535	-	-	-
Total cash receipts	615,580	540,756	<u>\$ 551,983</u>	<u>\$ (11,227)</u>
Expenditures:				
Instruction	559,940	561,210	<u>\$ 669,773</u>	<u>\$ 108,563</u>
Receipts over (under) expenditures	55,640	(20,454)		
Unencumbered cash, beginning of year	68,685	124,424		
Prior year canceled encumbrances	99	482		
Unencumbered cash, end of year	<u>\$ 124,424</u>	<u>\$ 104,452</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Charges for services	\$ 74,747	\$ 72,306	\$ 177,992	\$ (105,686)
Interest	49,593	26,335	35,000	(8,665)
Federal aid	166,196	178,780	188,450	(9,670)
State aid	3,137	3,217	4,020	(803)
Transfer from general fund	-	3	-	3
Transfer from supplemental general fund	70,998	-	-	-
Total cash receipts	364,671	280,641	\$ 405,462	\$ (124,821)
Expenditures:				
Operations and maintenance	1,497	868	\$ 103,000	\$ 102,132
Food service operations	327,498	293,187	412,635	119,448
Total expenditures	328,995	294,055	\$ 515,635	\$ 221,580
Receipts over (under) expenditures	35,676	(13,414)		
Unencumbered cash, beginning of year	116,324	152,000		
Unencumbered cash, end of year	\$ 152,000	\$ 138,586		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from supplemental general fund	\$ 27,114	\$ 100,000	\$ -	\$ 100,000
Expenditures:				
Instruction	14,294	65,804	\$ -	\$ (65,804)
Support services:				
Instructional support staff	12,494	53,657	78,329	24,672
Other supplemental services	96	10,381	151,434	141,053
Total expenditures	26,884	129,842	\$ 229,763	\$ 99,921
Receipts over (under) expenditures	230	(29,842)		
Unencumbered cash, beginning of year	229,533	229,763		
Unencumbered cash, end of year	\$ 229,763	\$ 199,921		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

AT-RISK (4 YEAR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 25,180	\$ -	\$ 35,000	\$ (35,000)
Transfer from supplemental general fund	14,000	-	-	-
Total cash receipts	39,180	-	<u>\$ 35,000</u>	<u>\$ (35,000)</u>
Expenditures:				
Instruction	25,180	27,199	<u>\$ 105,375</u>	<u>\$ 78,176</u>
Receipts over (under) expenditures	14,000	(27,199)		
Unencumbered cash, beginning of year	<u>56,375</u>	<u>70,375</u>		
Unencumbered cash, end of year	<u>\$ 70,375</u>	<u>\$ 43,176</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 329,714	\$ 341,811	\$ 364,015	\$ (22,204)
Transfer from supplemental general fund	124,873	81,043	-	81,043
Total cash receipts	454,587	422,854	\$ 364,015	\$ 58,839
Expenditures:				
Instruction	454,924	450,686	\$ 1,058,627	\$ 607,941
Receipts over (under) expenditures	(337)	(27,832)		
Unencumbered cash, beginning of year	694,949	694,612		
Unencumbered cash, end of year	\$ 694,612	\$ 666,780		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 80,756	\$ -	\$ 85,000	\$ (85,000)
Transfer from supplemental general fund	16,000	93,400	-	93,400
Total cash receipts	96,756	93,400	<u>\$ 85,000</u>	<u>\$ 8,400</u>
Expenditures:				
Instruction	68,558	103,820	\$ 160,360	\$ 56,540
Support services:				
Instructional support staff	8,890	-	5,079	5,079
Total expenditures	77,448	103,820	<u>\$ 165,439</u>	<u>\$ 61,619</u>
Receipts over (under) expenditures	19,308	(10,420)		
Unencumbered cash, beginning of year	61,131	80,439		
Unencumbered cash, end of year	<u>\$ 80,439</u>	<u>\$ 70,019</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

PARENTS AS TEACHERS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ -	\$ 5,000	\$ -	\$ 5,000
Expenditures:				
Support services:				
Student support services	-	5,000	\$ -	\$ (5,000)
Instructional support staff	-	-	15,000	15,000
Total expenditures	-	5,000	\$ 15,000	\$ 10,000
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	15,000	15,000		
Unencumbered cash, end of year	\$ 15,000	\$ 15,000		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 223,409	\$ 204,518	\$ 102,700	\$ 101,818
Transfer from supplemental general fund	30,000	-	-	-
Total cash receipts	253,409	204,518	\$ 102,700	\$ 101,818
Expenditures:				
Instruction	218,560	217,410	\$ 187,410	\$ (30,000)
Support services:				
Instructional support staff	-	-	30,000	30,000
Total expenditures	218,560	217,410	\$ 217,410	\$ -
Receipts over (under) expenditures	34,849	(12,892)		
Unencumbered cash, beginning of year	79,863	114,808		
Prior year canceled encumbrances	96	196		
Unencumbered cash, end of year	\$ 114,808	\$ 102,112		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 18,494	\$ 12,173	\$ 15,085	\$ (2,912)
Current tax	536,080	562,912	526,204	36,708
Delinquent tax	2,867	3,624	248	3,376
Motor vehicle tax and recreational vehicle tax	15,591	15,610	17,432	(1,822)
Total cash receipts	573,032	594,319	<u>\$ 558,969</u>	<u>\$ 35,350</u>
Expenditures:				
Transfer to component unit	586,680	597,424	<u>\$ 597,424</u>	<u>\$ -</u>
Receipts over (under) expenditures	(13,648)	(3,105)		
Unencumbered cash, beginning of year	<u>77,558</u>	<u>63,910</u>		
Unencumbered cash, end of year	<u>\$ 63,910</u>	<u>\$ 60,805</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

RECREATION COMMISSION SPECIAL LIABILITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 1,896	\$ 1,960	\$ 2,429	\$ (469)
Current tax	86,326	110,894	103,620	7,274
Delinquent tax	295	504	40	464
Motor vehicle tax and recreational vehicle tax	1,820	1,910	2,087	(177)
Total cash receipts	90,337	115,268	<u>\$ 108,176</u>	<u>\$ 7,092</u>
Expenditures:				
Transfer to component unit	92,167	116,250	<u>\$ 116,250</u>	<u>\$ -</u>
Receipts over (under) expenditures	(1,830)	(982)		
Unencumbered cash, beginning of year	18,825	16,995		
Unencumbered cash, end of year	<u>\$ 16,995</u>	<u>\$ 16,013</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

KPERS RETIREMENT CONTRIBUTIONS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 232,009	\$ 397,180	\$ 407,000	\$ (9,820)
Expenditures:				
Instruction	171,686	299,741	\$ 306,512	\$ 6,771
Support services:				
Student support services	2,320	6,021	5,576	(445)
Instructional support staff	2,320	-	5,576	5,576
General administration	13,921	17,688	22,344	4,656
School administration	13,921	30,382	22,344	(8,038)
Operations and maintenance	13,921	25,576	22,344	(3,232)
Student transportation services	6,960	9,025	11,152	2,127
Food service	6,960	8,747	11,152	2,405
Total expenditures	232,009	397,180	\$ 407,000	\$ 9,820
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 20,709	\$ 19,974	\$ 24,752	\$ (4,778)
Current tax	879,638	890,667	832,432	58,235
Delinquent tax	3,176	5,234	408	4,826
Motor vehicle tax and recreational vehicle tax	17,308	20,237	22,200	(1,963)
Interest	3,057	1,109	-	1,109
Other	43	-	-	-
Total cash receipts	<u>923,931</u>	<u>937,221</u>	<u>\$ 879,792</u>	<u>\$ 57,429</u>
Expenditures:				
Debt service:				
Principal	850,000	885,000	\$ 885,000	\$ -
Interest	<u>86,175</u>	<u>59,805</u>	<u>59,805</u>	<u>-</u>
Total expenditures	<u>936,175</u>	<u>944,805</u>	<u>\$ 944,805</u>	<u>\$ -</u>
Receipts over (under) expenditures	(12,244)	(7,584)		
Unencumbered cash, beginning of year	<u>1,031,211</u>	<u>1,018,967</u>		
Unencumbered cash, end of year	<u>\$ 1,018,967</u>	<u>\$ 1,011,383</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

**LAKIN RECREATION COMMISSION
(A COMPONENT UNIT)**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Appropriation from Unified School District No. 215	\$ 586,680	\$ 597,424	\$ 632,689	\$ (35,265)
Interest	4,215	1,931	-	1,931
Fees	20,101	16,676	-	16,676
Miscellaneous	16,403	343	-	343
Total cash receipts	<u>627,399</u>	<u>616,374</u>	<u>\$ 632,689</u>	<u>\$ (16,315)</u>
Expenditures:				
Capital improvements	11,352	7,767	\$ 125,000	\$ 117,233
Employee training	219	1,106	10,000	8,894
Insurance	23,571	25,235	35,000	9,765
Legal and professional fees	5,446	8,772	10,000	1,228
Maintenance	58,062	41,289	80,000	38,711
Operations expense	19,453	25,112	50,000	24,888
Programs	55,053	40,806	80,000	39,194
Special events	20,831	13,660	20,000	6,340
Utilities	32,204	32,935	50,000	17,065
Salaries	285,190	261,658	315,000	53,342
Building and grounds	-	-	900,000	900,000
Staff uniforms	-	-	2,500	2,500
Miscellaneous	2,684	700	2,500	1,800
Appropriations to City of Lakin:				
Golf Course	10,000	10,000	10,000	-
Swimming pool	74,000	74,000	74,000	-
Park	5,000	5,000	5,000	-
Total expenditures	<u>603,065</u>	<u>548,040</u>	<u>\$ 1,769,000</u>	<u>\$ 1,220,960</u>
Receipts over (under) expenditures	24,334	68,334		
Unencumbered cash, beginning of year	<u>1,165,139</u>	<u>1,189,473</u>	<u>\$ 1,175,682</u>	<u>\$ 13,791</u>
Unencumbered cash, end of year	<u>\$ 1,189,473</u>	<u>\$ 1,257,807</u>	<u>\$ 39,371</u>	<u>\$ 1,218,436</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

**LAKIN RECREATION COMMISSION
(A COMPONENT UNIT)**

SPECIAL REVENUE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Interest	\$ 703	\$ 441	\$ 150	\$ 291
Appropriation from Unified School District No. 215	92,167	116,250	133,245	(16,995)
Total cash receipts	92,870	116,691	<u>\$ 133,395</u>	<u>\$ (16,704)</u>
Expenditures:				
Employment taxes	21,870	19,995	\$ 30,000	\$ 10,005
Liability insurance	-	-	15,000	15,000
Health insurance	39,890	32,616	56,250	23,634
Employee retirement	13,669	13,572	20,000	6,428
Total expenditures	75,429	66,183	<u>\$ 121,250</u>	<u>\$ 55,067</u>
Receipts over (under) expenditures	17,441	50,508		
Unencumbered cash, beginning of year	38,433	55,874	<u>\$ 53,694</u>	<u>\$ 2,180</u>
Unencumbered cash, end of year	<u>\$ 55,874</u>	<u>\$ 106,382</u>	<u>\$ 65,839</u>	<u>\$ 40,543</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	Special revenue funds				
	Contingency reserve	Textbook and student materials revolving	Gifts and grants	Title I	Title I ARRA
Cash receipts:					
Rental fees and books	\$ -	\$ 28,854	\$ -	\$ -	\$ -
Federal aid	-	-	-	110,618	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
Transfer from general fund	-	76	-	-	-
Transfer from supplemental general fund	-	40,000	-	-	813
Total cash receipts	-	68,930	-	110,618	813
Expenditures:					
Instruction	-	136,365	216	110,618	813
Support services:					
General administration	-	-	-	-	-
Scholarships	-	-	-	-	-
Other expenditures	-	-	-	-	-
Total expenditures	-	136,365	216	110,618	813
Receipts over (under) expenditures	-	(67,435)	(216)	-	-
Unencumbered cash, beginning of year	499,940	701,577	31,066	1	-
Prior year canceled encumbrances	-	-	-	79	-
Unencumbered cash, end of year	<u>\$ 499,940</u>	<u>\$ 634,142</u>	<u>\$ 30,850</u>	<u>\$ 80</u>	<u>\$ -</u>

The accompanying notes are an integral
part of the financial statements.

Special revenue funds

Title I ARRA Carryover	Title II part A teacher quality	Federal REAP grant	Title III english language acquisition	Migrant program	Migrant family literacy grant	Marlin Krehbiel scholarship
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	27,759	-	14,659	115,000	100,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,875
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	27,759	-	14,659	115,000	100,000	2,875
-	27,759	-	14,659	115,000	100,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	6,000
-	-	-	-	-	-	-
-	27,759	-	14,659	115,000	100,000	6,000
-	-	-	-	-	-	(3,125)
-	-	-	-	-	-	98,896
25	-	-	-	-	-	-
\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,771

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES (CONTINUED)

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	Permanent funds			Internal service fund	
	Vera P. Hutton scholarship	Clyde and Barbara Beymer scholarship	John and Elene Henderson scholarship	Special reserve	Total
Cash receipts:					
Rental fees and books	\$ -	\$ -	\$ -	\$ -	\$ 28,854
Federal aid	-	-	-	-	368,036
Charges for services	-	-	-	698,566	698,566
Interest	14,334	12,623	2,540	-	32,372
Transfer from general fund	-	-	-	-	76
Transfer from supplemental general fund	-	-	-	-	40,813
Total cash receipts	14,334	12,623	2,540	698,566	1,168,717
Expenditures:					
Instruction	-	-	-	-	505,430
Support services:					
General administration	-	-	-	680,772	680,772
Scholarships	19,000	14,250	3,750	-	43,000
Other expenditures	-	12	-	-	12
Total expenditures	19,000	14,262	3,750	680,772	1,229,214
Receipts over (under) expenditures	(4,666)	(1,639)	(1,210)	17,794	(60,497)
Unencumbered cash, beginning of year	453,680	357,446	114,371	1,278,995	3,535,972
Prior year canceled encumbrances	-	-	-	-	104
Unencumbered cash, end of year	<u>\$ 449,014</u>	<u>\$ 355,807</u>	<u>\$ 113,161</u>	<u>\$ 1,296,789</u>	<u>\$ 3,475,579</u>

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

DISTRICT ACTIVITY FUNDS

**STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school	\$ 41,070	\$ 45,585	\$ 47,586	\$ 39,069	\$ -	\$ 39,069
Middle school	1,118	12,842	12,340	1,620	-	1,620
Subtotal gate receipts	<u>42,188</u>	<u>58,427</u>	<u>59,926</u>	<u>40,689</u>	<u>-</u>	<u>40,689</u>
School projects:						
High school:						
Student purchases	3,822	3,311	2,869	4,264	-	4,264
Concessions	15,241	28,565	26,809	16,997	-	16,997
Band	8,145	4,572	6,604	6,113	-	6,113
Drama	106	2,515	1,791	830	-	830
Special education	1,464	264	136	1,592	-	1,592
Vocal	3,465	4,981	4,406	4,040	-	4,040
Yearbook	1,769	10,188	8,130	3,827	-	3,827
Fees	9,242	3,824	1,559	11,507	-	11,507
Subtotal high school	<u>43,254</u>	<u>58,220</u>	<u>52,304</u>	<u>49,170</u>	<u>-</u>	<u>49,170</u>
Middle school:						
Be the change	219	616	643	192	-	192
Library	194	564	507	251	-	251
Interrelated	414	697	473	638	-	638
Class fees	2,218	588	390	2,416	-	2,416
Subtotal middle school	<u>3,045</u>	<u>2,465</u>	<u>2,013</u>	<u>3,497</u>	<u>-</u>	<u>3,497</u>
Elementary school:						
School picture/yearbook	1,447	-	804	643	-	643
T-shirts	218	2,903	3,099	22	-	22
Library	706	2,152	2,612	246	-	246
KOC	2,120	528	153	2,495	-	2,495
Miscellaneous	1,156	2,198	1,553	1,801	-	1,801
Community kids club	3,276	4,262	3,418	4,120	-	4,120
Student activity and field trips	6,376	7,710	8,876	5,210	-	5,210
Recycle fund	263	32	-	295	-	295
Memorial fund	285	-	-	285	-	285
Student Council	-	652	70	582	-	582
Subtotal elementary	<u>15,847</u>	<u>20,437</u>	<u>20,585</u>	<u>15,699</u>	<u>-</u>	<u>15,699</u>
Subtotal school projects	<u>62,146</u>	<u>81,122</u>	<u>74,902</u>	<u>68,366</u>	<u>-</u>	<u>68,366</u>
Total district activity funds	<u>\$ 104,334</u>	<u>\$ 139,549</u>	<u>\$ 134,828</u>	<u>\$ 109,055</u>	<u>\$ -</u>	<u>\$ 109,055</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance (deficit)</u>
Student organization funds:				
High school:				
Art club	\$ 10	\$ -	\$ -	\$ 10
Cheerleaders	800	7,561	5,980	2,381
Senior class	2,373	2,090	1,901	2,562
Junior class	-	11,725	11,725	-
National honor society	272	-	-	272
Spanish club	573	954	802	725
Student council	4,162	14,214	12,924	5,452
Weight club	35	3,818	2,703	1,150
FCA	1,346	1,106	354	2,098
Cross country team	926	202	711	417
Scholar bowl club	544	760	530	774
Baseball team	511	878	1,066	323
Basketball team - boys	321	8,417	8,270	468
Basketball team - girls	27	1,991	1,018	1,000
Golf team	442	3,435	3,349	528
Science club	-	-	-	-
Softball team	681	125	147	659
Volleyball	503	234	442	295
Football team	575	2,428	3,102	(99)
Chemistry	106	-	-	106
Wrestling team	1,052	1,048	720	1,380
History club	101	32,960	32,814	247
Econ class	89	1,263	1,089	263
Subtotal high school	15,449	95,209	89,647	21,011
Middle School:				
Student council	1,172	6,215	7,178	209
Sixth grade	1,057	2,732	2,520	1,269
FCA	2,892	2,512	2,297	3,107
Subtotal middle school	5,121	11,459	11,995	4,585
Subtotal student organization funds	20,570	106,668	101,642	25,596
Clearing funds:				
High school:				
Sales tax	-	8,735	8,735	-
Total agency funds	\$ 20,570	\$ 115,403	\$ 110,377	\$ 25,596

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2011 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2012, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below. Certain prior year amounts have been reclassified to result in more comparative statements.

1. Reporting entity

Unified School District No. 215 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 215 (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Discretely Presented Component Unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District.

Lakin Recreation Commission. The Commission oversees recreational activities. Four of the five members of the governing board are appointed by the Board of Education. The Commission operates as a separate governing body but the District levies the taxes for the Commission and the Commission has only the powers granted by statute K.S.A. 12-1928. The Commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Lakin Recreation Commission may be obtained as follows:

Lakin Recreation Commission
Box K
Lakin, Kansas 67860

2. Fund accounting

The accounts of the District are organized on the basis of funds. In governmental accounting, a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

The following funds comprise the financial activities of the District for the year ended June 30, 2012:

GOVERNMENTAL FUNDS

General Funds

General funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities than any other fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulations.

Debt Service Funds

Debt service funds are used to account for the financing of long-term debt that is not otherwise financed from other revenue.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

PROPRIETARY FUNDS

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the District on a cost-reimbursement basis. The internal service fund is used to finance the medical self-insurance operations of the District.

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations and other governmental units.

3. Basis of accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate 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. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of accounting (continued)

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 statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of fund balance is not presented. Under accounting principles generally accepted in the United States of America, 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. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary information

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

- a. Preparation of the budget for the succeeding year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

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. The budget of the KPERS Retirement Contributions Fund was amended as follows:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
KPERS Retirement Contributions Fund	\$ 364,852	\$ 407,000

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

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 statements 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 statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for state and federal grant funds, capital projects funds, permanent funds, agency funds, and the following special revenue and internal service funds:

Contingency Reserve
Textbook and Student Materials Revolving
Gifts and Grants
Marlin Krehbiel Scholarship
District Activity Funds
Special Reserve

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

5. Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's cash balances. Unless specifically designated, all investment income is credited to funds designated by K.S.A. 72-6427. Investments are recorded at cost.

6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20, and the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the District's share of all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Compensated absences

The District's policy grants employees on twelve-month contracts ten or fifteen days vacation per year depending upon length of service. Vacation days may accumulate to a maximum of twenty days or twenty-five days depending upon length of service. Sick leave of ten days is credited annually to each full time employee and days not used may accumulate to a total of sixty days. Personal leave is granted at two days per year. For certified employees, pay for personal days is reduced by a \$90 per day substitute deduction. At year-end any unused personal days are added to sick leave to a maximum of sixty days. When certain conditions are met, accumulated vacation time is paid to the employee upon termination, retirement or resignation. Certified employees retiring under KPERS are eligible to receive \$40 per day for accumulated sick leave, and classified employees retiring under KPERS are eligible to receive \$10 per day for accumulated sick leave.

9. Section 125 Plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for medical reimbursements; health, dental, life, and cancer insurance costs; and, dependent care. The plan is administered by an independent company.

10. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, State Department of Education, and interpretation by legal representatives of the District.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. A portion of the District's investments of scholarship funds are not in accordance with the statute.

C. 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 to have a main or branch bank in the county in which the District is located, or in an adjoining county if such an institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, 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. The District has no other policies that would further limit interest rate risk.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The ratings of the District's investments is noted below.

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 does not have a designated "peak period". All deposits were legally secured at June 30, 2012.

At year-end the carrying amount of the District's deposits was \$8,416,081. The bank balance was \$9,059,975. Of the bank balance, \$391,614 was covered by FDIC insurance, and the remaining \$8,668,361 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

Investments. As of June 30, 2012, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Rating</u>
Federal Farm Credit	\$ 30,327	9/12/2022	AA+
Municipal Securities	187,779	12/1/2017 – 10/01/2029	N/A
Federal Home Loan Bank	25,890	9/9/2024	AAA
Federal National Mortgage	53,393	2/27/2023 – 11/10/2026	AAA
Government Funds	39,972	N/A	N/A
Corporate/Mortgage Funds	20,148		
Other Funds	28,545		
Exchange Traded FDS – ETFS	29,987		
Equity Investments	63,293		
	<u>\$ 479,334</u>		

Credit quality risk. Investment quality ratings given above are per Standard and Poor's, and they are as of June 30, 2012.

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. Investment types and percents at cost are as follows: Federal Farm Credit 7%, Municipal Securities 38%, Federal Home Loan Bank 4%, Federal National Mortgage Association 12%, Government Funds 9%, Corporate/Mortgage Funds 4%, Other Funds 6%, Exchange Traded FDS – ETFS Bonds 6%, and Equity Investments 14%.

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. At June 30, 2012, the uninsured investments, titled in the name of the various scholarship funds, was \$141,973.

Interest rate risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

D. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2012 were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Refunding bonds					
Series 2004					
Issued September 1, 2004					
In the amount of \$5,650,000					
At interest rates of 2.50% to 3.50%					
Maturing September 1, 2013	\$2,005,000	\$ -	\$ 885,000	\$1,120,000	\$ 59,805
Capital leases:					
Boilers and equipment					
Issued March 1, 2007					
In the amount of \$1,004,690					
At interest rate of 15.71%					
Maturing December 1, 2011	140,000	-	140,000	-	8,302
Total contractual indebtedness	2,145,000	-	1,025,000	1,120,000	68,107
Compensated absences	23,704	8,814	-	32,518	-
Total long-term debt	<u>\$2,168,704</u>	<u>\$ 8,814</u>	<u>\$1,025,000</u>	<u>\$1,152,518</u>	<u>\$ 68,107</u>

Current maturities of general obligation bonds and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2013	\$ 770,000	\$ 30,875	\$ 800,875
2014	<u>350,000</u>	<u>6,125</u>	<u>356,125</u>
Total	<u>\$ 1,120,000</u>	<u>\$ 37,000</u>	<u>\$ 1,157,000</u>

E. OPERATING LEASE

The District has entered into an operating lease agreement for building space to establish a pre-school facility, a daycare facility, and an adult learning facility. Rental payments will commence upon occupancy of the building in October 2012. The agreement's initial term expires on July 31, 2022. The District has the option to extend the agreement for an additional five years upon notification.

The following is a yearly schedule of future minimum rental payments under the operating lease:

2013	\$ 18,000
2014	24,000
2015	24,000
2016	24,000
2017	24,000
2018-2022	120,000
2012	<u>2,000</u>
	<u>\$ 236,000</u>

F. INTERFUND TRANSACTIONS

Recurring annual operating transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. These transfers, authorized by K.S.A. 72-6428 and K.S.A. 72-6433, are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General	Bilingual	\$ 204,518
General	Food service	3
General	Special education	341,811
General	Parents as teachers	5,000
General	Textbook and student materials	76
General	At-risk (K-12)	540,756
Supplemental general	Professional development	100,000
Supplemental general	Special education	81,043
Supplemental general	Vocational education	93,400
Supplemental general	Textbook and student materials	40,000
Supplemental general	Title I ARRA	813
		<u>\$1,407,420</u>

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Recreation commission	Lakin Recreation Commission	\$ 597,424
Recreation commission special liability	Lakin Recreation Commission	<u>116,250</u>
		<u>\$ 713,674</u>

G. 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 66603-3869), at the following website: www.kpers.org or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and 74-49,210 establish the KPERS member-employee contribution rates at 4% and 6%, respectively of covered salary. 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 remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$397,180, \$232,009, and \$261,886 respectively.

H. 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, natural disasters, and medical needs of employees. The District purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

The District has established an internal service fund to account for its medical self-insurance program and has entered into a partially self-funded agreement. This agreement allows the District to assume a limited amount of liability by self-insuring a portion of the employees' medical expenses. Premiums paid for an excess coverage insurance policy cover individual and family claims in excess of \$30,000 and the District is also protected by an aggregate stop-loss protection provision, which limits its liability on total self-insurance claims for a contract period. Liabilities for unpaid claims are those claims that are unpaid at year end. Changes in the claims liability amount are as follows:

	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
2011	\$ 40,873	\$ 782,507	\$ 500,143	\$ 323,237
2012	323,237	624,373	833,026	114,584

I. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2012.

J. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

K. CAPITAL PROJECTS

As of June 30, 2012, the District had the following commitments with respect to unfinished capital projects:

<u>Project</u>	<u>Project commitments authorized</u>	<u>Expenditures to date</u>	<u>Remaining financial commitment</u>
Remodel of Lakin Grade School East Building	<u>\$ 65,688</u>	<u>\$ -</u>	<u>\$ 65,688</u>

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2013, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.

APPENDICES

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**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**

Board of Education
Unified School District No. 215
Lakin, Kansas

We have audited the financial statements of Unified School District No. 215 as of and for the year ended June 30, 2012 and have issued our report thereon dated January 10, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the District has prepared these financial statements in conformity with the accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

Management of Unified School District No. 215 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Unified School District No. 215's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting listed as finding 2012-01. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 215's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unified School District No. 215's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Education and management of Unified School District No. 215, the Kansas Departments of Administration and Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kennedy McKee & Company LLP

January 10, 2013

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McKee & Company LLP Certified Public Accountants

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**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**

Board of Education
Unified School District No. 215
Lakin, Kansas

Compliance

We have audited Unified School District No. 215's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Unified School District No. 215 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Unified School District No. 215 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District'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 District's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Education and management of Unified School District No. 215, the Kansas Departments of Administration and Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kennedy McKee & Company LLP

January 10, 2013

UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2012

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Cash receipts	Expenditures	Unencumbered cash end of year
<u>U.S. Department of Education</u>							
Passed through Kansas Department of Education:							
Title I Program	84.010	N/A	\$ -	\$ -	\$ 110,618	\$ 110,618	\$ -
Title I Program - ARRA	84.389	N/A	-	-	813	813	-
Migrant Program	84.011	N/A	-	-	115,000	115,000	-
Migrant Family Literacy Program	84.011	N/A	-	-	100,000	100,000	-
Title II A - Improving Teacher Quality	84.367	N/A	-	-	27,759	27,759	-
Title III - English Language Acquisition	84.365	N/A	-	-	14,659	14,659	-
Education Jobs Fund - ARRA	84.410	S410A100017	-	-	2,260	2,260	-
			-	-	371,109	371,109	-

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year ended June 30, 2012

	Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Cash receipts	Expenditures	Unencumbered cash end of year
<u>U.S. Department of Agriculture</u>								
	Passed through Kansas Department of Education:							
	School Breakfast Program	10.553	N/A	\$ -	\$ -	\$ 31,053	\$ 31,053	\$ -
	National School Lunch Program	10.555	N/A	-	-	147,727	147,727	-
43	Team Nutrition Training Grant	10.574	N/A	-	-	480	480	-
				-	-	179,260	179,260	-
	Total federal assistance			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,369</u>	550,369	<u>\$ -</u>
	Grant funds returned to the State						(813)	
	Federal expenditures per the Data Collection Form						<u>\$ 549,556</u>	

Note - The Schedule of Expenditures of Federal Awards is prepared in conformity with the accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District No. 215.
2. One significant deficiency disclosed during the audit of the financial statements and reported in the 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 deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Unified School District No. 215 which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of internal control over major federal programs were reported in the 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.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 215 expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

Migrant Program (CFDA #84.011)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Unified School District No. 215 qualified as a low-risk auditee.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2012

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2012-01 Expenditures

Condition: In our examination of credit card expenses we noted that four out of twenty-eight charges tested did not have proper supporting documents.

Criteria: The District requires supporting documentation and proper approval for every expense.

Effect: There was a lack of support for expenses paid.

Cause: District Office personnel failed to obtain or properly file support for expenses.

Recommendation: We recommend that the District Office be diligent in obtaining and properly filling support for every expense paid.

Grantee Response: We concur with the above recommendation.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None noted

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2012

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

2011-03 Education Jobs Fund - ARRA

Condition: A sample of employee payroll expenditures allocated to the grant was selected to test allowable costs. We noted that three of the twenty-seven employees selected for testing lacked a signed contract to support compensation allocated to the grant.

Recommendation: We recommend that the District Office be diligent in obtaining and properly filing signed employment contracts.

Current Status: No similar findings were noted in the June 30, 2012 audit.