

UNIFIED SCHOOL DISTRICT NO. 292  
Grainfield, Kansas  
Audit Report  
July 1, 2010 to June 30, 2011

MAPES & MILLER  
Certified Public Accountants  
Quinter, Kansas

UNIFIED SCHOOL DISTRICT NO. 292  
Grainfield, Kansas  
Audit Report  
July 1, 2010 to June 30, 2011

Table of Contents

	<u>Page Numbers</u>
Independent Auditor's Report	1
<u>Financial Statements</u>	
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	
General Funds	5
Special Revenue Funds	7
Private Purpose Trust Funds	13
STATEMENT 4	
Summary of Cash Receipts and Cash Disbursements	
Agency Funds	14
STATEMENT 5	
Statement of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	15
Notes to the Financial Statements	16

# MAPES & MILLER

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Unified School District No. 292  
Grainfield, Kansas 67737

We have audited the accompanying financial statements of Unified School District No. 292, Grainfield, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 opinion.

As described more fully in Note 1, the District has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The 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.

To the Board of Education  
Unified School District No. 292  
Page Two

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. 292, Grainfield, Kansas, as of June 30, 2011, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 292, Grainfield, Kansas, as of June 30, 2011, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

*Mapes & Miller*

Certified Public Accountants  
September 7, 2011

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended June 30, 2011

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds:</b>							
General Funds							
General Fund	\$ (104,579)	235	1,252,436	1,199,597	(51,505) *	14,755	(36,750)
Supplemental General Fund	17,125	1	326,518	322,001	21,643	11,806	33,449
Special Revenue Funds							
At Risk Fund (K-12)	5,259	0	32,340	32,315	5,284	683	5,967
Capital Outlay Fund	293,783	4	33,857	77,249	250,395	25,503	275,898
Driver Training Fund	23,865	0	2,426	18,717	7,574	17,163	24,737
Food Service Fund	30,571	0	68,703	74,284	24,990	0	24,990
Professional Development Fund	14,034	0	0	469	13,565	0	13,565
Special Education Fund	225,122	0	241,619	226,492	240,249	1,352	241,601
Vocational Education Fund	53,948	0	72,190	51,967	74,171	0	74,171
KPERs Special Retirement Contribution Fund	(34,180)	0	91,454	57,274	0	0	0
Gifts and Grants Fund	1,117	0	27,522	23,482	5,157	19,988	25,145
Contingency Reserve Fund	148,623	0	0	0	148,623	0	148,623
Textbook & Student Material Revolving Fund	14,676	0	3,419	7,639	10,456	2,339	12,795
Federal Funds	6,099	0	67,156	73,255	0	358	358
District Activity Funds (Statement 5)	4,636	0	39,000	38,944	4,692	0	4,692
<b>Fiduciary Type Funds:</b>							
Private Purpose Trust Funds							
Scholarship Fund	21,734	0	2,606	3,500	20,840	0	20,840
<b>Total Reporting Entity (excluding Agency Funds)</b>	<b>\$ 721,833</b>	<b>240</b>	<b>2,261,246</b>	<b>2,207,185</b>	<b>776,134</b>	<b>93,947</b>	<b>870,081</b>

\* See the Notes to the Financial Statements, 8. Statutory Compliance

Composition of Cash:	
Citizens State Bank, Grainfield, KS	\$
Checking Accounts	27,411
Savings Account	546,183
Super NOW Account	6,455
Certificates of Deposit	21,118
Total Citizens State Bank	<u>601,167</u>
First National Bank, Quinter, KS	
NOW Account	63,882
Certificates of Deposit	225,000
Total First National Bank	<u>288,882</u>
Total Cash	890,049
Less: Agency Funds (per Statement 4)	(19,968)
Total Reporting Entity (excluding Agency Funds)	<u>\$ 870,081</u>

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

STATEMENT 2

UNIFIED SCHOOL DISTRICT NO. 292

Grainfield, Kansas

Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

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)
<b>Governmental Type Funds:</b>						
General Funds						
General Fund	\$ 1,169,097	(25,398)	55,898	1,199,597	1,199,597	0
Supplemental General Fund	315,000	0	7,001	322,001	322,001	0
Special Revenue Funds						
At Risk Fund (K-12)	65,260	0	0	65,260	32,315	(32,945)
Capital Outlay Fund	205,000	0	0	205,000	77,249	(127,751)
Driver Training Fund	24,844	0	0	24,844	18,717	(6,127)
Food Service Fund	115,317	0	0	115,317	74,284	(41,033)
Professional Development Fund	14,035	0	0	14,035	469	(13,566)
Special Education Fund	273,576	0	0	273,576	226,492	(47,084)
Vocational Education Fund	93,268	0	0	93,268	51,967	(41,301)
KPERS Special Retirement Contribution Fund	74,923	0	0	74,923	57,274	(17,649)
Gifts and Grants Fund	0	0	0	0	23,482	*
Federal Funds	63,575	0	0	63,575	73,255	**

\* Exempt from budget law per K.S.A. 72-8210

\*\* Exempt from budget law per K.S.A. 12-1663

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

UNIFIED SCHOOL DISTRICT NO. 292  
Grainfield, Kansas  
General Fund

STATEMENT 3  
Page 1

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance Over (Under)
<b>Cash Receipts</b>			
Ad Valorem Property Tax			
Tax in Process	\$ 1,746	275	1,471
Current Tax	214,509	183,231	31,278
Delinquent Tax	1,114	1,007	107
State Equalization Aid	750,017	788,870	(38,853)
Federal ARRA Stabilization Aid	21,383	21,383	0
Special Education Aid	165,305	165,576	(271)
Federal Education Jobs Aid	37,441	0	37,441
Mineral Tax	5,023	8,363	(3,340)
Student Activities (Reimbursement)	2,580	0	2,580
Reimbursements	53,318	0	53,318
<b>Total Cash Receipts</b>	<b>1,252,436</b>	<b>1,168,705</b>	<b>83,731</b>
<b>Expenditures</b>			
Instruction	638,259	580,982	57,277
Student Support Services	3,102	13,950	(10,848)
Instruction Support Staff	2,847	1,500	1,347
General Administration	99,122	108,300	(9,178)
School Administration	89,665	74,900	14,765
Operations & Maintenance	85,085	84,500	585
Student Transportation Services - Supervision	642	220	422
Vehicle Operating Services	46,791	49,499	(2,708)
Vehicle Services & Maintenance Services	14,303	11,650	2,653
Other Supplemental Service	102	6,200	(6,098)
Transfer to Food Service Fund	0	5,000	(5,000)
Transfer to Special Education Fund	165,305	165,576	(271)
Transfer to Vocational Education Fund	22,034	6,820	15,214
Transfer to At Risk Fund (K-12)	32,340	60,000	(27,660)
Adjustment to Comply with Legal Max	0	(25,398)	25,398
<b>Legal General Fund Budget</b>	<b>1,199,597</b>	<b>1,143,699</b>	<b>55,898</b>
Adjustment for Qualifying Budget Credits			
Student Activities (Reimbursement)	0	2,580	(2,580)
Reimbursements	0	53,318	(53,318)
<b>Total Expenditures</b>	<b>1,199,597</b>	<b>1,199,597</b>	<b>0</b>
Cash Receipts Over (Under) Expenditures	52,839		
Unencumbered Cash, Beginning	(104,579)		
Prior Year Cancelled Encumbrances	235		
Unencumbered Cash, Ending	\$ (51,505)		

**Additional Information**

See the Notes to the Financial Statements, 10. Compliance with K.S.A. 72-6417 (d)  
for the schedule of Statutory Revenues and Expenditures for the General Fund in compliance with these statutes.

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Supplemental General Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

STATEMENT 3  
 Page 2

	Actual	Budget	Variance Over (Under)
<b>Cash Receipts</b>			
Ad Valorem Property Tax			
Tax in Process	\$ 626	3,314	(2,688)
Current Tax	289,426	271,705	17,721
Delinquent Tax	1,657	1,471	186
Motor Vehicle and 16/20M Vehicle Tax	26,446	23,204	3,242
Recreational Vehicle Tax	383	344	39
Mineral Tax	979	0	979
Reimbursements	7,001	0	7,001
	<b>326,518</b>	<b>300,038</b>	<b>26,480</b>
<b>Total Cash Receipts</b>			
<b>Expenditures</b>			
Instruction	53,245	100,000	(46,755)
Instruction Support Staff	12,550	0	12,550
General Administration	17,647	0	17,647
Operation & Maintenance	76,130	85,000	(8,870)
Vehicle Operating Services	0	33,500	(33,500)
Student Transportation Services - Supervision	25,550	0	25,550
Vehicle Services & Maintenance Services	11,879	0	11,879
Transfer to Food Service Fund	25,000	36,000	(11,000)
Transfer to Vocational Education Fund	40,000	25,000	15,000
Transfer to Special Education Fund	60,000	35,500	24,500
	<b>322,001</b>	<b>315,000</b>	<b>7,001</b>
Legal Supplemental General Fund Budget			
Adjustment for Qualifying Budget Credits			
Reimbursements	0	7,001	(7,001)
	<b>322,001</b>	<b>322,001</b>	<b>0</b>
<b>Total Expenditures</b>			
Cash Receipts Over (Under) Expenditures	4,517		
Unencumbered Cash, Beginning	17,125		
Prior Year Cancelled Encumbrances	1		
	<b>21,643</b>		
Unencumbered Cash, Ending	\$ 21,643		

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Special Revenue Funds  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

STATEMENT 3  
 Page 3

	Actual	Budget	Variance Over (Under)
<b>At Risk Fund (K-12)</b>			
Cash Receipts			
Transfer from General Fund	\$ 32,340	60,000	(27,660)
Expenditures			
Instruction	31,880	65,260	(33,380)
Student Transportation Services	237	0	237
Other Supplemental Services	198	0	198
Total Expenditures	32,315	65,260	(32,945)
Cash Receipts Over (Under) Expenditures	25		
Unencumbered Cash, Beginning	5,259		
Unencumbered Cash, Ending	\$ 5,284		
<b>Capital Outlay Fund</b>			
Cash Receipts			
Ad Valorem Property Tax			
Current Tax	\$ 20,957	19,929	1,028
Delinquent Tax	88	0	88
Motor Vehicle and 16/20M Vehicle Tax	1,961	1,676	285
Recreational Vehicle Tax	31	25	6
Mineral Tax	70	0	70
Other Revenue From Local Source	10,750	0	10,750
Total Cash Receipts	33,857	21,630	12,227
Expenditures			
Instruction	30,694	25,000	5,694
Student Support Services	0	25,000	(25,000)
Instructional Support Staff	0	25,000	(25,000)
General Administration	500	2,500	(2,000)
Operations & Maintenance	15,761	20,000	(4,239)
Transportation	30,015	60,000	(29,985)
Land Improvement	0	10,000	(10,000)
Architectural & Engineering Services	0	15,000	(15,000)
Building Improvements	0	7,500	(7,500)
Site Improvement	279	0	279
Other Facility Acquisition & Construction Services	0	15,000	(15,000)
Total Expenditures	77,249	205,000	(127,751)
Cash Receipts Over (Under) Expenditures	(43,392)		
Unencumbered Cash, Beginning	293,783		
Prior Year Cancelled Encumbrances	4		
Unencumbered Cash, Ending	\$ 250,395		

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Special Revenue Funds  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	Actual	Budget	Variance Over (Under)
<b>Driver Training Fund</b>			
Cash Receipts			
State Safety Aid	\$ 962	980	(18)
Other Revenue From Local Source	1,464	0	1,464
	<b>2,426</b>	<b>980</b>	<b>1,446</b>
Expenditures			
Instruction	1,156	5,490	(4,334)
Vehicle Operations & Maintenance Services	17,561	19,354	(1,793)
	<b>18,717</b>	<b>24,844</b>	<b>(6,127)</b>
Cash Receipts Over (Under) Expenditures	<b>(16,291)</b>		
Unencumbered Cash, Beginning	<b>23,865</b>		
Unencumbered Cash, Ending	<b>\$ 7,574</b>		
 <b>Food Service Fund</b>			
Cash Receipts			
Federal Aid	\$ 18,201	18,970	(769)
State Aid	560	482	78
Food Program Receipts	24,814	25,294	(480)
Miscellaneous	128	0	128
Transfer from General Fund	0	5,000	(5,000)
Transfer from Supplemental General Fund	25,000	36,000	(11,000)
	<b>68,703</b>	<b>85,746</b>	<b>(17,043)</b>
Expenditures			
Food Service Operation	74,284	115,317	(41,033)
Cash Receipts Over (Under) Expenditures	<b>(5,581)</b>		
Unencumbered Cash, Beginning	<b>30,571</b>		
Unencumbered Cash, Ending	<b>\$ 24,990</b>		

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Special Revenue Funds  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	Actual	Budget	Variance Over (Under)
<b>Professional Development Fund</b>			
Cash Receipts	\$ 0	0	0
Expenditures			
Instruction Support Staff	469	14,035	(13,566)
Cash Receipts Over (Under) Expenditures	(469)		
Unencumbered Cash, Beginning	14,034		
Unencumbered Cash, Ending	\$ 13,565		
<b>Special Education Fund</b>			
Cash Receipts			
Other Revenue From Local Source	\$ 13,200	0	13,200
Interest on Idle Funds	3,114	0	3,114
Transfer from General Fund	165,305	165,576	(271)
Transfer from Supplemental General Fund	60,000	35,500	24,500
Total Cash Receipts	241,619	201,076	40,543
Expenditures			
Instruction	226,199	267,576	(41,377)
General Administration	293	0	293
Operations & Maintenance	0	6,000	(6,000)
Total Expenditures	226,492	273,576	(47,084)
Cash Receipts Over (Under) Expenditures	15,127		
Unencumbered Cash, Beginning	225,122		
Unencumbered Cash, Ending	\$ 240,249		

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

UNIFIED SCHOOL DISTRICT NO. 292  
Grainfield, Kansas  
Special Revenue Funds  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011

STATEMENT 3  
Page 6

	Actual	Budget	Variance Over (Under)
<b>Vocational Education Fund</b>			
Cash Receipts			
Other Revenue from Local Source	\$ 10,156	7,500	2,656
Transfer from General Fund	22,034	6,820	15,214
Transfer from Supplemental General Fund	40,000	25,000	15,000
Total Cash Receipts	72,190	39,320	32,870
Expenditures			
Instruction	51,967	93,268	(41,301)
Cash Receipts Over (Under) Expenditures	20,223		
Unencumbered Cash, Beginning	53,948		
Unencumbered Cash, Ending	\$ 74,171		
<b>KPERS Special Retirement Contribution Fund</b>			
Cash Receipts			
State Contribution for KPERS	\$ 91,454	74,923	16,531
Expenditures			
Instruction	26,348	32,123	(5,775)
Student Support Services	0	600	(600)
General Administration	11,934	14,100	(2,166)
School Administration	11,934	14,000	(2,066)
Operation & Maintenance	7,058	9,300	(2,242)
Student Transportation Services	0	300	(300)
Food Service	0	4,500	(4,500)
Total Expenditures	57,274	74,923	(17,649)
Cash Receipts Over (Under) Expenditures	34,180		
Unencumbered Cash, Beginning	(34,180)		
Unencumbered Cash, Ending	\$ 0		
<b>Additional Information</b>			
See the Notes to the Financial Statements, 12. <u>KPERS Special Retirement Contribution Fund</u>			
<b>Gifts and Grants Fund</b>			
Cash Receipts			
KAN-ED Grant	\$ 19,988	0	19,988
Other Revenue From Local Sources	7,534	0	7,534
Total Cash Receipts	27,522	0	27,522
Expenditures			
Instruction	2,928	0	2,928
Student Support Services	19,988	0	19,988
Food Service Operation	566	0	566
Total Expenditures	23,482	0	23,482
Cash Receipts Over (Under) Expenditures	4,040		
Unencumbered Cash, Beginning	1,117		
Unencumbered Cash, Ending	\$ 5,157		

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Special Revenue Funds  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Contingency Reserve Fund</b>	
Cash Receipts	\$ <u>0</u>
Expenditures	<u>0</u>
Cash Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>148,623</u>
Unencumbered Cash, Ending	<u>\$ 148,623</u>

<b>Textbook &amp; Student Material Revolving Fund</b>	
Cash Receipts	
Rental Fees	\$ <u>3,419</u>
Expenditures	
Textbooks	<u>7,639</u>
Cash Receipts Over (Under) Expenditures	(4,220)
Unencumbered Cash, Beginning	<u>14,676</u>
Unencumbered Cash, Ending	<u>\$ 10,456</u>

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Special Revenue Funds  
 Federal Funds

Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2011

	Title I	Title II-D	Title II-A	Small Rural School Achievement	Total	Budget	Variance Over (Under)
Cash Receipts Federal Aid	\$ 38,998	87	9,673	18,398	67,156	54,275	12,881
Expenditures							
Instruction	45,021	97	9,739	18,398	73,255	61,000	12,255
Student Support Services	0	0	0	0	0	2,575	(2,575)
Total Expenditures	45,021	97	9,739	18,398	73,255	63,575	9,680
Cash Receipts Over (Under) Expenditures	(6,023)	(10)	(66)	0	(6,099)		
Unencumbered Cash, Beginning	6,023	10	66	0	6,099		
Unencumbered Cash, Ending	\$ 0	0	0	0	0		

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas  
 Private Purpose Trust Funds  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended June 30, 2011

	Actual
<b>Scholarship Fund</b>	
Cash Receipts	
Interest on Idle Funds	\$ 356
Donations	2,250
	2,606
Total Cash Receipts	2,606
Expenditures	
Scholarships	3,500
	(894)
Cash Receipts Over (Under) Expenditures	(894)
Unencumbered Cash, Beginning	21,734
Unencumbered Cash, Ending	\$ 20,840

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

## UNIFIED SCHOOL DISTRICT NO. 292

Grainfield, Kansas

Agency Funds

Summary of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2011

Statement 4

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
High School:				
Class of 2009	\$ 1,135	0	1,135	0
Class of 2011	2,865	1,506	2,649	1,722
Class of 2012	1,717	6,785	6,420	2,082
Class of 2013	857	2,224	714	2,367
Class of 2014	100	885	77	908
Class of 2015	0	100	0	100
Cheerleaders	1,319	265	586	998
FCCLA	2,872	5,681	6,435	2,118
National Honor Society	201	140	134	207
Student Council	931	5,314	5,145	1,100
Sales Tax Clearing	0	3,833	3,833	0
Art Club	2,039	1,990	2,460	1,569
Band	2,121	1,988	1,977	2,132
Electric Car/Tech Club	4,254	2,755	5,600	1,409
Cookie Creations	975	2,176	2,020	1,131
Weightlifting	1,708	5,765	5,348	2,125
Yearbook	681	7,920	8,601	0
	<u>681</u>	<u>7,920</u>	<u>8,601</u>	<u>0</u>
 Total	 \$ <u>23,775</u>	 <u>49,327</u>	 <u>53,134</u>	 <u>19,968</u>

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

UNIFIED SCHOOL DISTRICT NO. 292  
 Grainfield, Kansas

STATEMENT 5

District Activity Funds

Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
 For the Year Ended June 30, 2011

Fund	Unencumbered Beginning Cash Balance	Cash Receipts	Expenditures	Unencumbered Ending Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>						
High School:						
Athletics	\$ 1,705	20,636	20,404	1,937	0	1,937
School Play	1,422	1,086	972	1,536	0	1,536
<b>School Projects</b>						
High School:						
Concessions	1,509	15,941	16,231	1,219	0	1,219
Elementary School:						
Books	0	1,337	1,337	0	0	0
<b>Total District Activity Funds</b>	<u>\$ 4,636</u>	<u>39,000</u>	<u>38,944</u>	<u>4,692</u>	<u>0</u>	<u>4,692</u>

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

UNIFIED SCHOOL DISTRICT NO. 292  
Grainfield, Kansas  
Notes to the Financial Statements  
June 30, 2011

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

Unified School District No. 292, Grainfield, Kansas, operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation.

Accounting principles generally accepted in the United States of America require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing body.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that as of and for the year end June 30, 2011, Unified School District No. 292, Grainfield, Kansas, did not have any component units, which would be required to be reported.

**Fund Accounting**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year ended June 30, 2011:

**Governmental Type Funds:**

**General Funds**--To account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

Fiduciary Type Funds:

Agency Funds--To account for assets held by the District in a purely custodial capacity for individuals, private organizations, other governmental units, and/or other funds.

Private Purpose Trust Funds--Used to report trust agreements where both the principal and interest is used to benefit individuals, private organizations or other governmental units.

**Reimbursements**

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase.

**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 evidence 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, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, building, 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.

## **2. 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:

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

The statutes allow for the governing body to increase the originally adopted budget for increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2011.

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, and the following special revenue funds:

Contingency Reserve Fund	District Activity Funds
Textbook & Student Material Revolving Fund	Federal Funds
Gifts & Grants Fund	

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

### 3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due  $\frac{1}{2}$  on December 20th and  $\frac{1}{2}$  the following May 10th. Any taxes unpaid at the due dates are considered delinquent. 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. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the District and therefore are not susceptible to accrual.

It is not practical to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

### 4. Compensated Absences

Certified full time employees earn six days of sick leave, and six days of personal leave each year. Up to two days of unused personal leave is bought back by the District at \$30/day at the end of the school year. Any remaining personal leave days not used or bought back may be transferred to the individual's accumulated sick leave with a maximum of ten days of sick leave being carried over each year with a maximum of sixty days accumulated. The district buys back unused sick leave of retiring teachers at a rate based on years of service.

Non-certified employees earn twelve days of sick/personal leave per year with up to six of those days used for personal leave. Any sick/personal leave days not used may be transferred toward the individuals accumulated annual sick leave with a maximum of ten days carried over with a maximum of sixty days accumulated.

See Note 11 – Long-Term Debt for additional information.

## 5. Defined Benefit Pension Plan

Plan description. The Unified School District No. 292, Grainfield, Kansas, 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 for active members hired before July 1, 2009. For active members employed on or after July 1, 2009, K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% of covered salaries. 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 9.17% of covered payroll, which includes 1% for Group Death and Disability Insurance. There was a moratorium on the 1% collection for Group Death and Disability Insurance from April 1, 2011 thru June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010 and 2009 were \$248,468,186 and \$242,277,363, respectively. For the year ending June 30, 2011, the required contribution was \$253,834,044. As of June 30, 2011, the State of Kansas contributed \$188,864,352. The remaining \$64,969,692 was contributed by July 12, 2011. The amounts attributable to the District for the years ending June 30, 2011, 2010 and 2009 were \$57,274, \$68,113, and \$75,441, respectively.

## 6. 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 the funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by the federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits, including certificates of deposit, was \$809,049 and the bank balance was \$916,556. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$524,663 was covered by federal depository insurance and the balance of \$391,893 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

## 7. 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. The District's operating transfers and statutory authority for June 30, 2011, were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statute</u>
General Fund	Special Education Fund	\$ 165,305	K.S.A. 72-6428
General Fund	Vocational Education Fund	22,034	K.S.A. 72-6428
General Fund	At Risk Fund (K-12)	32,340	K.S.A. 72-6428
Supplemental General Fund	Food Service Fund	25,000	K.S.A. 72-6433
Supplemental General Fund	Vocational Education Fund	40,000	K.S.A. 72-6433
Supplemental General Fund	Special Education Fund	60,000	K.S.A. 72-6433

**8. Statutory Compliance**

K.S.A. 10-1113 requires each fund to comply with the cash-basis laws of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund. The General Fund incurred indebtedness in excess of the available cash balance. The General Fund expenditures exceeded the fund balance due to the final June state aid payment for the 2011 fiscal year being received after June 30, 2011. The June state aid for the General Fund of \$51,740 was received on July 7, 2011. K.S.A. 10-1116(a) exempts expenditures by school districts that are in excess of current revenues if the deficit in revenues is caused by late distribution of general state aid.

**9. Risk Management**

Unified School District No. 292, Grainfield, 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 for which the District purchased commercial insurance.

During the year ended June 30, 2011, the District did not reduce insurance coverage from levels in place during the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**10. Compliance with K.S.A. 72-6417 (d)**

K.S.A. 72-6417 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

UNIFIED SCHOOL DISTRICT NO. 292  
 STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
 FOR THE YEAR ENDED JUNE 30, 2011

GENERAL FUND

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Ad Valorem Property Tax			
Tax in Process	\$ 1,746	275	1,471
Current Tax	214,509	183,231	31,278
Delinquent Tax	1,114	1,007	107
State Equalization Aid	696,785	788,870	(92,085)
Federal ARRA Stabilization Aid	21,383	21,383	0
Special Education Aid	165,305	165,576	(271)
Federal Education Jobs Aid	37,441	0	37,441
Mineral Tax	5,023	8,363	(3,340)
Student Activities (Reimbursement)	2,580	0	2,580
Reimbursements	53,318	0	53,318
	<u>1,199,204</u>	<u>1,168,705</u>	<u>30,499</u>
Total Statutory Revenues			
Expenditures			
Instruction	638,259	580,982	57,277
Student Support Services	3,102	13,950	(10,848)
Instruction Support Staff	2,847	1,500	1,347
General Administration	99,122	108,300	(9,178)
School Administration	89,665	74,900	14,765
Operations & Maintenance	85,085	84,500	585
Student Transportation Services - Supervision	642	220	422
Vehicle Operating Services	46,791	49,499	(2,708)
Vehicle Services & Maintenance Services	14,303	11,650	2,653
Other Supplemental Service	102	6,200	(6,098)
Transfer to Food Service Fund	0	5,000	(5,000)
Transfer to Special Education Fund	165,305	165,576	(271)
Transfer to Vocational Education Fund	22,034	6,820	15,214
Transfer to At Risk Fund (K-12)	32,340	60,000	(27,660)
Adjustment to Comply with Legal Max	0	(25,398)	25,398
	<u>1,199,597</u>	<u>1,143,699</u>	<u>55,898</u>
Legal General Fund Budget			
Adjustment for Qualifying Budget Credits			
Student Activities (Reimbursement)	0	2,580	(2,580)
Reimbursements	0	53,318	(53,318)
	<u>0</u>	<u>55,898</u>	<u>0</u>
Total Expenditures	<u>1,199,597</u>	<u>1,199,597</u>	<u>0</u>
Statutory Revenues Over (Under) Expenditures	(393)		
Modified Unencumbered Cash, July 1, 2010	393		
Prior Year Cancelled Encumbrances	235		
	<u>235</u>		
Modified Unencumbered Cash, June 30, 2011	\$ 235		

**11. Long-term Debt**

Changes in long-term debt for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rates	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>Capital Leases Payable:</b>									
Canon Copier IR3300	8.50%	\$ 4,825	2013	3,136	-	958		2,178	230
Canon Copier IR5000	8.50%	6,092	2013	3,959	-	1,210		2,749	290
Canon Copier IR3300	8.50%	4,825	2013	3,136	-	958		2,178	230
<b>Total Contractual Indebtedness</b>				10,231	-	3,126		7,105	750
<b>Compensated Absences</b>				123,928			2,993	126,921	
<b>Total Long-term Debt</b>				\$ 134,159	-	3,126	2,993	134,026	750

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

	<u>2011-2012</u>	<u>2012-2013</u>	<u>Total</u>
<b>PRINCIPAL</b>			
Capital Leases Payable	\$ 3,403	3,702	<u>7,105</u>
<b>INTEREST</b>			
Capital Leases Payable	<u>473</u>	<u>174</u>	<u>647</u>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<u>\$ 3,876</u>	<u>3,876</u>	<u>7,752</u>

**12. KPERS Special Retirement Contribution Fund**

The KPERS Special Retirement Contribution Fund, as shown below, reflects all state aid for the fiscal year ended June 30, 2011, as confirmed by the Kansas State Department of Education. This presentation excludes the January and April 2010 state aid payments of \$17,242 and \$16,939 received on July 7 and July 8, 2010, respectively.

UNIFIED SCHOOL DISTRICT NO. 292  
REVENUES AND EXPENDITURES - FISCAL YEAR AND BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Fiscal Year Transactions	Budget	Variance Over (Under)
<b>Revenues</b>			
State Contribution for KPERS	\$ 57,274	74,923	(17,649)
<b>Expenditures</b>			
Instruction	26,348	32,123	(5,775)
Student Support Services	0	600	(600)
General Administration	11,934	14,100	(2,166)
School Administration	11,934	14,000	(2,066)
Operation & Maintenance	7,058	9,300	(2,242)
Student Transportation Services	0	300	(300)
Food Service	0	4,500	(4,500)
Total Expenditures	57,274	74,923	(17,649)
Revenues Over (Under) Expenditures	0		
Modified Unencumbered Cash, July 1, 2010	0		
Modified Unencumbered Cash, June 30, 2011	\$ 0		