

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Regulatory Basis Financial Statement and
Independent Auditors' Reports with
Supplemental Information and
Federal Compliance Section

For the Fiscal Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT #246
Arma, Kansas

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Arma, Kansas

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District #246
Arma, Kansas

We have audited the summary of cash receipts, expenditures, and unencumbered cash balances of the Unified School District #246, Arma, Kansas, as of and for the year ended June 30, 2012. This financial statement is the responsibility of Unified School District #246, Arma, Kansas' management. Our responsibility is to express an opinion on the financial statement based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2011 financial statement and, in our report dated November 23, 2011, we expressed an unqualified opinion on the financial statement of the Unified School District #246, Arma, Kansas, prepared in accordance with the regulatory basis of accounting.

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, and the guidance in 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 the 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 1, the District has prepared this financial statement in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District #246, Arma, Kansas, as of June 30, 2012, or the respective changes in financial position and changes in cash flows, where applicable, for the fiscal year then ended.

Also, in our opinion, except for the July 2012 receipt of the final state aid payment for the fiscal year ended June 30, 2012, being recorded in June 2012, the financial statements referred above present fairly, in all material respects, the cash and unencumbered cash balances of the District, as of June 30, 2012, and its cash receipts and expenditures, and budget to actual comparisons for the fiscal year then ended, taken as a whole, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, on our consideration of the Unified School District #246, Arma, Kansas' 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 statement as a whole. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and cash disbursements-agency funds, schedule of cash receipts, expenditures, and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the regulatory financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statement. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial 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 statement as a whole.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

January 7, 2013
Chanute, Kansas

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balances	Cash		Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Ending Cash Balances June 30,	
		Receipts					2012	2011
GOVERNMENTAL TYPE FUNDS								
General Fund	\$ 0.40	\$ 4,230,666.83	\$ 4,230,666.80	\$ 0.43	\$ 416,280.16	\$ 416,280.59	\$ 412,746.48	
Supplemental General	3,535.03	1,397,333.51	1,340,000.00	60,868.54	59,494.37	120,362.91	103,048.06	
Special Revenue Funds								
4 Yr Old At-Risk	-	31,784.00	31,784.00	-	-	-	-	
K-12 At-Risk	-	708,900.00	691,400.00	17,500.00	-	17,500.00	-	
Capital Outlay	685,701.64	308,707.02	124,692.99	869,715.67	41,727.19	911,442.86	685,701.64	
Driver Training	17,594.35	5,642.00	3,790.45	19,445.90	-	19,445.90	17,994.33	
Food Service	168,324.53	416,125.36	438,005.47	146,444.42	508.67	146,953.09	168,324.53	
Professional Development	56,760.98	10,000.00	10,819.42	55,941.56	-	55,941.56	56,760.98	
Special Education	298,472.49	796,932.37	736,510.52	358,894.34	-	358,894.34	298,651.89	
Vocational Education	-	2,646.00	2,646.00	-	-	-	-	
KPERS Special Retirement Contributions	-	382,073.50	382,073.50	-	-	-	-	
Contingency Reserve	357,049.87	59,195.44	59,195.44	357,049.87	-	357,049.87	357,049.87	
Textbook and Student Material	25,431.92	13,765.00	14,048.28	25,148.64	12,222.30	37,370.94	25,431.92	
Rural and Small School Grant	-	14,128.00	14,128.00	-	9,748.00	9,748.00	-	
Save the Children	-	-	5,371.22	(5,371.22)	1,254.72	(4,116.50)	-	
Title I ARRA	-	-	-	-	-	-	12,633.34	
Title I	(407.77)	198,080.00	197,672.23	-	26,386.00	26,386.00	24,770.57	
Title II - Improving Teacher Quality	(953.00)	37,987.00	37,034.00	-	5,712.50	5,712.50	5,372.00	
Project Care	13,817.63	7,419.67	12,342.55	8,894.75	-	8,894.75	13,817.63	

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

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Ending Cash Balances	
						2012	2011 June 30,
Special Revenue Funds (Continued)							
Gate Receipts	\$ 4,558.90	\$ 21,725.60	\$ 23,280.72	\$ 3,003.78	\$ -	\$ 3,003.78	\$ 4,558.90
Debt Service Fund							
Bond and Interest	491,573.87	309,666.06	326,221.82	475,018.11	-	475,018.11	491,573.87
Total Reporting Entity	\$ 2,121,460.84	\$ 8,952,777.36	\$ 8,681,683.41	\$ 2,392,554.79	\$ 573,333.91	\$ 2,965,888.70	\$ 2,678,436.01
Composition of Cash							
General Checking Account.....						\$ 1,809,884.92	\$ 1,520,877.11
District Petty Cash Checking Accounts.....						3,000.00	3,000.00
Certificate of Deposit.....						1,150,000.00	1,150,000.00
Activity Checking Accounts.....						38,393.58	43,109.41
Total Cash						3,001,278.50	2,716,986.52
Less Agency Funds per Schedule 3						(35,389.80)	(38,550.51)
Total Reporting Entity.....						\$ 2,965,888.70	\$ 2,678,436.01

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

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of Unified School District #246 (the 'District'), Arma, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility or financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a component unit in this financial statement.

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the Unified School District #246:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the principal fund of the District which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the District, other than proprietary fund activities, are financed through revenues received by the General Fund.

Special Revenue Funds – These funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated to finance particular functions or activities of the District.

Debt Service Fund – The Bond and Interest Fund is used to account for payment of principal and interest on the District's general obligation bonds which are recorded in the general long-term debt group of accounts. Revenues for this purpose include ad valorem property taxes, special assessment taxes, and investment interest income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

Capital Project Funds – The Capital Project Funds account for capital improvements (except for those financed by proprietary funds) which are financed from the District's general obligation bond issues, special assessments, certain federal grants and other specific receipts.

FIDUCIARY FUNDS

Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Expendable Trust Funds – These funds account for funds held in trust for others. The funds are accounted for in essentially the same manner as governmental funds.

Basis of Presentation – Regulatory Basis of Accounting

The regulatory basis of accounting, as used in preparation of this regulatory basis financial statement and schedules, 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 the cash from another fund, and an expenditure would be charged in the fund from which the transfer is made. The District has chosen to follow K.S.A. 72-6417 and K.S.A. 72-6434, which requires the District to record any payment of general state aid that is due to be paid during the month of June, and is paid to the school district after June 30, as a receipt for the school year ending June 30, 2012.

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

Departures 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. Balance sheets 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 the fund balance are 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 statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statement and budget comparison schedules presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the District Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Pension Plan

Substantially all full-time District employees are members of the State of Kansas Public Employees Retirement System which is a multi-employer state-wide pension plan. The District's policy is the State of Kansas will fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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 District amended the Vocational Education Fund and the KPERs Special Retirement Contributions Fund budgets and the General Fund budget was decreased to the legal maximum budget based upon final enrollment numbers lower than originally budgeted.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments of the municipality 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 fiduciary funds and certain special revenue funds.

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.

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the District was in apparent violation of K.S.A. 10-1113. The District has obligated expenditures in excess of available monies in the Save the Children Fund. However, K.S.A 10-1116 provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of the State of Kansas. The Save the Children Fund met the criteria under the statutes and therefore, is not deemed to be in violation of the Kansas cash basis laws. As shown in Schedule 1, the District was in apparent compliance with Kansas budget laws.

3. DEPOSITS AND INVESTMENTS

K.S.A 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the bank provides an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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.

3. **DEPOSITS AND INVESTMENTS** (Continued)

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At year-end, the District's carrying amount of deposits was \$3,001,278.50 and the bank balance was \$2,651,062.38. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000.00 was covered by FDIC insurance, \$2,151,062.38 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

4. **CAPITAL LEASE OBLIGATIONS**

The District has entered into a capital lease agreement in order to finance the acquisition of and installation of an energy management system. Payments are made of \$59,012.94 annually, including interest at 5.00%. Final maturity of the lease is December 12, 2020. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	<u>Totals</u>
2013	\$ 59,012.94
2014	59,012.94
2015	59,012.94
2016	59,012.94
2017	59,012.94
2018-2021	<u>236,051.76</u>
Total Payments from District	531,116.46
Less imputed interest	<u>(110,036.48)</u>
Net Present Value of Minimum Lease Payments	421,079.98
Less: Current Maturities	<u>(38,040.34)</u>
Long-Term Capital Lease Obligations	<u>\$ 383,039.64</u>

5. **REFUNDING BONDS**

On April 28, 2011, the District issued General Obligation refunding Bonds, Series 2011, in the amount of \$2,955,000 to defease in substance the outstanding Series 2002-A Refunding Bonds. The net cash flow difference between the debt service requirements of the old debt compared to the debt service requirements of the new debt was \$163,369.44. The present value of the savings on refunding the bonds was \$140,218.43. The proceeds of the bond issue were irrevocably placed in a trust account and used to purchase United States Government Securities for the purpose of paying the debt requirements of the refunded bonds as they come due. The following schedule lists the refunding bond issue and the principal outstanding of refunded debt as of June 30, 2012.

Refunding Bonds, Series 2002-A	\$ 2,785,000.00
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6. LONG-TERM LIABILITIES

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions/ New Debt	Reductions/ Principal Paid	Net Change	Balances End of Year	Interest Paid
General Obligation Bonds										
Series 2002-A	5.50%	5/1/2002	\$ 4,299,000.00	9/1/2022	\$ 420,000.00	\$ -	\$ 205,000.00		\$ 215,000.00	\$ 13,340.00
Series 2011	3.00% to 4.00%	4/28/2011	2,955,000.00	9/1/2022	2,955,000.00	-	30,000.00		2,925,000.00	77,881.82
Capital Leases										
Energy System	5.00%	12/12/2005	612,533.00	12/12/2020	457,308.88	-	36,228.90		421,079.98	22,784.04
Total Scheduled Long-Term Contractual Indebtedness										
					3,832,308.88	-	271,228.90	-	3,561,079.98	114,005.86
Other Long-Term Liabilities										
General Accrued Compensated Absences										
Vacation Pay	N/A	N/A	N/A	N/A	19,317.35			\$ 7,170.04	26,487.39	N/A
Total Long-Term Liabilities										
					\$ 3,851,626.23	\$ -	\$ 271,228.90	\$ 7,170.04	\$ 3,587,567.37	\$ 114,005.86

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Principal	Issue	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018-2022	June 30, 2023	Totals
General Obligation Bonds									
Series 2002-A	\$ 215,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,000.00
Series 2011	25,000.00	250,000.00	260,000.00	265,000.00	275,000.00	1,515,000.00	335,000.00	2,925,000.00	
Capital Leases									
Energy System	38,040.34	39,942.36	41,939.48	44,036.45	46,238.28	210,883.07	-	421,079.98	
Total Principal	278,040.34	289,942.36	301,939.48	309,036.45	321,238.28	1,725,883.07	335,000.00	3,561,079.98	
Interest									
General Obligation Bonds									
Series 2002-A	4,568.75	-	-	-	-	-	-	-	4,568.75
Series 2011	91,792.50	87,667.50	80,017.50	72,142.50	64,042.50	182,006.25	5,527.50	583,196.25	
Capital Leases									
Energy System	20,972.60	19,070.58	17,073.46	14,976.49	12,774.66	25,168.69	-	110,036.48	
Total Interest	117,333.85	106,738.08	97,090.96	87,118.99	76,817.16	207,174.94	5,527.50	697,801.48	
Total Principal and Interest	\$ 395,374.19	\$ 396,680.44	\$ 399,030.44	\$ 396,155.44	\$ 398,055.44	\$ 1,933,058.01	\$ 340,527.50	\$ 4,258,881.46	

7. OPERATING LEASES

As of June 30, 2012 the District has entered into a number of operating leases for various office equipment. Total payments for the year ended June 30, 2012 was \$33,929.77. Under the current lease agreements, the future minimum lease rentals are as follows:

2012-2013	\$	33,036.48
2013-2014		32,373.48
2014-2015		32,373.48
2015-2016		32,373.48

8. DEFINED BENEFIT PENSION PLAN

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

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% 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. State law sets a limitation on annual increases in the employer contribution rates. As of June 30, 2012, the State of Kansas contributes 9.77% of covered payroll. Kansas' contributions to KPERS for school municipality employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,268,186, respectively, equal to the statutory required contributions for each year.

9. COMPENSATED ABSENCES

Vacation

Only twelve month employees are eligible for the vacation fringe benefit. Earned vacation days are awarded every July 1. Employees receive vacation on the following schedule:

After one year of service	2 weeks per year
After ten years of service	3 weeks per year
After fifteen years of service	4 weeks per year

Vacation may not accrue beyond 40 days if hired before July 1, 2008. Any employee hired after July 1, 2008 may not accrue beyond 15 days.

Sick Leave

Full time twelve month employees are entitled to sick leave at a rate of twelve days per year, with a maximum accumulation of sixty days. Part-time classified employees shall be entitled to sick leave of ten days per year with a maximum accumulation of fifty days. Sick leave above the maximum accumulation remaining at the end of a school year will be paid for at the rate of \$30.00 per day. Sick leave is lost upon termination.

9. COMPENSATED ABSENCES (Continued)

The District accrues a liability for compensated absences which meet the following criteria:

- 1) The District's obligation relating to employees' rights to receive compensation for future absences is attributed to employee's services already rendered.
- 2) The obligation relates to rights that vest or accumulate.
- 3) Payment of the compensation is probable.
- 4) The amount can be reasonably estimated.

In accordance with the above criteria, the District has accrued a liability for vacation benefits in footnote 6, and not accrued a liability for sick pay which has been earned, but not taken by District employees, inasmuch as the amount cannot be reasonably estimated.

10. OTHER POST EMPLOYMENT BENEFITS

Pursuant to the negotiated agreement, the District continued its early retirement plan. In general, the plan allows a person who has been employed by the District as a full time teacher for the ten most recent consecutive academic years, and who has reached or will reach the age of 53 prior to September 1, the option to retire on or before September 1 at age 53. Benefits which are provided are as follows: 1) paid sick leave up to restrictions as specified in the current negotiated agreement between the district and its employees, 2) a percentage of the last regular salary until the date he or she reaches the age of 65, and 3) \$200.00 per month towards group health insurance until the month in which such person reaches the age of 65. These benefits are paid monthly to the employee that has elected retirement. Upon death of a retiree all provisions will terminate.

Early retirement incentive payments included in expenditures for the year ended June 30, 2012, were \$135,517.00. As of June 30, 2012 the future early retirement incentive payments are expected to be as follows:

<u>Year Ending June 30</u>	<u>Amount</u>	<u>Number of Participants</u>
2013	\$ 134,416.00	19
2014	99,687.00	16
2015	106,643.00	16
2016	79,681.00	14
2017	78,766.00	10
2018-2037	817,122.00	various

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 this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The District manages these risks of loss through the purchase of various insurance policies.

12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and state grantors. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

13. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	K-12 At-Risk	K.S.A. 72-6428	\$ 404,750.00
General	Special Education	K.S.A. 72-6428	505,305.00
General	Contingency Reserve	K.S.A. 72-6428	59,195.44
General	Capital Outlay	K.S.A. 72-6428	239,998.48
Supplemental General	Food Service	K.S.A. 72-6428	92,966.51
Supplemental General	Professional Development	K.S.A. 72-6428	10,000.00
Supplemental General	Special Education	K.S.A. 72-6428	284,531.14
Supplemental General	Textbook and Student Material	K.S.A. 72-6428	12,000.00
Supplemental General	Vocational Education	K.S.A. 72-6428	2,646.00
Supplemental General	4 Year Old At-Risk	K.S.A. 72-6428	31,784.00
Supplemental General	K-12 At-Risk	K.S.A. 72-6428	304,150.00

14. SUBSEQUENT EVENTS

The District evaluated events and transactions occurring subsequent to June 30, 2012. There were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

(Budgeted Funds Only)

Summary of Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

Funds	Certified Budget	Adjustments to Comply with Legal Maximum		Adjustments for Qualifying Budget Credits		Total Budget for Comparison	Expenditures Charged to Current Year Budget		Variance - Over (Under)
		Legal Maximum		Budget Credits			Budget		
GOVERNMENTAL TYPE FUNDS									
General Fund	\$ 4,317,516.00	\$ (106,850.00)	\$	20,000.80	\$	4,230,666.80	\$ 4,230,666.80	\$	-
Supplemental General	1,340,000.00	-	-	-	-	1,340,000.00	1,340,000.00	-	-
Special Revenue Funds									
4 Yr. Old At-Risk	40,000.00	-	-	-	-	40,000.00	31,784.00	(8,216.00)	
K-12 At-Risk	720,000.00	-	-	-	-	720,000.00	691,400.00	(28,600.00)	
Capital Outlay	425,000.00	-	-	-	-	425,000.00	124,692.99	(300,307.01)	
Driver Training	9,875.00	-	-	-	-	9,875.00	3,790.45	(6,084.55)	
Food Service	493,350.00	-	-	-	-	493,350.00	438,005.47	(55,344.53)	
Professional Development	55,750.00	-	-	-	-	55,750.00	10,819.42	(44,930.58)	
Special Education	826,789.00	-	-	-	-	826,789.00	736,510.52	(90,278.48)	
Vocational Education	2,700.00	-	-	-	-	2,700.00	2,646.00	(54.00)	
KPERS Special Retirement Contributions	382,086.00	-	-	-	-	382,086.00	382,073.50	(12.50)	
Debt Service Fund									
Bond and Interest	326,322.00	-	-	2,176.89	-	328,498.89	326,221.82	(2,277.07)	

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Ad Valorem Tax	\$ 231,641.79	\$ 237,106.08	\$ 229,498.00	\$ 7,608.08
Delinquent Tax	14,455.39	16,159.95	8,670.00	7,489.95
State Sources				
General State Aid	3,461,049.00	3,401,461.00	3,500,902.00	(99,441.00)
Special Education Aid	493,337.00	553,890.00	578,446.00	(24,556.00)
Federal Sources				
ARRA Stabilization Aid	82,397.00	-	-	-
Education Jobs Grant	144,277.00	2,049.00	-	2,049.00
Other Revenues				
Reimbursed Expenses	18,300.35	20,000.80	-	20,000.80
Total Cash Receipts	4,445,457.53	4,230,666.83	\$ 4,317,516.00	\$ (86,849.17)
Expenditures				
Instruction	1,872,336.24	1,657,881.76	\$ 1,697,791.00	\$ (39,909.24)
Support Services				
Student Support	150,588.83	152,004.73	155,475.00	(3,470.27)
Instructional Support	226,724.13	156,218.35	235,250.00	(79,031.65)
General Administration	284,150.17	313,080.47	306,400.00	6,680.47
School Administration	327,193.54	299,162.08	337,000.00	(37,837.92)
Operations and Maintenance	343,668.93	279,588.18	343,100.00	(63,511.82)
Vehicle Operating Services	150,400.04	163,482.31	152,500.00	10,982.31
Operating Transfers to:				
K-12 At-Risk Fund	447,613.58	404,750.00	450,000.00	(45,250.00)
4 Year Old At-Risk Fund	32,960.00	-	40,000.00	(40,000.00)

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to: (Continued)				
Special Education Fund	\$ 292,878.63	\$ 505,305.00	\$ 600,000.00	\$ (94,695.00)
Contingency Reserve Fund	-	59,195.44	-	59,195.44
Capital Outlay Fund	316,943.26	239,998.48	-	239,998.48
Total Certified Budget			4,317,516.00	(86,849.20)
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget			(106,850.00)	106,850.00
Adjustment for Qualifying Budget Credits			20,000.80	(20,000.80)
Total Expenditures	4,445,457.35	4,230,666.80	\$ 4,230,666.80	\$ -
Receipts Over (Under) Expenditures	0.18	0.03		
Unencumbered Cash, Beginning	0.22	0.40		
Unencumbered Cash, Ending	\$ 0.40	\$ 0.43		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

SUPPLEMENTAL GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Ad Valorem Tax	\$ 353,043.50	\$ 440,185.06	\$ 27,025.00	\$ 413,160.06
Delinquent Tax	19,227.05	25,865.96	13,203.00	12,662.96
County Sources				
Motor Vehicle Tax	89,735.84	102,746.79	103,450.00	(703.21)
Recreational Vehicle Tax	1,156.55	1,326.04	1,070.00	256.04
16 & 20 M Truck	2,872.33	3,323.66	-	3,323.66
State Sources				
Supplemental State Aid	868,747.00	823,886.00	794,222.00	29,664.00
Total Cash Receipts	1,334,782.27	1,397,333.51	\$ 938,970.00	\$ 458,363.51
Expenditures				
Instruction	102,907.93	293,699.86	\$ 487,750.00	\$ (194,050.14)
Support Services				
Instructional Support	75,129.34	98,261.00	81,250.00	17,011.00
General Administration	24,012.41	-	26,000.00	(26,000.00)
Operations and Maintenance	238,904.65	209,961.49	270,000.00	(60,038.51)
Operating Transfers to:				
Food Service Fund	100,000.00	92,966.51	100,000.00	(7,033.49)
Professional Development Fund	35,000.00	10,000.00	25,000.00	(15,000.00)
Special Education Fund	435,687.57	284,531.14	80,000.00	204,531.14
Textbook and Student				
Material Fund	12,000.00	12,000.00	-	12,000.00
Vocational Education Fund	-	2,646.00	-	2,646.00
4 Year Old At-Risk Fund	-	31,784.00	-	31,784.00
K-12 At-Risk Fund	316,358.10	304,150.00	270,000.00	34,150.00
Total Expenditures	1,340,000.00	1,340,000.00	\$ 1,340,000.00	\$ -
Receipts Over (Under) Expenditures	(5,217.73)	57,333.51		
Unencumbered Cash, Beginning	8,752.76	3,535.03		
Unencumbered Cash, Ending	\$ 3,535.03	\$ 60,868.54		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

4 YEAR OLD AT-RISK FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers from:				
General Fund	\$ 32,960.00	\$ -	\$ -	\$ -
Supplemental General Fund	-	31,784.00	40,000.00	(8,216.00)
Total Cash Receipts	32,960.00	31,784.00	\$ 40,000.00	\$ (8,216.00)
Expenditures				
Instruction	32,960.00	31,784.00	\$ 40,000.00	\$ (8,216.00)
Total Expenditures	32,960.00	31,784.00	\$ 40,000.00	\$ (8,216.00)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

K-12 AT-RISK FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers from:				
General Fund	\$ 447,613.58	\$ 404,750.00	\$ 450,000.00	\$ (45,250.00)
Supplemental General Fund	316,358.10	304,150.00	270,000.00	34,150.00
Total Cash Receipts	763,971.68	708,900.00	\$ 720,000.00	\$ (11,100.00)
Expenditures				
Instruction	764,996.82	691,400.00	\$ 720,000.00	\$ (28,600.00)
Total Expenditures	764,996.82	691,400.00	\$ 720,000.00	\$ (28,600.00)
Receipts Over (Under) Expenditures	(1,025.14)	17,500.00		
Unencumbered Cash, Beginning	1,025.14	-		
Unencumbered Cash, Ending	\$ -	\$ 17,500.00		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

CAPITAL OUTLAY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Interest on Idle Funds	\$ 10,056.88	\$ 10,119.27	\$ 15,000.00	\$ (4,880.73)
Miscellaneous Revenue	13,662.10	58,589.27	35,000.00	23,589.27
Operating Transfers from General Fund	316,943.26	239,998.48	-	239,998.48
Total Cash Receipts	340,662.24	308,707.02	\$ 50,000.00	\$ 258,707.02
Expenditures				
Instruction	-	14,248.00	\$ 35,000.00	\$ (20,752.00)
Support Services				
School Administration	543.75	-	-	-
Operations and Maintenance	15,210.92	15,000.00	70,000.00	(55,000.00)
Facility Acquisition and Construction Services				
Site Improvement Services	10.50	52,102.83	10,000.00	42,102.83
New Building Acquisition and Construction	-	-	10,000.00	(10,000.00)
Building Improvements	20,645.77	43,342.16	300,000.00	(256,657.84)
Total Expenditures	36,410.94	124,692.99	\$ 425,000.00	\$ (300,307.01)
Receipts Over (Under) Expenditures	304,251.30	184,014.03		
Unencumbered Cash, Beginning	381,450.34	685,701.64		
Unencumbered Cash, Ending	\$ 685,701.64	\$ 869,715.67		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

DRIVER TRAINING FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Local Sources				
Student Receipts	\$ 5,465.00	\$ 2,822.00	\$ -	\$ 2,822.00
State Sources				
State Aid	-	2,820.00	2,220.00	600.00
Total Cash Receipts	5,465.00	5,642.00	\$ 2,220.00	\$ 3,422.00
Expenditures				
Instruction	5,169.73	3,548.93	\$ 9,125.00	\$ (5,576.07)
Support Services				
Vehicle Operating Services	399.98	241.52	750.00	(508.48)
Total Expenditures	5,569.71	3,790.45	\$ 9,875.00	\$ (6,084.55)
Receipts Over (Under) Expenditures	(104.71)	1,851.55		
Unencumbered Cash, Beginning	17,699.06	17,594.35		
Unencumbered Cash, Ending	\$ 17,594.35	\$ 19,445.90		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

FOOD SERVICE FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Food Service Sales	\$ 69,884.46	\$ 70,661.27	\$ 96,062.00	\$ (25,400.73)
Miscellaneous	2,202.10	148.40	-	148.40
State Sources				
Food Service Aid	3,303.92	3,155.25	2,662.00	493.25
Federal Sources				
Child Nutrition Aid	254,251.77	249,193.93	219,563.00	29,630.93
Operating Transfers from Supplemental General Fund	100,000.00	92,966.51	100,000.00	(7,033.49)
Total Cash Receipts	429,642.25	416,125.36	\$ 418,287.00	\$ (2,161.64)
Expenditures				
Support Services				
Operations and Maintenance	13,323.19	13,320.46	\$ 16,350.00	\$ (3,029.54)
Operation of Non- Instructional Services				
Food Service Operations	407,592.82	424,685.01	477,000.00	(52,314.99)
Total Expenditures	420,916.01	438,005.47	\$ 493,350.00	\$ (55,344.53)
Receipts Over (Under) Expenditures	8,726.24	(21,880.11)		
Unencumbered Cash, Beginning	159,598.29	168,324.53		
Unencumbered Cash, Ending	\$ 168,324.53	\$ 146,444.42		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

PROFESSIONAL DEVELOPMENT FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers from Supplemental General Fund	\$ 35,000.00	\$ 10,000.00	\$ 25,000.00	\$ (15,000.00)
Total Cash Receipts	35,000.00	10,000.00	\$ 25,000.00	\$ (15,000.00)
Expenditures				
Support Services				
Instructional Support	14,249.42	10,819.42	\$ 55,750.00	\$ (44,930.58)
Total Expenditures	14,249.42	10,819.42	\$ 55,750.00	\$ (44,930.58)
Receipts Over (Under) Expenditures	20,750.58	(819.42)		
Unencumbered Cash, Beginning	36,010.40	56,760.98		
Unencumbered Cash, Ending	\$ 56,760.98	\$ 55,941.56		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

SPECIAL EDUCATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ 7,096.23	\$ -	\$ 7,096.23
Operating Transfers from:				
General Fund	292,878.63	505,305.00	600,000.00	(94,695.00)
Supplemental General Fund	435,687.57	284,531.14	80,000.00	204,531.14
Total Cash Receipts	728,566.20	796,932.37	\$ 680,000.00	\$ 116,932.37
Expenditures				
Instruction	586,432.40	634,037.14	\$ 656,989.00	\$ (22,951.86)
Support Services				
Instructional Support	2,632.54	750.00	12,500.00	(11,750.00)
Vehicle Operating Services	110,697.77	101,723.38	157,300.00	(55,576.62)
Total Expenditures	699,762.71	736,510.52	\$ 826,789.00	\$ (90,278.48)
Receipts Over (Under) Expenditures	28,803.49	60,421.85		
Unencumbered Cash, Beginning	269,669.00	298,472.49		
Unencumbered Cash, Ending	\$ 298,472.49	\$ 358,894.34		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

VOCATIONAL EDUCATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Miscellaneous Revenue	\$ -	\$ -	\$ 2,700.00	\$ (2,700.00)
Operating Transfers from Supplemental General Fund	-	2,646.00	-	2,646.00
Total Cash Receipts	-	2,646.00	\$ 2,700.00	\$ (54.00)
Expenditures				
Instruction	83.37	2,646.00	\$ 2,700.00	\$ (54.00)
Total Expenditures	83.37	2,646.00	\$ 2,700.00	\$ (54.00)
Receipts Over (Under) Expenditures	(83.37)	-		
Unencumbered Cash, Beginning	83.37	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTIONS FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
State Sources				
KPERS Contributions	\$ 200,485.46	\$ 382,073.50	\$ 382,086.00	\$ (12.50)
Total Cash Receipts	200,485.46	382,073.50	\$ 382,086.00	\$ (12.50)
Expenditures				
Instruction	129,762.18	247,164.68	\$ 250,687.00	\$ (3,522.32)
Support Services				
Student Support	7,939.28	15,422.95	12,500.00	2,922.95
Instructional Support	10,805.90	19,015.46	19,225.00	(209.54)
General Administration	9,860.65	18,029.08	18,550.00	(520.92)
School Administration	14,756.06	28,210.06	25,700.00	2,510.06
Operations and Maintenance	14,215.36	24,718.14	22,900.00	1,818.14
Student Transportation Services	5,532.14	12,100.32	15,340.00	(3,239.68)
Food Service	7,613.89	17,412.81	17,184.00	228.81
Total Expenditures	200,485.46	382,073.50	\$ 382,086.00	\$ (12.50)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

CONTINGENCY RESERVE FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfers from General Fund	\$ -	\$ 59,195.44
Total Cash Receipts	-	59,195.44
Expenditures		
Instruction	-	41,129.99
Support Services		
Student Support	-	2,586.38
Instructional Support	-	2,990.86
General Administration	-	1,576.88
School Administration	-	1,957.99
Operations and Maintenance	-	4,896.76
Student Transportation Services	-	1,522.00
Food Service	-	2,534.58
Total Expenditures	-	59,195.44
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>357,049.87</u>	<u>357,049.87</u>
Unencumbered Cash, Ending	<u>\$ 357,049.87</u>	<u>\$ 357,049.87</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

TEXTBOOK AND STUDENT MATERIAL FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources		
Rental Fees	\$ 7,498.00	\$ 1,765.00
Operating Transfers from Supplemental General Fund	<u>12,000.00</u>	<u>12,000.00</u>
Total Cash Receipts	<u>19,498.00</u>	<u>13,765.00</u>
Expenditures		
Instruction	<u>20.00</u>	<u>14,048.28</u>
Total Expenditures	<u>20.00</u>	<u>14,048.28</u>
Receipts Over (Under) Expenditures	19,478.00	(283.28)
Unencumbered Cash, Beginning	<u>5,953.92</u>	<u>25,431.92</u>
Unencumbered Cash, Ending	<u>\$ 25,431.92</u>	<u>\$ 25,148.64</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

RURAL AND SMALL SCHOOL GRANT FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Federal Grants	<u>\$ 5,596.72</u>	<u>\$ 14,128.00</u>
Total Cash Receipts	<u>5,596.72</u>	<u>14,128.00</u>
Expenditures		
Instruction	<u>5,596.72</u>	<u>14,128.00</u>
Total Expenditures	<u>5,596.72</u>	<u>14,128.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

SAVE THE CHILDREN FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Federal Aid	<u>\$ -</u>	<u>\$ -</u>
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures		
Instruction	-	3,384.24
Support Services		
School Administration	<u>-</u>	<u>1,986.98</u>
Total Expenditures	<u>-</u>	<u>5,371.22</u>
Receipts Over (Under) Expenditures	-	(5,371.22)
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ (5,371.22)</u></u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

TITLE I ARRA FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Federal Aid	\$ 71,953.00	\$ -
Total Cash Receipts	<u>71,953.00</u>	<u>-</u>
Expenditures		
Instruction	<u>71,953.00</u>	<u>-</u>
Total Expenditures	<u>71,953.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

TITLE I FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
State Sources		
State Aid	<u>\$ 196,606.00</u>	<u>\$ 198,080.00</u>
Total Cash Receipts	<u>196,606.00</u>	<u>198,080.00</u>
Expenditures		
Instruction	<u>207,991.18</u>	<u>197,672.23</u>
Total Expenditures	<u>207,991.18</u>	<u>197,672.23</u>
Receipts Over (Under) Expenditures	(11,385.18)	407.77
Unencumbered Cash, Beginning	<u>10,977.41</u>	<u>(407.77)</u>
Unencumbered Cash, Ending	<u><u>\$ (407.77)</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

TITLE II - IMPROVING TEACHER QUALITY FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Federal Aid	\$ 44,249.00	\$ 37,987.00
Total Cash Receipts	<u>44,249.00</u>	<u>37,987.00</u>
Expenditures		
Instruction	<u>45,202.00</u>	<u>37,034.00</u>
Total Expenditures	<u>45,202.00</u>	<u>37,034.00</u>
Receipts Over (Under) Expenditures	(953.00)	953.00
Unencumbered Cash, Beginning	<u>-</u>	<u>(953.00)</u>
Unencumbered Cash, Ending	<u>\$ (953.00)</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

TITLE II - TECHNOLOGY LITERACY CHALLENGE FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Federal Aid	\$ 670.00	\$ -
Federal Aid - ARRA	4,419.00	-
	<u>5,089.00</u>	<u>-</u>
Total Cash Receipts	<u>5,089.00</u>	<u>-</u>
Expenditures		
Instruction	<u>5,089.00</u>	<u>-</u>
	<u>5,089.00</u>	<u>-</u>
Total Expenditures	<u>5,089.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

PROJECT CARE FUND

Schedule of Cash Receipts and Expenditures - Actual

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources		
Payments From Parents	\$ 11,170.26	\$ 7,131.40
Payments From SRS	2,341.57	288.27
	<u>13,511.83</u>	<u>7,419.67</u>
Total Cash Receipts		
Expenditures		
Support Services		
Student Support	8,194.94	12,342.55
	<u>8,194.94</u>	<u>12,342.55</u>
Total Expenditures		
Receipts Over (Under) Expenditures	5,316.89	(4,922.88)
Unencumbered Cash, Beginning	<u>8,500.74</u>	<u>13,817.63</u>
Unencumbered Cash, Ending	<u>\$ 13,817.63</u>	<u>\$ 8,894.75</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

BOND AND INTEREST FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

(With Comparative Actual Amounts for the Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Ad Valorem Tax	\$ 116,250.90	\$ 92,129.73	\$ 90,845.00	\$ 1,284.73
Delinquent Tax	9,186.45	9,135.27	4,436.00	4,699.27
Miscellaneous	3,032,519.40	2,176.89	-	2,176.89
County Sources				
Motor Vehicle Tax	41,448.41	28,710.46	34,760.00	(6,049.54)
Recreational Vehicle Tax	566.83	366.61	360.00	6.61
16 & 20M Truck	1,666.85	982.10	-	982.10
State Sources				
State Aid	188,124.00	176,165.00	176,160.00	5.00
Total Cash Receipts	3,389,762.84	309,666.06	\$ 306,561.00	\$ 3,105.06
Expenditures				
Debt Service				
Principal	3,150,000.00	235,000.00	\$ 235,000.00	\$ -
Interest	165,199.87	91,221.82	91,222.00	(0.18)
Postage and Commissions	65,697.03	-	100.00	(100.00)
Total Certified Budget			326,322.00	(100.18)
Adjustments to Budget				
Adjustment for Qualifying				
Budget Credits			2,176.89	(2,176.89)
Total Expenditures	3,380,896.90	326,221.82	\$ 328,498.89	\$ (2,377.25)
Receipts Over (Under) Expenditures	8,865.94	(16,555.76)		
Unencumbered Cash, Beginning	482,707.93	491,573.87		
Unencumbered Cash, Ending	\$ 491,573.87	\$ 475,018.11		

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

AGENCY FUNDS

Schedule of Cash Receipts and Cash Disbursements

For the Fiscal Year Ended June 30, 2012

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School				
Art	\$ 673.69	\$ -	\$ 473.00	\$ 200.69
Band	0.57	-	-	0.57
Business	1,179.64	-	979.10	200.54
Drivers Education	1,334.00	-	-	1,334.00
Language Fund	3,869.45	9,618.50	10,248.17	3,239.78
LMC	134.41	143.88	158.40	119.89
Newspaper	650.55	(900.00)	(450.00)	200.55
Technologies	25.30	10.00	-	35.30
Vocal	795.65	373.87	852.14	317.38
Yearbook	143.31	8,415.00	6,142.01	2,416.30
Culinary Arts	400.98	310.00	93.55	617.43
Football	1,552.00	234.36	-	1,786.36
Baseball	808.48	6,570.68	1,680.26	5,698.90
Softball	-	125.96	95.00	30.96
Cheerleaders	2,544.75	1,697.23	4,205.64	36.34
Basketball - Boys	605.40	105.00	1,541.00	(830.60)
Basketball - Girls	290.20	555.00	683.33	161.87
FCCLA	1,004.09	3,255.04	2,791.02	1,468.11
National Honor	479.26	2,429.98	2,226.82	682.42
Student Council	1,983.46	9,284.69	10,888.65	379.50
Chess Club	146.61	-	-	146.61
FACS Work & Family	-	320.60	333.70	(13.10)
Kays	512.23	4,512.25	5,009.69	14.79
Beef Council	-	80.00	80.00	-
Intro to Business	712.98	2,317.80	2,470.68	560.10
Forensics	204.22	248.49	268.00	184.71
Class of 2012	1.50	2,768.52	2,770.02	-
Viking Industry	7,321.48	968.26	1,854.78	6,434.96
Awards	135.16	-	-	135.16
Scholars Bowl	270.66	234.85	113.00	392.51
Class of 2013	962.84	2,440.96	3,403.80	-

Schedule 3 (Continued)**UNIFIED SCHOOL DISTRICT #246**

Arma, Kansas

AGENCY FUNDS

Schedule of Cash Receipts and Cash Disbursements

For the Fiscal Year Ended June 30, 2012

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School (Continued)				
Class of 2014	\$ 500.00	\$ 243.17	\$ 150.00	\$ 593.17
Bedene Memorial	3.00	500.00	500.00	3.00
Grad Classes	1,073.84	-	1,052.86	20.98
Hutchison Memorial	104.73	-	-	104.73
Respect Committ	8.35	-	-	8.35
Revolving	178.53	261.14	298.76	140.91
Simone Memorial	1,000.00	1,000.00	1,000.00	1,000.00
Sherri Collier	170.00	-	170.00	-
Northeast Education	-	410.00	-	410.00
Middle School				
Sales Tax	46.59	508.60	507.48	47.71
Yearbook	2,695.49	3,355.10	3,556.94	2,493.65
Cheerleaders	1,223.69	-	-	1,223.69
Library	270.17	6,976.58	6,859.21	387.54
Band	28.12	-	-	28.12
Class of 2017	-	100.00	-	100.00
Box Tops for Ed	350.02	-	-	350.02
Revolving	1,878.71	647.11	539.94	1,985.88
Schaub Wal-Mart	142.60	-	-	142.60
Student Incentive	133.80	1,149.32	949.45	333.67
Life Skills	-	63.75	-	63.75
Totals	<u>\$ 38,550.51</u>	<u>\$ 71,335.69</u>	<u>\$ 74,496.40</u>	<u>\$ 35,389.80</u>

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

DISTRICT ACTIVITY FUNDS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash

For the Fiscal Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus		Ending Cash Balances June 30, 2011
					Encumbrances and Accounts Payable	2012	
Gate Receipts							
High School	\$ 1,134.24	\$ 18,138.00	\$ 18,418.68	\$ 853.56	\$ -	\$ 853.56	\$ 1,134.24
Middle School	3,424.66	3,587.60	4,862.04	2,150.22	-	2,150.22	3,424.66
Total District Activity Funds	\$ 4,558.90	\$ 21,725.60	\$ 23,280.72	\$ 3,003.78	\$ -	\$ 3,003.78	\$ 4,558.90

FEDERAL COMPLIANCE SECTION

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor / Pass Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Cash Receipts	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Direct Grant				
Small, Rural School Achievement Program	N/A	84.358a	\$ 14,128.00	\$ 14,128.00
Passed through the Kansas Department of Education				
Title I Grant - FY 11	DO246	84.010	22,787.00	22,379.00
Title I Grant - FY 12	DO246	84.010	175,293.00	175,293.23
		Total 84.010	198,080.00	197,672.23
Improving Teacher Quality State Grants - FY 11	DO246	84.367	953.00	-
Improving Teacher Quality State Grants - FY 12	DO246	84.367	37,034.00	37,034.00
		Total 84.367	37,987.00	37,034.00
Education Jobs Fund	DO246	84.410	2,049.00	2,049.00
Passed through Save the Children Federation, Inc.				
21st Century Community Learning Centers	840KS1202	84.287	-	5,371.22
Total U.S. Department of Education			252,244.00	256,254.45
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through the Kansas Department of Education				
Child USDA Nutrition Cluster:				
National School Lunch Program	DO246	10.555	163,421.67	163,421.67
School Breakfast Program	DO246	10.553	67,425.69	67,425.69
Total Child USDA Nutrition Cluster:		(M)	230,847.36	230,847.36
Team Nutrition Training Grant	DO246	10.574	350.00	350.00
Fresh Fruits and Vegetables Program	DO246	10.582	17,996.57	17,996.57
Total U.S. Department of Agriculture			249,193.93	249,193.93
TOTAL FEDERAL AWARDS			\$ 501,437.93	\$ 505,448.38

Note to the Schedule of Expenditures of Federal Awards:

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

(M) = Major Program

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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 #246
Arma, Kansas

We have audited the financial statements of the Unified School District #246, Arma, Kansas, as of and for the year ended June 30, 2012, which collectively comprise the Unified School District #246, Arma, Kansas' basic financial statements and have issued our report thereon dated January 7, 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.

Internal Control Over Financial Reporting

Management of Unified School District #246, Arma, Kansas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Unified School District #246, Arma, Kansas' 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 Unified School District #246, Arma, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Unified School District #246, Arma, Kansas' 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 #246, Arma, Kansas' 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 management, Board of Education, others within the entity, 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.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

January 7, 2013
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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 #246
Arma, Kansas

Compliance

We have audited Unified School District #246, Arma, Kansas' 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 Unified School District #246, Arma, Kansas' major federal programs for the year ended June 30, 2012. Unified School District #246, Arma, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Unified School District #246, Arma, Kansas' management. Our responsibility is to express an opinion on Unified School District #246, Arma, Kansas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District #246, Arma, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Unified School District #246, Arma, Kansas' compliance with those requirements.

In our opinion, Unified School District #246, Arma, Kansas, 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 #246, Arma, Kansas, 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 Unified School District #246, Arma, Kansas' 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 Unified School District #246, Arma, Kansas' 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 management, Board of Education, others within the entity, 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.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

January 7, 2013
Chanute, Kansas

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditors' report expresses a qualified opinion on the basic financial statements of Unified School District #246, Arma, Kansas.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	_____X_____	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	_____X_____	No
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	_____X_____	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	_____X_____	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	_____X_____	No

The auditors' report on compliance for the major federal award programs for Unified School District #246, Arma, Kansas expresses an unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	Yes	_____X_____	No
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Identification of major programs:

U.S. DEPARTMENT OF AGRICULTURE

Child USDA Nutrition Cluster:

National School Lunch Program
School Breakfast Program

CFDA No. 10.555
CFDA No. 10.553

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee?	_____X_____	Yes	_____	No
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II. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Schedule of Findings and Questioned Costs
(Continued)

For the Year Ended June 30, 2012

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

Questioned
Costs

U.S. DEPARTMENT OF AGRICULTURE

Child USDA Nutrition Cluster:

National School Lunch Program – CFDA No. 10.555

None

School Breakfast Program – CFDA No. 10.553

None

UNIFIED SCHOOL DISTRICT #246

Arma, Kansas

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012

None