

**UNIFIED SCHOOL DISTRICT NO. 253**

**Emporia, Kansas**

**Financial Statements**

**For the Year Ended June 30, 2012**

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UNIFIED SCHOOL DISTRICT NO. 253  
Emporia, Kansas  
Financial Statements  
For the Year Ended June 30, 2012

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Emporia, Kansas  
Financial Statements  
For the Year Ended June 30, 2012

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

Board of Education  
Unified School District No. 253  
Emporia, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the Unified School District No. 253, Emporia, Kansas, (the District), as of and for the year ended June 30, 2012. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States and the "Kansas Municipal Audit Guide." Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared this financial statement using 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 statutory 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 matter discussed in the preceding paragraph, 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 No. 253, Emporia, Kansas, as of June 30, 2012, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

[www.mizehouser.com](http://www.mizehouser.com) ■ [mhco@mizehouser.com](mailto:mhco@mizehouser.com)

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f  
534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f  
7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f  
120 E Ninth ■ Lawrence, KS 66044-2682 ■ 785.842.8844 p ■ 785.842.9049 f  
900 Massachusetts, Suite 301 ■ Lawrence, KS 66044-2868 ■ 785.749.5050 p ■ 785.749.5061 f

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2012, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

In accordance with "Government Auditing Standards", we have also issued our report dated October 29, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and expenditures-agency funds, and the 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 analysis and are not a required part of the statutory financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is 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 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 statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

A handwritten signature in cursive script that reads "Ming, Houser & Company". The signature is written in dark ink and is positioned above the date.

October 29, 2012

UNIFIED SCHOOL DISTRICT NO. 253  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General Funds:							
General Fund	\$ -	\$ -	\$ 28,161,860	\$ 28,161,860	\$ -	\$ 182,455	\$ 182,455
Supplemental General	88,326	-	8,920,813	8,769,542	239,597	23,872	263,469
Special Purpose Funds:							
Adult Education	362	-	92,548	92,910	-	-	-
Bilingual Education	100,000	-	1,772,376	1,772,376	100,000	-	100,000
At Risk (K-12)	100,000	-	4,760,398	4,760,398	100,000	22,796	122,796
At Risk (4 Yr Old)	100,000	-	416,317	416,317	100,000	1,197	101,197
Capital Outlay	2,686,608	75,000	1,266,690	1,718,431	2,309,867	142,017	2,451,884
Driver Training	24,170	-	-	24,170	-	-	-
Extraordinary School Program	240,000	-	180,000	176,923	243,077	-	243,077
Food Service	206,481	-	2,325,889	2,207,889	324,481	19,926	344,407
Professional Development	450,000	-	43,000	42,817	450,183	422	450,605
Summer School	216,708	-	15	5,446	211,277	660	211,937
Special Education	1,520,321	-	3,997,243	3,876,802	1,640,762	-	1,640,762
Vocational Education	100,000	-	616,700	616,700	100,000	9,301	109,301
KPERS Special Retirement Contribution	-	-	3,525,732	3,525,732	-	-	-
Virtual Education	-	-	69,930	69,930	-	-	-
Flint Hills Special Education Cooperative	2,060,292	1,486	7,958,825	9,138,733	881,870	16,849	898,719
Contingency Reserve	2,106,814	-	-	-	2,106,814	-	2,106,814
Textbook Rental	302,342	-	55,270	84,931	272,681	38,501	311,182
Grants	[237,460]	774	2,303,344	2,313,211	[246,553]	87,934	[158,619]
District Activity	64,701	-	256,782	268,275	53,208	-	53,208
Debt Service Fund:							
Bond and Interest	2,538,819	-	2,979,242	3,385,623	2,132,438	-	2,132,438
Fiduciary Funds:							
Trusts-Gifts and Grants	47,902	-	51,496	22,781	76,617	-	76,617
Trusts-Scholarship	179,628	-	64,486	7,947	236,167	-	236,167
Trusts-Other	16,590	-	6,875	2,846	20,619	-	20,619
Capital Projects Fund:							
Construction	174	-	1,387	1,561	-	-	-
Total Reporting Entity (Excluding Agency Funds)	\$ 12,912,778	\$ 77,260	\$ 69,827,218	\$ 71,464,151	\$ 11,353,105	\$ 545,930	\$ 11,899,035

Composition of Cash:

CoreFirst Bank and Trust	Checking	\$ 1,486,021
	Scholarship Fund	50,036
	Total CoreFirst Bank and Trust	1,536,057
Lyon County State Bank	Checking	39,788
	Scholarship Fund	13,738
	Petty Cash	7,500
	Total Lyon County State Bank	61,026
Emporia State Federal Credit Union	Checking	9,352
	Savings	12,963
	Scholarship Fund	7,392
	Total Emporia State Federal Credit Union	29,707
Capitol Federal Bank	Scholarship Fund	165,000
	Total Capitol Federal Bank	165,000
Emporia State Bank and Trust	Checking	95,442
	Savings	14,979
	Total Emporia State Bank and Trust	110,421
Kansas Municipal Investment Pool	Investment Pool	10,095,521
	Total Kansas Municipal Investment Pool	10,095,521
Bank of Oklahoma	Early Retirement Deferred Benefit Account	2,694,714
	Total Bank of Oklahoma	2,694,714
	Total Cash	14,692,446
	Less Agency Funds per Schedule 3	[2,793,411]
	Total Reporting Entity (Excluding Agency Funds)	11,899,035

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

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 253 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

The Emporia Recreation Commission (the Commission) was established as a jointly governed organization between the City of Emporia, Kansas and Unified School District No. 253, Emporia, Kansas. The governing board consists of two members from the Emporia City Commission, two members from the Unified School District No. 253 Board of Education, two members appointed by the Emporia City Commission, two members appointed by the Unified School District No. 253 Board of Education and one at large board member appointed by the other eight appointed members of the Recreation Commission Board.

The Commission utilizes the tax authority and tax base of the Unified School District No. 253, Emporia, Kansas to levy ad valorem taxes to help fund its general fund and employee benefit fund budgets. The City of Emporia, Kansas has issued general obligation bonds, the proceeds of which were used to construct a portion of the facility used by the Commission.

Reimbursed Expenses

Expenditures in the amount of \$194,406 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality 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 municipality to use the regulatory basis of accounting.



UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts (except as noted), cash disbursements, 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 accounting principles generally accepted in the United States of America. 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, temporary notes and compensated absences are not presented in the financial statements. Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

Regulatory Basis Fund Types

In governmental 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 District for the year ended June 30, 2012:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Debt Service Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Projects Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Fiduciary Fund - used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs (i.e. payroll clearing fund, student organization fund, permanent trust funds, etc.).

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), principal and interest funds, and business 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 calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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 such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory 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 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 capital project funds, fiduciary funds, and the following special purpose funds: Contingency Reserve, Textbook Rental, Gate Receipts and School Projects

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.

Ad Valorem Tax Revenues

The determination of assessed valuations and collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

**NOTE 2 - Deposits and Investments**

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

*Investments.* 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.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>		<u>Rating</u>
		<u>Less than 1 year</u>		
Kansas Municipal Investment Pool	\$ 10,095,521	\$ 10,095,521		S&P AA+/S1+
Total fair value	\$ 10,095,521	\$ 10,095,521		

*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. The District's allocation of investments as of June 30, 2012, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$1,902,211 and the bank balance was \$4,126,928. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, \$617,999 was covered by federal depository insurance and the balance of \$3,508,929 was collateralized with securities held by the pledging financial institutions' agents in the District's name. Additionally, at June 30, 2012, the Bank of Oklahoma held as agent for the District a deposit of \$2,694,714 in an early retirement deferred benefit account.

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

At June 30, 2012, the District had invested \$10,095,521 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 2 - Deposits and Investments (Continued)

*Substance receipt in transit.* The District received \$2,708,411 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term liabilities at June 30, 2012:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2012</u>
General Obligation Bonds					
2002 Construction	3/1/2002	9/1/2019	3.50 - 5.00%	\$ 15,200,000	\$ 1,000,000
2003 Refunding	7/1/2003	10/1/2012	2.12 - 2.80%	6,165,000	620,000
2007 Refunding	5/1/2007	9/1/2021	3.875 - 5.50%	9,355,000	8,765,000
2010 Refunding	9/15/2010	9/1/2021	2.00 - 3.25%	14,890,000	14,890,000
Certificates of Participation					
Series 2009 QSCB	10/29/2009	9/1/2025	2.23%	6,840,000	6,840,000
Total					<u>\$ 32,115,000</u>

Following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
General Obligation Bonds:					
2002 Construction	\$ 2,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ 75,000
2003 Refunding	1,520,000	-	900,000	620,000	29,510
2007 Refunding	9,285,000	-	520,000	8,765,000	395,038
2010 Refunding	14,890,000	-	-	14,890,000	466,075
Certificates of Participation					
Series 2003 QZAB	500,000	-	500,000	-	9,750
Series 2009 QSCB	6,840,000	-	-	6,840,000	152,532
Total	<u>\$ 35,035,000</u>	<u>\$ -</u>	<u>\$ 2,920,000</u>	<u>\$ 32,115,000</u>	<u>\$ 1,127,905</u>

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

<u>Year ended June 30,</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2013	\$ 2,475,000	\$ 870,343	\$ 3,345,343
2014	2,160,000	795,313	2,955,313
2015	2,110,000	735,613	2,845,613
2016	2,555,000	658,588	3,213,588
2017	2,685,000	556,913	3,241,913
2018-2022	13,290,000	822,104	14,112,104
Total	<u>\$ 25,275,000</u>	<u>\$ 4,438,874</u>	<u>\$ 29,713,874</u>

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 3 - Long-Term Debt (Continued)

The Series 2009 QSCB Certificates of Participation (COPS) are payable in full on September 1, 2025 in the amount of \$6,840,000, with interest payable annually to that date of \$152,532. The District is required to make annual sinking fund deposits annually through September 1, 2025 of amounts necessary to satisfy the minimum required accumulated balance under the Lease and Declaration of Trust. The District's annual deposits will consist of (1) the District's expected annual cash deposit in the base amount of \$325,371 (the "Base Cash Deposit") plus (2) the estimated investment earnings on the accumulated balance (the "Investment Earnings"). In the event the District's Base Cash Deposit plus Investment Earnings is insufficient to meet the required accumulated balance on a given September 1<sup>st</sup>, the District is required to make up the difference with an additional cash deposit to the sinking fund. In the event the accumulated balance exceeds the required accumulated balance on a given September 1<sup>st</sup> the excess will be withdrawn from the sinking fund. During the year ended June 30, 2012 the District was required to make the annual base deposit, as well as an additional payment of \$332,869 in order to meet the required accumulated balance.

The District is subject to Kansas statutes and may issue general obligation bonds for capital improvements upon the approval of a majority of the voters. Remaining debt service requirements for general obligation bonds will be repaid from the Bond and Interest Fund with future tax assessments. Such general obligation indebtedness may not exceed the amount allowed for the District under K.S.A. 72-6761.

The District's statutory limit for such bonded indebtedness is approximately \$23 million at June 30, 2012. The District has received authorization from the State of Kansas to exceed this limit.

In prior years, the District had defeased certain other outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the District's financial statements. At June 30, 2012, a total of \$10,700,000 of outstanding bonds are considered defeased.

NOTE 4 - Compensated Absences

The District's policy is to recognize the costs of compensated absences when actually paid.

The District's policies regarding professional leaves and absences permit employees to accumulate a maximum of 9 to 108 days of chargeable leave depending on the number of days worked per year. Policies require the cancellation of accumulated leave pay on the date of employment termination if the employee has less than ten years of service.

Classified personnel retiring or resigning from the District with ten years or more of service in the District will be compensated for unused accumulated leave at the rate of \$15 per day up to a maximum of 90 days.

Certified personnel retiring from the District with ten years or more of service in the District will be compensated for unused accumulated leave at the rate of .4 times the current substitute rate per day up to a maximum of 90 days.

Twelve-month administrative personnel may accumulate a maximum of 40 days vacation leave and classified personnel may accumulate a maximum of 30 days vacation leave depending upon the years of service. Policies permit payment of vacation pay upon termination of employment if sufficient notice of termination is given. The cost of accumulated unpaid vacation was \$523,883.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 5 - 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 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share. Estimated Kansas contributions to KPERS for the District employees for the years ending June 30, 2012, 2011, and 2010 were \$3,525,732, \$2,116,530, and \$2,469,989 respectively, equal to the required contributions for each year.

NOTE 6 - Flexible Benefit Plan

The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All non-certified employees of the District who work a minimum of 20 hours per week and all certified employees with a .5 full-time equivalency are eligible to participate in the Plan. Each participant may elect to reduce his or her salary by an elected amount per month to purchase benefits offered through the Plan.

In addition on average, the District contributes \$402 per month for certified and \$2.32 per hour (based on a 2,080 hour year) for non-certified to the fringe benefit package for employees electing to participate. Currently, benefits offered through the Plan include health insurance coverage.

NOTE 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past fiscal years.

NOTE 8 - Commitments and 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 negative effect on the financial statements of the District at June 30, 2012.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2012

NOTE 9 - Interfund Transactions

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General	At Risk (K-12)	K.S.A. 72-6428	\$ 4,760,398
General	At Risk (4 Yr Old)	K.S.A. 72-6428	416,317
General	Bilingual Education	K.S.A. 72-6428	1,772,376
General	Virtual Education	K.S.A. 72-6428	69,930
General	Capital Outlay	K.S.A. 72-6428	667,280
General	Special Education	K.S.A. 72-6428	3,154,980
General	Vocational Education	K.S.A. 72-6428	525,125
Supplemental General	Professional Development	K.S.A. 72-6433	43,000
Supplemental General	Special Education	K.S.A. 72-6433	842,263
Supplemental General	Extraordinary School Program	K.S.A. 72-6433	180,000
Supplemental General	Vocational Education	K.S.A. 72-6433	50,000
Driver Training	General	Fund Closing	24,170
Total			<u>\$ 12,505,839</u>

NOTE 10 - Termination Benefits

The District has obligations to make payments as follows to employees who retired early:

<u>Year</u>	<u>Amount</u>
2012-13	\$ 732,314
2013-14	531,317
2014-15	396,671
2015-16	128,369
2016-17	84,883

The total payment made to early retirees in the fiscal year ended June 30, 2012, was \$738,956.

NOTE 11 - Capital Projects

The District issued the \$6,840,000 Series 2009 QSCB Certificates of Participation (COPS) to finance energy conservation projects in District facilities. The District has also received reimbursements and investment income into the project fund, bringing the total project authority to \$6,848,371.

Total costs incurred as of June 30, 2012 were \$6,848,371.

NOTE 12 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government 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 government under this program.

## SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 253  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2012

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Funds:						
General Fund	\$ 28,564,304	\$ [596,850]	\$ 194,406	\$ 28,161,860	\$ 28,161,860	\$ -
Supplemental General	8,769,542	-	-	8,769,542	8,769,542	-
Special Purpose Funds:						
Adult Education	93,344	-	-	93,344	92,910	434
Bilingual Education	1,772,376	-	-	1,772,376	1,772,376	-
At-Risk (K-12)	5,524,678	-	-	5,524,678	4,760,398	764,280
At-Risk (4 Yr Old)	425,000	-	-	425,000	416,317	8,683
Capital Outlay	3,754,886	-	-	3,754,886	1,718,431	2,036,455
Driver Training	24,170	-	-	24,170	24,170	-
Extraordinary School Program	440,000	-	-	440,000	176,923	263,077
Food Service	2,210,565	-	-	2,210,565	2,207,889	2,676
Professional Development	450,000	-	-	450,000	42,817	407,183
Summer School	226,708	-	-	226,708	5,446	221,262
Special Education	4,971,520	-	-	4,971,520	3,876,802	1,094,718
Vocational Education	723,909	-	-	723,909	616,700	107,209
KPERs Special Retirement Contribution	3,852,085	-	-	3,852,085	3,525,732	326,353
Virtual Education	218,484	-	-	218,484	69,930	148,554
Flint Hills Special Education Cooperative	9,260,580	-	-	9,260,580	9,138,733	121,847
Grants	2,820,204	-	-	2,820,204	2,313,211	506,993
Debt Service Fund:						
Bond and Interest	3,385,673	-	-	3,385,673	3,385,623	50

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
General Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current	\$ 2,830,892	\$ 2,842,143	\$ [11,251]
Delinquent	67,801	46,052	21,749
State Aid:			
Equalization aid	21,957,909	22,200,730	[242,821]
Special education aid	3,073,080	3,451,209	[378,129]
Federal Aid:			
Education Jobs Fund	13,602	-	13,602
Transfers in	24,170	24,170	-
Reimbursed expenses	194,406	-	194,406
Total Cash Receipts	<u>28,161,860</u>	<u>\$ 28,564,304</u>	<u>\$ [402,444]</u>
Expenditures			
Instruction	9,220,465	\$ 8,961,423	\$ [259,042]
Student support services	34,190	18,680	[15,510]
Instructional support staff	598,283	705,486	107,203
General administration	880,549	830,273	[50,276]
School administration	2,114,833	2,113,715	[1,118]
Operations and maintenance	2,755,639	2,963,386	207,747
Student transportation	1,191,495	1,094,402	[97,093]
Transfers out	11,366,406	11,876,939	510,533
Adjustment to comply with legal max budget	-	[596,850]	[596,850]
Adjustment for qualifying budget credits:			
Reimbursed expenses	-	194,406	194,406
Total Expenditures	<u>28,161,860</u>	<u>\$ 28,161,860</u>	<u>\$ -</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Supplemental General Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current taxes	\$ 3,743,284	\$ 3,673,224	\$ 70,060
Delinquent taxes	81,713	56,912	24,801
Motor vehicle tax	436,649	458,997	[22,348]
Recreational vehicle tax	5,747	6,209	[462]
State Aid:			
Equalization aid	<u>4,653,420</u>	<u>4,485,875</u>	<u>167,545</u>
Total Cash Receipts	<u>8,920,813</u>	<u>\$ 8,681,217</u>	<u>\$ 239,596</u>
Expenditures			
Instruction	3,667,453	\$ 3,732,310	\$ 64,857
Student support services	1,474,834	1,443,500	[31,334]
Instructional support services	1,077,206	1,007,500	[69,706]
General administration	132,531	155,000	22,469
Operations and maintenance	873,352	1,116,426	243,074
Other supplemental service	414,225	433,400	19,175
Architectural and engineering	14,678	80,000	65,322
Transfers out	<u>1,115,263</u>	<u>801,406</u>	<u>[313,857]</u>
Total Expenditures	<u>8,769,542</u>	<u>\$ 8,769,542</u>	<u>\$ -</u>
Cash Receipts Over [Under] Expenditures	151,271		
Unencumbered Cash, Beginning	<u>88,326</u>		
Unencumbered Cash, Ending	<u>\$ 239,597</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Adult Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current taxes	\$ 79,705	\$ 80,581	\$ [876]
Delinquent taxes	2,062	1,298	764
Motor vehicle tax	10,641	10,956	[315]
Recreational vehicle tax	140	148	[8]
Total Cash Receipts	<u>92,548</u>	<u>\$ 92,983</u>	<u>\$ [435]</u>
Expenditures			
Instruction	<u>92,910</u>	<u>\$ 93,344</u>	<u>\$ 434</u>
Total Expenditures	<u>92,910</u>	<u>\$ 93,344</u>	<u>\$ 434</u>
Cash Receipts Over [Under] Expenditures	[362]		
Unencumbered Cash, Beginning	<u>362</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Bilingual Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfers in	<u>\$ 1,772,376</u>	<u>\$ 1,672,376</u>	<u>\$ 100,000</u>
Total Cash Receipts	<u>1,772,376</u>	<u>\$ 1,672,376</u>	<u>\$ 100,000</u>
Expenditures			
Instruction	<u>1,772,376</u>	<u>\$ 1,772,376</u>	<u>\$ -</u>
Total Expenditures	<u>1,772,376</u>	<u>\$ 1,772,376</u>	<u>\$ -</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ 100,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
At Risk (K-12) Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfers in	\$ 4,760,398	\$ 5,424,678	\$ [664,280]
Total Cash Receipts	<u>4,760,398</u>	<u>\$ 5,424,678</u>	<u>\$ [664,280]</u>
Expenditures			
Instruction	4,579,857	\$ 5,380,628	\$ 800,771
Student support services	74,892	46,850	[28,042]
Instructional support	94,035	60,000	[34,035]
School administration	-	37,200	37,200
Operations and maintenance	11,614	-	[11,614]
Total Expenditures	<u>4,760,398</u>	<u>\$ 5,524,678</u>	<u>\$ 764,280</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ 100,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
At Risk (4 Yr Old) Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfers in	\$ 416,317	\$ 325,000	\$ 91,317
Total Cash Receipts	<u>416,317</u>	<u>\$ 325,000</u>	<u>\$ 91,317</u>
Expenditures			
Instruction	286,228	\$ 311,700	\$ 25,472
Instructional support staff	440	-	[440]
School administration	1,216	3,000	1,784
Student transportation	<u>128,433</u>	<u>110,300</u>	<u>[18,133]</u>
Total Expenditures	<u>416,317</u>	<u>\$ 425,000</u>	<u>\$ 8,683</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ 100,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Capital Outlay Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current taxes	\$ 5	\$ -	\$ 5
Delinquent taxes	5,284	-	5,284
Motor vehicle tax	38	-	38
In lieu of taxes	93,972	-	93,972
Miscellaneous	482,034	300,000	182,034
Investment income	18,077	26,000	[7,923]
Transfers in	667,280	667,280	-
Total Cash Receipts	<u>1,266,690</u>	<u>\$ 993,280</u>	<u>\$ 273,410</u>
Expenditures			
Instruction	414,063	\$ 1,200,000	\$ 785,937
Student support services	-	50,000	50,000
Instructional support staff	-	100,000	100,000
General administration	-	100,000	100,000
School administration	-	50,000	50,000
Central services	3,665	20,000	16,335
Operations and maintenance	5,000	100,000	95,000
Transportation	217,500	200,000	[17,500]
Debt service	653,350	500,000	[153,350]
Facility acquisition and construction	424,853	1,434,886	1,010,033
Total Expenditures	<u>1,718,431</u>	<u>\$ 3,754,886</u>	<u>\$ 2,036,455</u>
Cash Receipts Over [Under] Expenditures	[451,741]		
Unencumbered Cash, Beginning	2,686,608		
Prior Year Cancelled Encumbrances	<u>75,000</u>		
Unencumbered Cash, Ending	<u>\$ 2,309,867</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Driver Training Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges for services	\$ -	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Transfers out	24,170	\$ 24,170	\$ -
Total Expenditures	<u>24,170</u>	<u>\$ 24,170</u>	<u>\$ -</u>
Cash Receipts Over [Under] Expenditures	[24,170]		
Unencumbered Cash, Beginning	<u>24,170</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Extraordinary School Program Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfer in	\$ 180,000	\$ 200,000	\$ [20,000]
Total Cash Receipts	<u>180,000</u>	<u>\$ 200,000</u>	<u>\$ [20,000]</u>
Expenditures			
Instruction	-	\$ 106,000	\$ 106,000
Student support services	176,923	334,000	157,077
Total Expenditures	<u>176,923</u>	<u>\$ 440,000</u>	<u>\$ 263,077</u>
Cash Receipts Over [Under] Expenditures	3,077		
Unencumbered Cash, Beginning	<u>240,000</u>		
Unencumbered Cash, Ending	<u>\$ 243,077</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Food Service Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Federal aid	\$ 1,735,104	\$ 1,488,217	\$ 246,887
State aid	22,357	17,639	4,718
Charges for services	<u>568,428</u>	<u>498,227</u>	<u>70,201</u>
Total Cash Receipts	<u>2,325,889</u>	<u>\$ 2,004,083</u>	<u>\$ 321,806</u>
Expenditures			
Food service operation	2,148,693	\$ 2,082,700	\$ [65,993]
Operations and maintenance	<u>59,196</u>	<u>127,865</u>	<u>68,669</u>
Total Expenditures	<u>2,207,889</u>	<u>\$ 2,210,565</u>	<u>\$ 2,676</u>
Cash Receipts Over [Under] Expenditures	118,000		
Unencumbered Cash, Beginning	<u>206,481</u>		
Unencumbered Cash, Ending	<u>\$ 324,481</u>		

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Professional Development Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfers in	\$ 43,000	\$ -	\$ 43,000
Total Cash Receipts	<u>43,000</u>	<u>\$ -</u>	<u>\$ 43,000</u>
Expenditures			
Instructional support	<u>42,817</u>	\$ 450,000	\$ 407,183
Total Expenditures	<u>42,817</u>	<u>\$ 450,000</u>	<u>\$ 407,183</u>
Cash Receipts Over [Under] Expenditures	183		
Unencumbered Cash, Beginning	<u>450,000</u>		
Unencumbered Cash, Ending	<u>\$ 450,183</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Summer School Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges for services	\$ 15	\$ 10,000	\$ [9,985]
Total Cash Receipts	<u>15</u>	<u>\$ 10,000</u>	<u>\$ [9,985]</u>
Expenditures			
Instruction	<u>5,446</u>	<u>\$ 226,708</u>	<u>\$ 221,262</u>
Total Expenditures	<u>5,446</u>	<u>\$ 226,708</u>	<u>\$ 221,262</u>
Cash Receipts Over [Under] Expenditures	[5,431]		
Unencumbered Cash, Beginning	<u>216,708</u>		
Unencumbered Cash, Ending	<u>\$ 211,277</u>		

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Special Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfers in	\$ 3,997,243	\$ 3,451,209	\$ 546,034
Total Cash Receipts	<u>3,997,243</u>	<u>\$ 3,451,209</u>	<u>\$ 546,034</u>
Expenditures			
Instruction	3,596,578	\$ 4,434,609	\$ 838,031
Student transportation services	<u>280,224</u>	<u>536,911</u>	<u>256,687</u>
Total Expenditures	<u>3,876,802</u>	<u>\$ 4,971,520</u>	<u>\$ 1,094,718</u>
Cash Receipts Over [Under] Expenditures	120,441		
Unencumbered Cash, Beginning	<u>1,520,321</u>		
Unencumbered Cash, Ending	<u><u>\$ 1,640,762</u></u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Vocational Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Federal aid	\$ 41,575	\$ 45,597	\$ [4,022]
Transfers in	<u>575,125</u>	<u>578,312</u>	<u>[3,187]</u>
Total Cash Receipts	<u>616,700</u>	<u>\$ 623,909</u>	<u>\$ [7,209]</u>
Expenditures			
Instruction	600,067	\$ 715,609	\$ 115,542
Instructional support services	15,087	8,300	[6,787]
School administration	<u>1,546</u>	<u>-</u>	<u>[1,546]</u>
Total Expenditures	<u>616,700</u>	<u>\$ 723,909</u>	<u>\$ 107,209</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ 100,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
KPERS Special Retirement Contribution Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
State aid	\$ 3,525,732	\$ 3,852,085	\$ [326,353]
Total Cash Receipts	<u>3,525,732</u>	<u>\$ 3,852,085</u>	<u>\$ [326,353]</u>
Expenditures			
Instruction	2,240,959	\$ 2,696,460	\$ 455,501
Student support services	234,805	269,646	34,841
Instructional support staff	201,232	192,604	[8,628]
General administration	104,008	77,042	[26,966]
School administration	248,916	192,604	[56,312]
Other supplemental services	50,288	38,521	[11,767]
Operations and maintenance	229,156	154,083	[75,073]
Student transportation services	123,232	115,563	[7,669]
Food service	93,136	115,562	22,426
Total Expenditures	<u>3,525,732</u>	<u>\$ 3,852,085</u>	<u>\$ 326,353</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Virtual Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Transfers in	<u>\$ 69,930</u>	<u>\$ 218,484</u>	<u>\$ [148,554]</u>
Total Cash Receipts	<u>69,930</u>	<u>\$ 218,484</u>	<u>\$ [148,554]</u>
Expenditures			
Instruction	<u>69,930</u>	<u>\$ 218,484</u>	<u>\$ 148,554</u>
Total Expenditures	<u>69,930</u>	<u>\$ 218,484</u>	<u>\$ 148,554</u>
Cash Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Flint Hills Special Education Cooperative Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Federal aid	\$ 981,622	\$ 1,638,917	\$ [657,295]
State aid	5,224,858	-	5,224,858
Local revenue	1,420,758	6,202,941	[4,782,183]
Medicaid reimbursement	<u>331,587</u>	<u>230</u>	<u>331,357</u>
Total Cash Receipts	<u>7,958,825</u>	<u>\$ 7,842,088</u>	<u>\$ 116,737</u>
Expenditures			
Instruction	6,780,292	\$ 6,977,314	\$ 197,022
Student support services	1,545,447	1,357,057	[188,390]
Instructional support staff	503,899	514,580	10,681
Support services	2,260	-	[2,260]
General administration	298,470	404,709	106,239
Operations and maintenance	7,889	4,420	[3,469]
Transportation	<u>476</u>	<u>2,500</u>	<u>2,024</u>
Total Expenditures	<u>9,138,733</u>	<u>\$ 9,260,580</u>	<u>\$ 121,847</u>
Cash Receipts Over [Under] Expenditures	[1,179,908]		
Unencumbered Cash, Beginning	2,060,292		
Prior Year Cancelled Encumbrances	<u>1,486</u>		
Unencumbered Cash, Ending	<u>\$ 881,870</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual  
Contingency Reserve Fund\*  
Regulatory Basis  
For the Year Ended June 30, 2012

Cash Receipts	
Transfers in	\$ -
Total Cash Receipts	-
Expenditures	
Instruction	-
Total Expenditures	-
Cash Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	2,106,814
Unencumbered Cash, Ending	<u>\$ 2,106,814</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual  
Textbook Rental Fund\*  
Regulatory Basis  
For the Year Ended June 30, 2012

Cash Receipts	
Charges for services	\$ 55,270
Total Cash Receipts	<u>55,270</u>
 Expenditures	
Instruction	<u>84,931</u>
Total Expenditures	<u>84,931</u>
 Cash Receipts Over [Under] Expenditures	[29,661]
 Unencumbered Cash, Beginning	<u>302,342</u>
 Unencumbered Cash, Ending	<u>\$ 272,681</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Grants Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Title I</u>	<u>Migrant</u>	<u>Title II-D</u>	<u>21st Century Community Learning</u>
Cash Receipts				
Federal aid	\$ 1,271,276	\$ 176,400	\$ 43,636	\$ 191,399
Total Cash Receipts	<u>1,271,276</u>	<u>176,400</u>	<u>43,636</u>	<u>191,399</u>
Expenditures				
Instruction	1,024,456	26,682	13,826	127,736
Student support services	6,277	110,660	-	51,477
Instructional support staff	261,865	258	20,896	-
General administration	67,530	14,284	100	2,988
Transportation	<u>688</u>	<u>-</u>	<u>-</u>	<u>1,591</u>
Total Expenditures	<u>1,360,816</u>	<u>151,884</u>	<u>34,822</u>	<u>183,792</u>
Cash Receipts Over [Under] Expenditures	[89,540]	24,516	8,814	7,607
Unencumbered Cash, Beginning	[18,881]	[70,000]	[14,698]	[25,777]
Prior Year Cancelled Encumbrances	<u>492</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ [107,929]</u>	<u>\$ [45,484]</u>	<u>\$ [5,884]</u>	<u>\$ [18,170]</u>

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Grants Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	Project <u>MERIT</u>	<u>Title IV</u>	<u>Title III</u>
Cash Receipts			
Federal aid	<u>\$ 85,516</u>	<u>\$ 13,017</u>	<u>\$ 148,934</u>
Total Cash Receipts	<u>85,516</u>	<u>13,017</u>	<u>148,934</u>
Expenditures			
Instruction	80,281	79	93,763
Student support services	-	-	-
Instructional support staff	-	12,314	30,064
General administration	-	-	2,296
Transportation	-	-	6,841
Total Expenditures	<u>80,281</u>	<u>12,393</u>	<u>132,964</u>
Cash Receipts Over [Under] Expenditures	5,235	624	15,970
Unencumbered Cash, Beginning	[36,978]	[624]	[18,262]
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ [31,743]</u>	<u>\$ -</u>	<u>\$ [2,292]</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Grants Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Title II-A</u>	<u>JJA YouthFriends</u>	<u>Kansas Learn and Serve</u>	<u>Kansas Coordinated School Health</u>
Cash Receipts				
Federal aid	\$ 256,286	\$ 59,009	\$ 3,474	\$ -
Total Cash Receipts	<u>256,286</u>	<u>59,009</u>	<u>3,474</u>	<u>-</u>
Expenditures				
Instruction	-	-	894	-
Student support services	-	46,669	-	-
Instructional support staff	252,101	-	-	-
General administration	5,438	-	-	-
Transportation	-	-	-	-
Total Expenditures	<u>257,539</u>	<u>46,669</u>	<u>894</u>	<u>-</u>
Cash Receipts Over [Under] Expenditures	[1,253]	12,340	2,580	-
Unencumbered Cash, Beginning	[23,188]	[11,686]	[2,580]	13
Prior Year Cancelled Encumbrances	-	-	-	-
Unencumbered Cash, Ending	<u>\$ [24,441]</u>	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 13</u>

Project RPOS	Actual	Budget	Variance Positive [Negative]
\$ 54,397	\$ 2,303,344	\$ 3,004,428	\$ [701,084]
<u>54,397</u>	<u>2,303,344</u>	<u>\$ 3,004,428</u>	<u>\$ [701,084]</u>
28,921	1,396,638	\$ 2,039,647	\$ 643,009
-	215,083	281,137	66,054
22,236	599,734	352,310	[247,424]
-	92,636	140,285	47,649
-	9,120	6,825	[2,295]
<u>51,157</u>	<u>2,313,211</u>	<u>\$ 2,820,204</u>	<u>\$ 506,993</u>
3,240	[9,867]		
[14,799]	[237,460]		
<u>282</u>	<u>774</u>		
<u>\$ [11,277]</u>	<u>\$ [246,553]</u>		

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Bond and Interest Fund  
Regulatory Basis  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes:			
Current	\$ 1,471,584	\$ 1,497,195	\$ [25,611]
Delinquent	39,801	28,236	11,565
Motor vehicle tax	214,460	227,215	[12,755]
State aid	<u>1,253,397</u>	<u>1,303,772</u>	<u>[50,375]</u>
Total Cash Receipts	<u>2,979,242</u>	<u>\$ 3,056,418</u>	<u>\$ [77,176]</u>
Expenditures			
Principal	2,420,000	\$ 2,420,000	\$ -
Interest	<u>965,623</u>	<u>965,673</u>	<u>50</u>
Total Expenditures	<u>3,385,623</u>	<u>\$ 3,385,673</u>	<u>\$ 50</u>
Cash Receipts Over [Under] Expenditures	[406,381]		
Unencumbered Cash, Beginning	<u>2,538,819</u>		
Unencumbered Cash, Ending	<u>\$ 2,132,438</u>		

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual  
Construction Fund\*  
Regulatory Basis  
For the Year Ended June 30, 2012

Cash Receipts	
Interest income	\$ 1,387
Total Cash Receipts	<u>1,387</u>
Expenditures	
Facility acquisition and construction	<u>1,561</u>
Total Expenditures	<u>1,561</u>
Cash Receipts Over [Under] Expenditures	[174]
Unencumbered Cash, Beginning	<u>174</u>
Unencumbered Cash, Ending	<u>\$ -</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 253  
Agency Funds  
Schedule of Cash Receipts, Cash Disbursements and Cash  
Regulatory Basis  
For the Year Ended June 30, 2012

	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
Emporia High School				
Art	\$ 1,043	\$ 150	\$ 313	\$ 880
Asian Student Organization	1,555	-	-	1,555
Business Sponsors-Athletic	6,617	7,030	2,412	11,235
Thespian Club	102	528	592	38
Class of 2011	2,108	-	-	2,108
Class of 2012	938	2,960	2,141	1,757
Class of 2013	788	7,310	7,423	675
Class of 2014	496	1,274	731	1,039
Class of 2015	-	1,362	464	898
Creative Writing	702	316	312	706
Debate	489	11,291	11,447	333
Drama	671	16,022	16,006	687
Drill Team	3,061	15,522	17,570	1,013
Echo	398	711	943	166
Entrepreneurship Class	54	-	-	54
E-Vision	320	767	152	935
FBLA	1,167	3,212	3,011	1,368
FCA	-	739	279	460
FCCLA	422	1,021	1,018	425
Orchestra	825	12,171	8,030	4,966
Future Educators	1,495	434	1,112	817
Guidance/Testing	1,914	7,290	6,179	3,025
FACS	623	-	146	477
French Club	3	1,947	1,925	25
Key Club	753	122	228	647
Latinos Unidos	533	2,790	2,548	775
Model U.N.	133	-	-	133
Musical Production	4,390	17,834	16,142	6,082
National Honor Society	1,113	960	1,094	979
P.E. Club	-	39,805	39,805	-
Re-Echo	4,655	21,430	16,124	9,961
SADD	92	-	92	-
Science Club	52	-	-	52
Science Seminar	1,537	-	-	1,537
Scholars Bowl	1,100	20	31	1,089
Spartans	1,050	3,700	3,650	1,100
Special Education TMR	245	816	817	244
Stage Band	12	10,975	7,335	3,652
State Sales	96	13,019	12,645	470
STUCO	9,474	2,348	3,922	7,900
TSA	1,235	1,227	787	1,675
Total High School	52,261	207,103	187,426	71,938

UNIFIED SCHOOL DISTRICT NO. 253  
Agency Funds  
Schedule of Cash Receipts, Cash Disbursements and Cash  
Regulatory Basis  
For the Year Ended June 30, 2012

	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
Emporia Middle School				
Student Activity	\$ 725	\$ 30,129	\$ 14,230	\$ 16,624
Student Council	458	2,472	326	2,604
SADD	-	550	-	550
Yearbook	13	8,510	5,915	2,608
	<u>1,196</u>	<u>41,661</u>	<u>20,471</u>	<u>22,386</u>
Total Middle School				
	<u>1,196</u>	<u>41,661</u>	<u>20,471</u>	<u>22,386</u>
Lowther North Intermediate School				
SADD	550	-	550	-
Student Council	1,002	-	1,002	-
	<u>1,552</u>	<u>-</u>	<u>1,552</u>	<u>-</u>
Total Intermediate School				
	<u>1,552</u>	<u>-</u>	<u>1,552</u>	<u>-</u>
District				
Early Retirement Funding Account	2,224,814	1,720,657	1,250,757	2,694,714
Clearing Account	4,300	51,623	51,550	4,373
	<u>2,229,114</u>	<u>1,772,280</u>	<u>1,302,307</u>	<u>2,699,087</u>
Total District				
	<u>2,229,114</u>	<u>1,772,280</u>	<u>1,302,307</u>	<u>2,699,087</u>
Total Agency Funds	<u>\$ 2,284,123</u>	<u>\$ 2,021,044</u>	<u>\$ 1,511,756</u>	<u>\$ 2,793,411</u>

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 253  
District Activity Funds  
Schedule of Cash Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2012

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</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>
Emporia High School							
Athletics Gate Receipts	\$ 2,703	\$ -	\$ 75,945	\$ 76,625	\$ 2,023	\$ -	\$ 2,023
Basketball	408	-	12,398	10,884	1,922	-	1,922
Baseball	39	-	10,417	10,202	254	-	254
Cheerleaders	-	-	3,740	3,195	545	-	545
Concessions	2,462	-	5,311	6,340	1,433	-	1,433
Boys Soccer	-	-	5,337	4,677	660	-	660
Girls Soccer	-	-	185	-	185	-	185
Boys Tennis	1,457	-	3,852	4,694	615	-	615
Girls Tennis	2,132	-	2,418	3,327	1,223	-	1,223
Football Fundraiser	770	-	31,549	25,966	6,353	-	6,353
Girls Basketball	2,587	-	6,486	5,318	3,755	-	3,755
Library	562	-	335	757	140	-	140
Parking Tickets	1,012	-	1,172	436	1,748	-	1,748
Renaissance	3,499	-	5,031	3,998	4,532	-	4,532
Student Activities	11,877	-	25,299	28,585	8,591	-	8,591
Softball	1,370	-	1,740	2,458	652	-	652
Textbook and fees	156	-	7,022	7,178	-	-	-
Volleyball	-	-	2,106	1,273	833	-	833
Wrestling	1,741	-	3,663	3,028	2,376	-	2,376
Sports	53	-	17,873	17,283	643	-	643
Emporia Middle School							
Athletics	-	-	16,885	14,072	2,813	-	2,813
Drug Free Walk	-	-	18,018	6,106	11,912	-	11,912
Lowther North Intermediate School							
Activity Fund	1,489	-	-	1,489	-	-	-
Lowther North Walk	6,658	-	-	6,658	-	-	-
Pencil/Notebook Sale	1,589	-	-	1,589	-	-	-
Savings Share Account	18,946	-	-	18,946	-	-	-
Yearbook	3,191	-	-	3,191	-	-	-
Total District Activity Funds	\$ 64,701	\$ -	\$ 256,782	\$ 268,275	\$ 53,208	\$ -	\$ 53,208

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Agriculture/KSDE</u>					
School Breakfast Program	10.553	\$ -	\$ 344,451	\$ 344,451	\$ -
National School Lunch Program	10.555	-	1,124,470	1,124,470	-
Cash for Commodities	10.555	-	114,917	114,917	-
After School Snacks	10.555	-	78,136	78,136	-
Summer Food Service Program	10.559	-	72,480	72,480	-
Federal School Food Service	10.560	-	100	100	-
Team Nutrition Training Grant	10.574	-	550	550	-
Fresh Fruits & Vegetables	10.582	-	62,235	62,235	-
Total U.S. Department of Agriculture/KSDE		-	1,797,339	1,797,339	-
<u>U.S. Department of Education</u>					
<u>Direct Aid</u>					
Project Merit 10-11	84.195N	[36,978]	36,978	-	-
Project Merit 11-12	84.195N	-	48,538	80,281	[31,743]
		[36,978]	85,516	80,281	[31,743]
<u>Pass Through KSDE</u>					
Title I-Low Income 10-11	84.010	[14,725]	14,725	-	-
Title I-Carryover 10-11	84.010	[315]	175,770	175,455	-
Title I-Low Income 11-12	84.010	-	900,000	1,011,603	[111,603]
Title I-Carryover 11-12	84.010	-	133,209	129,535	3,674
Title I-School Improvement 10-11	84.010	[912]	912	-	-
Title I-School Improvement 11-12	84.010	[1,718]	28,160	26,442	-
Title I-Low Income ARRA 09-11	84.389	[1,211]	18,500	17,289	-
Migrant 10-11	84.011	[70,000]	70,000	-	-
Migrant 11-12	84.011	-	106,400	151,884	[45,484]
RPOS 10-11	84.048	[14,799]	45,932	31,133	-
RPOS 11-12	84.048	-	8,465	19,742	[11,277]
Vocational Education - Program Improvement 08-09	84.048	84	[84]	-	-
Vocational Education - Program Improvement 11-12	84.048	-	41,575	41,575	-
Title IV Carryover 10-11	84.186	[624]	13,017	12,393	-
21st Century Learning Communities	84.287	[25,777]	191,399	183,794	[18,172]
Title II-D-Education Technology 10-11	84.318	[236]	236	-	-
Title II-D-Education Technology 11-12	84.318	-	26,405	32,289	[5,884]
TRC Title II-D-Education Technology ARRA 09-11	84.386	[14,462]	16,995	2,533	-
State Personnel Development	84.323	-	3,704	3,704	-
Advanced Placement Fee Payment Program	84.330	277	-	-	277
Title III-English Language Acquisition 10-11	84.365	[2,276]	2,276	-	-
Title III-English Language Acquisition 11-12	84.365	-	48,813	50,604	[1,791]
Title III Carryover 10-11	84.365	[15,986]	40,671	24,685	-
Title III Carryover 11-12	84.365	-	57,174	57,675	[501]
Title II-A-Teacher Quality 10-11	84.367	[23,188]	23,188	-	-
Title II-A-Teacher Quality 11-12	84.367	-	92,071	116,014	[23,943]
Title II-A Carryover 11-12	84.367	-	141,027	141,525	[498]
Title VI - State Assessments	84.369	-	151	151	-
Education Jobs Fund	84.410	-	13,602	13,602	-
		[185,868]	2,214,293	2,243,627	[215,202]
Subtotal U.S. Department of Education		[222,846]	2,299,809	2,323,908	[246,945]

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education to Flint Hills</u>					
<u>Special Education Cooperative</u>					
<u>Pass Through KSDE</u>					
Vocation Education-Carl Perkins	84.048	\$ [30]	\$ -	\$ -	\$ [30]
Title VI-B Special Education-EHC Flow-Thru Disc.	84.027	-	770,138	1,485,138	[715,000]
Title VI-B Special Education-EHC Flow-Thru Disc. Cont Improv	84.027	-	59,213	59,213	-
Title VI-B Special Education Preschool-EC Flow-Thru	84.173	1	31,024	29,024	2,001
<u>Pass Through KDHE</u>					
Special Education of Infants and Families with Disabilities	84.181A	561	121,247	116,870	4,938
Subtotal U.S. Department of Education to Cooperative		532	981,622	1,690,245	[708,091]
Total U.S. Department of Education		[222,314]	3,281,431	4,014,153	[955,036]
<u>U.S Department of Justice to State of Kansas</u>					
JJA YouthFriends 10-11	16.unk	[11,686]	12,342	656	-
JJA YouthFriends 11-12	16.unk	-	46,667	46,012	655
Total U.S. Department of Justice to State of Kansas		[11,686]	59,009	46,668	655
<u>Corporation for National and Community Service</u>					
<u>Pass Through Kansas Community Service</u>					
Kansas Learn and Serve	94.004	[2,581]	3,474	893	-
Total Federal Awards		\$ [236,581]	\$ 5,141,253	\$ 5,859,053	\$ [954,381]

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 253. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas prescribed basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified (Regulatory Basis)  
Adverse (GAAP)

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiency (ies) identified that are not  
considered to be material weaknesses?        Yes   X   No

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiency (ies) identified that are not  
considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with section 510(a)  
of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Title VI-B - Special Education Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between  
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        Yes   X   No



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2012

Section II - Financial Statement Findings

Current Year Findings

None Noted

Prior Year Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted



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

Board of Education  
Unified School District No. 253  
Emporia, Kansas

We have audited the financial statements of the Unified School District No. 253, (the District), Emporia, Kansas, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012, which is a special report on the financial statements prepared in accordance with a basis of accounting prescribed by the State of Kansas. 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 the District 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 controls 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 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.

[www.mizehouser.com](http://www.mizehouser.com) ■ [mhco@mizehouser.com](mailto:mhco@mizehouser.com)

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f  
534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f  
7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f  
120 E Ninth ■ Lawrence, KS 66044-2682 ■ 785.842.8844 p ■ 785.842.9049 f  
900 Massachusetts, Suite 301 ■ Lawrence, KS 66044-2868 ■ 785.749.5050 p ■ 785.749.5061 f

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

However, we noted certain other matters that we reported to management of the District in a separate letter dated October 29, 2012.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Ming, Horner & Company". The signature is written in dark ink and is positioned above the date.

October 29, 2012



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

Board of Education  
Unified School District No. 253  
Emporia, Kansas

**Compliance**

We have audited the compliance of the Unified School District No. 253 (the District), Emporia, Kansas, 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. Major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

The management of the District 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

[www.mizehouser.com](http://www.mizehouser.com) ■ [mhco@mizehouser.com](mailto:mhco@mizehouser.com)

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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 the 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 communication is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass through entities, 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 "Ming, Horner & Company". The signature is written in black ink and is positioned above the date.

October 29, 2012