

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

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

For the Fiscal Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT #257
Iola, Kansas

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1 - 2
Statement 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	3 - 4
Notes to the Financial Statement.....	5 - 14
 <u>SUPPLEMENTAL INFORMATION:</u>	
Schedule 1	
Summary of Expenditures - Actual and Budget	15
Schedule 2	
Schedule of Cash Receipts and Expenditures - Actual and Budget	
General Fund	16 - 17
Supplemental General Fund	18 - 19
4 Yr Old At-Risk Fund.....	20
K-12 At-Risk Fund	21
Capital Outlay Fund	22
Driver Training Fund	23
Food Service Fund	24
Professional Development Fund	25
Parent Education Fund.....	26
Special Education Fund.....	27
Vocational Education Fund.....	28
Virtual Education Fund	29
Title I Fund.....	30
Title I School Improvement Fund	31
Title II-A Teacher Quality Fund	32
Title IV Grant Fund	33
Title VI-B Grant Fund	34
KPERs Special Retirement Contributions Fund.....	35
Contingency Reserve Fund	36
Title II-D Technology Grant Fund	37
Title I Grant (ARRA) Fund	38
Improvement Grant Fund	39
Fun and Fitness Grant Fund	40
21 st Century High School Grant Fund	41
21 st Century Elementary Grant Fund	42
21 st Century Save the Children Grant Fund	43
21 st Century Safe Base Grant Fund	44
Safe and Supportive Schools Grant Fund	45
Health Care Foundation Grant Fund	46
Bond and Interest Fund	47
Bowlus Trust Fund	48
Reach Grant Fund	49
Single Parent Grant Fund	50
Youth Friends Fund	51
Myers Math Prize Fund	52
Miscellaneous Grants Fund	53
Discretionary Trust Fund	54

UNIFIED SCHOOL DISTRICT #257
Iola, Kansas

TABLE OF CONTENTS
(Continued)

	<u>PAGE NUMBER</u>
<u>SUPPLEMENTAL INFORMATION (Continued):</u>	
Schedule 3	
Schedule of Cash Receipts and Cash Disbursements	
Agency Funds.....	55 - 56
Schedule 4	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	57 - 58
Schedule 5	
Component Units – Schedule of Cash Receipts and Expenditures – Actual	
USD #257 Endowment Association.....	59
Bowlus Fine Arts and Cultural Center Trust	60
 <u>FEDERAL COMPLIANCE SECTION:</u>	
Schedule of Expenditures of Federal Awards	61
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62 - 63
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	64 - 65
Schedule of Findings and Questioned Costs	66 - 67
Summary Schedule of Prior Audit Findings	68

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District #257
Iola, Kansas

We have audited the summary of cash receipts, expenditures, and unencumbered cash balances of the Unified School District #257, Iola, Kansas, as of and for the year ended June 30, 2012. This financial statement is the responsibility of Unified School District #257, Iola, Kansas' management. Our responsibility is to express an opinion on this 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 January 12, 2012, we expressed an unqualified opinion on the financial statements of the Unified School District #257, Iola, 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and 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 matter discussed in the preceding paragraph, the financial statement referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District #257, Iola, 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 statement 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 9, 2013, on our consideration of the Unified School District #257, Iola, 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, and component units schedule of cash receipts and expenditures-actual (Schedules 1, 2, 3, 4, and 5 as listed in the table of contents) are presented for 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 9, 2013
Chanute, Kansas

UNIFIED SCHOOL DISTRICT #257

Iola, 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 June 30,	
						2012	2011
GOVERNMENTAL TYPE FUNDS							
General Fund	\$ -	\$ 9,256,116.69	\$ 9,256,116.69	\$ -	\$ 513,259.09	\$ 513,259.09	\$ 144,976.81
Supplemental General	21,225.53	3,163,222.91	3,109,943.00	74,505.44	299,105.80	373,611.24	358,792.17
Special Revenue Funds:							
4 Year Old At-Risk	25,521.86	55,761.44	57,998.72	23,284.58	6,678.24	29,962.82	25,941.80
K-12 At-Risk	174,297.67	1,310,000.00	1,306,557.10	177,740.57	123,452.03	301,192.60	175,450.21
Capital Outlay	668,514.87	184,384.42	262,131.84	590,767.45	-	590,767.45	678,464.87
Driver Training	26,225.54	13,219.00	13,871.02	25,573.52	400.00	25,973.52	26,652.54
Food Service	163,871.30	994,176.34	1,001,269.20	156,778.44	60,606.18	217,384.62	175,422.99
Professional Development	16,672.62	17,000.00	20,948.73	12,723.89	5,615.00	18,338.89	17,522.62
Parent Education	16,393.65	-	5,980.00	10,413.65	-	10,413.65	16,393.65
Special Education	704,687.60	2,208,979.74	2,214,979.71	698,687.63	5,815.72	704,503.35	761,229.90
Vocational Education	74,305.34	306,150.00	316,580.59	63,874.75	26,546.28	90,421.03	113,342.92
Virtual Education	-	19,500.00	19,500.00	-	19,500.00	19,500.00	-
Title I	14,016.43	485,525.00	492,878.43	6,663.00	71,355.91	78,018.91	14,525.26
Title I School Improvement	-	-	-	-	-	-	47,907.51
Title II-A Teacher Quality	(4,474.00)	87,571.00	83,097.00	-	5,612.80	5,612.80	(4,474.00)
Title IV Grant	13.66	-	-	13.66	-	13.66	13.66
Title VI-B Grant	-	28,634.00	28,634.00	-	13,075.00	13,075.00	260.00
KPERS Special Retirement Contributions	-	819,743.77	819,743.77	-	-	-	-
Contingency Reserve	500,000.00	-	-	500,000.00	-	500,000.00	500,000.00
Title II-D Technology Grant	-	-	-	-	6.88	6.88	-
Title I Grant (ARRA)	-	-	-	-	-	-	34,328.20
Improvement Grant	4,074.46	-	-	4,074.46	-	4,074.46	4,074.46
Fun and Fitness Grant	(16,000.00)	106,022.98	100,022.98	(10,000.00)	-	(10,000.00)	(13,621.43)
21st Century High School Grant	-	-	-	-	-	-	2,345.59
21st Century Elementary Grant	16,178.34	32,921.32	11,738.56	37,361.10	135.84	37,496.94	19,251.79
21st Century Save the Children Grant	-	-	1,244.92	(1,244.92)	-	(1,244.92)	-
21st Century Safe Base Grant	-	58,500.00	102,936.35	(44,436.35)	15,304.09	(29,132.26)	-
Safe and Supportive Schools Grant	-	-	4,590.00	(4,590.00)	-	(4,590.00)	-
Health Care Foundation Grant	(19,941.00)	19,941.00	-	-	-	-	(19,941.00)
Gate Receipts	21,399.71	84,650.95	85,397.69	20,652.97	-	20,652.97	21,399.71
Special Projects	-	184,508.14	184,508.14	-	42,708.81	42,708.81	39,918.62
Debt Service Fund:							
Bond and Interest	143,512.95	263.41	-	143,776.36	-	143,776.36	143,512.95

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

UNIFIED SCHOOL DISTRICT #257

Iola, 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	2012	Ending Cash Balances June 30, 2011
Fiduciary Type Funds:							
Bowlus Trust	\$ (22,410.78)	\$ 281,148.73	\$ 258,737.95	\$ -	\$ -	\$ -	\$ (22,410.78)
Reach Grant	3,202.41	-	902.14	2,300.27	-	2,300.27	3,202.41
Single Parent Grant	21.60	-	-	21.60	-	21.60	21.60
Youth Friends	2,236.31	-	-	2,236.31	-	2,236.31	2,236.31
Myers Math Prize	1,162.85	-	100.00	1,062.85	-	1,062.85	1,162.85
Miscellaneous Grants	4,939.33	11,480.00	9,306.21	7,113.12	1,479.36	8,592.48	4,939.33
Discretionary Trust	384.02	-	-	384.02	-	384.02	384.02
Total Primary Government	2,540,032.27	19,729,420.84	19,769,714.74	2,499,738.37	1,210,657.03	3,710,395.40	3,273,227.54
Component Units:							
USD #257 Endowment Association	64,178.66	667.84	1,049.45	63,797.05	-	63,797.05	64,178.66
Bowlus Fine Arts and Cultural Center Trust	2,835,228.65	712,808.84	899,058.54	2,648,978.95	-	2,648,978.95	2,835,228.65
Total Component Units	2,899,407.31	713,476.68	900,107.99	2,712,776.00	-	2,712,776.00	2,899,407.31
Total Reporting Entity (Excluding Agency Funds)	\$ 5,439,439.58	\$ 20,442,897.52	\$ 20,669,822.73	\$ 5,212,514.37	\$ 1,210,657.03	\$ 6,423,171.40	\$ 6,172,634.85
Composition of Cash							
General Checking Account.....						\$ 3,834,104.43	\$ 3,467,469.01
Petty Cash Accounts.....						2,350.00	2,350.00
Activity Checking Accounts.....						69,629.79	75,270.21
Total Primary Government.....						3,906,084.22	3,545,089.22
Component Units.....						2,712,776.00	2,899,407.31
Total Cash						6,618,860.22	6,444,496.53
Less Agency Funds per Schedule 3						(195,688.82)	(271,861.68)
Total Reporting Entity.....						6,423,171.40	\$ 6,172,634.85

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

UNIFIED SCHOOL DISTRICT #257

Iola, 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 #257, Iola, 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. This financial statement presents USD #257 (the primary government) and its component units. The component units are included in the USD's reporting entity because of the significance of its operational and financial relationship with the USD.

Discretely Presented Component Units: The component units section of the financial statement should include financial data of discretely presented component units. These component units should be reported separately to emphasize that they are legally separate from the District.

USD #257 Endowment Association - The economic resources received or held by the component unit are held almost entirely for the direct benefit of the District. The USD #257 Endowment Association was formed to promote and foster the educational purposes of the District, and to create a fund to be used for any program, project or enterprise undertaken in the interest of the District. The Association acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the District. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Association serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Association board of directors. The Association can sue and be sued, and can buy, sell, or lease real property. The Association's financial statement should be included with the District's financial statement. Separate financial statements are not prepared. The Association is considered a material component unit and is included in the audit of the District.

Bowlus Fine Arts and Cultural Center Trust - The Bowlus Fine Arts and Cultural Center Trust Board operates the Iola Bowlus Fine Arts and Cultural Center. The Trust was established to promote the appreciation of things artistic, musical and cultural for the benefit of the students and citizens of Iola. The Trust board members are the same as that of the District. The Trust can sue and be sued, and can buy, sell, or lease real property. The Trust's financial statement should be included with the District's financial statement. Separate audited financial statements are prepared and are available at the Bowlus Fine Arts and Cultural Center. The Trust is considered a material component unit and is included in the audit of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 #257:

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.

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 or 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

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 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 made budget amendments during the fiscal year to the General Fund and K-12 At-Risk Fund budgets. The General Fund was later decreased due to the final legal maximum budget based upon the State of Kansas mandated decrease in funding paid to the District for special education state aid.

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 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 with K.S.A. 10-1113, as the District has obligated expenditures in excess of available monies in the Fun and Fitness Grant Fund, 21st Century Save the Children Fund, 21st Century Grant Fund, and Safe and Supportive Schools Grant 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. All of the funds listed above met the criteria under the statutes, and therefore, are not deemed to be in violation of the Kansas cash basis law. 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 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.

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.

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. All deposits were legally secured at June 30, 2012.

At year-end, the District's carrying amount of deposits was \$3,906,084.22 and the bank balance was \$3,430,858.26. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$750,000.00 was covered by FDIC insurance and \$2,680,858.26 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

4. 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
Capital Leases										
Energy Improvements	4.69%	8/13/2007	\$ 774,914.00	7/13/2022	\$ 586,655.85	-	\$ 45,586.84		\$ 541,069.01	\$ 27,514.16
Copy Machines	4.62%	10/6/2010		9/25/2013	22,967.81	-	9,914.44		13,053.37	852.68
Total Scheduled Long-Term Contractual Indebtedness										
					609,623.66	-	55,501.28		554,122.38	28,366.84
Other Long-Term Liabilities										
General Accrued Compensated Absences										
Vacation Pay	N/A	N/A	N/A	N/A	19,029.25			\$ 3,541.72	22,570.97	N/A
Total Long-Term Liabilities										
					\$ 628,652.91	\$ -	\$ 55,501.28	\$ 3,541.72	\$ 576,693.35	\$ 28,366.84

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

Issue	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018-2022	Totals
Principal							
Capital Leases							
Energy Improvements	\$ 47,724.86	\$ 49,963.16	\$ 52,306.43	\$ 54,759.60	\$ 57,327.83	\$ 278,987.13	\$ 541,069.01
Copy Machines	10,382.18	2,671.19	-	-	-	-	13,053.37
Total Principal	58,107.04	52,634.35	52,306.43	54,759.60	57,327.83	278,987.13	554,122.38
Interest							
Capital Leases							
Energy Improvements	25,376.14	23,137.84	20,794.57	18,341.40	15,773.17	35,923.37	139,346.49
Copy Machines	384.94	20.59	-	-	-	-	405.53
Total Interest	25,761.08	23,158.43	20,794.57	18,341.40	15,773.17	35,923.37	139,752.02
Total Principal and Interest	\$ 83,868.12	\$ 75,792.78	\$ 73,101.00	\$ 73,101.00	\$ 73,101.00	\$ 314,910.50	\$ 693,874.40

5. 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 \$73,101.00 annually, including interest at 4.69%. Final maturity of the lease is July 13, 2021. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	<u>Totals</u>
2013	\$ 73,101.00
2014	73,101.00
2015	73,101.00
2016	73,101.00
2017	73,101.00
2018-2022	<u>314,910.50</u>
Total Payments from District	680,415.50
Less imputed interest	<u>(139,346.49)</u>
Net Present Value of Minimum	
Lease Payments	541,069.01
Less: Current Maturities	<u>(47,724.86)</u>
Long-Term Capital Lease Obligations	<u>\$ 493,344.15</u>

The District has entered into a capital lease agreement in order to finance the acquisition of eight copy machines. Payments are made of \$897.26 monthly, including interest at 4.62%. Final maturity of the lease is September 25, 2013. Future minimum lease payments are as follows:

<u>Year Ended June 30</u>	<u>Totals</u>
2013	\$ 10,767.12
2014	<u>2,691.78</u>
Total Payments from District	13,458.90
Less imputed interest	<u>(405.53)</u>
Net Present Value of Minimum	
Lease Payments	13,053.37
Less: Current Maturities	<u>(10,382.18)</u>
Long-Term Capital Lease Obligations	<u>\$ 2,671.19</u>

6. OPERATING LEASES

As of June 30, 2012 the District has entered into a number of operating leases for equipment and facilities. Total payments for the year ended June 30, 2012, was \$131,390.42. Under the current lease agreements, the future minimum lease rentals are as follows:

2013	\$ 2,275.96
2014	2,275.96
2015	1,976.99

7. 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 \$248,468,186, respectively, equal to the statutory required contributions for each year.

8. COMPENSATED ABSENCES

Sick Leave: A maximum of 10 days of sick leave will be granted each year for employees working 205 days per year; a maximum of 11 days for employment of 206-220 days; and 12 days for those with over 220 days of employment with a total accumulation of 90 days allowed. There is no payment for unused sick leave when an employee ceases employment with the District except at retirement after 10 years of employment by the District or if resigning for any other reason after 15 consecutive years of service in the District. The payment rate is 25% of the daily rate or \$15.00, whichever is higher, up to a maximum of 60 days.

Vacation Leave: Full-time, twelve month custodial and clerical employees are granted vacation leave. After one year of employment – two weeks of paid vacation each year, after seven years of employment – three weeks of paid vacation each year, and after fifteen years of employment – four weeks of paid vacation each year. Employees working less than full time will receive vacation benefits on a pro rated basis. Accumulated vacation pay is paid after one year of employment.

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 4, 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 because the rights to the obligation do not vest.

9. OTHER POST EMPLOYMENT BENEFITS

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the 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.

10. 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.

11. 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.

12. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	4 Year Old At-Risk Fund	K.S.A. 72-6428	\$ 51,000.00
General Fund	K-12 At-Risk Fund	K.S.A. 72-6428	565,000.00
General Fund	Special Education Fund	K.S.A. 72-6428	2,105,655.40
Supplemental General Fund	Driver Training Fund	K.S.A. 72-6428	5,000.00
Supplemental General Fund	Virtual Education Fund	K.S.A. 72-6428	19,500.00
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	200,000.00
Supplemental General Fund	K-12 At-Risk Fund	K.S.A. 72-6428	745,000.00
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6428	17,000.00
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	61,388.90
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	285,000.00

13. SUBSEQUENT EVENTS

The District evaluated events and transactions occurring subsequent year end, and 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 #257

Iola, 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		Variance - Over (Under)
					Charged to Current Year Budget		
GOVERNMENTAL TYPE FUNDS							
General Fund	\$ 9,152,892.00	\$ (24,570.00)	\$ 127,794.50	\$ 9,256,116.50	\$ 9,256,116.69	\$	0.19
Supplemental General	3,110,093.00	-	-	3,110,093.00	3,109,943.00		(150.00)
Special Revenue Funds							
4 Year Old At-Risk	70,000.00	-	-	70,000.00	57,998.72		(12,001.28)
K-12 At-Risk	1,450,000.00	-	-	1,450,000.00	1,306,557.10		(143,442.90)
Capital Outlay	910,000.00	-	-	910,000.00	262,131.84		(647,868.16)
Driver Training	30,000.00	-	-	30,000.00	13,871.02		(16,128.98)
Food Service	1,180,000.00	-	-	1,180,000.00	1,001,269.20		(178,730.80)
Professional Development	25,000.00	-	-	25,000.00	20,948.73		(4,051.27)
Parent Education	20,000.00	-	-	20,000.00	5,980.00		(14,020.00)
Special Education	2,475,000.00	-	-	2,475,000.00	2,214,979.71		(260,020.29)
Vocational Education	450,000.00	-	-	450,000.00	316,580.59		(133,419.41)
Virtual Education	50,000.00	-	-	50,000.00	19,500.00		(30,500.00)
KPERS Special Retirement Contributions	880,512.00	-	-	880,512.00	819,743.77		(60,768.23)
Debt Service Fund							
Bond and Interest	-	-	-	-	-		-

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Tax	\$ 825,009.04	\$ 826,718.75	\$ 841,755.00	\$ (15,036.25)
Delinquent Tax	1,765.35	9,170.07	8,702.00	468.07
Mineral Production Tax	963.66	602.34	-	602.34
County Sources				
In Lieu of Taxes IRBs	2,756.03	2,616.03	-	2,616.03
State Sources				
General State Aid	6,316,984.00	6,621,309.00	6,614,035.00	7,274.00
Special Education Aid	1,482,951.00	1,663,954.00	1,688,400.00	(24,446.00)
Federal Sources				
ARRA Stabilization Funds	160,953.00	-	-	-
Education Jobs Grant - ARRA	281,828.00	3,952.00	-	3,952.00
Other Revenues				
Reimbursements/Miscellaneous	155,944.05	127,794.50	-	127,794.50
Total Cash Receipts	9,229,154.13	9,256,116.69	\$ 9,152,892.00	\$ 103,224.69
Expenditures				
Instruction	3,891,767.94	4,126,253.92	\$ 4,449,203.00	\$ (322,949.08)
Support Services				
Student Support	311,444.49	322,947.64	329,400.00	(6,452.36)
Instructional Support	300,631.19	305,704.26	298,200.00	7,504.26
General Administration	308,535.90	310,547.62	313,239.00	(2,691.38)
School Administration	764,813.66	797,965.47	797,900.00	65.47
Student Transportation Services	469,902.45	434,212.87	436,140.00	(1,927.13)
Other Supplemental Services	236,006.19	236,829.51	250,120.00	(13,290.49)

UNIFIED SCHOOL DISTRICT #257
Iola, 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)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Expenditures (Continued)				
Operating Transfers to:				
4 Year Old At-Risk Fund	\$ 68,000.00	\$ 51,000.00	\$ 40,000.00	\$ 11,000.00
K-12 At-Risk Fund	1,180,000.00	565,000.00	550,290.00	14,710.00
Parents Education Fund	10,000.00	-	-	-
Vocational Education Fund	25,000.00	-	-	-
Special Education Fund	1,653,052.31	2,105,655.40	1,688,400.00	417,255.40
Professional Development Fund	10,000.00	-	-	-
Total Certified Budget			9,152,892.00	103,224.69
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget			(24,570.00)	24,570.00
Adjustment for Qualifying Budget Credits			127,794.50	(127,794.50)
Total Expenditures	9,229,154.13	9,256,116.69	\$ 9,256,116.50	\$ 0.19
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Tax	\$ 1,141,930.15	\$ 1,298,828.24	\$ 1,469,346.00	\$ (170,517.76)
Delinquent Tax	3,226.07	17,151.34	12,085.00	5,066.34
County Sources				
Motor Vehicle Tax	162,050.51	188,215.87	191,193.00	(2,977.13)
Recreational Vehicle Tax	2,412.60	2,650.11	2,730.00	(79.89)
16/20M Trucks	4,155.25	5,912.73	-	5,912.73
In Lieu of Taxes IRBs	3,222.49	3,088.62	-	3,088.62
State Sources				
Supplemental State Aid	1,736,913.00	1,647,376.00	1,588,063.00	59,313.00
Total Cash Receipts	3,053,910.07	3,163,222.91	\$ 3,263,417.00	\$ (100,194.09)
Expenditures				
Instruction	132,286.27	151,868.88	\$ 160,660.00	\$ (8,791.12)
Support Services				
Student Support	-	-	500.00	(500.00)
Instructional Support	-	-	4,433.00	(4,433.00)
General Administration	56,853.39	46,751.89	90,500.00	(43,748.11)
School Administration	10,719.00	4,535.73	10,000.00	(5,464.27)
Operations & Maintenance	1,481,248.71	1,558,599.06	1,630,500.00	(71,900.94)
Other Supplemental Services	7,668.68	15,298.54	8,500.00	6,798.54

GENERAL FUND

Iola, 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to:				
Driver Training Fund	\$ 10,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Virtual Education Fund	-	19,500.00	50,000.00	(30,500.00)
Food Service Fund	225,000.00	200,000.00	120,000.00	80,000.00
K-12 At-Risk Fund	340,000.00	745,000.00	785,000.00	(40,000.00)
Professional Development Fund	-	17,000.00	-	17,000.00
Special Education Fund	529,638.95	61,388.90	-	61,388.90
Vocational Education Fund	295,000.00	285,000.00	250,000.00	35,000.00
Total Expenditures	3,088,415.00	3,109,943.00	\$ 3,110,093.00	\$ -
Receipts Over (Under) Expenditures	(34,504.93)	53,279.91		
Unencumbered Cash, Beginning	55,730.46	21,225.53		
Unencumbered Cash, Ending	\$ 21,225.53	\$ 74,505.44		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ 4,761.44	\$ 5,000.00	\$ (238.56)
Operating Transfer from General Fund	68,000.00	51,000.00	40,000.00	11,000.00
Total Cash Receipts	68,000.00	55,761.44	\$ 45,000.00	\$ 10,761.44
Expenditures				
Instruction	57,079.14	57,998.72	\$ 70,000.00	\$ (12,001.28)
Total Expenditures	57,079.14	57,998.72	\$ 70,000.00	\$ (12,001.28)
Receipts Over (Under) Expenditures	10,920.86	(2,237.28)		
Unencumbered Cash, Beginning	14,601.00	25,521.86		
Unencumbered Cash, Ending	\$ 25,521.86	\$ 23,284.58		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Local Sources				
Miscellaneous Revenue	\$ -	\$ -	\$ 50,000.00	\$ (50,000.00)
Operating Transfers from:				
General Fund	1,180,000.00	565,000.00	550,290.00	14,710.00
Supplemental General Fund	340,000.00	745,000.00	785,000.00	(40,000.00)
Total Cash Receipts	1,520,000.00	1,310,000.00	\$ 1,385,290.00	\$ (75,290.00)
Expenditures				
Instruction	1,311,391.05	1,172,349.66	\$ 1,307,000.00	\$ (134,650.34)
Support Services				
Student Support	86,339.41	86,924.31	92,000.00	(5,075.69)
School Administration	48,753.12	47,283.13	51,000.00	(3,716.87)
Total Expenditures	1,446,483.58	1,306,557.10	\$ 1,450,000.00	\$ (143,442.90)
Receipts Over (Under) Expenditures	73,516.42	3,442.90		
Unencumbered Cash, Beginning	100,781.25	174,297.67		
Unencumbered Cash, Ending	\$ 174,297.67	\$ 177,740.57		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Tax	\$ 216,821.32	\$ 126,918.74	\$ 131,751.00	\$ (4,832.26)
Delinquent Tax	702.62	3,592.79	2,283.00	1,309.79
Interest on Idle Funds	11,444.69	10,677.83	40,000.00	(29,322.17)
Other	4,717.58	1,795.00	38,879.00	(37,084.00)
County Sources				
Motor Vehicle Tax	35,861.96	39,001.06	39,279.00	(277.94)
Recreational Vehicle Tax	533.84	547.87	561.00	(13.13)
16/20M Trucks	926.70	1,267.63	-	1,267.63
In Lieu of Taxes IRBs	689.00	583.50	-	583.50
Total Cash Receipts	271,697.71	184,384.42	\$ 252,753.00	\$ (68,368.58)
Expenditures				
Instruction	6,136.00	3,538.00	\$ 33,000.00	\$ (29,462.00)
Support Services				
General Administration	-	-	5,000.00	(5,000.00)
Operations and Maintenance	16,791.14	10,177.31	20,000.00	(9,822.69)
Transportation	-	29,400.00	100,000.00	(70,600.00)
Facility Acquisition and Construction Services	240,617.63	219,016.53	752,000.00	(532,983.47)
Total Expenditures	263,544.77	262,131.84	\$ 910,000.00	\$ (647,868.16)
Receipts Over (Under) Expenditures	8,152.94	(77,747.42)		
Unencumbered Cash, Beginning	660,361.93	668,514.87		
Unencumbered Cash, Ending	\$ 668,514.87	\$ 590,767.45		

UNIFIED SCHOOL DISTRICT #257

Iola, 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	\$ 6,569.00	\$ 3,613.00	\$ 8,000.00	\$ (4,387.00)
State Sources				
State Aid	2,738.00	4,606.00	3,700.00	906.00
Operating Transfer from Supplemental General Fund	10,000.00	5,000.00	-	5,000.00
Total Cash Receipts	19,307.00	13,219.00	\$ 11,700.00	\$ 1,519.00
Expenditures				
Instruction	13,130.13	12,182.66	\$ 26,200.00	\$ (14,017.34)
Support Services				
Vehicle Operations	705.30	1,688.36	3,800.00	(2,111.64)
Total Expenditures	13,835.43	13,871.02	\$ 30,000.00	\$ (16,128.98)
Receipts Over (Under) Expenditures	5,471.57	(652.02)		
Unencumbered Cash, Beginning	20,753.97	26,225.54		
Unencumbered Cash, Ending	\$ 26,225.54	\$ 25,573.52		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources				
Food Service Sales	\$ 220,959.69	\$ 210,142.25	\$ 326,835.00	\$ (116,692.75)
Interest on Idle Funds	-	-	50,000.00	(50,000.00)
Miscellaneous Revenue	3,022.54	1,480.64	40,000.00	(38,519.36)
State Sources				
Food Service Aid	7,721.86	7,974.09	6,720.00	1,254.09
Federal Sources				
Child Nutrition Aid	494,186.84	574,579.36	465,178.00	109,401.36
ARRA Food Service Equipment	-	-	11,000.00	(11,000.00)
Operating Transfer from Supplemental General Fund	225,000.00	200,000.00	120,000.00	80,000.00
Total Cash Receipts	950,890.93	994,176.34	\$ 1,019,733.00	\$ (25,556.66)
Expenditures				
Support Services				
Operations & Maintenance	-	-	\$ 5,500.00	\$ (5,500.00)
Operation of Non- Instructional Services				
Food Service Operations	938,495.54	1,001,269.20	1,174,500.00	(173,230.80)
Total Expenditures	938,495.54	1,001,269.20	\$ 1,180,000.00	\$ (178,730.80)
Receipts Over (Under) Expenditures	12,395.39	(7,092.86)		
Unencumbered Cash, Beginning	151,475.91	163,871.30		
Unencumbered Cash, Ending	\$ 163,871.30	\$ 156,778.44		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	\$ -	\$ -	\$ 10,000.00	\$ (10,000.00)
Operating Transfer from:				
General Fund	10,000.00	-	-	-
Supplemental General Fund	-	17,000.00	-	17,000.00
Total Cash Receipts	10,000.00	17,000.00	\$ 10,000.00	\$ 7,000.00
Expenditures				
Support Services				
Instructional Support	5,899.91	20,768.73	\$ 24,000.00	\$ (3,231.27)
Other Supplemental Services	-	180.00	1,000.00	(820.00)
Total Expenditures	5,899.91	20,948.73	\$ 25,000.00	\$ (4,051.27)
Receipts Over (Under) Expenditures	4,100.09	(3,948.73)		
Unencumbered Cash, Beginning	12,572.53	16,672.62		
Unencumbered Cash, Ending	\$ 16,672.62	\$ 12,723.89		

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

PARENTS 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	\$ -	\$ -	\$ 4,000.00	\$ (4,000.00)
Operating Transfers from General Fund	10,000.00	-	-	-
Total Cash Receipts	10,000.00	-	\$ 4,000.00	\$ (4,000.00)
Expenditures				
Support Services				
Student Support	500.00	5,980.00	\$ 20,000.00	\$ (14,020.00)
Total Expenditures	500.00	5,980.00	\$ 20,000.00	\$ (14,020.00)
Receipts Over (Under) Expenditures	9,500.00	(5,980.00)		
Unencumbered Cash, Beginning	6,893.65	16,393.65		
Unencumbered Cash, Ending	\$ 16,393.65	\$ 10,413.65		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Local Sources				
Other	\$ 98,554.94	\$ 41,935.44	\$ 100,000.00	\$ (58,064.56)
Operating Transfers from:				
General Fund	1,653,052.31	2,105,655.40	1,688,400.00	417,255.40
Supplemental General Fund	529,638.95	61,388.90	-	61,388.90
Total Cash Receipts	<u>2,281,246.20</u>	<u>2,208,979.74</u>	<u>\$ 1,788,400.00</u>	<u>\$ 420,579.74</u>
Expenditures				
Instruction	1,877,058.40	2,090,752.89	\$ 2,125,000.00	\$ (34,247.11)
Support Services				
Student Transportation Services	202,265.56	124,226.82	350,000.00	(225,773.18)
Total Expenditures	<u>2,079,323.96</u>	<u>2,214,979.71</u>	<u>\$ 2,475,000.00</u>	<u>\$ (260,020.29)</u>
Receipts Over (Under) Expenditures	201,922.24	(5,999.97)		
Unencumbered Cash, Beginning	<u>502,765.36</u>	<u>704,687.60</u>		
Unencumbered Cash, Ending	<u>\$ 704,687.60</u>	<u>\$ 698,687.63</u>		

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year			Variance -
	Prior Year Actual	Actual	Budget		Over Under
Cash Receipts					
Local Sources					
Property Rental/Sales	\$ 90,219.95	\$ 4,200.00	\$ 100,000.00	\$	(95,800.00)
Miscellaneous Revenue	-	-	20,000.00		(20,000.00)
Federal Sources					
Special Project Aid	19,185.00	16,950.00	20,000.00		(3,050.00)
Operating Transfers from:					
General Fund	25,000.00	-	-		-
Supplemental General Fund	295,000.00	285,000.00	250,000.00		35,000.00
Total Cash Receipts	429,404.95	306,150.00	\$ 390,000.00	\$	(83,850.00)
Expenditures					
Instruction	413,337.98	316,580.59	\$ 450,000.00	\$	(133,419.41)
Total Expenditures	413,337.98	316,580.59	\$ 450,000.00	\$	(133,419.41)
Receipts Over (Under) Expenditures	16,066.97	(10,430.59)			
Unencumbered Cash, Beginning	58,238.37	74,305.34			
Unencumbered Cash, Ending	\$ 74,305.34	\$ 63,874.75			

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

VIRTUAL 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfers from:				
General Fund	\$ -	\$ -	\$ 50,000.00	\$ (50,000.00)
Supplemental General Fund	-	19,500.00	-	19,500.00
Total Cash Receipts	-	19,500.00	\$ 50,000.00	\$ (30,500.00)
Expenditures				
Instruction	-	19,500.00	\$ 50,000.00	\$ (30,500.00)
Total Expenditures	-	19,500.00	\$ 50,000.00	\$ (30,500.00)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #257

Iola, 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		
Federal Sources		
Federal Aid	<u>\$ 329,350.00</u>	<u>\$ 485,525.00</u>
Total Cash Receipts	<u>329,350.00</u>	<u>485,525.00</u>
Expenditures		
Instruction	278,604.01	452,755.19
Support Services		
Instructional Support	49,958.18	37,623.24
School Administration	<u>-</u>	<u>2,500.00</u>
Total Expenditures	<u>328,562.19</u>	<u>492,878.43</u>
Receipts Over (Under) Expenditures	787.81	(7,353.43)
Unencumbered Cash, Beginning	<u>13,228.62</u>	<u>14,016.43</u>
Unencumbered Cash, Ending	<u><u>\$ 14,016.43</u></u>	<u><u>\$ 6,663.00</u></u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

TITLE I SCHOOL IMPROVEMENT 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)

	<div> <div>Prior</div> <div>Year</div> <div>Actual</div> </div>	<div> <div>Current</div> <div>Year</div> <div>Actual</div> </div>
Cash Receipts		
Federal Sources		
Federal Aid	\$ 205,000.00	\$ -
Total Cash Receipts	205,000.00	-
Expenditures		
Instruction	106,963.96	-
Support Services		
Instructional Support	89,086.48	-
General Administration	2,998.56	-
Total Expenditures	199,049.00	-
Receipts Over (Under) Expenditures	5,951.00	-
Unencumbered Cash, Beginning	(5,951.00)	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

TITLE II-A 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	<u>\$ 93,000.00</u>	<u>\$ 87,571.00</u>
Total Cash Receipts	<u>93,000.00</u>	<u>87,571.00</u>
Expenditures		
Instruction	15,413.20	10,661.61
Support Services		
Instructional Support	<u>85,530.65</u>	<u>72,435.39</u>
Total Expenditures	<u>100,943.85</u>	<u>83,097.00</u>
Receipts Over (Under) Expenditures	(7,943.85)	4,474.00
Unencumbered Cash, Beginning	<u>3,469.85</u>	<u>(4,474.00)</u>
Unencumbered Cash, Ending	<u>\$ (4,474.00)</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

TITLE IV 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 Aid	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	(0.98)	-
Total Expenditures	(0.98)	-
Receipts Over (Under) Expenditures	0.98	-
Unencumbered Cash, Beginning	12.68	13.66
Unencumbered Cash, Ending	<u>\$ 13.66</u>	<u>\$ 13.66</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

TITLE VI-B 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 Aid	<u>\$ 32,495.00</u>	<u>\$ 28,634.00</u>
Total Cash Receipts	<u>32,495.00</u>	<u>28,634.00</u>
Expenditures		
Instruction	790.00	24,439.66
Support Services		
Instructional Support	<u>31,705.00</u>	<u>4,194.34</u>
Total Expenditures	<u>32,495.00</u>	<u>28,634.00</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 #257

Iola, 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
KPERS Contributions	\$ 483,798.22	\$ 819,743.77	\$ 880,512.00	\$ (60,768.23)
Total Cash Receipts	483,798.22	819,743.77	\$ 880,512.00	\$ (60,768.23)
Expenditures				
Instruction	304,627.25	521,606.02	\$ 539,857.00	\$ (18,250.98)
Support Services				
Student Support	21,069.56	33,109.16	35,742.00	(2,632.84)
Instructional Support	23,908.96	37,865.73	50,203.00	(12,337.27)
General Administration	12,038.37	21,880.04	20,850.00	1,030.04
School Administration	40,011.10	69,738.18	74,910.00	(5,171.82)
Other Supplemental Services	10,930.80	29,593.08	21,450.00	8,143.08
Operations and Maintenance	31,478.88	54,333.36	57,200.00	(2,866.64)
Student Transportation Services	17,347.09	23,690.77	34,100.00	(10,409.23)
Food Service	22,386.21	27,927.43	46,200.00	(18,272.57)
Total Expenditures	483,798.22	819,743.77	\$ 880,512.00	\$ (60,768.23)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #257

Iola, 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 Transfer from General Fund	<u>\$ -</u>	<u>\$ -</u>
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures		
Support Services School Administration	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>500,000.00</u>	<u>500,000.00</u>
Unencumbered Cash, Ending	<u>\$ 500,000.00</u>	<u>\$ 500,000.00</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

TITLE II-D TECHNOLOGY 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</u> <u>Year</u> <u>Actual</u>	<u>Current</u> <u>Year</u> <u>Actual</u>
Cash Receipts		
Federal Sources		
Federal Aid	\$ 1,393.00	\$ -
Total Cash Receipts	<u>1,393.00</u>	<u>-</u>
Expenditures		
Support Services		
Instructional Support	1,326.00	-
General Administration	<u>67.00</u>	<u>-</u>
Total Expenditures	<u>1,393.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

TITLE I GRANT (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	\$ 203,036.00	\$ -
Total Cash Receipts	<u>203,036.00</u>	<u>-</u>
Expenditures		
Instruction	90,596.07	-
Support Services		
Student Support	1,144.15	-
Instructional Support	<u>114,080.24</u>	<u>-</u>
Total Expenditures	<u>205,820.46</u>	<u>-</u>
Receipts Over (Under) Expenditures	(2,784.46)	-
Unencumbered Cash, Beginning	<u>2,784.46</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

IMPROVEMENT 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 Aid	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>4,074.46</u>	<u>4,074.46</u>
Unencumbered Cash, Ending	<u>\$ 4,074.46</u>	<u>\$ 4,074.46</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

FUN AND FITNESS 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		
Local Sources		
Foundation Grant	<u>\$ 165,851.00</u>	<u>\$ 106,022.98</u>
Total Cash Receipts	<u>165,851.00</u>	<u>106,022.98</u>
Expenditures		
Instruction	<u>171,841.15</u>	<u>100,022.98</u>
Total Expenditures	<u>171,841.15</u>	<u>100,022.98</u>
Receipts Over (Under) Expenditures	(5,990.15)	6,000.00
Unencumbered Cash, Beginning	<u>(10,009.85)</u>	<u>(16,000.00)</u>
Unencumbered Cash, Ending	<u><u>\$ (16,000.00)</u></u>	<u><u>\$ (10,000.00)</u></u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

21st CENTURY HIGH 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</u> <u>Year</u> <u>Actual</u>	<u>Current</u> <u>Year</u> <u>Actual</u>
Cash Receipts		
Local Source		
Donations	\$ (10,625.47)	\$ -
Federal Sources		
21st Century Grant	<u>59,172.00</u>	<u>-</u>
Total Cash Receipts	<u>48,546.53</u>	<u>-</u>
Expenditures		
Instruction	43,705.55	-
Support Services		
Instructional Support	4,380.07	-
General Administration	9,323.29	-
Operation of Non-Instructional Services		
Food Service Operation	<u>1,763.09</u>	<u>-</u>
Total Expenditures	<u>59,172.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	(10,625.47)	-
Unencumbered Cash, Beginning	<u>10,625.47</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

21st CENTURY ELEMENTARY 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		
Local Source		
Donations	\$ 10,000.00	\$ -
Other Revenue		
Safe Base Donor	<u>25,805.72</u>	<u>32,921.32</u>
Total Cash Receipts	<u>35,805.72</u>	<u>32,921.32</u>
Expenditures		
Instruction	20,265.80	11,738.56
Operation of Non- Instructional Services		
Food Service Operation	<u>240.80</u>	<u>-</u>
Total Expenditures	<u>20,506.60</u>	<u>11,738.56</u>
Receipts Over (Under) Expenditures	15,299.12	21,182.76
Unencumbered Cash, Beginning	<u>879.22</u>	<u>16,178.34</u>
Unencumbered Cash, Ending	<u>\$ 16,178.34</u>	<u>\$ 37,361.10</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

21st CENTURY SAVE THE CHILDREN 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		
Local Source		
Donations	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	1,244.92
Total Expenditures	-	1,244.92
Receipts Over (Under) Expenditures	-	(1,244.92)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (1,244.92)</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

21st CENTURY SAFE BASE 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 Aid	\$ -	\$ 58,500.00
Total Cash Receipts	-	58,500.00
Expenditures		
Instruction	-	100,965.61
Support Services		
Instructional Support	-	1,970.74
Total Expenditures	-	102,936.35
Receipts Over (Under) Expenditures	-	(44,436.35)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ (44,436.35)

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

SAFE AND SUPPORTIVE SCHOOLS 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)

	<div> <div>Prior</div> <div>Year</div> <div>Actual</div> </div>	<div> <div>Current</div> <div>Year</div> <div>Actual</div> </div>
Cash Receipts		
Federal Sources		
Federal Aid	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	4,590.00
Total Expenditures	-	4,590.00
Receipts Over (Under) Expenditures	-	(4,590.00)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ (4,590.00)

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

HEALTH CARE FOUNDATION 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		
Local Sources		
Foundation Grant	<u>\$ -</u>	<u>\$ 19,941.00</u>
Total Cash Receipts	<u>-</u>	<u>19,941.00</u>
Expenditures		
Support Services		
General Administration	<u>17,005.90</u>	<u>-</u>
Total Expenditures	<u>17,005.90</u>	<u>-</u>
Receipts Over (Under) Expenditures	(17,005.90)	19,941.00
Unencumbered Cash, Beginning	<u>(2,935.10)</u>	<u>(19,941.00)</u>
Unencumbered Cash, Ending	<u>\$ (19,941.00)</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #257

Iola, 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Delinquent Tax	\$ -	\$ 263.41	\$ -	\$ 263.41
Total Cash Receipts	-	263.41	\$ -	\$ 263.41
Expenditures				
Cash Basis Reserve	-	-	\$ -	\$ -
Total Expenditures	-	-	\$ -	\$ -
Receipts Over (Under) Expenditures	-	263.41		
Unencumbered Cash, Beginning	143,512.95	143,512.95		
Unencumbered Cash, Ending	\$ 143,512.95	\$ 143,776.36		

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

BOWLUS TRUST 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		
Bowlus Trust Reimbursements	<u>\$ 203,592.46</u>	<u>\$ 281,148.73</u>
Total Cash Receipts	<u>203,592.46</u>	<u>281,148.73</u>
Expenditures		
Support Services		
Other Supplemental Services	<u>226,003.24</u>	<u>258,737.95</u>
Total Expenditures	<u>226,003.24</u>	<u>258,737.95</u>
Receipts Over (Under) Expenditures	(22,410.78)	22,410.78
Unencumbered Cash, Beginning	<u>-</u>	<u>(22,410.78)</u>
Unencumbered Cash, Ending	<u>\$ (22,410.78)</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

REACH 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		
Other Revenue		
Reach Grant	\$ 1,972.79	\$ -
Total Cash Receipts	<u>1,972.79</u>	<u>-</u>
Expenditures		
Support Services		
Student Support	7,670.46	902.14
General Administration	<u>10.69</u>	<u>-</u>
Total Expenditures	<u>7,681.15</u>	<u>902.14</u>
Receipts Over (Under) Expenditures	(5,708.36)	(902.14)
Unencumbered Cash, Beginning	<u>8,910.77</u>	<u>3,202.41</u>
Unencumbered Cash, Ending	<u>\$ 3,202.41</u>	<u>\$ 2,300.27</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

SINGLE PARENT 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 Aid	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	21.60	21.60
Unencumbered Cash, Ending	<u>\$ 21.60</u>	<u>\$ 21.60</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

YOUTH FRIENDS 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		
Other Revenue		
Youth Friends Donations	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Support Services		
Instructional Support	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>2,236.31</u>	<u>2,236.31</u>
Unencumbered Cash, Ending	<u>\$ 2,236.31</u>	<u>\$ 2,236.31</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

MYERS MATH PRIZE 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		
Donations	<u>\$ -</u>	<u>\$ -</u>
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures		
Student Services		
Scholarships	<u>100.00</u>	<u>100.00</u>
Total Expenditures	<u>100.00</u>	<u>100.00</u>
Receipts Over (Under) Expenditures	(100.00)	(100.00)
Unencumbered Cash, Beginning	<u>1,262.85</u>	<u>1,162.85</u>
Unencumbered Cash, Ending	<u>\$ 1,162.85</u>	<u>\$ 1,062.85</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

MISCELLANEOUS GRANTS 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		
Foundation Grant	\$ -	\$ 11,245.00
Federal Sources		
Federal Aid	-	235.00
	<u>-</u>	<u>235.00</u>
Total Cash Receipts	<u>-</u>	<u>11,480.00</u>
Expenditures		
Instruction	<u>238.72</u>	<u>9,306.21</u>
Total Expenditures	<u>238.72</u>	<u>9,306.21</u>
Receipts Over (Under) Expenditures	(238.72)	2,173.79
Unencumbered Cash, Beginning	<u>5,178.05</u>	<u>4,939.33</u>
Unencumbered Cash, Ending	<u>\$ 4,939.33</u>	<u>\$ 7,113.12</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

DISCRETIONARY TRUST 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		
Interest on Idle Funds	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	384.02	384.02
Unencumbered Cash, Ending	<u>\$ 384.02</u>	<u>\$ 384.02</u>

UNIFIED SCHOOL DISTRICT #257

Iola, 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				
Payroll Clearing	\$ 257,909.80	\$ 4,087,762.57	\$ 4,156,251.56	\$ 189,420.81
Student Organizations				
Middle School				
6th Grade Teams	75.00	-	-	75.00
Band	426.97	75.21	-	502.18
Choir	36.97	32.00	-	68.97
Crime Stoppers	297.02	-	-	297.02
John Carnahan Memorial	458.78	4.00	313.72	149.06
School Store	260.63	-	44.50	216.13
Sprit Leader	54.39	-	-	54.39
STUCCO	440.85	-	12.83	428.02
Teachers Gift Club	4.78	1,315.41	1,291.00	29.19
Wrestling	1,588.31	-	642.00	946.31
High School				
Band Boosters	4,021.93	51,108.74	54,481.53	649.14
Cheerleaders	(442.53)	14,787.04	20,724.30	(6,379.79)
Choir	(170.54)	606.42	336.45	99.43
Class of 2009	624.21	-	-	624.21
Class of 2010	470.56	-	-	470.56
Class of 2011	2,105.01	-	-	2,105.01
Class of 2012	(562.40)	988.89	300.65	125.84
Class of 2013	546.16	10,451.19	11,548.17	(550.82)
Class of 2014	184.92	165.89	69.85	280.96
Class of 2015	-	196.41	24.40	172.01
Crime Stoppers	649.77	1,334.69	1,651.54	332.92
Entrepreneurship	38.01	-	-	38.01
FBLA	0.55	316.55	316.00	1.10
FCA	369.11	88.26	221.30	236.07
FCCLA	470.14	713.47	433.17	750.44
FFA	178.81	34,300.97	32,736.32	1,743.46
FFA Project	56.17	2,643.40	2,203.28	496.29
FLC	258.35	-	-	258.35

Schedule 3 (Continued)**UNIFIED SCHOOL DISTRICT #257**

Iola, 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 (Continued)				
Student Organizations (Continued)				
High School (Continued)				
Hal Pannell	\$ 530.01	\$ 510.00	\$ 68.74	\$ 971.27
I Club	279.29	-	-	279.29
Iola Players	(419.17)	2,999.58	2,667.25	(86.84)
Metals	10.73	2,221.10	2,923.03	(691.20)
NHS	61.28	57.85	72.61	46.52
Plays	0.62	-	-	0.62
SADD	622.25	2,821.37	2,747.10	696.52
Spring Romp	266.78	-	-	266.78
STUCO	34.85	6,827.23	6,534.75	327.33
Teacher Courtesy	104.24	411.65	396.83	119.06
Video Club	540.92	-	-	540.92
Wood	(521.85)	1,004.13	1,034.00	(551.72)
Art	-	150.00	20.00	130.00
Totals	<u>\$ 271,861.68</u>	<u>\$ 4,223,894.02</u>	<u>\$ 4,300,066.88</u>	<u>\$ 195,688.82</u>

UNIFIED SCHOOL DISTRICT #257

Iola, 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 Encumbrances and Accounts Payable	Ending Cash Balances June 30, 2012	Ending Cash Balances June 30, 2011
Gate Receipts							
High School	\$ 10,519.42	\$ 53,537.86	\$ 50,235.47	\$ 13,821.81	\$ -	\$ 13,821.81	\$ 10,519.42
Middle School	10,880.29	31,113.09	35,162.22	6,831.16	-	6,831.16	10,880.29
Sub-Total Gate Receipts	21,399.71	84,650.95	85,397.69	20,652.97	-	20,652.97	21,399.71
School Activities							
Jefferson Elementary							
Activity	-	9,025.80	9,025.80	-	1,694.16	1,694.16	2,385.47
Library	-	3,751.90	3,751.90	-	144.97	144.97	1,592.92
Music	-	1,815.97	1,815.97	-	1,815.97	1,815.97	1,512.21
Year Book	-	(1,165.07)	(1,165.07)	-	(1,165.07)	(1,165.07)	(1,165.07)
Lincoln Elementary							
Activity	-	3,323.90	3,323.90	-	2,000.00	2,000.00	2,351.18
Art	-	77.91	77.91	-	77.91	77.91	77.91
Library	-	2,265.61	2,265.61	-	1,226.83	1,226.83	985.49
Music	-	306.32	306.32	-	306.32	306.32	306.32
Rewards	-	478.10	478.10	-	478.10	478.10	478.10
Sign Club	-	72.91	72.91	-	72.91	72.91	72.91
Year Book	-	1,741.10	1,741.10	-	-	-	31.39
McKinley Elementary							
Clark - SC	-	113.63	113.63	-	113.63	113.63	13.63
Ellis - SC	-	173.90	173.90	-	(7.39)	(7.39)	73.90
Coffield - SC	-	200.00	200.00	-	200.00	200.00	100.00
Curry - SC	-	100.00	100.00	-	1.10	1.10	-
Library	-	237.70	237.70	-	82.27	82.27	97.50
Music	-	910.64	910.64	-	640.34	640.34	574.64
PTO	-	60.25	60.25	-	60.25	60.25	60.25
Staff Social	-	2,392.83	2,392.83	-	700.22	700.22	721.98
Student Accounts	-	1,269.22	1,269.22	-	161.36	161.36	203.45
Year Book	-	1,570.02	1,570.02	-	222.07	222.07	56.07

UNIFIED SCHOOL DISTRICT #257

Iola, 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 Encumbrances and Accounts Payable	Ending Cash Balances June 30, 2012	Ending Cash Balances June 30, 2011
School Activities (Continued)							
Middle School							
Achievement	\$ -	\$ 44.50	\$ 44.50	\$ -	\$ -	\$ -	\$ -
Activity	-	1,754.13	1,754.13	-	823.95	823.95	90.93
Character Ed	-	360.32	360.32	-	360.32	360.32	125.32
Equipment	-	2,703.19	2,703.19	-	203.19	203.19	203.19
Gym suits	-	3,897.03	3,897.03	-	18.42	18.42	404.43
Improvements	-	29.71	29.71	-	29.71	29.71	29.71
Incentive Fund	-	17,049.35	17,049.35	-	5,640.14	5,640.14	6,885.76
Library	-	1,142.60	1,142.60	-	67.66	67.66	55.22
Positive Behavior	-	72.43	72.43	-	72.43	72.43	72.43
Sales Tax	-	3,456.74	3,456.74	-	(0.01)	(0.01)	542.78
TA	-	128.12	128.12	-	128.12	128.12	128.12
Therapy Dog	-	664.50	664.50	-	336.74	336.74	-
Uniform Fund	-	743.23	743.23	-	743.23	743.23	521.30
New Student	-	405.00	405.00	-	135.00	135.00	55.00
Wellness Grant	-	500.00	500.00	-	500.00	500.00	500.00
Year Book	-	5,012.70	5,012.70	-	1,131.59	1,131.59	308.59
High School							
Drivers Ed	-	3,437.00	3,437.00	-	-	-	-
Health Grant	-	301.04	301.04	-	272.09	272.09	151.04
In House Training	-	1,650.30	1,650.30	-	600.64	600.64	543.05
Leadership	-	7,422.03	7,422.03	-	152.41	152.41	4,265.57
Library	-	393.14	393.14	-	177.90	177.90	223.83
Messenger Paper	-	511.58	511.58	-	441.58	441.58	511.58
Petty Cash	-	100.00	100.00	-	100.00	100.00	100.00
Postage	-	84.25	84.25	-	20.55	20.55	64.22
Sales Tax	-	10,113.71	10,113.71	-	613.22	613.22	628.85
Scholar Bowl	-	(120.74)	(120.74)	-	(120.74)	(120.74)	(120.74)
Student Accounts	-	65,635.38	65,635.38	-	11,614.49	11,614.49	7,560.84
Year Book	-	21,204.23	21,204.23	-	7,689.56	7,689.56	4,310.28
MIP-Mustang Incentive Program	-	845.00	845.00	-	845.00	845.00	795.00
Color Guard	-	541.68	541.68	-	541.68	541.68	186.88
KJS Green Grant	-	401.19	401.19	-	306.23	306.23	245.19
History Bowl	-	5,302.16	5,302.16	-	437.76	437.76	-
Sub-Total Special Projects	-	184,508.14	184,508.14	-	42,708.81	42,708.81	39,918.62
Total District Activity Funds	\$ 21,399.71	\$ 269,159.09	\$ 269,905.83	\$ 20,652.97	\$ 42,708.81	\$ 63,361.78	\$ 61,318.33

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

USD #257 ENDOWMENT ASSOCIATION

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		
Dividend Income	\$ 459.60	\$ 483.20
Donations - General	100.00	-
Interest on Idle Funds	<u>318.78</u>	<u>184.64</u>
Total Cash Receipts	<u>878.38</u>	<u>667.84</u>
Expenditures		
Corporation Annual Fee	40.00	40.00
Grants Paid	2,755.88	915.00
Licenses, Registrations, & Fees	35.00	35.00
Meals	<u>17.32</u>	<u>59.45</u>
Total Expenditures	<u>2,848.20</u>	<u>1,049.45</u>
Receipts Over (Under) Expenditures	(1,969.82)	(381.61)
Unencumbered Cash, Beginning	<u>66,148.48</u>	<u>64,178.66</u>
Unencumbered Cash, Ending	<u>\$ 64,178.66</u>	<u>\$ 63,797.05</u>

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

BOWLUS FINE ARTS AND CULTURAL CENTER TRUST

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)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Ticket Sales	\$ 28,932.56	\$ 35,391.48
Donations	261,021.85	301,951.62
Grants	31,439.23	16,313.98
Use of Buildings	116,857.00	126,755.00
Investment Income	389,613.72	166,484.91
Miscellaneous Income	52,154.86	65,911.85
Total Cash Receipts	880,019.22	712,808.84
Expenditures		
Personal Costs	211,189.56	237,861.08
Office Supplies	1,165.16	3,626.06
Postage	1,328.51	944.48
Copy Machine	2,150.24	943.14
Hospitality	60.74	136.41
Insurance	25,662.57	26,197.29
Investment Expense	5,450.22	5,503.84
Professional Fees	10,975.45	16,796.93
Real Estate, Gas & Oil Taxes	143.33	152.92
Utilities	41,095.63	39,135.85
Other	9,161.24	8,271.45
Building Maintenance	16,357.34	18,123.11
Capital Improvements	18,727.02	295,261.87
Projects Expense	228,198.18	246,104.11
Total Expenditures	571,665.19	899,058.54
Receipts Over (Under) Expenditures	308,354.03	(186,249.70)
Unencumbered Cash, Beginning	2,576,841.92	2,835,228.65
Prior Period Adjustment	(49,967.30)	-
Unencumbered Cash, Ending	<u>\$ 2,835,228.65</u>	<u>\$ 2,648,978.95</u>

FEDERAL COMPLIANCE SECTION

UNIFIED SCHOOL DISTRICT #257
Iola, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through		Federal		Cash Receipts	Disbursements/ Expenditures
	Entity Identifying Number	CFDA Number				
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed through the Kansas Department of Education						
Title I Grant to Local Educational Agencies	DO257	84.010	(M)	\$ 485,525.00	\$ 492,878.43	
Safe & Supportive Schools Continuum	USD257	84.184		-	4,590.00	
21st Century Community Living Centers - High Sch	USD257	84.287		58,500.00	102,936.35	
Vocational Education - Basic Grants to States	LEA257	84.048		16,950.00	16,950.00	
Rural Education	DO257	84.358		28,634.00	28,634.00	
Improving Teacher Quality State Grants	DO257	84.367		87,571.00	83,097.00	
Education Jobs Fund	DO257	84.410		3,952.00	3,952.00	
				681,132.00	733,037.78	
Passed through Save the Children Federation, Inc.						
21st Century Community Learning Centers	KCC-STC-Literacy-2012-01	84.287		-	1,244.92	
Total U.S. Department of Education				681,132.00	734,282.70	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed through the Kansas Department of Education						
Child USDA Nutrition Cluster:						
National School Lunch Program	DO257	10.555		400,569.87	400,569.87	
School Breakfast Program	DO257	10.553		117,756.18	117,756.18	
Summer Food Service Program for Children	DO257	10.559		28,219.31	28,219.31	
Total Child USDA Nutrition Cluster:			(M)	546,545.36	546,545.36	
Federal School Food Service	DO257	10.560		50.00	50.00	
Team Nutrition Training	DO257	10.574		650.00	650.00	
Fresh Fruit and Vegetable Program	DO257	10.582		27,384.00	27,384.00	
Total U.S. Department of Agriculture				574,629.36	574,629.36	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed through the Kansas Department of Education						
Youth Risk Behavior Survey	DO257	93.938		235.00	235.00	
Total U.S. Department of Health and Human Services				235.00	235.00	
TOTAL FEDERAL AWARDS				\$ 1,255,996.36	\$ 1,309,147.06	

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 #257
Iola, Kansas

We have audited the financial statements of the Unified School District #257, Iola, Kansas, as of and for the year ended June 30, 2012, which collectively comprise the Unified School District #257, Iola, Kansas' basic financial statements and have issued our report thereon dated January 9, 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 #257, Iola, Kansas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Unified School District #257, Iola, 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 #257, Iola, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Unified School District #257, Iola, 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 #257, Iola, 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 9, 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 #257
Iola, Kansas

Compliance

We have audited Unified School District #257, Iola, 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 #257, Iola, Kansas' major federal programs for the year ended June 30, 2012. Unified School District #257, Iola, 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 #257, Iola, Kansas' management. Our responsibility is to express an opinion on Unified School District #257, Iola, 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 #257, Iola, 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 #257, Iola, Kansas' compliance with those requirements.

In our opinion, Unified School District #257, Iola, 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 #257, Iola, 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 #257, Iola, 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 #257, Iola, 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 9, 2013
Chanute, Kansas

UNIFIED SCHOOL DISTRICT #257
Iola, 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 financial statements of Unified School District #257, Iola, 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 #257, Iola, 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
--	-------	-----	-------------	----

Identification of major programs:

U.S. DEPARTMENT OF EDUCATION

Title I Grant to Local Educational Agencies

CFDA No. 84.010

U.S. DEPARTMENT OF AGRICULTURE

Child USDA Nutrition Cluster:

National School Lunch Program

CFDA No. 10.555

School Breakfast Program

CFDA No. 10.553

Summer Food Service Program for Children

CFDA No. 10.559

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

Auditee qualified as a low risk auditee?	_____X_____	Yes	_____	No
--	-------------	-----	-------	----

II. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

UNIFIED SCHOOL DISTRICT #257

Iola, 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 EDUCATION

Title I Grant to Local Educational Agencies – CFDA No. 84.010

None

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

Summer Food Service Program for Children – CFDA No. 10.559

None

UNIFIED SCHOOL DISTRICT #257

Iola, Kansas

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

None