

**UNIFIED SCHOOL DISTRICT NO. 352
GOODLAND, KANSAS**

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

TABLE OF CONTENTS

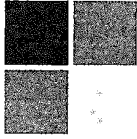
Independent Auditors' Report	1
Statement 1 - Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2 - Summary of Expenditures - Actual and Budget	4
Statement 3 - Statement of Cash Receipts and Expenditures - Actual and Budget Individually Presented by Fund	
Governmental Fund Categories	
General Funds	
3-1 General Fund	5
3-2 Supplemental General Fund.....	6
Special Revenue Funds	
3-3 Bilingual Education Fund	7
3-4 Capital Outlay Fund	8
3-5 Driver Training Fund	9
3-6 Food Service Fund	10
3-7 Special Education Fund	11
3-8 Vocational Education Fund	12
3-9 KPERS Retirement Contribution Fund	13
3-10 Contingency Reserve Fund	14
3-11 At Risk (K-12) Fund	15
3-12 Title I Low Income Fund	16
3-13 Title I Migrant Fund	17
3-14 Secondary Program Improvement Fund	18
3-15 Title II Teacher Quality Fund	19
3-16 Title II Education Technology Fund	20
3-17 Miscellaneous Grants Fund	21
3-18 Differentiated Instruction Fund	22
3-19 Technology Rich Classrooms Fund	23
3-20 School Improvement Grant Fund	24
3-21 21 st Century Grant Fund	25
3-22 Fruits and Vegetables Fund	26
3-23 Rural Low Income Schools Fund.....	27
Statement 4 - Summary of Cash Receipts and Cash Disbursements Agency Funds.....	28
Statement 5 - Summary of Cash Receipts, Expenditures, and Unencumbered Cash District Activity Funds	30
Notes to Financial Statements	31

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

TABLE OF CONTENTS (continued)

Supplementary Information

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 <i>Government Auditing Standards</i>	40
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	42
Schedule of Findings and Questioned Costs	44
Summary Schedule of Prior Audit Findings	46
Schedule of Expenditures of Federal Awards	48
Notes to Schedule of Expenditures of Federal Awards	49



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 352 Goodland, Kansas
Goodland, Kansas

We have audited the accompanying financial statements of **Unified School District No. 352 Goodland, Kansas**, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 352 Goodland, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 1, **Unified School District No. 352 Goodland, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose 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. 352 Goodland, Kansas**, as of June 30, 2012, or the changes in its financial position for the year then ended.

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. 352 Goodland, Kansas**, as of June 30, 2012, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of Unified School District No. 352 Goodland, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Unified School District No. 352 Goodland, Kansas

Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Unified School District No. 352 Goodland, Kansas'** 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. The schedule of expenditures of federal awards is the responsibility of management and is 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.

Adams, Brown, Beran & Ball, Chtd

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

December 10, 2012

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Governmental Fund Categories	Beginning Unencumbered Cash Balance	Prior Period Adjustments	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds								
General Fund	\$ (374,939)	374,939	-	6,827,198	6,827,198	-	45,098	45,098
Supplemental General Fund	134,175	33,597	-	2,116,450	2,162,742	121,480	153,689	275,169
Special Revenue Funds								
Bilingual Education Fund	1,224	-	-	141,824	143,048	-	-	-
Capital Outlay Fund	950,779	-	8,000	579,798	786,426	752,151	172,020	924,171
Driver Training Fund	20,685	-	-	14,362	7,336	27,711	-	27,711
Food Service Fund	100,401	-	45	440,770	448,179	93,037	-	93,037
Special Education Fund	476,653	-	-	1,336,574	1,313,406	499,821	-	499,821
Vocational Education Fund	10,632	-	-	149,777	149,277	11,132	75	11,207
KPERS Retirement Contribution Fund	-	-	-	597,876	597,876	-	-	-
Contingency Reserve Fund	360,107	-	-	40,000	-	400,107	-	400,107
At Risk (K-12) Fund	10,271	-	-	764,251	740,942	33,580	19	33,599
Title I Low Income Fund	6,637	-	-	199,613	204,674	1,576	-	1,576
Title I Migrant Fund	-	-	-	20,800	20,800	-	-	-
Secondary Program Improvement Fund	-	-	-	7,903	7,903	-	119	119
Title II Teacher Quality Fund	-	-	-	57,913	57,913	-	125	125
Miscellaneous Grants Fund	9,265	-	-	6,979	6,515	9,729	512	10,241
21st Century Grant Fund	-	-	-	78,347	71,712	6,635	14,461	21,096
Fruits and Vegetables Fund	-	-	-	11,022	11,022	-	-	-
Rural Low Income Schools Fund	-	-	-	24,309	24,309	-	-	-
District Activity Funds	108,614	-	-	288,056	286,368	110,302	-	110,302
Total Reporting Entity (Excluding Agency Funds)	\$ 1,814,504	408,536	8,045	13,703,822	13,867,646	2,067,261	386,118	2,453,379
Composition of Cash								
				Checking Accounts				\$ 1,987,978
				Petty Cash				5,000
				Certificates of Deposit				511,870
				Total Cash				2,504,848
				Agency Funds per Statement 4				(51,469)
Total Reporting Entity (Excluding Agency Funds)	\$							2,453,379

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

Funds	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 Fund Categories						
General Funds						
General Fund	\$ 6,763,176	-	64,022	6,827,198	6,827,198	-
Supplemental General Fund	2,159,525	-	3,217	2,162,742	2,162,742	-
Special Revenue Funds						
Bilingual Education Fund	143,048	-	-	143,048	143,048	-
Capital Outlay Fund	1,208,551	-	-	1,208,551	786,426	(422,125)
Driver Training Fund	7,420	-	-	7,420	7,336	(84)
Food Service Fund	497,489	-	-	497,489	448,179	(49,310)
Special Education Fund	1,463,823	-	-	1,463,823	1,313,406	(150,417)
Vocational Education Fund	158,478	-	-	158,478	149,277	(9,201)
KPERS Retirement Contribution Fund	641,304	-	-	641,304	597,876	(43,428)
At Risk (K-12) Fund	774,522	-	-	774,522	740,942	(33,580)

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the 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				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 1,069,465	1,080,336	1,068,094	12,242
Delinquent Tax	94,479	13,583	33,557	(19,974)
In Lieu of Taxes	3,043	1,527	1,396	131
Intergovernmental Revenues				
Mineral Severance Tax	1,310	1,335	-	1,335
Equalization Aid	4,139,363	4,698,612	4,315,112	383,500
Special Education Aid	861,637	961,853	957,170	4,683
Federal Aid - ARRA	114,741	-	-	-
Federal Aid - Education Jobs	200,911	2,929	-	2,929
Federal Aid	-	3,001	-	3,001
Reimbursements	2,620	64,022	-	64,022
Total Cash Receipts	6,487,569	6,827,198	6,375,329	451,869
Expenditures				
Instruction	2,998,881	3,087,497	3,244,777	(157,280)
Student Support Services	122,519	132,237	127,743	4,494
Instructional Support Services	165,857	207,054	180,899	26,155
General Administration	78,693	68,140	76,492	(8,352)
School Administration	177,856	176,604	187,627	(11,023)
Operations and Maintenance	870,325	853,635	935,456	(81,821)
Transportation	239,345	300,710	346,987	(46,277)
Other Support Services	45,000	-	62,591	(62,591)
Transfers Out	1,789,958	2,001,321	1,600,604	400,717
Legal General Fund Budget	6,488,434	6,827,198	6,763,176	64,022
(a) Adjustment for Qualifying Budget Credit	-	-	64,022	(64,022)
Total Expenditures	6,488,434	6,827,198	6,827,198	-
Cash Receipts Over (Under) Expenditures	(865)	-		
Unencumbered Cash - Beginning As Previously Stated	865	(374,939)		
Prior Period Adjustment	-	374,939		
Unencumbered Cash - Beginning As Restated	865	-		
Unencumbered Cash - Ending	\$ -	-		
(a) Adjustment for Qualifying Budget Credit				
Miscellaneous Reimbursements Over Amount Budgeted			\$ 64,022	

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,287,589	1,267,413	1,260,657	6,756
Delinquent Tax	96,568	14,344	39,578	(25,234)
Motor Vehicle Tax	155,181	140,272	161,227	(20,955)
Recreational Vehicle Tax	2,313	2,075	2,490	(415)
In Lieu of Taxes	-	1,541	1,647	(106)
Intergovernmental Revenues				
Equalization Aid	565,488	687,588	662,832	24,756
Federal Aid - Character Education		244	-	244
Reimbursements	-	2,973	-	2,973
Total Cash Receipts	2,107,139	2,116,450	2,128,431	(11,981)
Expenditures				
Instruction	326,465	232,057	292,015	(59,958)
Student Support Services	42,384	43,096	43,122	(26)
Instruction Support Services	-	-	108,539	(108,539)
General Administration	140,185	148,556	153,915	(5,359)
School Administration	486,663	477,120	477,991	(871)
Operations and Maintenance	208,853	218,262	210,000	8,262
Transportation	74,856	89,511	200,604	(111,093)
Other Supplemental Services	100,721	87,608	90,550	(2,942)
Community Services Operations	17,818	10,887	35,000	(24,113)
Transfers Out	543,105	855,645	547,789	307,856
Legal General Fund Budget	1,941,050	2,162,742	2,159,525	3,217
(a) Adjustment for Qualifying Budget Credit	-	-	3,217	(3,217)
Total Expenditures	1,941,050	2,162,742	2,162,742	-
Cash Receipts Over (Under) Expenditures	166,089	(46,292)		
Unencumbered Cash - Beginning As Previously Stated	1,683	134,175		
Prior Period Adjustment	-	33,597		
Unencumbered Cash - Beginning As Restated	1,683	167,772		
Unencumbered Cash - Ending	\$ 167,772	121,480		
(a) Adjustment for Qualifying Budget Credit				
Federal Aid Over Amount Budgeted			\$ 244	
Reimbursements Over Amount Budgeted			2,973	
			\$ 3,217	

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 103,198	141,824	<u>141,824</u>	<u>-</u>
Expenditures				
Instruction	<u>131,847</u>	<u>143,048</u>	<u>143,048</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(28,649)	(1,224)		
Unencumbered Cash - Beginning	<u>29,873</u>	<u>1,224</u>		
Unencumbered Cash - Ending	\$ <u>1,224</u>	<u>-</u>		

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ -	43,078	40,836	2,242
Delinquent Tax	885	351	-	351
Motor Vehicle Tax	51	-	-	-
In Lieu of Taxes	-	54	-	54
Transfers In	239,946	420,000	200,000	220,000
Interest on Idle Funds	19,392	8,268	20,000	(11,732)
Miscellaneous Revenue	182,499	108,047	37,770	70,277
Total Cash Receipts	<u>442,773</u>	<u>579,798</u>	<u>298,606</u>	<u>281,192</u>
Expenditures				
Instruction	82,393	57,404	116,770	(59,366)
Student Support Services	-	-	10,000	(10,000)
General Administration	8,934	46,459	60,000	(13,541)
School Administration	5,292	4,939	33,019	(28,080)
Operations and Maintenance	12,950	1,340	62,000	(60,660)
Transportation	65,140	27,437	130,000	(102,563)
Lease Payment	150,000	150,000	250,000	(100,000)
Facility Acquisition and Construction Services	242,462	498,847	546,762	(47,915)
Total Expenditures	<u>567,171</u>	<u>786,426</u>	<u>1,208,551</u>	<u>(422,125)</u>
Cash Receipts Over (Under) Expenditures	(124,398)	(206,628)		
Unencumbered Cash - Beginning	1,075,177	950,779		
Prior Year Cancelled Encumbrance	-	8,000		
Unencumbered Cash - Ending	\$ <u>950,779</u>	<u>752,151</u>		

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Driver Training Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 3,996	5,358	2,738	2,620
Transfers In	10,000	7,470	7,470	-
Student Fees	1,138	1,534	962	572
Total Cash Receipts	15,134	14,362	<u>11,170</u>	<u>3,192</u>
Expenditures				
Instruction	7,329	7,336	<u>7,420</u>	<u>(84)</u>
Cash Receipts Over (Under) Expenditures	7,805	7,026		
Unencumbered Cash - Beginning	12,880	20,685		
Unencumbered Cash - Ending	\$ <u>20,685</u>	<u>27,711</u>		

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Intergovernmental Revenues				
State Aid	\$ 4,722	4,987	3,640	1,347
Federal Aid	242,156	271,877	225,395	46,482
Lunch Receipts - Students	115,857	112,560	112,523	37
Lunch Receipts - Adults	38,682	49,232	56,932	(7,700)
Miscellaneous	-	2,114	-	2,114
Total Cash Receipts	<u>401,417</u>	<u>440,770</u>	<u>398,490</u>	<u>42,280</u>
Expenditures				
Operation and Maintenance	2,653	148	6,579	(6,431)
Food Service Operation	<u>404,268</u>	<u>448,031</u>	<u>490,910</u>	<u>(42,879)</u>
Total Expenditures	<u>406,921</u>	<u>448,179</u>	<u>497,489</u>	<u>(49,310)</u>
Cash Receipts Over (Under) Expenditures	(5,504)	(7,409)		
Unencumbered Cash - Beginning	105,905	100,401		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>45</u>		
Unencumbered Cash - Ending	\$ <u>100,401</u>	<u>93,037</u>		

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Intergovernmental Revenues				
Federal Aid - ARRA	\$ 47,870	-	-	-
Transfers In	1,126,002	1,336,574	987,170	349,404
Miscellaneous Income	12,028	-	-	-
Total Cash Receipts	<u>1,185,900</u>	<u>1,336,574</u>	<u>987,170</u>	<u>349,404</u>
Expenditures				
Instruction	1,243,839	1,309,338	1,456,223	(146,885)
Student Support Services	-	-	400	(400)
Instructional Support Services	65	250	5,800	(5,550)
School Administration	-	-	800	(800)
Transportation	1,397	3,818	600	3,218
Total Expenditures	<u>1,245,301</u>	<u>1,313,406</u>	<u>1,463,823</u>	<u>(150,417)</u>
Cash Receipts Over (Under) Expenditures	(59,401)	23,168		
Unencumbered Cash - Beginning	<u>536,054</u>	<u>476,653</u>		
Unencumbered Cash - Ending	\$ <u><u>476,653</u></u>	<u><u>499,821</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Transfers In	\$ 113,602	146,847	146,847	-
Local Sources	-	2,930	1,000	1,930
Total Receipts	113,602	149,777	<u>147,847</u>	<u>1,930</u>
Expenditures				
Instruction	136,581	139,232	147,713	(8,481)
Instructional Support Services	8,768	9,289	9,265	24
Operations and Maintenance	558	756	1,500	(744)
Total Expenditures	145,907	149,277	<u>158,478</u>	<u>(9,201)</u>
Cash Receipts Over (Under) Expenditures	(32,305)	500		
Unencumbered Cash - Beginning	42,937	10,632		
Unencumbered Cash - Ending	\$ 10,632	11,132		

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
KPERS Retirement Contribution Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Intergovernmental Revenue				
State Aid	\$ 352,365	597,876	641,304	(43,428)
Expenditures				
Instruction	181,730	430,471	461,739	(31,268)
Student Support Services	82,543	17,936	19,239	(1,303)
Instructional Support Services	10,571	17,936	19,239	(1,303)
School Administration	31,713	53,809	57,718	(3,909)
Other Supplemental Services	3,524	5,979	6,413	(434)
Operations and Maintenance	24,666	41,851	44,891	(3,040)
Student Transportation Services	10,571	17,936	19,239	(1,303)
Food Service	7,047	11,958	12,826	(868)
Total Expenditures	352,365	597,876	641,304	(43,428)
Cash 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. 352 GOODLAND, KANSAS
Contingency Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Transfers In	\$ -	40,000
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	40,000
Unencumbered Cash - Beginning	360,107	360,107
Unencumbered Cash - Ending	\$ 360,107	400,107

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

UNIFIED SCHOOL DISTRICT No. 352 GOODLAND, KANSAS
At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the 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				
Transfers In	\$ 740,315	764,251	<u>665,082</u>	<u>99,169</u>
Expenditures				
Instruction	<u>771,008</u>	<u>740,942</u>	<u>774,522</u>	<u>(33,580)</u>
Cash Receipts Over (Under) Expenditures	(30,693)	23,309		
Unencumbered Cash - Beginning	<u>40,964</u>	<u>10,271</u>		
Unencumbered Cash - Ending	\$ <u>10,271</u>	<u>33,580</u>		

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

UNIFIED SCHOOL DISTRICT No. 352 GOODLAND, KANSAS
Title I Low Income Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ 255,247	199,588
Reimbursements	-	25
Total Cash Receipts	255,247	199,613
Expenditures		
Instruction	306,509	204,674
Cash Receipts Over (Under) Expenditures	(51,262)	(5,061)
Unencumbered Cash - Beginning	57,899	6,637
Unencumbered Cash - Ending	\$ 6,637	1,576

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Title I Migrant Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ 23,700	20,800
Expenditures		
Instruction	23,700	20,800
Cash 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. 352 GOODLAND, KANSAS
Secondary Program Improvement Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Reimbursements	\$ 10,140	7,903
Expenditures		
Instruction	8,845	4,591
Instructional Support Services	1,295	1,201
Student Support Services	-	2,111
Total Expenditures	10,140	7,903
Cash 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. 352 GOODLAND, KANSAS
Title II Teacher Quality Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ 66,409	57,913
Expenditures		
Instruction	66,409	57,913
Cash 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. 352 GOODLAND, KANSAS
Title II Education Technology Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ 682	-
Expenditures		
Instruction	682	-
Cash 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. 352 GOODLAND, KANSAS
Miscellaneous Grants Fund
 Statement of Cash Receipts and Expenditures
 For the 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	\$ -	3,479
Miscellaneous Grants	20,748	3,500
Total Cash Receipts	20,748	6,979
Expenditures		
Instruction	26,286	6,515
Cash Receipts Over (Under) Expenditures	(5,538)	464
Unencumbered Cash - Beginning	14,803	9,265
Unencumbered Cash - Ending	\$ 9,265	9,729

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Differentiated Instruction Fund
 Statement of Cash Receipts and Expenditures
 For the 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	\$ -	-
Expenditures		
Instruction	537	-
Cash Receipts Over (Under) Expenditures	(537)	-
Unencumbered Cash - Beginning	537	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Technology Rich Classrooms Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ 28,000	-
Expenditures		
Instruction	28,000	-
Cash 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. 352 GOODLAND, KANSAS
School Improvement Grant Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ 171,289	-
Expenditures		
Instruction	89,799	-
Cash Receipts Over (Under) Expenditures	81,490	-
Unencumbered Cash - Beginning	(81,490)	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
21st Century Grant Fund
 Statement of Cash Receipts and Expenditures
 For the 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		
Intergovernmental Revenue		
Federal Aid	\$ -	76,407
Fees	-	1,940
Total Cash Receipts	-	78,347
Expenditures		
Instruction	-	71,712
Cash Receipts Over (Under) Expenditures	-	6,635
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	6,635

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Fruits and Vegetables Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid	\$ -	11,022
Expenditures		
Student Support Services	-	11,022
Cash 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. 352 GOODLAND, KANSAS
Rural Low Income Schools Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid	\$ -	24,309
Expenditures		
Instruction	-	24,309
Cash 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. 352 GOODLAND, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
AFS Club	\$ 1,353	6,790	5,860	2,283
Band Club	6,551	3,060	2,270	7,341
Buckaroo Club	5,237	5,097	9,007	1,327
Cheerleader Club	449	4,808	3,746	1,511
Xpresso	148	2,050	1,545	653
Senior Class	262	753	841	174
Junior Class	722	14,888	15,213	397
Sophomore Class	90	100	47	143
Freshman Class	129	50	127	52
Graduation Speaker	443	65	55	453
DECA Club	7,422	5,443	6,708	6,157
Fellowship of Christian Students	509	-	-	509
FCCLA and Special FCCLA	6,981	25,120	30,825	1,276
Student Leadership	5	-	-	5
Faculty	239	324	563	-
G-Club	991	19,584	19,125	1,450
GAA	2,584	4,231	4,346	2,469
Library	485	33	476	42
NHS	1,450	-	473	977
Peer Counselors	339	185	213	311
Science Club	3,265	3,129	2,204	4,190
Scholars Bowl	157	165	175	147
Stucco	2,284	3,172	4,610	846
Shop Tech Club	903	2,974	2,699	1,178
Art Class	-	1,108	1,108	-
Art Club	4,936	1,455	4,236	2,155
Total High School	47,934	104,584	116,472	36,046
Junior High School				
Faculty	103	516	619	-
Student Activities	5,093	12,744	14,002	3,835
Alumni	25	200	149	76
SADD	811	892	774	929
Yearbook Sales	2,290	1,980	880	3,390
FCCLA	263	1,409	1,050	622
SPURS	40	1,322	1,362	-
Total Junior High School	\$ 8,625	19,063	18,836	8,852

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
West Elementary School				
Faculty	\$ 840	280	1,057	63
Alumni	258	100	-	358
Total West Elementary School	<u>1,098</u>	<u>380</u>	<u>1,057</u>	<u>421</u>
Central Elementary School				
Student Activities	2,701	2,910	862	4,749
Site Council	6,961	-	6,961	-
Alumni	529	899	27	1,401
Total Central Elementary School	<u>10,191</u>	<u>3,809</u>	<u>7,850</u>	<u>6,150</u>
Total	<u>\$ 67,848</u>	<u>127,836</u>	<u>144,215</u>	<u>51,469</u>

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
District Activity Funds
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High School	\$ 88,150	-	93,828	109,279	72,699	-	72,699
Jr. High School	2,424	-	28,043	22,773	7,694	-	7,694
Total Gate Receipts	90,574	-	121,871	132,052	80,393	-	80,393
School Projects							
High School							
Special Service/Scholarship	862	-	471	57	1,276	-	1,276
Musical	2,461	-	5,052	5,235	2,278	-	2,278
Jr. High School							
Library Fund	702	-	7	4	705	-	705
Art	-	-	1,192	1,192	-	-	-
West Elementary School							
Student Project	9,655	-	22,493	22,449	9,699	-	9,699
Social Fund	58	-	929	-	987	-	987
McGraw Hill Account	240	-	215	422	33	-	33
General Activity	5	-	90	74	21	-	21
Book Fair	747	-	129	219	657	-	657
Early Childhood	-	-	1,065	734	331	-	331
Rock, Talk, and Read	288	-	-	288	-	-	-
Central Elementary School							
General Activity	1,228	-	732	465	1,495	-	1,495
Book Fair	413	-	-	-	413	-	413
Teacher Awards	300	-	-	300	-	-	-
Faculty	893	-	-	893	-	-	-
Site Council	-	-	25,318	13,304	12,014	-	12,014
Staff Activities Account	188	-	825	1,013	-	-	-
Total School Projects	18,040	-	58,518	46,649	29,909	-	29,909
Student Fees and User Charges							
High School	-	-	17,919	17,919	-	-	-
Jr. High School	-	-	40,118	40,118	-	-	-
Central Elementary School	-	-	24,815	24,815	-	-	-
West Elementary School	-	-	24,815	24,815	-	-	-
Total Student Fees and User Charges	-	-	107,667	107,667	-	-	-
Total District Activity Funds	\$ 108,614	-	288,056	286,368	110,302	-	110,302

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

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 352 Goodland, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to 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. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no component units.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2012.

Governmental Fund Categories

General Fund – to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

District Activity Funds – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Fiduciary Fund Categories

Agency Funds – to account for assets held by the District as trustee or agent for others.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

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 expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. 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 10 days after publication the hearing may be held and the governing body may amend the budget at that time. The General and At Risk Funds were amended this year.

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

All legal annual operating budgets are prepared using the 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 District 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 I Low Income Fund, Title I Migrant Fund, Secondary Program Improvement Fund, Title II Teacher Quality Fund, Miscellaneous Grants Fund, 21st Century Grant Fund, Fruits and Vegetables Fund, Rural Low Income Schools Fund and 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.

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

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 investments 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.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 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 does not use "peak periods". All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$2,504,848 and the bank balance was \$2,646,338. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$641,745 was covered by federal depository insurance and \$2,004,593 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2012.

Compensated Absences

Sick/Personal Leave

The District's policy for teachers who work on a full-time basis shall be granted leave on the basis of 13 days per contract year. Teachers will accumulate any unused leave up to 10 days as sick leave to a maximum of 65 days. Teachers will be paid at the rate of \$100 for each unused day over 10, maximum \$300. The teacher will receive payment in a June direct deposit after payroll calculations have been completed. Part-time teachers will receive leave prorated on the basis of their full-time equivalency. Employees under this benefit will draw full pay at their contracted rate. Reasons for requesting such leave shall be at the employee's discretion with no salary deduction.

Unused leave will accumulate as sick leave for the purpose of sick leave. Teachers who finish a school year with 56 or more days up to a maximum of 65 days of unused sick leave will be paid for any days in excess of 55 days. Part-time teachers will receive pay for unused sick leave prorated on the basis of their full-time equivalency. Pay for unused sick leave will be at the rate of \$40 per day. The teacher will receive payment in a June direct deposit after payroll calculations have been completed. At the time of retirement, the teacher will be reimbursed for his/her unused sick leave days, up to a maximum of 40 days at the rate of \$40 per day. Upon death of a teacher who is eligible for early retirement, unused leave reimbursement will go to the beneficiaries of said employee.

Classified personnel who are assigned on a 12-month basis shall be allowed a paid vacation. Newly hired employees earn one day of vacation per month during the first fiscal year, not to exceed 10 days. After continuous employment for years 2 through 5, employees will be given 10 days per fiscal year. Upon completion of 5 years of continuous employment, employees will be given 15 days per fiscal year. Vacation earned in a fiscal year must be taken by January 1 following the end of the fiscal year or it will be lost.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Personal leave is granted to qualifying classified employees at the rate of three days per year. Employees are allowed two days carryover into the next year for a maximum of five days. All employees will be paid for any unused personal leave in excess of two days at the rate of \$40 per day paid in June.

The potential liability for accumulated sick leave and personal leave is shown in Note 9.

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% and 6% (if hired on or after July 1, 2009) 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. The State currently contributes 9.77% of covered payroll and 22.96% for licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of 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 as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$597,876, \$352,365, and \$411,872, respectively.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. The District pays \$2,800 of the premium for each retiree and each retiree is responsible for the balance. During the year ended June 30, 2012, 6 retirees participated in this plan and the District paid \$16,800 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

The District provided a retirement incentive for eligible teachers who elected to retire at the conclusion of the 2009-2010 school year. The Board of Education had to be notified in writing on or before May 1, 2010 of the intent to retire at the conclusion of the 2009-2010 year to be eligible for this incentive. Teachers qualified for this incentive if they were:

- a. Currently a professional full-time employee of the District
- b. Not less than age 57 or met the KPERS requirements for early retirement
- c. Had 12 years of employment in the District

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This retirement incentive was comprised of two options. Teachers could select one of the following:

- a. Ten percent of their total salary (teaching contract + supplemental contracts) as a retirement incentive to be paid in a lump sum following KPERS retirement date pursuant to K.S.A. 72-5395.
- b. Board paid health insurance premiums for a single health insurance policy to a maximum annual amount of \$5,000 for a term not to exceed three years or until eligible for Medicare or eligible to be covered under another employer's primary group health insurance plan. At the end of three years, if the retiree has not reached the age of 65 and become Medicare eligible, or is eligible to be covered under another employer's primary group health insurance plan, this benefit will terminate and the retiree shall be eligible for the board paid health insurance premiums to the \$2,800 maximum as specified in the above paragraphs.

Six employees took advantage of this incentive. Two were paid a lump sum and the other four are participating in the Board paid health coverage. During the year ended June 30, 2012, the District paid \$20,000 in premiums.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

Reimbursements

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

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 352 Goodland, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2012 were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 72-6428	\$ 420,000
General Fund	Special Education Fund	K.S.A. 72-6428	1,028,718
General Fund	At Risk(K-12) Fund	K.S.A. 72-6428	507,372
General Fund	Bilingual Education Fund	K.S.A. 72-64283	5,231

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 2 – INTERFUND TRANSFERS (continued)

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	40,000
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-6433	136,593
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	307,856
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	146,847
Supplemental General Fund	Driver Training Fund	K.S.A. 72-6433	\$ 7,470
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	256,879

NOTE 3 – LITIGATION

Unified School District No. 352 Goodland, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 352 Goodland, Kansas 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 has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other districts in the State to participate in Kansas Association of School Boards Risk Management Services, a public entity risk pool currently operating as a common risk management and insurance program for Kansas Association of School Boards Risk Management Services for 83 participating members.

The District pays an annual premium to Kansas Association of School Boards Risk Management Services for its worker's compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Risk Management Services will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Risk Management Services management. During 2012, the District contributed \$72,959 to the fund for this insurance coverage.

The District carries commercial insurance for risks of loss, including property, general liability, crime, inland marine, automobile, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 352 Goodland, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 352 Goodland, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – OPERATING LEASES

Unified School District No. 352 Goodland, Kansas is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and therefore, the results of the lease agreements are not reflected in the District's financial statements. A lease agreement was entered into on September 29, 2010 with Pitney Bowes to lease a postage meter. The lease agreement is for five years. The District makes quarterly payments of \$350. The total paid during the fiscal year ended June 30, 2012, was \$1,400.

Future scheduled payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 1,400
2014	1,400
2015	1,400
2016	700

NOTE 8 – CAPITAL LEASES

On July 26, 2010, the District approved a resolution authorizing **Unified School District No. 352 Goodland, Kansas** to enter into a lease purchase transaction to purchase \$1,500,000 in Qualified Zone Academy Bonds (QZAB) to pay the costs of acquiring, constructing, and installing improvements to the District's facilities. The QZAB lease purchase is being financed through the Bank of Kansas City, N.A. and the effective annual interest rate is 0.00%. The interest will be paid by the United States government and the principal will be paid by the District. The lease purchase will be paid in full July 30, 2020.

On May 15, 2012, the District approved entering into a lease purchase agreement with Apple, Inc. to lease, purchase, and acquire certain equipment and/or software for the District totaling \$716,513. The effective annual interest rate is 1.9%. The lease purchase will be paid in full August 15, 2014. This lease contains a fiscal funding clause.

NOTE 9 – IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$728,931 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

The General Fund and Supplemental General Fund Unencumbered Cash have been restated to 0 and 167,772, respectively, to be in conformity with the regulatory basis of accounting as of July 1, 2011.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 11 - LONG-TERM DEBT

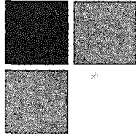
Changes in long-term liabilities for the District for the year ended June 30, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital Leases										
Qualified Zone Academy Bonds	0.000%	7/26/2010	\$ 1,500,000	7/30/2020	1,350,000	-	150,000	(150,000)	1,200,000	-
Apple Lease	1.900%	5/15/2012	716,513	8/15/2014	-	716,513	130,000	586,513	586,513	-
Total Contractual Indebtedness					1,350,000	716,513	280,000	436,513	1,786,513	
Compensated Absences					25,600	-	8,000	(8,000)	17,600	
Total Long-Term Debt			\$ 2,725,600			1,433,026	568,000	865,026	3,590,626	-
Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:										
YEAR										
Principal		2013		2014		2015	2016	2017	2018-2020	Total
Capital Leases		\$ 412,780	310,597	313,136	150,000	150,000	450,000	1,786,513		
Interest										
Capital Leases		3,456	5,638	3,100	-	-	-	-	-	12,194
Total Principal and Interest		\$ 416,236	316,235	316,236	150,000	150,000	450,000	1,798,707		

*The QZAB lease purchase is being financed through the Bank of Kansas City, N.A. and the effective annual interest rate is 5.3%. The interest will be paid by the United States government.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Supplementary Information



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**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**

To the Board of Education
Unified School District No. 352 Goodland, Kansas
Goodland, Kansas

We have audited the financial statements of **Unified School District No. 352 Goodland, Kansas** as of and for the year ended June 30, 2012, and have issued our report thereon dated December 10, 2012. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a 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. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **Unified School District No. 352 Goodland, Kansas** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **Unified School District No. 352 Goodland, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 352 Goodland, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 352 Goodland, Kansas'** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs (2012-1), that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

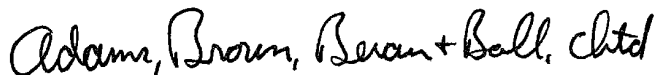
Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 352 Goodland, Kansas**' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Unified School District No. 352, Goodland, Kansas** in a separate letter dated December 10, 2012.

Unified School District No. 352 Goodland, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Unified School District No. 352 Goodland, Kansas**' response and, accordingly, we express no opinion on it.

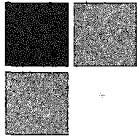
This report is intended solely for the information and use of management, Board of Education, others within the entity, federal awarding agencies and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

December 10, 2012



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**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**

To the Board of Education
Unified School District No. 352 Goodland, Kansas
Goodland, Kansas

Compliance

We have audited **Unified School District No. 352 Goodland, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 352 Goodland, Kansas'** major federal programs for the year ended June 30, 2012. **Unified School District No. 352 Goodland, 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 **Unified School District No. 352 Goodland, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 352 Goodland, 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 *Kansas Municipal Audit Guide*, 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. 352 Goodland, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Unified School District No. 352 Goodland, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 352 Goodland, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of **Unified School District No. 352 Goodland, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 352 Goodland, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the *auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.* Accordingly, we do not

express an opinion on the effectiveness of **Unified School District No. 352 Goodland, Kansas'** internal control over compliance.

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

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

This report is intended solely for the information and use of management, Board of Education, others within the entity, federal awarding agencies and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

December 10, 2012

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting

- Material weakness identified? Yes X No
- Significant deficiency identified? X Yes No
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
84.010	Title I Low Income

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

Auditee qualified as low-risk auditee? Yes X No

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

No material weaknesses in internal control are required to be disclosed.

B. Significant Deficiency in Internal Control

2012-1

Criteria

Client personnel responsible for the accounting and reporting function should have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements.

Condition

Client personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles.

Effect

Financial transactions and financial statements may not properly reflect financial information in accordance with generally accepted accounting principles.

Cause

The District's employees are unable to obtain the training necessary to obtain these skills due to its size and financial resources.

Recommendation

Continual training of accounting personnel should be implemented to ensure financial transactions and financial statements are being presented as accurately as possible.

Views of responsible officials and planned corrective actions

The District is aware that personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles. However, due to the size and financial resources of the District, it would not be feasible to obtain the necessary training.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2012

Finding 2011-B

Information on the Federal Program

CFDA Number 84.010 Title I Grants to Local Educational Agencies

U.S. Department of Education, Passed through Kansas State Department of Education

Agency or Pass Through Number: 3532-3520 3520

Condition

The District did not have employees that worked in part on a federal program and in part on activities funded from other revenue sources complete the required Time and Effort Documentation. Instead of the Time and Effort Documentation, the District had the employees complete Semi-Annual Certifications of a Sole Source of Funding, which should be used when employees work solely on the federal program.

Recommendation

Any employees that work in part on a federal program and in part on activities funded from other revenue sources should complete Time and Effort forms. District personnel overseeing the Title I Federal Program should attend training so that they fully understand the requirement for Documentation of Employee Time and Effort and can ensure the District complies with this requirement in the future.

Current Status – This was corrected.

Finding 2011-C

Information on the Federal Program

CFDA Number 84.010 Title I Grants to Local Educational Agencies

U.S. Department of Education, Passed through Kansas State Department of Education

Agency or Pass Through Number: 3532-3520 3520

Condition

In the District's targeted assistance school, Title I students are not segregated. The District paid two Language Arts teachers with $\frac{1}{4}$ Title I funding and one Math teacher with $\frac{1}{2}$ Title I funding. While these teachers were in the classroom providing Title I services to the Title I students, another teacher was not consistently in the classroom providing Language Arts or Math instruction to the students who were not eligible for Title I services.

Recommendation

The District should have another teacher in the classroom providing services to students that are not eligible for Title I services while the Title I teacher provides Title I services to the Title I students. As an alternative to this, the District could segregate the Title I students when the Title I teacher provides services to them. District personnel overseeing the Title I federal program should attend training so that they fully understand the requirement for Level of Effort-Supplement, Not Supplant.

Current Status – This was corrected.

Finding 2011-D

Information on the Federal Program

CFDA Number 84.010 Title I Grants to Local Educational Agencies

U.S. Department of Education, Passed through Kansas State Department of Education

Agency or Pass Through Number: 3532-3520 3520

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012

Condition

The final expenditures that the District reported on the Budget Revision and Carryover Report were not the District's actual expenditures for the year. One of the variances between actual expenditures and those shown for a budgeted line item on the District's Budget Revision and Carryover report exceeded 10%. The District did not submit a budget amendment to correct this variance.

Recommendation

District personnel should attend training so that they fully understand the reporting requirements for Title I, Part. A. The District should implement a review process for reporting on federal grant activity. After federal reports are prepared, a second individual should review the reports for accuracy and verify the information reported matches the underlying financial records. District personnel should monitor grant expenditures against budget and submit budget amendments as required.

Current Status – This was corrected.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS

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

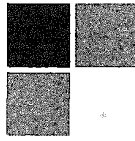
Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass- through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Kansas State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	3529-3490 3490 9904	\$ 60,605
National School Lunch Program	10.555	3530-3500 3500 9902/12	210,830
Special Milk Program for Children	10.556	3230-3020 3020 9901	<u>441</u>
Total Child Nutrition Cluster			271,876
Fresh Fruit and Vegetable Program	10.582	3230-3020 3020 9926	<u>11,022</u>
Total U.S. Department of Agriculture			<u>282,898</u>
U.S. Department of Education			
Passed Through Kansas State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3532-3520 3520	207,373
Title I Grants to Local Educational Agencies	84.010	3233-3040 3040 9954	<u>12,029</u>
Total Title I, Part A Cluster			<u>219,402</u>
Title II - Improving Teacher Quality			
Title II - Improving Teacher Quality	84.367	3526-3860 3860	62,674
Title II - Improving Teacher Quality - KELI	84.367	3527-3870 5000 M172	<u>500</u>
Total Title II - Improving Teacher Quality			<u>63,174</u>
Migrant Education	84.011	3537-3570 3570	20,800
Fund for the Improvement of Education	84.215	3592-3070 S070	3,723
Twenty-First Century Community Learning Centers	84.287	3519-3890 3890	71,713
Rural Low Income Schools Program	84.358	3521-3810 3810	24,309
Education Jobs Fund	84.410	3551-3551 3551	<u>2,929</u>
Passed Through Northwest Kansas Educational Service Center			
English Language Acquisition State Grants	84.365		<u>2,501</u>
Total U.S. Department of Education			<u>408,551</u>
Total Expenditures of Federal Awards			\$ <u><u>691,449</u></u>

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 352 GOODLAND, KANSAS
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 **Unified School District No. 352 Goodland, Kansas**, and is presented on the 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 generally accepted accounting principles. 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*.



Certified
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Accountants

December 10, 2012

To the Board of Education and Management
Unified School District No. 352 Goodland, Kansas
Goodland, Kansas

Management Letter

In planning and performing our audit of the financial statements of **Unified School District No. 352 Goodland, Kansas** as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency.

- Statement on Auditing Standard No. 115 (SAS No. 115) requires client personnel responsible for the accounting and reporting function to have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements. Due to the limited size of the District, it is not practical to hire fully qualified staff to the extent that they possess all the skills in order to apply generally accepted accounting principles when preparing financial statements, including relevant note disclosures. It is important to note the accounting personnel of the District are not expected to have this kind of knowledge. In order to obtain the necessary knowledge, the personnel would have to obtain extensive and continuous training, which is not feasible.

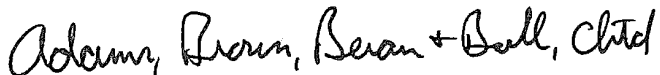
Unified School District No. 352 Goodland, Kansas

Page 2

December 10, 2012

We would like to express our appreciation for the opportunity to perform the June 30, 2012 audit for **Unified School District No. 352 Goodland, Kansas** and to the employees for the cooperation and assistance given to us during the audit.

This communication is intended solely for the information and use of management, the Board of Education, others within the organization, State of Kansas, and applicable federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Adams, Brown, Beran & Ball, CHTD".

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants