

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
CLEARWATER, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2012**

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Clearwater Unified School District No. 264
Clearwater, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of and for the year ended **June 30, 2012**.

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Board of Education
Clearwater Unified School District No. 264

As described in Note 1 of the financial statement, the financial statement is prepared by **Clearwater Unified School District No. 264, Clearwater, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 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 significance of the matter discussed in the preceding paragraph the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of **June 30, 2012**, or the changes in its financial position and cash flows for the year then ended.


In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of **June 30, 2012**, and the aggregate cash receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2012, on our consideration of **Clearwater Unified School District No. 264, Clearwater, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, individual funds schedules of cash receipts and expenditures-actual, and schedule of cash receipts and disbursements-agency funds (Supplementary Information 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 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 statement or the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement taken as a whole.

**Board of Education
Clearwater Unified School District No. 264**

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures-actual and budget and schedule of cash receipts and disbursements-agency funds (Supplementary Information as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated November 10, 2011. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such statement to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statements as a whole.


Busby Ford & Reimer, LLC
October 4, 2012

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning Unencumbered Cash Balance	Prior Year		Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
		Encumbrances	Canceled				Outstanding Encumbrances and Accounts Payable	Ending Cash Balance	
General Fund	\$ 0	\$ 0	\$ 0	\$ 7,549,767	\$ 7,549,767	\$ 0	\$ 133,592	\$ 133,592	
Special Purpose Funds									
Supplemental General	124,648	0	0	2,617,677	2,546,610	195,715	111,100	306,815	
At Risk (4 Year Old)	20,000	0	0	4,973	15,272	9,701	951	10,652	
At Risk (K-12)	193,500	0	0	421,167	395,667	219,000	1,279	220,279	
Capital Outlay	1,455,243	0	0	406,062	386,197	1,475,108	0	1,475,108	
Driver Training	33,146	0	0	7,703	6,166	34,683	0	34,683	
Food Service	175,000	0	0	516,448	524,115	167,333	12,209	179,542	
Professional Development	176,683	0	0	13,000	29,232	160,451	0	160,451	
Special Education	500,000	0	0	1,552,431	1,513,431	539,000	0	539,000	
Vocational Education	250,000	0	0	241,916	255,264	236,652	361	237,013	
KPERS Contribution	0	0	0	630,346	630,346	0	0	0	
Recreation Commission	18,499	0	0	189,601	189,000	19,100	0	19,100	
Federal Funds	0	0	0	131,986	131,986	0	0	0	
Gifts and Grants	8,566	0	0	11,901	10,871	9,596	0	9,596	
Contingency Reserve	779,924	0	0	0	0	779,924	0	779,924	
Student Revolving	1,651	0	0	355	900	1,106	0	1,106	
Textbook Revolving	219,366	0	0	51,362	37,172	233,556	1,278	234,834	
Perkins Consortium Vo-Ed Grant	0	0	0	4,474	4,474	0	0	0	
Kansas Beef Council Grant	0	0	0	250	250	0	0	0	
Health Council Grant	936	0	0	100	456	580	0	580	
PEP Grant	0	0	0	193,365	193,365	0	0	0	
District Activity Funds	62,452	0	0	256,824	257,027	62,249	0	62,249	
Debt Service Fund									
Bond and Interest	788,384	0	0	1,207,948	1,170,120	826,212	0	826,212	
	<u>\$ 4,807,998</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,009,656</u>	<u>\$ 15,847,688</u>	<u>\$ 4,969,966</u>	<u>\$ 260,770</u>	<u>\$ 5,230,736</u>	

Composition of Cash:	Checking Accounts	\$ 1,651,517
	Savings Accounts	3,600,047
	Agency Funds	5,251,564
		<u>(20,828)</u>
		<u>\$ 5,230,736</u>

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

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Clearwater Unified School District No. 264 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Clearwater, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Debt Service Fund-To account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Agency Funds-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

The District has approved a resolution that is in compliance with K.S.A. 75-110a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue, matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Budget and Tax Cycle

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended during the year.

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

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	Student Revolving Fund
Textbook Revolving Fund	Perkins Consortium Vo-Ed Grant Fund
Kansas Beef Council Grant Fund	Health Council Grant Fund
PEP Grant	District Activity 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.

Note 2 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2012, the State made contributions of \$630,346. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

Note 4 - Prior Year Balances:

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2011, financial statements in order to conform to the June 30, 2012, presentation.

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 5 - Deposits:

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located 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 Government 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 Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$5,251,564 and the bank balance was \$5,855,062. The bank balance is held by two banks. Of the bank balance, \$322,333 was covered by depository insurance, and the remaining \$5,532,729 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 6 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:					
	At Risk (4 Year Old)	At Risk (K-12)	Professional Development	Special Education	Vocational Education	Total
Transfer from:						
General Fund	\$ 0	\$ 175,687	\$ 11,196	\$ 1,475,027	\$ 117,804	\$ 1,779,714
Supplemental General Fund	4,964	243,500	1,804	77,000	123,652	450,920
	<u>\$ 4,964</u>	<u>\$ 419,187</u>	<u>\$ 13,000</u>	<u>\$ 1,552,027</u>	<u>\$ 241,456</u>	<u>\$ 2,230,634</u>

Note 7 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 8 - Postemployment 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 local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in 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.

Note 9 - Defined Benefit Pension Plan:

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer, defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas Ave, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at a minimum of 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.77% of covered payroll for the year ended June 30, 2012. These contribution requirements are established by KPERs and are periodically revised. Kansas contributions to KPERs for all Kansas public school employees for the years ending June 30, 2012, 2011 and 2010 were \$298,635,383, \$253,834,044 and \$248,468,186 respectively, equal to the required contributions for each year.

Note 10 - Advance Refunding of Bond Obligation:

On April 1, 2011, the District issued \$9,645,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.30%. Of the issue, \$9,045,000 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 bonds. As a result, this portion of these bonds are considered defeased and not included in long-term debt above.

On June 1, 2012, the District issued \$3,325,000 in General Obligation Bonds with an interest rate of 2.00%. Of the issue, \$3,427,368 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 bonds. As a result, this portion of these bonds are considered defeased and not included in long-term debt above.

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 11 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

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

Note 12 - Termination Benefits:

The District supports an early retirement plan for teachers under the negotiated agreement. Teachers are eligible under the plan if they were employed by the District for terms prior to 2007-2008, 60 years of age and have been employed by the District for ten years of continuous service and an additional five years under KPERS employment. Teachers electing early retirement will receive continued salary until age 65, deceased, or if they choose to draw social security before age 65, at an amount of 75% of the difference between the teacher's salary and the base salary in effect. However, in no event will regular or reduced benefit exceed the amount to which a participant would be entitled on account of normal retirement under the Social Security Act.

Teachers employed by the District for periods prior to 2007-2008 are also eligible under the plan for a reduced retirement benefit at age 55 or an age that fulfills the KPERS retirement options, have a minimum of ten years continuous service with USD #264, and have an additional five years under KPERS employment. Teachers electing the reduced early retirement will receive continued salary until age 65, deceased, or if they choose to draw social security before age 65, at an amount of 50% of the difference between the teacher's salary and the base salary in effect. However, in no event will regular or reduced benefit exceed the amount to which a participant would be entitled on account of normal retirement under the Social Security Act.

It is the policy of the District to record early retirement benefits as expenditures when paid. The District paid \$150,329 in postemployment benefits for former employees during the year ended June 30, 2012.

Note 13 - Subsequent Events:

The District has evaluated subsequent events through October 4, 2012, the date which the financial statements were available to be issued.

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 14 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Lease payments are due monthly.

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2003 Series	3.375 - 5.125	3/1/03	16,095,000	9/1/23
2011 Series	2.000 - 3.300	4/1/11	9,645,000	9/1/23
2012 Series	2.000	5/1/12	3,325,000	9/1/16
Capital Leases				
Industrial Arts Building	5.09	10/1/04	300,000	11/1/14
Energy Mgmt System	4.96	7/19/05	750,000	12/5/20
Network Infrastructure	3.68	6/1/12	482,565	9/1/14

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2003 Series	\$ 4,665,000	\$ 0	\$ 3,980,000	\$ 685,000	\$ 222,523
2011 Series	9,645,000	0	70,000	9,575,000	262,594
2012 Series	0	3,325,000	0	3,325,000	0
	<u>14,310,000</u>	<u>3,325,000</u>	<u>4,050,000</u>	<u>13,585,000</u>	<u>485,117</u>
Capital Leases					
Industrial Arts Building	118,628	0	118,628	0	500
Energy Mgmt System	535,925	0	45,729	490,196	26,451
Network Infrastructure	0	482,565	0	482,565	0
	<u>654,553</u>	<u>482,565</u>	<u>164,357</u>	<u>972,761</u>	<u>26,951</u>
	<u>\$ 14,964,553</u>	<u>\$ 3,807,565</u>	<u>\$ 4,214,357</u>	<u>\$ 14,557,761</u>	<u>\$ 512,068</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

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

	Principal			Interest			
	General			General			
	Obligation	Capital		Obligation	Capital		Total Principal
	Bonds	Leases	Total Principal	Bonds	Leases	Total Interest	and Interest
2013	\$ 750,000	\$ 210,053	\$ 960,053	\$ 352,156	\$ 28,273	\$ 380,429	\$ 1,340,482
2014	800,000	207,339	1,007,339	343,030	30,987	374,017	1,381,356
2015	885,000	214,216	1,099,216	326,180	24,109	350,289	1,449,505
2016	935,000	55,161	990,161	307,886	17,019	324,905	1,315,066
2017	990,000	58,220	1,048,220	288,368	13,960	302,328	1,350,548
2018 - 2022	6,160,000	227,772	6,387,772	976,975	22,655	999,630	7,387,402
2023 - 2027	3,065,000	0	3,065,000	101,599	0	101,599	3,166,599
	\$ 13,585,000	\$ 972,761	\$ 14,557,761	\$ 2,696,194	\$ 137,003	\$ 2,833,197	\$ 17,390,958

Note 15 - Beginning Unencumbered Cash:

For prior periods K.S.A. 72-6417(d) and 72-6434(d) required the school district to record any payment of general state aid that was due to be paid during the month of June and was paid to the school district after June 30, as a receipt for the school year ending June 30. The previous statutory basis of accounting required the payment to be recorded when received. For years ending on or after June 30, 2012, the current regulatory basis includes such payments as received for the school year ending June 30. Beginning unencumbered cash has been restated to reflect such payments for June 30, 2011. The following reconciles the balances previously reported with the restated amounts:

	6/30/2011		6/30/2011
	Balance		Balance
	Previously	July State Aid	Balance
	Reported	Payment	Restated
General Fund	\$ (510,199)	\$ 510,199	\$ 0
Supplemental General Fund	<u>50,221</u>	<u>74,427</u>	<u>124,648</u>
	<u>\$ (459,978)</u>	<u>\$ 584,626</u>	<u>\$ 124,648</u>

SUPPLEMENTARY INFORMATION

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Certified Budget	Adjustment to		Adjustment for	Total Budget for	Expenditures	Variance -
		Comply with	Legal Max	Qualifying	Comparison	Chargeable to	Favorable
				Budget Credits		Current Year	(Unfavorable)
General Fund	\$ 7,728,318	\$ (336,906)		\$ 158,355	\$ 7,549,767	\$ 7,549,767	\$ 0
Special Purpose Funds							
Supplemental General	2,613,105	(66,495)		0	2,546,610	2,546,610	0
At Risk (4 Year Old)	40,000	0		0	40,000	15,272	24,728
At Risk (K-12)	438,500	0		0	438,500	395,667	42,833
Capital Outlay	1,840,372	0		0	1,840,372	386,197	1,454,175
Driver Training	35,514	0		0	35,514	6,166	29,348
Food Service	786,973	0		0	786,973	524,115	262,858
Professional Development	176,683	0		0	176,683	29,232	147,451
Special Education	1,850,000	0		0	1,850,000	1,513,431	336,569
Vocational Education	512,500	0		0	512,500	255,264	257,236
KPERS Contribution	720,019	0		0	720,019	630,346	89,673
Recreation Commission	189,000	0		0	189,000	189,000	0
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	131,986	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	10,871	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Student Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	900	XXXXXXXXXX
Textbook Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	37,172	XXXXXXXXXX
Perkins Consortium Vo-Ed Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	4,474	XXXXXXXXXX
Kansas Beef Council Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	250	XXXXXXXXXX
Health Council Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	456	XXXXXXXXXX
PEP Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	193,365	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	257,027	XXXXXXXXXX
Debt Service Fund	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		
Bond and Interest	1,174,776	0		0	1,174,776	1,170,120	4,656
	\$ 18,105,760	\$ (403,401)		\$ 158,355	\$ 17,860,714	\$ 15,847,688	\$ 2,649,527

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>General Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,134,418	\$ 1,189,032	\$ 978,538	\$ 210,494
State Sources	6,241,976	6,357,268	6,667,268	(310,000)
Federal Sources	377,710	3,467	0	3,467
Transfers	0	0	82,512	(82,512)
	<u>7,754,104</u>	<u>7,549,767</u>	<u>\$ 7,728,318</u>	<u>\$ (178,551)</u>
Expenditures				
Instruction	2,698,084	2,493,978	\$ 2,764,568	\$ 270,590
Student Support Services	284,420	289,676	289,500	(176)
Instructional Support Staff	343,151	300,760	365,800	65,040
General Administration	342,197	346,206	351,500	5,294
School Administration	639,718	662,932	767,500	104,568
Operations & Maintenance	1,060,592	1,116,745	1,250,000	133,255
Student Transportation Services	410,718	429,451	378,600	(50,851)
Other Supplemental Services	129,080	127,516	160,850	33,334
Site Improvement Services	85,300	2,789	0	(2,789)
Transfers	1,760,888	1,779,714	1,400,000	(379,714)
Adjustment to Comply With Legal Max	0	0	(336,906)	(336,906)
Adjustment for Qualifying Budget Credits	0	0	158,355	158,355
	<u>7,754,148</u>	<u>7,549,767</u>	<u>\$ 7,549,767</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(44)	0		
Unencumbered Cash, Beginning	44	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 1,209,900	\$ 1,252,365	\$ 1,168,145	\$ 84,220
County Sources	126,769	135,684	104,007	31,677
State Sources	<u>1,304,836</u>	<u>1,229,628</u>	<u>1,216,306</u>	<u>13,322</u>
	<u>2,641,505</u>	<u>2,617,677</u>	<u>\$ 2,488,458</u>	<u>\$ 129,219</u>
Expenditures				
Instruction	1,779,943	2,037,856	\$ 1,915,105	\$ (122,751)
Instructional Support Staff	0	0	0	0
General Administration	4,892	10,743	7,500	(3,243)
School Administration	0	0	0	0
Operations & Maintenance	67,948	47,091	95,000	47,909
Transfers	726,409	450,920	595,500	144,580
Adjustment to Comply With Legal Max	<u>0</u>	<u>0</u>	<u>(66,495)</u>	<u>(66,495)</u>
	<u>2,579,192</u>	<u>2,546,610</u>	<u>\$ 2,546,610</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	62,313	71,067		
Unencumbered Cash, Beginning	62,335	124,648		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 124,648</u>	<u>\$ 195,715</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>At Risk Fund (4 Year Old)</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 9	\$ 0	\$ 9
Transfers	24,055	4,964	20,000	(15,036)
	<u>24,055</u>	<u>4,973</u>	<u>\$ 20,000</u>	<u>\$ (15,027)</u>
Expenditures				
Instruction	17,904	15,272	\$ 40,000	\$ 24,728
	<u>17,904</u>	<u>15,272</u>	<u>\$ 40,000</u>	<u>\$ 24,728</u>
Receipts Over (Under) Expenditures	6,151	(10,299)		
Unencumbered Cash, Beginning	13,849	20,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 20,000</u>	<u>\$ 9,701</u>		

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)**

At Risk Fund (K-12)	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 1,800	\$ 1,980	\$ 2,000	\$ (20)
Transfers	447,520	419,187	243,000	176,187
	<u>449,320</u>	<u>421,167</u>	<u>\$ 245,000</u>	<u>\$ 176,167</u>
Expenditures				
Instruction	363,313	362,999	\$ 409,100	\$ 46,101
Student Support Services	20,865	32,168	26,400	(5,768)
Other Supplemental Services	1,642	500	3,000	2,500
	<u>385,820</u>	<u>395,667</u>	<u>\$ 438,500</u>	<u>\$ 42,833</u>
Receipts Over (Under) Expenditures	63,500	25,500		
Unencumbered Cash, Beginning	130,000	193,500		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	\$ 193,500	\$ 219,000		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Capital Outlay Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 407,011	\$ 337,327	\$ 295,635	\$ 41,692
County Sources	55,901	52,959	59,139	(6,180)
Federal Sources	9,554	15,776	0	15,776
Transfers	<u>122,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>594,466</u>	<u>406,062</u>	<u>\$ 354,774</u>	<u>\$ 51,288</u>
Expenditures				
Instruction	147,005	30,140	\$ 350,000	\$ 319,860
Instructional Support Staff	0	0	50,000	50,000
School Administration	9,525	0	15,000	15,000
Central Services	3,720	27,785	5,000	(22,785)
Operations & Maintenance	5,777	8,810	100,000	91,190
Student Transportation Services	101,465	0	150,000	150,000
Land Improvement	65,399	27,248	50,000	22,752
Architectural & Engineering Services	23,568	0	23,724	23,724
New Building Acquisition & Construction	110,871	191,307	250,000	58,693
Site Improvement	55,230	67,508	350,000	282,492
Building Improvement	36,649	12,600	200,000	187,400
Other	<u>374,560</u>	<u>20,799</u>	<u>296,648</u>	<u>275,849</u>
	<u>933,769</u>	<u>386,197</u>	<u>\$ 1,840,372</u>	<u>\$ 1,454,175</u>
Receipts Over (Under) Expenditures	(339,303)	19,865		
Unencumbered Cash, Beginning	1,794,546	1,455,243		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	\$ 1,455,243	\$ 1,475,108		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 4,566	\$ 4,695	\$ 0	\$ 4,695
State Sources	2,738	3,008	2,368	640
	<u>7,304</u>	<u>7,703</u>	<u>\$ 2,368</u>	<u>\$ 5,335</u>
Expenditures				
Instruction	5,455	5,195	\$ 18,618	\$ 13,423
Instruction Support Staff	140	110	500	390
Vehicle Operations, Maintenance				
Services	788	861	3,250	2,389
Transfers	0	0	13,146	13,146
	<u>6,383</u>	<u>6,166</u>	<u>\$ 35,514</u>	<u>\$ 29,348</u>
Receipts Over (Under) Expenditures	921	1,537		
Unencumbered Cash, Beginning	32,225	33,146		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 33,146</u>	<u>\$ 34,683</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 313,761	\$ 317,234	\$ 305,156	\$ 12,078
State Sources	5,357	5,350	4,316	1,034
Federal Sources	182,501	193,864	182,501	11,363
Transfers	52,923	0	120,000	(120,000)
	<u>554,542</u>	<u>516,448</u>	<u>\$ 611,973</u>	<u>\$ (95,525)</u>
Expenditures				
Operations & Maintenance	6,160	5,583	\$ 11,000	\$ 5,417
Food Service Operations	523,382	518,532	775,973	257,441
	<u>529,542</u>	<u>524,115</u>	<u>\$ 786,973</u>	<u>\$ 262,858</u>
Receipts Over (Under) Expenditures	25,000	(7,667)		
Unencumbered Cash, Beginning	150,000	175,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 175,000</u>	<u>\$ 167,333</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 824	\$ 0	\$ 0	\$ 0
Transfers	83,339	13,000	0	13,000
	<u>84,163</u>	<u>13,000</u>	<u>\$ 0</u>	<u>\$ 13,000</u>
Expenditures				
Instructional Support Staff	7,005	29,232	\$ 131,683	\$ 102,451
Transfers	0	0	45,000	45,000
	<u>7,005</u>	<u>29,232</u>	<u>\$ 176,683</u>	<u>\$ 147,451</u>
Receipts Over (Under) Expenditures	77,158	(16,232)		
Unencumbered Cash, Beginning	99,525	176,683		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 176,683</u>	<u>\$ 160,451</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Special Education Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 296	\$ 404	\$ 0	\$ 404
Transfers	<u>1,412,959</u>	<u>1,552,027</u>	<u>1,350,000</u>	<u>202,027</u>
	<u>1,413,255</u>	<u>1,552,431</u>	<u>\$ 1,350,000</u>	<u>\$ 202,431</u>
Expenditures				
Instruction	1,307,576	1,397,828	\$ 1,704,000	\$ 306,172
Student Transportation Services	<u>105,679</u>	<u>115,603</u>	<u>146,000</u>	<u>30,397</u>
	<u>1,413,255</u>	<u>1,513,431</u>	<u>\$ 1,850,000</u>	<u>\$ 336,569</u>
Receipts Over (Under) Expenditures	0	39,000		
Unencumbered Cash, Beginning	500,000	500,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 500,000</u>	<u>\$ 539,000</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 595	\$ 460	\$ 0	\$ 460
Transfers	261,468	241,456	262,500	(21,044)
	<u>262,063</u>	<u>241,916</u>	<u>\$ 262,500</u>	<u>\$ (20,584)</u>
Expenditures				
Instruction	262,063	255,264	\$ 512,500	\$ 257,236
Other Supplemental Services	0	0	0	0
	<u>262,063</u>	<u>255,264</u>	<u>\$ 512,500</u>	<u>\$ 257,236</u>
Receipts Over (Under) Expenditures	0	(13,348)		
Unencumbered Cash, Beginning	250,000	250,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 250,000</u>	<u>\$ 236,652</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>KPERS Contribution Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 378,957	\$ 630,346	\$ 720,019	\$ (89,673)
	<u>378,957</u>	<u>630,346</u>	<u>\$ 720,019</u>	<u>\$ (89,673)</u>
Expenditures				
Instruction	222,107	350,149	\$ 400,000	\$ 49,851
Student Support Services	20,956	39,332	45,000	5,668
Instructional Support Staff	18,872	35,043	40,000	4,957
General Administration	18,872	26,283	30,000	3,717
School Administration	38,426	61,267	70,000	8,733
Operations and Maintenance	10,497	21,870	25,000	3,130
Student Transportation Services	17,811	35,044	40,000	4,956
Other Supplemental Services	15,727	35,075	40,000	4,925
Food Service Operations	15,689	26,283	30,019	3,736
	<u>378,957</u>	<u>630,346</u>	<u>\$ 720,019</u>	<u>\$ 89,673</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Recreation Commission Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 170,052	\$ 168,445	\$ 5,205	\$ 163,240
County Sources	<u>20,965</u>	<u>21,156</u>	<u>24,053</u>	<u>(2,897)</u>
	<u>191,017</u>	<u>189,601</u>	<u>\$ 29,258</u>	<u>\$ 160,343</u>
Expenditures				
Community Service Operations	<u>180,000</u>	<u>189,000</u>	<u>\$ 189,000</u>	<u>\$ 0</u>
	<u>180,000</u>	<u>189,000</u>	<u>\$ 189,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	11,017	601		
Unencumbered Cash, Beginning	7,482	18,499		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 18,499</u>	<u>\$ 19,100</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Bond and Interest Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Local Sources	\$ 700,237	\$ 706,655	\$ 23,886	\$ 682,769
County Sources	76,994	80,343	92,165	(11,822)
State Sources	<u> 427,071</u>	<u> 420,950</u>	<u> 621,739</u>	<u> (200,789)</u>
	<u> 1,204,302</u>	<u> 1,207,948</u>	<u> \$ 737,790</u>	<u> \$ 470,158</u>
Expenditures				
Debt Service	<u> 1,123,869</u>	<u> 1,170,120</u>	<u> \$ 1,174,776</u>	<u> \$ 4,656</u>
	<u> 1,123,869</u>	<u> 1,170,120</u>	<u> \$ 1,174,776</u>	<u> \$ 4,656</u>
Receipts Over (Under) Expenditures	80,433	37,828		
Unencumbered Cash, Beginning	707,951	788,384		
Prior Year Canceled Encumbrances	<u> 0</u>	<u> 0</u>		
Unencumbered Cash, Ending	<u> \$ 788,384</u>	<u> \$ 826,212</u>		

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Federal Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 0
Federal Sources	<u>128,466</u>	<u>131,986</u>
	<u>128,466</u>	<u>131,986</u>
Expenditures		
Instruction	110,183	97,491
Instructional Support Staff	18,283	34,495
Operations and Maintenance	<u>0</u>	<u>0</u>
	<u>128,466</u>	<u>131,986</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 23,988	\$ 11,901
	<u>23,988</u>	<u>11,901</u>
Expenditures		
Instruction	22,944	10,871
	<u>22,944</u>	<u>10,871</u>
Receipts Over (Under) Expenditures	1,044	1,030
Unencumbered Cash, Beginning	7,522	8,566
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 8,566</u>	<u>\$ 9,596</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
Other Support Services	0	0
	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	779,924	779,924
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 779,924</u>	<u>\$ 779,924</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Student Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 425	\$ 355
	<u>425</u>	<u>355</u>
Expenditures		
Instruction	<u>312</u>	<u>900</u>
	<u>312</u>	<u>900</u>
Receipts Over (Under) Expenditures	113	(545)
Unencumbered Cash, Beginning	1,538	1,651
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,651</u>	<u>\$ 1,106</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Textbook Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 53,882	\$ 51,362
Transfers	<u>83,033</u>	<u>0</u>
	<u>136,915</u>	<u>51,362</u>
Expenditures		
Instruction	<u>87,916</u>	<u>37,172</u>
	<u>87,916</u>	<u>37,172</u>
Receipts Over (Under) Expenditures	48,999	14,190
Unencumbered Cash, Beginning	170,367	219,366
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 219,366</u>	<u>\$ 233,556</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Perkins Consortium Vo-Ed Grant

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 6,993	\$ 4,474
	<u>6,993</u>	<u>4,474</u>
Expenditures		
Instruction	6,993	4,474
	<u>6,993</u>	<u>4,474</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Kansas Beef Council Grant

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 250	\$ 250
	<u>250</u>	<u>250</u>
Expenditures		
Instruction	250	250
	<u>250</u>	<u>250</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Health Council Grant

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 5,055	\$ 100
	<u>5,055</u>	<u>100</u>
Expenditures		
Instruction	4,676	456
	<u>4,676</u>	<u>456</u>
Receipts Over (Under) Expenditures	379	(356)
Unencumbered Cash, Beginning	557	936
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 936</u>	<u>\$ 580</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>PEP Grant</u>		Prior Year	Current Year
		<u>Actual</u>	<u>Actual</u>
Cash Receipts			
Federal Sources		<u>\$ 215,473</u>	<u>\$ 193,365</u>
		<u>215,473</u>	<u>193,365</u>
Expenditures			
Instruction		96,724	73,356
Instructional Support Staff		93,566	94,809
Operations and Maintenance		3,583	3,600
Other Support Services		<u>21,600</u>	<u>21,600</u>
		<u>215,473</u>	<u>193,365</u>
Receipts Over (Under) Expenditures		0	0
Unencumbered Cash, Beginning		0	0
Prior Year Canceled Encumbrances		<u>0</u>	<u>0</u>
Unencumbered Cash, Ending		<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning Cash		Cash		Ending Cash
	Balance	Cash Receipts	Disbursements	Balance	
High School					
Class of 2011	\$ 46	\$ 0	\$ 46	\$ 0	
Class of 2012	433	0	315	118	
Class of 2013	118	12,498	12,366	250	
Class of 2014	0	100	0	100	
C-Club	4,530	0	2,226	2,304	
SADD	341	1,034	1,184	191	
Senior D.C. Trip	2	39,640	37,374	2,268	
Stuco-B.O.S.	341	51	0	392	
Kay	369	1,314	963	720	
Stuco-Regular	2,196	9,834	7,448	4,582	
Cheerleaders	301	7,136	5,659	1,778	
Nat'l Honor Society	222	537	646	113	
Color Guard	22	50	0	72	
Dance Team	132	3,629	3,649	112	
	<u>9,053</u>	<u>75,823</u>	<u>71,876</u>	<u>13,000</u>	

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Cheerleaders	\$ 220	\$ 1,435	\$ 1,576	\$ 79
KAYS Group	441	2,059	1,909	591
Student Council-BOS	1,868	2,603	2,654	1,817
Tribal Council	6,119	8,321	9,334	5,106
	<u>8,648</u>	<u>14,418</u>	<u>15,473</u>	<u>7,593</u>
Intermediate Center				
Student Council-BOS	19	608	392	235
	<u>19</u>	<u>608</u>	<u>392</u>	<u>235</u>
Total Agency Funds	<u>\$ 17,720</u>	<u>\$ 90,849</u>	<u>\$ 87,741</u>	<u>\$ 20,828</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning Unencumbered		Prior Year Canceled		Cash Receipts	Expenditures	Ending Unencumbered		Add	
	Cash Balance		Encumbrances				Cash Balance		Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
High School										
Gate Receipts	\$	12,838	\$	0	\$	177,626	\$	15,593	\$	0
Annual		3,476		0		16,554		1,120		0
Industrial Arts		10,268		0		2,640		10,647		0
Drama		4,713		0		3,562		2,972		0
Instrumental Music		1,073		0		4,218		904		0
Vocal Music		798		0		1,155		409		0
Photo/Art		2,347		0		5,501		2,647		0
Home Ec		4		0		0		4		0
A/P Test		0		0		686		0		0
Operation SOS		0		0		1,900		0		0
CHS Crime Stoppers		32		0		0		32		0
CTL Monies		14		0		0		14		0
School Improvement		234		0		425		659		0
		<u>35,797</u>		<u>0</u>		<u>215,462</u>		<u>35,001</u>		<u>0</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning		Prior Year		Cash Receipts	Expenditures	Ending		Add		Ending Cash Balance
	Cash Balance	Unencumbered	Encumbrances	Canceled			Unencumbered	Cash Balance	Outstanding Encumbrances and Accounts Payable	Encumbrances	
Middle School											
Gate Receipts	\$ 2,415	\$	0	\$	9,958	\$ 10,788	\$	1,585	\$	0	\$ 1,585
Annual	3,279		0		1,744	2,300		2,723		0	2,723
Technology	30		0		0	0		30		0	30
Lip Sync	2,662		0		845	1,512		1,995		0	1,995
Field Trips/Apparel	46		0		3,850	3,807		89		0	89
	<u>8,432</u>		<u>0</u>		<u>16,397</u>	<u>18,407</u>		<u>6,422</u>		<u>0</u>	<u>6,422</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add	
						Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Intermediate Center							
Annual	\$ 2,962	\$ 0	\$ 1,235	\$ 0	\$ 4,197	\$ 0	\$ 4,197
Circle of Friends	34	0	0	0	34	0	34
Vocal Music	43	0	0	0	43	0	43
Field Day	935	0	1,826	2,018	743	0	743
Field Trip/Apparel	1,327	0	5,119	4,875	1,571	0	1,571
Snack Shack	513	0	0	494	19	0	19
Book Fair	854	0	1,113	1,737	230	0	230
PTO Donations	171	0	0	0	171	0	171
	<u>6,839</u>	<u>0</u>	<u>9,293</u>	<u>9,124</u>	<u>7,008</u>	<u>0</u>	<u>7,008</u>

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Beginning Unencumbered Cash Balance	Prior Year		Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
		Unencumbered	Canceled Encumbrances				Outstanding Encumbrances and Accounts Payable	Encumbrances	
Grade School West									
PTO	\$ 2,989	\$	0	\$ 121	\$ 1,403	\$ 1,707	\$	0	\$ 1,707
Book Fair	1,367		0	109	12	1,464		0	1,464
Annual	2,797		0	1,768	0	4,565		0	4,565
Teacher Projects	3		0	0	0	3		0	3
Field Day	2,413		0	1,934	1,461	2,886		0	2,886
Field Trip	1,554		0	3,191	3,634	1,111		0	1,111
B.O.S.	261		0	9,168	7,347	2,082		0	2,082
High School Activity Passes	0		0	177	177	0		0	0
	<u>11,384</u>		<u>0</u>	<u>16,468</u>	<u>14,034</u>	<u>13,818</u>		<u>0</u>	<u>13,818</u>
Total District Activity Funds	\$ <u>62,452</u>	\$	<u>0</u>	\$ <u>256,824</u>	\$ <u>257,027</u>	\$ <u>62,249</u>	\$	<u>0</u>	\$ <u>62,249</u>

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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
Clearwater Unified School District No. 264
Clearwater, Kansas**

We have audited the financial statement of **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of and for the year ended **June 30, 2012**, and have issued our report thereon dated October 4, 2012. In our report, our opinion on the financial statement was unqualified based on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 **Clearwater Unified School District No. 264, Clearwater, Kansas**, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Clearwater Unified School District No. 264, Clearwater, 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 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.

**Board of Education
Clearwater Unified School District No. 264**


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 **Clearwater Unified School District No. 264, Clearwater, Kansas'** financial statement is 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*.

We noted certain matters that we reported to management of **Clearwater Unified School District No. 264, Clearwater, Kansas**, in a separate letter dated October 4, 2012.

This report is intended solely for the information and use of the Board of Education and management of **Clearwater Unified School District No. 264, Clearwater, Kansas**, and for filing with the Kansas Department of Administration, Office of Management Analysis and Standards, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
October 4, 2012



BUSBY FORD & REIMER, LLC

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
Clearwater Unified School District No. 264
Clearwater, Kansas**

Compliance

We have audited **Clearwater Unified School District No. 264, Clearwater, 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 **Clearwater Unified School District No. 264, Clearwater, Kansas'** major federal programs for the year ended **June 30, 2012**. **Clearwater Unified School District No. 264, Clearwater, Kansas'** major federal programs are identified in the summary of auditors' 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 **Clearwater Unified School District No. 264, Clearwater, Kansas'** management. Our responsibility is to express an opinion on **Clearwater Unified School District No. 264, Clearwater, 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 **Clearwater Unified School District No. 264, Clearwater, 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 **Clearwater Unified School District No. 264, Clearwater, Kansas'** compliance with those requirements.

In our opinion, **Clearwater Unified School District No. 264, Clearwater, 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**.

**Board of Education
Clearwater Unified School District No. 264**

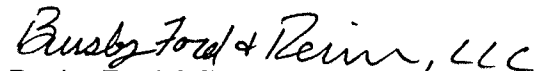
Internal Control Over Compliance

Management of **Clearwater Unified School District No. 264, Clearwater, 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 **Clearwater Unified School District No. 264, Clearwater, 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 **Clearwater Unified School District No. 264, Clearwater, 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 the Board of Education and management of **Clearwater Unified School District No. 264, Clearwater, Kansas**, and for filing with the Kansas Department of Administration, Office of Management Analysis and Standards, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
October 4, 2012

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash 7-1-11	Receipts	Expenditures	Unencumbered Cash 6-30-12
Department of Education						
PEP Grant	84.215	\$ 193,365	\$ 0	\$ 193,365	\$ 193,365	\$ 0
(Passes Through Kansas Department of Education)						
Department of Agriculture						
Child Nutrition Cluster-Cluster		31,832				
School Breakfast Program	10.553	162,032				
National School Lunch Program	10.555	193,864	0	193,864	193,864	0
Department of Education						
Title I, Part A Cluster-Cluster		89,861	0	89,861	89,861	0
Title I Grants to Local Education Agencies	84.010	42,125	0	42,125	42,125	0
Teacher Quality/Title II-A	84.367	3,467	0	3,467	3,467	0
Education Jobs Fund	84.410	135,453	0	135,453	135,453	0
(Passes Through South Central Kansas Education Service Center)						
Department of Education						
Career and Technical Education-Basic Grants to States	84.048	4,474	0	4,474	4,474	0
(Passes Through Kansas Department of Social and Rehabilitation Services)						
Department of Health and Human Services						
Medicaid-Cluster		15,776	0	15,776	15,776	0
Medical Assistance Program	93.778					
Total Federal Financial Assistance		\$ 542,932	\$ 0	\$ 542,932	\$ 542,932	\$ 0

CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Clearwater Unified School District No. 264, Clearwater, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the financial statement of **Clearwater Unified School District No. 264, Clearwater, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Clearwater Unified School District No. 264, Clearwater, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the 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.
5. The independent auditors' report on compliance for the major federal award programs for **Clearwater Unified School District No. 264, Clearwater, Kansas**, expresses an unqualified opinion on the major federal programs.
6. There were no audit findings relative to the major federal award programs for **Clearwater Unified School District No. 264, Clearwater, Kansas**.
7. The programs tested as major programs were:

PEP Grant	84.215
Title I, Part A Cluster-Cluster	
Title I Grants to Local Education Agencies	84.010
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Clearwater Unified School District No. 264, Clearwater, Kansas**, was determined not to be a low-risk auditee.

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

There are no prior audit findings.