

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 216
Deerfield, Kansas

We have audited the accompanying financial statements of Unified School District No. 216, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the District's primary government, 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.

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component unit, although not reasonably determinable, is presumed to be material.

As described more fully in Note A, Unified School District No. 216 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 omission of the discretely presented component unit, as discussed above, and 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. 216 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 the primary government of Unified School District No. 216, 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 October 11, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purpose of additional analysis, 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

October 11, 2012

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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	\$ -	\$ -
Supplemental general	241,625	-
Special revenue funds:		
At risk (4 year old)	30,787	-
At risk (K-12)	100,507	-
Bilingual	40,039	-
Virtual education	-	-
Capital outlay	530,792	-
Driver training	26,409	-
Food service	57,806	-
Professional development	24,942	-
Summer school	54,905	-
Special education	372,102	-
Vocational education	102,954	-
KPEERS special retirement contributions	-	-
Recreation commission	-	-
Non-budgeted special revenue funds:		
Western Kansas Community Foundation	555	-
Corporate donations	2,400	-
Contingency reserve	282,440	-
Textbook rental	23,987	-
Deerfield scholarship trust	3,081	-
Special revenue federal grant funds:		
Small rural school	-	-
Title II, part D ed technology	-	-
Title I	-	-
Migrant family literacy	-	-
Title I migrant	-	-
21st century grant	-	-
Title II, part A teacher quality	-	-
District activity funds	16,401	-
Permanent fund:		
Irene B. James scholarship	25,963	-
Total reporting entity (excluding agency funds)	<u>\$ 1,937,695</u>	<u>\$ -</u>

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

<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>
\$ 2,381,400	\$ 2,381,400	\$ -	\$ 96,101	\$ 96,101
646,761	715,113	173,273	10,012	183,285
44,910	50,433	25,264	-	25,264
407,908	405,449	102,966	-	102,966
185,204	155,773	69,470	-	69,470
157,515	82,879	74,636	-	74,636
246,808	355,928	421,672	101,398	523,070
4,193	3,912	26,690	-	26,690
180,071	179,587	58,290	5,684	63,974
40,000	21,179	43,763	152	43,915
100	1,298	53,707	301	54,008
182,965	245,312	309,755	11	309,766
268,675	152,238	219,391	122	219,513
232,231	232,231	-	-	-
165,086	165,086	-	-	-
4,321	-	4,876	-	4,876
680	972	2,108	-	2,108
-	-	282,440	-	282,440
9,019	1,561	31,445	-	31,445
-	3,081	-	-	-
18,957	18,957	-	12,247	12,247
-	-	-	341	341
87,624	87,624	-	-	-
120,000	120,000	-	3,502	3,502
86,680	86,680	-	5,545	5,545
212,792	212,792	-	13,547	13,547
13,291	13,291	-	2,653	2,653
50,034	54,188	12,247	-	12,247
-	763	25,200	-	25,200
<u>\$ 5,747,225</u>	<u>\$ 5,747,727</u>	<u>\$ 1,937,193</u>	<u>\$ 251,616</u>	<u>\$ 2,188,809</u>

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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:	
Demand deposits	\$ 2,187,637
Certificate of deposit	<u>25,000</u>
Total cash	2,212,637
Agency funds	<u>(23,828)</u>
Total reporting entity - excluding agency funds	<u><u>\$ 2,188,809</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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	\$2,642,598	\$ (261,198)	\$2,381,400	\$2,381,400	\$ -
Supplemental general	810,000	-	810,000	715,113	94,887
Special revenue funds:					
At risk (4 year old)	84,807	-	84,807	50,433	34,374
At risk (K-12)	517,400	-	517,400	405,449	111,951
Bilingual	213,301	-	213,301	155,773	57,528
Virtual education	150,000	-	150,000	82,879	67,121
Capital outlay	514,944	-	514,944	355,928	159,016
Driver training	16,409	-	16,409	3,912	12,497
Food service	240,804	-	240,804	179,587	61,217
Professional development	49,942	-	49,942	21,179	28,763
Summer school	20,905	-	20,905	1,298	19,607
Special education	356,028	-	356,028	245,312	110,716
Vocational education	178,898	-	178,898	152,238	26,660
KPERs special retirement contributions	254,713	-	254,713	232,231	22,482
Recreation commission	200,000	-	200,000	165,086	34,914
	<u>\$6,250,749</u>	<u>\$ (261,198)</u>	<u>\$5,989,551</u>	<u>\$5,147,818</u>	<u>\$ 841,733</u>

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2012

	Statutory amounts	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem tax	\$ 981,830	\$ 979,096	\$ 2,734
Delinquent tax	78,338	5,299	73,039
Federal sources:			
Education jobs fund	1,208	-	1,208
State sources:			
State aid	1,085,429	1,419,505	(334,076)
Special education aid	182,965	197,336	(14,371)
Mineral production tax	51,630	41,362	10,268
Total cash receipts	2,381,400	\$ 2,642,598	\$ (261,198)
Expenditures subject to legal maximum budget:			
Instruction	758,827	\$ 835,407	\$ 76,580
Support services:			
Student support services	47,676	47,737	61
Instructional support staff	5,782	5,587	(195)
General administration	169,232	208,603	39,371
School administration	206,221	184,431	(21,790)
Operations and maintenance	351,063	340,061	(11,002)
Transportation services:			
Student transportation services	12,179	17,784	5,605
Vehicle operating services	49,131	47,298	(1,833)
Vehicle and maintenance services	-	5,000	5,000
Operating transfers	781,289	950,690	169,401
Adjustment to comply with legal maximum budget	-	(261,198)	(261,198)
Total expenditures	2,381,400	\$ 2,381,400	\$ -
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. 216
DEERFIELD, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem tax	\$ 572,710	\$ 564,508	\$ 8,202
Delinquent tax	38,680	2,649	36,031
Motor vehicle tax and recreational vehicle tax	11,855	11,246	609
Other taxes	370	-	370
Other	23,146	-	23,146
Total cash receipts	646,761	\$ 578,403	\$ 68,358
Expenditures subject to legal maximum budget:			
Instruction	25,041	\$ 110,276	\$ 85,235
Support services:			
Student support services	16,136	36,229	20,093
Instructional support staff	42,803	93,495	50,692
General administration	4,896	5,000	104
Operations and maintenance	-	70,000	70,000
Community services operations	-	70,000	70,000
Operating transfers	626,237	425,000	(201,237)
Total expenditures	715,113	\$ 810,000	\$ 94,887
Receipts over (under) expenditures	(68,352)		
Unencumbered cash, beginning of year	241,625		
Unencumbered cash, end of year	\$ 173,273		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

AT RISK (4 YEAR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Operating transfers:			
General	\$ 35,910	\$ 34,020	\$ 1,890
Supplemental general	<u>9,000</u>	<u>20,000</u>	<u>(11,000)</u>
Total cash receipts	44,910	<u><u>\$ 54,020</u></u>	<u><u>\$ (9,110)</u></u>
Expenditures:			
Instruction	<u>50,433</u>	<u><u>\$ 84,807</u></u>	<u><u>\$ 34,374</u></u>
Receipts over (under) expenditures	(5,523)		
Unencumbered cash, beginning of year	<u>30,787</u>		
Unencumbered cash, end of year	<u><u>\$ 25,264</u></u>		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

AT RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Operating transfers:			
General	\$ 334,908	\$ 389,718	\$ (54,810)
Supplemental general	73,000	100,000	(27,000)
Total cash receipts	407,908	\$ 489,718	\$ (81,810)
Expenditures:			
Instruction	403,078	\$ 393,955	\$ (9,123)
Support services:			
Student support services	-	120,214	120,214
Transportation services:			
Student transportation services	2,371	3,231	860
Total expenditures	405,449	\$ 517,400	\$ 111,951
Receipts over (under) expenditures	2,459		
Unencumbered cash, beginning of year	100,507		
Unencumbered cash, end of year	\$ 102,966		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Operating transfers:			
General	\$ 120,204	\$ 143,262	\$ (23,058)
Supplemental general	65,000	30,000	35,000
Total cash receipts	185,204	\$ 173,262	\$ 11,942
Expenditures:			
Instruction	155,773	\$ 213,301	\$ 57,528
Receipts over (under) expenditures	29,431		
Unencumbered cash, beginning of year	40,039		
Unencumbered cash, end of year	\$ 69,470		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

VIRTUAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Enrollment fees	\$ 515	\$ 7,872	\$ (7,357)
Operating transfers:			
General	85,000	142,128	(57,128)
Supplemental general	72,000	-	72,000
Total cash receipts	157,515	\$ 150,000	\$ 7,515
Expenditures:			
Instruction	82,879	\$ 114,950	\$ 32,071
Support services:			
School administration	-	10,450	10,450
Operations and maintenance	-	24,600	24,600
Total expenditures	82,879	\$ 150,000	\$ 67,121
Receipts over (under) expenditures	74,636		
Unencumbered cash, beginning of year	-		
Unencumbered cash, end of year	\$ 74,636		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad valorem tax	\$ 199,764	\$ 201,454	\$ (1,690)
Delinquent tax	17,753	1,210	16,543
Motor vehicle tax and recreational vehicle tax	5,699	5,456	243
Other taxes	182	-	182
Other	<u>23,410</u>	<u>-</u>	<u>23,410</u>
Total cash receipts	<u>246,808</u>	<u>\$ 208,120</u>	<u>\$ 38,688</u>
Expenditures:			
Instruction	16,748	\$ 50,000	\$ 33,252
Support services:			
School administration	4,977	15,000	10,023
Other supplemental services	6,018	10,000	3,982
Operations and maintenance	115,902	150,000	34,098
Transportation services:			
Student transportation services	10,000	60,000	50,000
Facility acquisition and construction services	33,834	160,000	126,166
Repair and remodeling building	<u>168,449</u>	<u>69,944</u>	<u>(98,505)</u>
Total expenditures	<u>355,928</u>	<u>\$ 514,944</u>	<u>\$ 159,016</u>
Receipts over (under) expenditures	(109,120)		
Unencumbered cash, beginning of year	<u>530,792</u>		
Unencumbered cash, end of year	<u>\$ 421,672</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
State aid	\$ 2,068	\$ 1,850	\$ 218
Other	2,125	5,000	(2,875)
Total cash receipts	4,193	\$ 6,850	\$ (2,657)
Expenditures:			
Instruction	3,912	\$ 16,409	\$ 12,497
Receipts over (under) expenditures	281		
Unencumbered cash, beginning of year	26,409		
Unencumbered cash, end of year	\$ 26,690		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Charges for services	\$ 26,036	\$ 54,900	\$ (28,864)
Reimbursements	63	-	63
Federal aid	106,066	127,384	(21,318)
State aid	1,343	1,540	(197)
Interest	3,367	10,000	(6,633)
Other	3,196	3,000	196
Operating transfers:			
Supplemental general	<u>40,000</u>	<u>30,000</u>	<u>10,000</u>
Total cash receipts	<u>180,071</u>	<u>\$ 226,824</u>	<u>\$ (46,753)</u>
Expenditures:			
Operations and maintenance	6,144	\$ 35,000	\$ 28,856
Food service operation	<u>173,443</u>	<u>205,804</u>	<u>32,361</u>
Total expenditures	<u>179,587</u>	<u>\$ 240,804</u>	<u>\$ 61,217</u>
Receipts over (under) expenditures	484		
Unencumbered cash, beginning of year	<u>57,806</u>		
Unencumbered cash, end of year	<u>\$ 58,290</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Operating transfers:			
Supplemental general	<u>\$ 40,000</u>	<u>\$ 25,000</u>	<u>\$ 15,000</u>
Expenditures:			
Instruction	10,550	\$ -	\$ (10,550)
Support services:			
Instructional support staff	8,899	39,942	31,043
Other supplemental services	<u>1,730</u>	<u>10,000</u>	<u>8,270</u>
Total expenditures	<u>21,179</u>	<u>\$ 49,942</u>	<u>\$ 28,763</u>
Receipts over (under) expenditures	18,821		
Unencumbered cash, beginning of year	<u>24,942</u>		
Unencumbered cash, end of year	<u>\$ 43,763</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

SUMMER SCHOOL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Other	\$ 100	\$ 1,000	\$ (900)
Expenditures:			
Instruction	1,298	\$ 20,905	\$ 19,607
Receipts over (under) expenditures	(1,198)		
Unencumbered cash, beginning of year	54,905		
Unencumbered cash, end of year	\$ 53,707		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Operating transfers:			
General	\$ 182,965	\$ 197,336	\$ (14,371)
Supplemental general	-	100,000	(100,000)
Total cash receipts	182,965	\$ 297,336	\$ (114,371)
Expenditures:			
Instruction	238,934	\$ 336,028	\$ 97,094
Transportation services:			
Student transportation services	6,378	20,000	13,622
Total expenditures	245,312	\$ 356,028	\$ 110,716
Receipts over (under) expenditures	(62,347)		
Unencumbered cash, beginning of year	372,102		
Unencumbered cash, end of year	\$ 309,755		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Operating transfers:			
General	\$ 22,302	\$ 44,226	\$ (21,924)
Supplemental general	246,373	120,000	126,373
Total cash receipts	268,675	\$ 164,226	\$ 104,449
Expenditures:			
Instruction	152,238	\$ 173,898	\$ 21,660
Support services:			
Instructional support staff	-	5,000	5,000
Total expenditures	152,238	\$ 178,898	\$ 26,660
Receipts over (under) expenditures	116,437		
Unencumbered cash, beginning of year	102,954		
Unencumbered cash, end of year	\$ 219,391		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTIONS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
State aid	\$ 232,231	<u>\$ 254,713</u>	<u>\$ (22,482)</u>
Expenditures:			
Instruction	169,376	\$ 183,973	\$ 14,597
Support services:			
Student support services	5,686	11,345	5,659
Instructional support staff	4,040	7,424	3,384
General administration	12,325	13,441	1,116
School administration	17,258	17,302	44
Operations and maintenance	12,117	10,278	(1,839)
Transportation services:			
Student transportation services	5,506	5,344	(162)
Food service	5,923	<u>5,606</u>	<u>(317)</u>
Total expenditures	<u>232,231</u>	<u>\$ 254,713</u>	<u>\$ 22,482</u>
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem tax	\$ 149,399	\$ 149,072	\$ 327
Delinquent tax	11,768	806	10,962
Motor vehicle tax and recreational vehicle tax	3,884	3,638	246
Other taxes	35	-	35
Other	-	46,484	(46,484)
Total cash receipts	165,086	\$ 200,000	\$ (34,914)
Expenditures:			
Community service operations	165,086	\$ 200,000	\$ 34,914
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. 216
DEERFIELD, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	Special revenue funds			
	Western Kansas Community Foundation	Corporate donations	Contingency reserve	Textbook rental
Cash receipts:				
Federal aid	\$ -	\$ -	\$ -	\$ -
Other	1,240	680	-	9,019
Operating transfers:				
Deerfield scholarship trust	3,081	-	-	-
Supplemental general	-	-	-	-
Total cash receipts	<u>4,321</u>	<u>680</u>	<u>-</u>	<u>9,019</u>
Expenditures:				
Instruction	-	972	-	1,561
Support services:				
General administration	-	-	-	-
Other supplemental services	-	-	-	-
Transportation services:				
Student transportation services	-	-	-	-
Operating transfers:				
Western Kansas Community Foundation	-	-	-	-
Total expenditures	<u>-</u>	<u>972</u>	<u>-</u>	<u>1,561</u>
Receipts over (under) expenditures	4,321	(292)	-	7,458
Unencumbered cash, beginning of year	<u>555</u>	<u>2,400</u>	<u>282,440</u>	<u>23,987</u>
Unencumbered cash, end of year	<u>\$ 4,876</u>	<u>\$ 2,108</u>	<u>\$ 282,440</u>	<u>\$ 31,445</u>

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES (CONTINUED)

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	<u>Special revenue funds</u>		<u>Permanent fund</u>	<u>Total</u>
	<u>21st century grant</u>	<u>Title II, part A teacher quality</u>	<u>Irene B. James scholarship</u>	
Cash receipts:				
Federal aid	\$ 155,928	\$ 13,291	\$ -	\$ 458,480
Other	-	-	-	10,939
Operating transfers:				
Deerfield scholarship trust	-	-	-	3,081
Supplemental general	56,864	-	-	80,864
Total cash receipts	<u>212,792</u>	<u>13,291</u>	<u>-</u>	<u>553,364</u>
Expenditures:				
Instruction	208,478	13,291	-	536,733
Support services:				
General administration	2,000	-	-	2,750
Other supplemental services	-	-	763	843
Transportation services:				
Student transportation services	2,314	-	-	2,314
Operating transfers:				
Western Kansas Community Foundation	-	-	-	3,081
Total expenditures	<u>212,792</u>	<u>13,291</u>	<u>763</u>	<u>545,721</u>
Receipts over (under) expenditures	-	-	(763)	7,643
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>	<u>25,963</u>	<u>338,426</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,200</u>	<u>\$ 346,069</u>

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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>
User fees and gate receipts:						
Entry fees/hospitality	\$ 740	\$ 2,744	\$ 3,273	\$ 211	\$ -	\$ 211
Officials	-	11,085	11,050	35	-	35
Gate	3,323	6,108	9,431	-	-	-
Art fees	25	1,923	1,898	50	-	50
Instrumental rental fees	-	440	440	-	-	-
Ag/wood class fees	-	920	920	-	-	-
Technology fees	-	2,690	2,665	25	-	25
Enrollment fees	-	3,970	3,945	25	-	25
	<u>4,088</u>	<u>29,880</u>	<u>33,622</u>	<u>346</u>	<u>-</u>	<u>346</u>
School projects:						
Activities	-	8,574	8,574	-	-	-
Band	111	135	7	239	-	239
All school play	591	2,301	1,692	1,200	-	1,200
Forensics	5,871	1,490	4,711	2,650	-	2,650
William Allen White	213	-	-	213	-	213
Yearbook	1,476	320	22	1,774	-	1,774
Shop projects	-	2,066	2,066	-	-	-
Student activities/rewards	3,315	5,004	3,237	5,082	-	5,082
Middle school IRC	196	132	167	161	-	161
High school IRC	12	132	90	54	-	54
Elementary school IRC	528	-	-	528	-	528
	<u>12,313</u>	<u>20,154</u>	<u>20,566</u>	<u>11,901</u>	<u>-</u>	<u>11,901</u>
Total district activity funds	<u>\$ 16,401</u>	<u>\$ 50,034</u>	<u>\$ 54,188</u>	<u>\$ 12,247</u>	<u>\$ -</u>	<u>\$ 12,247</u>

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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</u>
Student organization funds:				
Freshmen	\$ 394	\$ 2,699	\$ 1,590	\$ 1,503
Sophomores	3,948	4,418	6,697	1,669
Seniors	-	17,859	17,859	-
Juniors	16,929	9,987	17,917	8,999
FCCLA	1,942	2,074	1,692	2,324
FFA	3,892	400	2,461	1,831
Concessions	1,735	17,968	18,405	1,298
Odyssey of the Mind	885	3,507	3,952	440
High school cheerleaders	387	3,587	2,736	1,238
Middle school cheerleaders	560	1,284	996	848
High school scholars' bowl	598	-	195	403
Middle school scholars' bowl	30	-	-	30
High school Stuco	155	5,286	3,255	2,186
Middle school Stuco	164	-	-	164
Electric car rally	2,290	-	2,290	-
Revolving	339	16,603	16,047	895
	<u>34,248</u>	<u>85,672</u>	<u>96,092</u>	<u>23,828</u>
Subtotal student organization funds	34,248	85,672	96,092	23,828
Clearing funds:				
Sales tax	262	-	262	-
	<u>262</u>	<u>-</u>	<u>262</u>	<u>-</u>
Total agency funds	<u>\$ 34,510</u>	<u>\$ 85,672</u>	<u>\$ 96,354</u>	<u>\$ 23,828</u>

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

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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.

1. Reporting entity

Unified School District No. 216 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 216 (the primary government) and do not include the following component unit.

Deerfield 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 Deerfield Recreation Commission may be obtained as follows:

Deerfield Recreation Commission
P.O. Box 258
Deerfield, Kansas 67838

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.

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.

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.

K.S.A. 72-6417 and K.S.A. 72-6434 require that districts receiving state aid in July for the previous fiscal year ended in June to record and account for these funds as receipts for the previous fiscal year ending on the preceding June 30.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of accounting (continued)

The District has adopted 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, 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. There were no budget amendments for the year ended June 30, 2012.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

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, permanent funds, agency funds, and the following special revenue funds:

Western Kansas Community Foundation
Corporate Donations
Contingency Reserve
Textbook Rental
Deerfield Scholarship Trust

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.

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 is to recognize the costs of compensated absences when actually paid. Full time classified employees are granted paid vacation of 80 to 120 hours per year, non-cumulative, depending on length of service. The Superintendent and Board Clerk receive 200 hours vacation per year to a maximum of 240. Classified employees are credited with 80 hours sick/bereavement leave per year, teachers and administrative staff 96 hours, to a maximum of 560. Classified employees are allowed two to three days personal leave, teachers 27 hours, and administrative staff 36 to 48 hours depending on position. Personal leave is non-cumulative except for teachers. They may accumulate to 45 hours and any hours over that may be rolled into sick/bereavement leave at the end of the school year. Upon retirement or death, classified employees will receive a financial benefit of \$3.13 to \$9.38 per hour of sick/bereavement leave and certified employees will receive \$6.25 to \$18.75 per hour depending upon length of service. The maximum number of hours that can be used for this benefit is 480.

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. DEPOSITS AND INVESTMENTS

Policies. The District has no formal deposit and investment policies; however it does follow state statutes. 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 to 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 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.

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. 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. At year-end the carrying amount of the District's deposits was \$2,212,637. The bank balance was \$2,569,552. Of the bank balance, \$502,905 was covered by FDIC insurance, and the remaining \$2,066,647 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

C. LONG-TERM DEBT

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

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>
Sick/bereavement leave	\$ 42,176	\$ -	\$ 2,653	\$ 39,523

D. 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, or Board resolution are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General	Bilingual	\$ 120,204
General	Virtual education	85,000
General	Special education	182,965
General	Vocational education	22,302
General	At risk (4 year old)	35,910
General	At risk (K-12)	334,908
Supplemental general	Bilingual	65,000
Supplemental general	Food service	40,000
Supplemental general	Professional development	40,000
Supplemental general	Virtual education	72,000
Supplemental general	Vocational education	246,373
Supplemental general	Migrant family literacy	24,000
Supplemental general	At risk (4 year old)	9,000
Supplemental general	At risk (K-12)	73,000
Supplemental general	21 st century grant	56,864
Deerfield scholarship trust	Western Kansas Community Foundation	<u>3,081</u>
		<u>\$1,410,607</u>

E. 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), or by calling 1-888-275-5737.

E. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 \$232,231, \$139,952 and \$168,599, respectively.

F. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees, natural disasters, and medical needs of employees. The District purchases commercial insurance to cover property, liability, worker's compensation claims and health insurance. 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.

G. 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.

H. 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 Board office	<u>\$ 189,616</u>	<u>\$ 144,970</u>	<u>\$ 44,646</u>

I. 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.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 11, 2012, 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. 216
Deerfield, Kansas

We have audited the primary government financial statements of Unified School District No. 216 as of and for the year ended June 30, 2012 and have issued our report thereon dated October 11, 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. 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. 216 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 216's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education and management of Unified School District No. 216, 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

October 11, 2012

Kennedy
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. 216
Deerfield, Kansas

Compliance

We have audited Unified School District No. 216'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 Unified School District No. 216'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. 216 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. 216 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. 216, 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

October 11, 2012

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, 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 beginning of year	Canceled encumbrances	Cash receipts	Expenditures	Unencumbered cash end of year
<u>U.S. Department of Education</u>							
Direct award:							
Rural Education Achievement Program	84.358	N/A	\$ -	\$ -	\$ 18,957	\$ 18,957	\$ -
Passed through Kansas Department of Education:							
Title I Program	84.010	N/A	-	-	87,624	87,624	-
Migrant Family Literacy	84.011	N/A	-	-	96,000	96,000	-
Title I Migrant	84.011	N/A	-	-	86,680	86,680	-
21st Century Community Learning Center	84.287	N/A	-	-	155,928	155,928	-
Title II Part A - Teacher Quality	84.367	N/A	-	-	13,291	13,291	-
Education Jobs Fund	84.410	N/A	-	-	1,208	1,208	-
			-	-	459,688	459,688	-
<u>U.S. Department of Health and Human Services</u>							
Passed through Kansas Department of Education:							
Youth Risk Behavior Survey	93.938	N/A	-	-	400	400	-
<u>U.S. Department of Agriculture</u>							
Passed through Kansas Department of Education:							
School Breakfast Program (SBP)	10.553	N/A	-	-	18,169	18,169	-
National School Lunch Program (NSLP)	10.555	N/A	-	-	77,581	77,581	-
Summer Food Service Program for Children (SFSPC)	10.559	N/A	-	-	3,714	3,714	-
Team Nutrition Training Grant	10.574	N/A	-	-	1,085	1,085	-
Fresh Fruit and Vegetable Program	10.582	N/A	-	-	5,842	5,842	-
			-	-	106,391	106,391	-
Total federal assistance			\$ -	\$ -	\$ 566,479	\$ 566,479	\$ -

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. 216
DEERFIELD, 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. 216.
2. There were no significant deficiencies relating to 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*.
3. No instances of noncompliance material to the financial statements of Unified School District No. 216 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. 216 expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as a major program was:

Migrant Education CFDA 84.011
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Unified School District No. 216 qualified as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None noted

**UNIFIED SCHOOL DISTRICT NO. 216
DEERFIELD, KANSAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2012

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None relative to federal awards