

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended June 30, 2012

CLUBINE AND RETTELE, CHARTERED  
CERTIFIED PUBLIC ACCOUNTANTS  
Salina, Kansas

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended June 30, 2012

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UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Unified School District No. 321  
St. Marys, Kansas

We have audited the accompanying financial statements of Unified School District No. 321, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of Unified School District No. 321's management. Our responsibility is to express opinions on these financial statements based on our audit. The partial prior-year comparative information has been derived from Unified School District No. 321's financial statements and, in our report dated September 30, 2011, we expressed an unqualified opinion on the respective financial statements which were prepared using accounting practices prescribed or permitted by the State of Kansas.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*, prescribed by the Director of Accounts and Reports, Department of Administration of the State of Kansas. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, Unified School District No. 321 prepares its financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 321, as of June 30, 2012, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended. Further, Unified School District No. 321 has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Unified School District No. 321 as of June 30, 2012, and their respective cash receipts and disbursements, and the respective budgetary comparison for the General Funds and budgeted Special Revenue Funds for the fiscal year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2012, on our consideration of Unified School District No. 321's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 opinions on the financial statements that collectively comprise Unified School District No. 321's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133,

*Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Unified School District No. 321's financial statements for the year ended June 30, 2011, from which such partial information was derived.

Clubine and Rettele, Chartered

A handwritten signature in black ink, appearing to read "Clubine Rettele", written in a cursive style.

Salina, Kansas  
August 23, 2012

Unified School District No. 321

Statement 1

St. Marys, Kansas

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

Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General Funds						
General	\$ 23.59	\$ 8,089,227.97	\$ 8,089,251.56	\$ -	\$ 53,474.33	\$ 53,474.33
Supplemental General	78,114.20	2,712,065.97	2,606,915.00	183,265.17	230,304.52	413,569.69
Special Revenue Funds						
Capital Outlay	478,423.24	1,726,039.82	2,052,671.02	151,792.04	1,299,885.31	1,451,677.35
Driver Training	20,754.00	15,347.00	18,235.94	17,865.06	2,200.00	20,065.06
Food Service	154,166.88	612,998.36	610,891.86	156,273.38	-	156,273.38
Professional Development	9,982.48	-	360.00	9,622.48	-	9,622.48
Parent Education	22,621.59	45,586.00	44,764.34	23,443.25	7,616.40	31,059.65
Special Education	873,531.72	2,126,010.84	2,347,678.71	651,863.85	62,293.62	714,157.47
Vocational Education	50,000.00	426,086.37	426,086.37	50,000.00	50,997.72	100,997.72
At Risk (4 Year Old)	45,218.12	85,000.00	105,200.00	25,018.12	40,869.89	65,888.01
At Risk (K-12)	94,650.00	544,208.68	588,478.83	50,379.85	16,521.31	66,901.16
KPERs Retirement	-	806,007.06	806,007.06	-	-	-
Contingency Reserve	504,082.42	80,635.02	-	584,717.44	-	584,717.44
Textbook Rental	149,080.92	55,873.39	80,635.02	124,319.29	-	124,319.29
Title I	0.02	193,427.00	193,427.00	0.02	8,470.44	8,470.46
Title I ARRA	-	-	-	-	-	-
Title II-A	-	35,847.00	35,847.00	-	95.00	95.00
Title II-D Tech Literacy	-	-	-	-	-	-
Title IV	-	-	-	-	-	-
Title VI-B Discretionary	-	12,978.00	12,978.00	-	-	-
Title VI-B Pass Thru	-	172,743.00	172,743.00	-	28,022.00	28,022.00
Title VI-B Pass Thru ARRA	-	-	-	-	-	-
Title VI-B Preschool	-	14,109.00	14,109.00	-	5,136.47	5,136.47
Title VI-B Preschool ARRA	-	-	-	-	-	-
Indian Education Grant	-	14,231.00	14,231.00	-	-	-
DLC Grant	-	177,879.00	177,879.00	-	7,333.12	7,333.12
Gifts and Grants	4,203.64	564.40	226.22	4,541.82	-	4,541.82
District Activity Funds	78,909.61	204,979.58	209,801.76	74,087.43	-	74,087.43
Debt Service Funds						
Bond and Interest	95.87	0.30	-	96.17	-	96.17
Fiduciary Type Funds						
Scholarships	10,050.71	86.46	1,065.71	9,071.46	-	9,071.46
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,573,909.01</u>	<u>\$ 18,151,931.22</u>	<u>\$ 18,609,483.40</u>	<u>\$ 2,116,356.83</u>	<u>\$ 1,813,220.13</u>	<u>\$ 3,929,576.96</u>

Composition of Cash:

Checking Accounts	\$3,990,617.82
Certificates of Deposit	7,700.96
Total Cash	3,998,318.78
Agency Funds per Statement 4	(68,741.82)
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 3,929,576.96</u>

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

Summary of Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

Fund	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds						
General	\$ 7,851,816.00	\$ (251,748.00)	\$ 492,629.57	\$ 8,092,697.57	\$ 8,089,251.56	\$ (3,446.01)
Supplemental General	2,695,087.00	(88,172.00)		2,606,915.00	2,606,915.00	-
Special Revenue Funds						
Capital Outlay	2,153,340.00			2,153,340.00	2,052,671.02	(100,668.98)
Driver Training	28,154.00			28,154.00	18,235.94	(9,918.06)
Food Service	735,042.00			735,042.00	610,891.86	(124,150.14)
Professional Development	9,983.00			9,983.00	360.00	(9,623.00)
Parent Education	65,208.00			65,208.00	44,764.34	(20,443.66)
Special Education	2,651,271.00			2,651,271.00	2,347,678.71	(303,592.29)
Vocational Education	500,000.00			500,000.00	426,086.37	(73,913.63)
At Risk (4 Year Old)	105,200.00			105,200.00	105,200.00	-
At Risk (K-12)	795,809.00			795,809.00	588,478.83	(207,330.17)
KPERs Retirement	872,717.00			872,717.00	806,007.06	(66,709.94)

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

St. Marys, Kansas

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and shared Revenue:				
Ad Valorem Property Tax	\$ 4,359,132.25	\$ 4,631,080.26	\$ 4,481,414.00	\$ 149,666.26
Delinquent Tax	11,694.32	19,030.14	10,939.00	8,091.14
State Aid:				
General State Aid	1,881,880.00	1,570,882.00	1,982,639.00	(411,757.00)
Special Education Services Aid	1,226,806.00	1,375,606.00	1,376,800.00	(1,194.00)
Federal Aid:				
SFSF Education State Grants, Recovery Act	364,172.00	3,446.00	-	3,446.00
Reimbursements and Other	225,337.20	489,183.57	-	489,183.57
<b>Total Cash Receipts</b>	<u>8,069,021.77</u>	<u>8,089,227.97</u>	<u>\$ 7,851,792.00</u>	<u>\$ 237,435.97</u>
<b>Expenditures</b>				
Instruction	3,822,766.82	3,888,069.88	\$ 3,870,000.00	\$ 18,069.88
Instruction, Recovery Act	-	3,446.00	-	3,446.00
Student Support Services	100.01	403.10	9,500.00	(9,096.90)
Instructional Support Staff	222,781.15	206,045.47	209,600.00	(3,554.53)
General Administration	244,643.56	279,055.93	252,244.00	26,811.93
School Administration	508,775.35	530,979.59	528,500.00	2,479.59
Operations and Maintenance	381,346.06	246,844.35	328,200.00	(81,355.65)
Vehicle Operating Service	188,796.53	220,086.29	200,000.00	20,086.29
Operating Transfers	2,699,812.72	2,714,320.95	2,453,772.00	260,548.95
Adjustment to Comply with Legal Max	-	-	(251,748.00)	251,748.00
Legal General Fund Budget	8,069,022.20	8,089,251.56	7,600,068.00	489,183.56
Adjustment for Qualifying Budget Credits	-	-	492,629.57	(492,629.57)
<b>Total Expenditures</b>	<u>8,069,022.20</u>	<u>8,089,251.56</u>	<u>\$ 8,092,697.57</u>	<u>\$ (3,446.01)</u>
Receipts Over (Under) Expenditures	(0.43)	(23.59)		
Unencumbered Cash, Beginning	<u>24.02</u>	<u>23.59</u>		
Unencumbered Cash, Ending	<u>\$ 23.59</u>	<u>\$ -</u>		

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

St. Marys, Kansas

Supplemental General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and shared Revenue:				
Ad Valorem Property Tax	\$ 2,528,617.02	\$ 2,617,644.39	\$ 2,525,680.00	\$ 91,964.39
Delinquent Tax	7,866.64	12,900.34	6,349.00	6,551.34
Motor Vehicle Tax	82,842.92	77,189.21	83,378.00	(6,188.79)
16/20 Tax	1,761.39	3,026.25	-	3,026.25
RV Tax	1,561.45	1,305.78	1,514.00	(208.22)
Other Tax	788.38	-	-	-
<b>Total Cash Receipts</b>	<u>2,623,437.80</u>	<u>2,712,065.97</u>	<u>\$ 2,616,921.00</u>	<u>\$ 95,144.97</u>
<b>Expenditures</b>				
Instruction	782,906.81	768,180.91	\$ 749,200.00	\$ 18,980.91
Student Support Services	2,544.00	2,298.49	-	2,298.49
Operations and Maintenance	1,321,049.19	1,361,991.82	1,381,500.00	(19,508.18)
Operating Transfers	519,698.00	474,443.78	564,387.00	(89,943.22)
Adjustment to Comply with Legal Max	-	-	(88,172.00)	88,172.00
Legal Supplemental General Fund Budget	-	-	2,606,915.00	-
<b>Total Expenditures</b>	<u>2,626,198.00</u>	<u>2,606,915.00</u>	<u>\$ 2,606,915.00</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(2,760.20)	105,150.97		
Unencumbered Cash, Beginning	<u>80,874.40</u>	<u>78,114.20</u>		
Unencumbered Cash, Ending	<u>\$ 78,114.20</u>	<u>\$ 183,265.17</u>		

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

St. Marys, Kansas

Capital Outlay Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and shared Revenue:				
Ad Valorem Property Tax	\$ 1,780,495.19	\$ 1,658,595.65	\$ 1,609,694.00	\$ 48,901.65
Delinquent	5,544.91	9,104.11	4,474.00	4,630.11
Motor Vehicle Tax	59,185.76	55,225.68	59,666.00	(4,440.32)
RV Tax	1,114.55	934.04	1,083.00	(148.96)
16/20 Tax	1,817.67	2,180.34	-	2,180.34
<b>Total Cash Receipts</b>	<u>1,848,158.08</u>	<u>1,726,039.82</u>	<u>\$ 1,674,917.00</u>	<u>\$ 51,122.82</u>
<b>Expenditures</b>				
Instruction	155,430.47	88,722.78	\$ 175,000.00	\$ (86,277.22)
Student Support Services	155,615.56	168,504.79	175,000.00	(6,495.21)
Other Support Services	34,375.00	34,375.00	35,000.00	(625.00)
General Administration	4,915.00	3,621.63	5,000.00	(1,378.37)
Transportation	45,000.00	77,156.00	100,000.00	(22,844.00)
Architectural and Engineering Services	25,570.97	63,272.00	40,000.00	23,272.00
New Building Acquisition and Construction	981,750.30	-	772,267.00	(772,267.00)
Site Improvement	-	-	851,073.00	(851,073.00)
Building Improvements	977,342.70	1,617,018.82	-	1,617,018.82
<b>Total Expenditures</b>	<u>2,380,000.00</u>	<u>2,052,671.02</u>	<u>\$ 2,153,340.00</u>	<u>\$ (100,668.98)</u>
Receipts Over (Under) Expenditures	(531,841.92)	(326,631.20)		
Unencumbered Cash, Beginning	<u>1,010,265.16</u>	<u>478,423.24</u>		
Unencumbered Cash, Ending	<u>\$ 478,423.24</u>	<u>\$ 151,792.04</u>		

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

St. Marys, Kansas

Driver Training Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid:				
State Safety Aid	\$ 5,032.00	\$ 8,372.00	\$ 7,400.00	\$ 972.00
Other	8,029.00	6,975.00	-	6,975.00
Operating Transfers	6,534.96	-	-	-
<b>Total Cash Receipts</b>	<u>19,595.96</u>	<u>15,347.00</u>	<u>\$ 7,400.00</u>	<u>\$ 7,947.00</u>
Expenditures				
Instruction	11,106.83	15,235.97	\$ 20,654.00	\$ (5,418.03)
Vehicle Operations and Maintenance	4,901.84	2,999.97	7,500.00	(4,500.03)
<b>Total Expenditures</b>	<u>16,008.67</u>	<u>18,235.94</u>	<u>\$ 28,154.00</u>	<u>\$ (9,918.06)</u>
Receipts Over (Under) Expenditures	3,587.29	(2,888.94)		
Unencumbered Cash, Beginning	<u>17,166.71</u>	<u>20,754.00</u>		
Unencumbered Cash, Ending	<u>\$ 20,754.00</u>	<u>\$ 17,865.06</u>		

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

St. Marys, Kansas

Food Service Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
State Aid:				
Food Service Aid	\$ 6,753.53	\$ 6,651.55	\$ 5,562.00	\$ 1,089.55
Federal Aid:				
School Breakfast Program	57,351.08	60,208.33	-	60,208.33
National School Lunch Program	245,128.63	245,781.13	302,123.00	(56,341.87)
Special Milk Program for Children	2,061.21	1,624.46	-	1,624.46
Team Nutrition Grants	1,210.00	2,180.00	-	2,180.00
Fruit Veggie Grant	-	12,496.95	-	12,496.95
Local Receipts	240,298.78	262,787.53	273,190.00	(10,402.47)
Other	25,538.55	21,268.41	-	21,268.41
Operating Transfers	2,500.00	-	-	-
<b>Total Cash Receipts</b>	<u>580,841.78</u>	<u>612,998.36</u>	<u>\$ 580,875.00</u>	<u>\$ 32,123.36</u>
<b>Expenditures</b>				
Operations and Maintenance	56,000.00	56,576.59	\$ 18,000.00	\$ 38,576.59
Food Service Operation	<u>516,423.80</u>	<u>554,315.27</u>	<u>717,042.00</u>	<u>(162,726.73)</u>
<b>Total Expenditures</b>	<u>572,423.80</u>	<u>610,891.86</u>	<u>\$ 735,042.00</u>	<u>\$ (124,150.14)</u>
Receipts Over (Under) Expenditures	8,417.98	2,106.50		
Unencumbered Cash, Beginning	<u>145,748.90</u>	<u>154,166.88</u>		
Unencumbered Cash, Ending	<u>\$ 154,166.88</u>	<u>\$ 156,273.38</u>		

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

Professional Development Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid:				
Professional Development Aid	\$ -	\$ -	\$ -	\$ -
Expenditures				
Instructional Support Staff	-	360.00	\$ 9,983.00	\$ (9,623.00)
Receipts Over (Under) Expenditures	-	(360.00)		
Unencumbered Cash, Beginning	9,982.48	9,982.48		
Unencumbered Cash, Ending	\$ 9,982.48	\$ 9,622.48		

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

St. Marys, Kansas

Parent Education Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid:				
Parent Education Program	\$ 28,306.00	\$ 25,586.00	\$ 25,586.00	\$ -
Operating Transfers	15,000.00	20,000.00	17,000.00	3,000.00
Total Receipts	<u>43,306.00</u>	<u>45,586.00</u>	<u>\$ 42,586.00</u>	<u>\$ 3,000.00</u>
Expenditures				
Student Support Services	46,584.07	44,764.34	\$ 65,208.00	\$ (20,443.66)
Instructional Support Staff	850.00	-	-	-
Total Expenditures	<u>47,434.07</u>	<u>44,764.34</u>	<u>\$ 65,208.00</u>	<u>\$ (20,443.66)</u>
Receipts Over (Under) Expenditures	(4,128.07)	821.66		
Unencumbered Cash, Beginning	<u>26,749.66</u>	<u>22,621.59</u>		
Unencumbered Cash, Ending	<u>\$ 22,621.59</u>	<u>\$ 23,443.25</u>		

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

St. Marys, Kansas

Special Education Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Federal Aid:				
Medical Assistance Program (Medicaid)	\$ 40,572.67	\$ 76,403.26	\$ -	\$ 76,403.26
Other	18,021.52	13,772.92	-	13,772.92
Operating Transfers	<u>1,991,468.57</u>	<u>2,035,834.66</u>	<u>1,780,000.00</u>	<u>255,834.66</u>
<b>Total Receipts</b>	<u>2,050,062.76</u>	<u>2,126,010.84</u>	<u>\$ 1,780,000.00</u>	<u>\$ 346,010.84</u>
<b>Expenditures</b>				
Instruction	947,801.03	1,585,952.96	\$ 1,797,571.00	\$ (211,618.04)
Student Support Services	442,880.18	405,015.53	526,350.00	(121,334.47)
Instructional Support Staff	72,069.64	55,016.17	108,200.00	(53,183.83)
General Administration	-	-	83,050.00	(83,050.00)
School Administration	109,292.52	87,515.39	-	87,515.39
Operations and Maintenance	2,268.71	2,296.26	-	2,296.26
Student Transportation Service	<u>112,470.22</u>	<u>211,882.40</u>	<u>136,100.00</u>	<u>75,782.40</u>
<b>Total Expenditures</b>	<u>1,686,782.30</u>	<u>2,347,678.71</u>	<u>\$ 2,651,271.00</u>	<u>\$ (303,592.29)</u>
Receipts Over (Under) Expenditures	363,280.46	(221,667.87)		
Unencumbered Cash, Beginning	<u>510,251.26</u>	<u>873,531.72</u>		
Unencumbered Cash, Ending	<u>\$ 873,531.72</u>	<u>\$ 651,863.85</u>		

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

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 406,476.88	\$ 426,086.37	\$ 450,000.00	\$ (23,913.63)
Expenditures				
Instruction	406,476.78	426,086.37	\$ 500,000.00	\$ (73,913.63)
Receipts Over (Under) Expenditures	0.10	-		
Unencumbered Cash, Beginning	49,999.90	50,000.00		
Unencumbered Cash, Ending	\$ 50,000.00	\$ 50,000.00		

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

Unified School District No. 321  
 St. Marys, Kansas  
 At Risk (4 Year Old) Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 99,802.82	\$ 85,000.00	\$ 70,000.00	\$ 15,000.00
Expenditures				
Instruction	74,584.70	105,200.00	\$ 105,200.00	\$ -
Receipts Over (Under) Expenditures	25,218.12	(20,200.00)		
Unencumbered Cash, Beginning	20,000.00	45,218.12		
Unencumbered Cash, Ending	\$ 45,218.12	\$ 25,018.12		

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

St. Marys, Kansas

At Risk (K-12) Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 697,727.49	\$ 544,208.68	\$ 701,159.00	\$ (156,950.32)
Expenditures				
Instruction	<u>671,831.24</u>	<u>588,478.83</u>	<u>\$ 795,809.00</u>	<u>\$ (207,330.17)</u>
Receipts Over (Under) Expenditures	25,896.25	(44,270.15)		
Unencumbered Cash, Beginning	<u>68,753.75</u>	<u>94,650.00</u>		
Unencumbered Cash, Ending	<u>\$ 94,650.00</u>	<u>\$ 50,379.85</u>		

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

KPERS Special Contribution Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis  
For the Fiscal Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid:				
KPERS Employer Contributions	\$ 464,211.11	\$ 806,007.06	\$ 872,717.00	\$ (66,709.94)
Expenditures	<u>464,211.11</u>	<u>806,007.06</u>	<u>\$ 872,717.00</u>	<u>\$ (66,709.94)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

Contingency Reserve Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Fiscal Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers	\$ -	\$ 80,635.02
Expenditures	<u>163,693.58</u>	<u>-</u>
Receipts Over (Under) Expenditures	(163,693.58)	80,635.02
Unencumbered Cash, Beginning	<u>667,776.00</u>	<u>504,082.42</u>
Unencumbered Cash, Ending	<u>\$ 504,082.42</u>	<u>\$ 584,717.44</u>

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

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Rental Fees	\$ 55,881.58	\$ 55,873.39
Expenditures		
Instruction	-	80,635.02
Receipts Over (Under) Expenditures	55,881.58	(24,761.63)
Unencumbered Cash, Beginning	93,199.34	149,080.92
Unencumbered Cash, Ending	\$ 149,080.92	\$ 124,319.29

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

Unified School District No. 321  
 St. Marys, Kansas  
 Title I Fund

Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid:		
Title I Grants to Local Educational Agencies	\$ 194,979.00	\$ 193,427.00
Expenditures		
Instruction	<u>194,979.00</u>	<u>193,427.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>0.02</u>	<u>0.02</u>
Unencumbered Cash, Ending	<u>\$ 0.02</u>	<u>\$ 0.02</u>

Title I ARRA Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid:		
Title I Grants to Local Educational Agencies, Recovery Act	\$ 26,200.00	\$ -
Expenditures		
Instruction	<u>26,200.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

St. Marys, Kansas

Title II-A Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
Cash Receipts		
Federal Aid:		
Improving Teacher Quality State Grants	\$ 35,524.00	\$ 35,847.00
Expenditures		
Instructional Support Services	<u>35,524.00</u>	<u>35,847.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Title II-D Tech Literacy Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
Cash Receipts		
Federal Aid:		
Education Technology State Grants	\$ 626.00	\$ -
Expenditures		
Instruction	<u>626.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

St. Marys, Kansas

Title IV Fund

Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid:		
Safe and Drug-Free Schools and Communities - State Grants	\$ -	\$ -
Expenditures		
Instruction	30.16	-
Receipts Over (Under) Expenditures	(30.16)	-
Unencumbered Cash, Beginning	30.16	-
Unencumbered Cash, Ending	\$ -	\$ -

Title VI-B Discretionary Fund

Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid:		
Special Education Grants to States	\$ 12,978.00	\$ 12,978.00
Expenditures		
Instruction	12,978.00	12,978.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

Unified School District No. 321  
 St. Marys, Kansas  
 Title VI-B Pass Thru Fund

Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
	<u>                    </u>	<u>                    </u>
Cash Receipts		
Federal Aid:		
Special Education Grants to States	\$ 379,389.00	\$ 172,743.00
 Expenditures		
Student Support Services	<u>379,690.56</u>	<u>172,743.00</u>
 Receipts Over (Under) Expenditures	(301.56)	-
 Unencumbered Cash, Beginning	<u>301.56</u>	<u>-</u>
 Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Title VI-B Pass Thru - ARRA  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
	<u>                    </u>	<u>                    </u>
Cash Receipts		
Federal Aid:		
Recovery Act	\$ 48,796.00	\$ -
 Expenditures		
Instruction	<u>48,796.00</u>	<u>-</u>
 Receipts Over (Under) Expenditures	-	-
 Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

St. Marys, Kansas

Title VI-B Preschool Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Incentive	\$ 13,608.00	\$ 14,109.00
Expenditures		
Instruction	<u>13,608.00</u>	<u>14,109.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Title VI-B Preschool - ARRA

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid:		
Recovery Act	\$ 10,413.00	\$ -
Expenditures		
Instruction	<u>10,413.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

St. Marys, Kansas

Indian Education Grant Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
	<u>                    </u>	<u>                    </u>
Cash Receipts		
Federal Aid:		
Indian Education Grants to Local Educational Agencies	\$ 12,994.00	\$ 14,231.00
Expenditures		
Instruction	<u>12,994.00</u>	<u>14,231.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

DLC Grant Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
	<u>                    </u>	<u>                    </u>
Cash Receipts		
Headstart Grant	<u>\$ 204,104.00</u>	<u>\$ 177,879.00</u>
Expenditures		
Instruction	96,153.08	93,912.43
Operations and Maintenance	15,982.79	-
Student Transportation Service	<u>91,968.13</u>	<u>83,966.57</u>
Total Expenditures	<u>204,104.00</u>	<u>177,879.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

St. Marys, Kansas

Gifts and Grants Funds

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Grants	\$ 1,106.80	\$ 564.40
Expenditures		
Instruction	<u>811.02</u>	<u>226.22</u>
Receipts Over (Under) Expenditures	295.78	338.18
Unencumbered Cash, Beginning	<u>3,907.86</u>	<u>4,203.64</u>
Unencumbered Cash, Ending	<u>\$ 4,203.64</u>	<u>\$ 4,541.82</u>

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

St. Marys, Kansas

Bond and Interest Fund

Statement of Cash Receipts and Expenditures - Actual and Budget - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Delinquent Taxes	\$ -	\$ 0.30	<u>\$ -</u>	<u>\$ 0.30</u>
Expenditures	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	0.30		
Unencumbered Cash, Beginning	<u>95.87</u>	<u>95.87</u>		
Unencumbered Cash, Ending	<u>\$ 95.87</u>	<u>\$ 96.17</u>		

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

St. Marys, Kansas

Scholarship Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal Year Ended June 30, 2012

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest	\$ 100.00	\$ 86.46
Expenditures		
Scholarships	<u>1,262.04</u>	<u>1,065.71</u>
Receipts Over (Under) Expenditures	(1,162.04)	(979.25)
Unencumbered Cash, Beginning	<u>11,212.75</u>	<u>10,050.71</u>
Unencumbered Cash, Ending	<u>\$ 10,050.71</u>	<u>\$ 9,071.46</u>

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

St. Marys, Kansas

Agency Funds

Statement of Cash Receipts and Cash Disbursements - Statutory Basis

For the Fiscal Year Ended June 30, 2012

<u>Student Organization Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Rossville High School				
FFA	\$ 5,511.64	\$ 21,952.82	\$ 20,334.69	\$ 7,129.77
FCCLA	1,187.79	4,735.45	5,395.16	528.08
Student Council	1,027.65	1,936.16	2,326.01	637.80
FBLA	6,554.74	5,908.87	4,725.98	7,737.63
Letterman Club	35.45	-	-	35.45
National Honor Society	3.09	-	-	3.09
Business Class	959.34	80.00	86.26	953.08
PE Class	48.93	-	-	48.93
Video Class	212.10	-	-	212.10
Rossville Junior High Pep Club	876.90	5,238.39	4,690.82	1,424.47
Rossville Junior High Student Council	731.27	2,214.90	2,600.92	345.25
Scholars Bowl	249.24	20.95	20.95	249.24
SADD	73.50	30.90	-	104.40
Class of 2011	-	70.00	70.00	-
Class of 2012	4,046.83	1,342.04	5,307.73	81.14
Class of 2013	3,205.91	6,486.77	9,570.69	121.99
Class of 2014	808.57	4,073.40	2,172.60	2,709.37
Class of 2015	26.00	818.10	-	844.10
Cheerleaders	2,442.02	8,943.67	10,503.76	881.93
Art Club	77.02	176.00	150.00	103.02
Band	299.69	1,405.00	880.24	824.45
Dance Team	118.15	6,066.45	3,476.08	2,708.52
Spirit Club	434.32	6,621.50	5,357.07	1,698.75
St. Marys High School				
FFA	778.21	21,592.95	22,296.56	74.60
FCCLA	29.75	1,791.50	1,135.19	686.06
Student Council	6,022.93	22,662.92	23,823.95	4,861.90
FBLA	2,621.97	917.58	1,380.58	2,158.97
Letterman Club	4,548.93	6,997.20	7,747.54	3,798.59
National Honor Society	246.57	1,461.25	1,606.33	101.49
SADD	20.88	22.00	-	42.88
Senior Class	267.97	1,050.75	192.08	1,126.64
Junior Class	949.23	10,972.77	9,561.26	2,360.74
Sophomore Class	1,983.29	4,305.47	2,083.22	4,205.54
Freshman Class	1,420.04	340.00	1,031.84	728.20
Cheerleaders	2,453.34	5,570.64	5,510.37	2,513.61
Music	8,299.84	36,217.91	37,192.71	7,325.04
Drill Team	386.13	6,317.17	6,210.07	493.23
Scholars Bowl	166.02	-	-	166.02
Rossville Elementary				
Wellness Program	1,847.03	-	396.90	1,450.13
Blue Cross & Blue Shield	-	1,000.00	-	1,000.00
Carol Jory Donation	5,000.00	-	-	5,000.00
Science	173.09	-	-	173.09
Band	899.00	215.00	141.00	973.00
St. Marys Elementary				
Band	4.03	355.75	355.64	4.14
Social Committee	111.92	170.00	166.53	115.39
<b>Total Student Organization Funds</b>	<b>67,160.32</b>	<b>200,082.23</b>	<b>198,500.73</b>	<b>68,741.82</b>
<b>Total Agency Funds</b>	<b>\$ 67,160.32</b>	<b>\$ 200,082.23</b>	<b>\$ 198,500.73</b>	<b>\$ 68,741.82</b>

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

Unified School District No. 321  
 St. Marys, Kansas  
 District Activity Funds  
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Statutory Basis  
 For the Fiscal Year Ended June 30, 2012

District Activity Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Current Year Ending Cash Balance
<b>Athletics and Other</b>						
Rossville High School	\$ 22,834.06	\$ 99,515.98	\$ 106,034.23	\$ 16,315.81	\$ -	\$ 16,315.81
St.Marys High School	15,348.94	61,101.03	59,177.57	17,272.40	-	17,272.40
Rossville Elementary	7,857.11	5,451.76	6,162.51	7,146.36	-	7,146.36
St.Marys Elementary	<u>3,471.43</u>	<u>8,075.52</u>	<u>7,332.05</u>	<u>4,214.90</u>	-	<u>4,214.90</u>
Total Athletics and Other	<u>49,511.54</u>	<u>174,144.29</u>	<u>178,706.36</u>	<u>44,949.47</u>	-	<u>44,949.47</u>
<b>School Projects</b>						
Rossville High School	14,185.39	14,761.69	14,154.76	14,792.32	-	14,792.32
St.Marys High School	4,882.33	8,008.07	9,814.46	3,075.94	-	3,075.94
Rossville Elementary	7,520.56	4,798.79	4,819.49	7,499.86	-	7,499.86
St.Marys Elementary	<u>2,809.79</u>	<u>3,266.74</u>	<u>2,306.69</u>	<u>3,769.84</u>	-	<u>3,769.84</u>
Total School Projects	<u>29,398.07</u>	<u>30,835.29</u>	<u>31,095.40</u>	<u>29,137.96</u>	-	<u>29,137.96</u>
Total District Activity Funds	<u>\$ 78,909.61</u>	<u>\$ 204,979.58</u>	<u>\$ 209,801.76</u>	<u>\$ 74,087.43</u>	<u>\$ -</u>	<u>\$ 74,087.43</u>

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

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

Note 1 Reporting Entity

Unified School District No. 321 is a municipal corporation governed by a citizen elected seven-member Board of Education.

Note 2 Basis of Accounting

*Statutory Basis of Accounting.* The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Unified School District No. 321 financial statements for the fiscal year ended June 30, 2011, from which such partial information was derived.

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENTS (Cont.)  
JUNE 30, 2012

Note 3 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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but a 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 General Fund budget was amended for this fiscal year.

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

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds:

Contingency Reserve Fund	Title IID EETT Fund	Title VIB Preschool ARRA Fund
Textbook Rental Fund	Title IV Fund	Indian Education Grant Fund
Title I Fund	Title V Fund	DLC Grant Fund
Title I ARRA Fund	Title VIB Discretionary Fund	Gifts and Grants Fund
Title IIA Fund	Title VIB Pass Thru Fund	District Activity Funds
Title IID Tech Literacy Fund	Title VIB Preschool Fund	

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENTS (Cont.)  
JUNE 30, 2012

Note 3 Budgetary Information (Cont.)

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 4 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 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. district 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, except during designated "peak periods" when required coverage is 50%. The district has not designated a "peak period." All deposits were legally secured at June 30, 2012.

*Deposits.* At June 30, 2012, the district's carrying amount of deposits was \$3,998,318.78 and the bank balance was \$4,830,328.95. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000.00 was covered by federal depository insurance, and the remaining \$4,330,328.95 was collateralized with securities held by the pledging financial institutions agents in the district's name.

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENTS (Cont.)  
JUNE 30, 2012

Note 5 Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Parent Education Fund	K.S.A. 72-6428	\$ 20,000.00
General Fund	Special Education Fund	K.S.A. 72-6428	1,755,390.88
General Fund	Vocational Education Fund	K.S.A. 72-6428	414,086.37
General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-6428	50,000.00
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	394,208.68
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	80,635.02
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	280,443.78
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	12,000.00
Supplemental General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-6433	35,000.00
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	150,000.00

Note 6 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 66603-3869) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary or 6% if hired on or after July 1, 2009. 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 currently contributes 8.77% of covered payroll for the period July 1, 2011 to June 30, 2012. These contribution requirements are established by KPERs and are periodically revised. For more information please see the KPERs website at [www.kpers.org](http://www.kpers.org).

The State of Kansas' contributions to KPERs for all school municipalities for the years ending June 30, 2012, 2011, and 2010 were \$314,466,992.90, \$253,834,044.00, and \$248,468,186.00 respectively, equal to the statutory required contributions each year.

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

NOTES TO FINANCIAL STATEMENTS (Cont.)  
JUNE 30, 2012

Note 7 Other Post Employment Benefits

As Provided by K.S.A. 12-5040, the local 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 district is subsidizing the retirees because each participant is paid in full by the insured. There is no cost to the district under this program.

Note 8 Termination Benefits

The local district provides an early retirement program for certain eligible employees. An employee is eligible for early retirement if such employee (a) is currently a full-time employee of the school district, (b) is not eligible to receive full social security benefits and is retired or disabled according to the provisions of KPERS, (c) has ten or more years of full time employment service with USD 321, (d) has fully terminated contractual employment with USD 321, and (e) files an application to receive early retirement benefits in writing which shall be submitted on or before December 15, preceding the anticipated retirement date and includes all of the information required to be included. Those eligible under this program may receive benefits for up to five years. Payments to retired employees under this plan were \$37,500.00 for the fiscal year ended June 30, 2012.

The local district provides a retirement plan for teachers. Written notification must be given to the Superintendent on or before December 15th of the current contract year for teachers to be eligible for this retirement benefit. Teachers retiring from service to the district will receive a retirement supplement of (a) for 10-14 years of service - 30 days of daily salary, (b) 14-19 years of service - 40 days of daily salary, and (c) 20 or more years of service - 50 days of daily salary. In order to be eligible for this benefit, teachers must be eligible for KPERS full retirement or permanent disability benefits and, in addition, actually be receiving disability or retirement benefits according to KPERS. Payments to retiring employees under this plan were \$25,791.00 for the fiscal year ended June 30, 2012.

Note 9 Subsequent Events

The district's management has evaluated events and transactions occurring after June 30, 2012 through August 23, 2012. The aforementioned date represents the date the financial statements were available to be issued.

Note 10 Compensated Absences

The district provides compensation of absences. For an in-depth understanding, the policy in its entirety should be reviewed.

UNIFIED SCHOOL DISTRICT NO. 321  
 St Marys, Kansas  
 NOTES TO FINANCIAL STATEMENTS (Cont.)  
 June 30, 2012

Note 11 - Long-Term Debt

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year
Compensated Absences	N/A	N/A	N/A	N/A	\$ 1,587,753.64	\$ -	\$ -	\$ (10,674.01)	\$ 1,577,079.63

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Program Year	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:				
Pass-through program from Kansas State Department of Education				
School Breakfast Program	2011-12	10.553	3529-3490	\$ 60,208.33
National School Lunch Program	2011-12	10.555	3530-3500	211,587.32
National School Lunch Program (Cash for Commodities)	2011-12	10.555	3530-3500	34,193.81
Special Milk Program for Children	2011-12	10.556	3230-3020	1,624.46
Total Child Nutrition Cluster				<u>307,613.92</u>
Team Nutrition Training Grant	2011-12	10.574	3230-3020	2,180.00
Fresh Fruits & Vegetables	2011-12	10.582	3230-3020	12,496.95
Total Pass-through Programs				<u>322,290.87</u>
Total U.S. Department of Agriculture				<u>322,290.87</u>
U.S. Department of Education:				
Pass-through program from Kansas State Department of Education				
Special Education Grants to States	2011-12	84.027	3234-3050	172,743.00
Special Education Grants to States	2011-12	84.027	3234-3050	12,978.00
Special Education Preschool Grants	2011-12	84.173	3535-3550	14,109.00
Total Special Education Cluster				<u>199,830.00</u>

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont.)  
For the Year Ended June 30, 2012

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Program Year	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Title I Grants to Local Educational Agencies	2011-12	84.010	3532-3520	193,427.00
Character Education Initiative	2011-12	84.215	3592-3070	696.01
Improving Teacher Quality - State Grants	2011-12	84.367	3526-3860	35,847.00
Education Jobs Fund Recovery Act	2011-12	84.410	3551-3551	<u>3,446.00</u>
Total Pass-through Programs				<u>433,246.01</u>
Total U.S. Department of Education				<u>433,246.01</u>
U.S. Department of Health and Human Services: Pass-through program from Kansas State Department of Education				
Youth Risk Behavior Survey	2011-12	93.938	3592-3070	<u>400.00</u>
Total Expenditures of Federal Awards				<u>\$ 755,936.88</u>

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2012

Note 1 Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 321 and is presented on the statutory basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

*Statutory Basis of Accounting.* The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure 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 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 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 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.

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

Schedule 2

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2012

There are no prior year audit findings.



Robert I. Clubine, C.P.A.  
David A. Rettele, C.P.A.  
Jay D. Langley, C.P.A.  
Jon K. Bell, C.P.A.  
Leslie M. Corbett, C.P.A.  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Board of Education  
Unified School District No. 321  
St. Marys, Kansas

We have audited the financial statements of Unified School District No. 321, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Unified School District No. 321's 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 No. 321's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 321's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 No. 321's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of Unified School District No. 321 in a separate letter dated August 23, 2012.

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.

Clubine and Rettele, Chartered

Salina, Kansas  
August 23, 2012



Certified Public Accountants



Robert I. Clubine, C.P.A.  
David A. Rettele, C.P.A.  
Jay D. Langley, C.P.A.  
Jon K. Bell, C.P.A.  
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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education  
Unified School District No. 321  
St. Marys, Kansas

**Compliance**

We have audited the compliance of Unified School District No. 321, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2012. Unified School District No. 321's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 321's management. Our responsibility is to express an opinion on Unified School District No. 321's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 321's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Unified School District No. 321's compliance with those requirements.

In our opinion, Unified School District No. 321 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2012.

**Internal Control Over Compliance**

Management of Unified School District No. 321 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 No. 321's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 321's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

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.

Clubine & Rettele, Chartered



Salina, Kansas  
August 23, 2012

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

Schedule 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District No. 321 which are prepared on the statutory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
2. No instances of noncompliance material to the financial statements of Unified School District No. 321 were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for Unified School District No. 321 expresses an unqualified opinion on all major programs.
4. There were no audit findings relative to the major federal award programs for Unified School District No. 321.

**IDENTIFICATION OF MAJOR PROGRAMS:**

5. The following programs were tested as major programs during the period under audit:

10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Cash for Commodities)
10.556	Special Milk Program for Children
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

6. The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.00.
7. Unified School District No. 321 was not determined to be a low-risk auditee under OMB Circular A-133.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

UNIFIED SCHOOL DISTRICT NO. 321  
St. Marys, Kansas

Schedule 4

CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2012

None required.