

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
For the year ended June 30, 2011

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA
A Professional Association
Certified Public Accountants

UNIFIED SCHOOL DISTRICT NO. 372

Silver Lake, Kansas

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Silver Lake, Kansas

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Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Unified School District No. 372, Silver Lake, 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, 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 opinion.

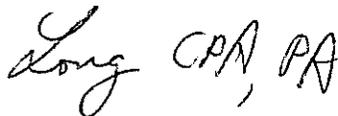
As described more fully in Note 1, Unified School District No. 372 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting 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 reasonable 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. 372 as of June 30, 2011, 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 the Unified School District No. 372, as of June 30, 2011, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities 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 August 12, 2011, on our consideration of Unified School District No. 372's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 372's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 372. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Long CPA, PA
A Professional Association
Certified Public Accountant

August 12, 2011

USD #372 SILVER LAKE, KANSAS
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2011

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
Governmental Type Funds							
General Funds							
General	\$ (496,861)	\$ 77	\$ 5,018,108	\$ 4,880,376	\$ (359,052)	\$ 32,644	\$ (326,408)
Supplemental General	(132,449)	945	1,791,365	1,644,169	15,692	45,313	61,005
Special Revenue Funds							
Vocational Education	40,000	0	204,756	192,928	51,828	2,645	54,473
Special Education	298,749	0	932,486	727,050	504,185	62	504,247
Driver Education	29,108	0	10,149	8,293	30,964		30,964
Food Service	45,022	0	317,153	312,138	50,037		50,037
Capital Outlay	826,376	0	170,255	148,523	848,108		848,108
Professional Development	21,803	0	10,000	9,120	22,683	274	22,957
KPERS Special Contribution	0	0	308,551	308,551	0		0
At Risk (K-12)	25,743	0	91,096	86,839	30,000		30,000
At Risk (4 year old)	17,675	0	20,000	17,356	20,319		20,319
District Activity Funds	66,092	0	187,487	193,123	60,456		60,456
Textbook Rental Fund	3,174	896	42,302	30,096	16,276		16,276
Contingency Reserve Fund	367,972	0	116,028	0	484,000		484,000
Title I	0	0	55,087	55,087	0		0
Title IV	750	0	0	0	750		750
Carl Perkins	850	0	1,140	1,251	739		739
Title IIIA	0	0	11,273	11,273	0		0
Title VIB	0	0	217,164	217,164	0		0
Early Childhood Flo thru	0	0	7,231	7,231	0		0
Title IID	0	0	148	148	0		0
Debt Service Funds							
Bond and Interest	263,442	0	613,846	589,240	288,048		288,048
Capital Projects	358,299	0	360	17,530	341,129		341,129
Total Reporting Entity	\$ 1,735,745	\$ 1,918	\$ 10,125,985	\$ 9,457,486	\$ 2,406,162	\$ 80,938	\$ 2,487,100
Composition of Cash							
Checking Accounts							\$ (323,843)
Petty Cash							4,500
Savings Accounts							3,033,955
Total Cash							2,714,612
Agency Funds per Statement 4							227,512
Total Reporting Entity							\$ 2,487,100

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

USD #372 SILVER LAKE, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
<u>Governmental Type Funds</u>						
General Funds						
General	\$ 4,994,940	\$ (154,005)	\$ 39,441	\$ 4,880,376	\$ 4,880,376	\$ 0
Supplemental General	1,624,354	(19,815)	0	1,644,169	1,644,169	0
Special Revenue Funds						
Vocational Education	251,499	0	0	251,499	192,928	58,571
Special Education	1,283,591	0	0	1,283,591	727,050	556,541
Driver Training	10,072	0	0	10,072	8,293	1,779
Food Service	332,451	0	0	332,451	312,138	20,313
Capital Outlay	300,000	0	0	300,000	148,523	151,477
Professional Development	13,352	0	0	13,352	9,120	4,232
KPERS Special Contribution	410,138	0	0	410,138	308,551	101,587
At-Risk Fund (K-12)	265,935	0	0	265,935	86,839	179,096
At-Risk Fund (4year old)	30,557	0	0	30,557	17,356	13,201
Debt Service Funds						
Bond and Interest	589,240	0	0	589,240	589,240	0

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

USD #372 SILVER LAKE, KS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 515,790	\$ 480,758	\$ 35,032
Delinquent tax	7,119	8,912	(1,793)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	251,268	91,337	159,931
State aid/grants	4,204,490	4,413,291	(208,801)
Charges for services			0
Interest income			0
Miscellaneous revenues	39,441		39,441
Operating transfers			0
	<u>5,018,108</u>	<u>4,994,298</u>	<u>23,810</u>
EXPENDITURES			
Instruction	2,592,825	2,539,832	(52,993)
Student support services	101,141	108,887	7,746
Instruction support staff	183,209	157,159	(26,050)
General administration	410,597	336,102	(74,495)
School administration	278,329	306,662	28,333
Operations and maintenance	347,782	415,577	67,795
Student transportation services	165,419	195,691	30,272
Central support services			0
Other support services	0	0	0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	801,074	935,030	133,956
Adjustment to comply with legal max		(154,005)	(154,005)
Adjustment for qualifying budget credits		39,441	39,441
	<u>4,880,376</u>	<u>\$ 4,880,376</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	137,732		
Unencumbered Cash, Beginning	(496,861)		
Prior Year Cancelled Encumbrances	<u>77</u>		
Unencumbered Cash, Ending	<u>\$ (359,052)</u>		

See Note 9 (Cash Basis Exception)

See Note 10 (Statutory Presentaion)

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

USD #372 SILVER LAKE, KS
 SUPPLEMENTAL GENERAL FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 627,419	\$ 636,651	(9,232)
Delinquent tax	8,502	10,807	(2,305)
Motor vehicle tax	95,161	99,801	(4,640)
RV tax	2,002	1,925	77
Mineral production tax			0
Federal grants	0		0
State aid/grants	1,058,281	945,462	112,819
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>1,791,365</u>	<u>1,694,646</u>	<u>96,719</u>
EXPENDITURES			
Instruction	251,469	302,494	51,025
Student support services	6,875	368	(6,507)
Instruction support staff	54,740	77,596	22,856
General administration	56,190	4,935	(51,255)
School administration	54,065	3,442	(50,623)
Operations and maintenance	526,780	415,399	(111,381)
Student transportation services	130,314	13,816	(116,498)
Central support services			0
Other support services	0	8,644	8,644
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	563,736	837,290	273,554
Adjustment to comply with legal max		(19,815)	(19,815)
Adjustment for qualifying budget credits			0
	<u>1,644,169</u>	<u>\$ 1,644,169</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	147,196		
Unencumbered Cash, Beginning	(132,449)		
Prior Year Cancelled Encumbrances	<u>945</u>		
Unencumbered Cash, Ending	<u>\$ 15,692</u>		

See Note 9 (Cash Basis Exception)

See Note 10 (Statutory Presentaion)

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

USD #372 SILVER LAKE, KS
 VOCATIONAL EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	1,832		1,832
Operating transfers	<u>202,924</u>	<u>220,803</u>	<u>(17,879)</u>
Total Cash Receipts	<u>204,756</u>	<u>220,803</u>	<u>(16,047)</u>
EXPENDITURES			
Instruction	192,928	251,499	58,571
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>192,928</u>	<u>\$ 251,499</u>	<u>\$ 58,571</u>
Receipts Over (Under) Expenditures	11,828		
Unencumbered Cash, Beginning	40,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 51,828</u>		

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

USD #372 SILVER LAKE, KS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants		33,225	(33,225)
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	19,724		19,724
Operating transfers	<u>912,762</u>	<u>981,675</u>	<u>(68,913)</u>
Total Cash Receipts	<u>932,486</u>	<u>1,014,900</u>	<u>(82,414)</u>
EXPENDITURES			
Instruction	569,728	442,235	(127,493)
Student support services	106,343	247,101	140,758
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	141	416	275
Student transportation services	44,487	36,906	(7,581)
Central support services			0
Other support services	6,351	556,933	550,582
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>727,050</u>	<u>\$ 1,283,591</u>	<u>\$ 556,541</u>
Receipts Over (Under) Expenditures	205,436		
Unencumbered Cash, Beginning	298,749		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 504,185</u>		

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

USD #372 SILVER LAKE, KS
 DRIVER TRAINING FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	3,774	3,850	(76)
Charges for services	6,375	6,570	(195)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>10,149</u>	<u>10,420</u>	<u>(271)</u>
EXPENDITURES			
Instruction	7,887	8,654	767
Student support services	255	1,000	745
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	151	418	267
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>8,293</u>	<u>\$ 10,072</u>	<u>\$ 1,779</u>
Receipts Over (Under) Expenditures	1,856		
Unencumbered Cash, Beginning	29,108		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 30,964</u>		

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

USD #372 SILVER LAKE, KS
 FOOD SERVICE FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	87,269	90,035	(2,766)
State aid/grants	3,791	3,233	558
Charges for services	214,093	193,565	20,528
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>12,000</u>	<u>92,851</u>	<u>(80,851)</u>
Total Cash Receipts	<u>317,153</u>	<u>379,684</u>	<u>(62,531)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance		17,653	17,653
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	312,138	314,798	2,660
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>312,138</u>	<u>\$ 332,451</u>	<u>\$ 20,313</u>
Receipts Over (Under) Expenditures	5,015		
Unencumbered Cash, Beginning	45,022		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 50,037</u>		

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

USD #372 SILVER LAKE, KS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 72,231	\$ 66,723	\$ 5,508
Delinquent tax	1,166	1,730	(564)
Motor vehicle tax	13,044	13,786	(742)
RV tax	274	266	8
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services		20,000	(20,000)
Interest income	2,839		2,839
Miscellaneous revenues	80,701		80,701
Operating transfers		125,000	(125,000)
	<u>170,255</u>	<u>227,505</u>	<u>(57,250)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction		50,000	50,000
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	416	35,188	34,772
Student transportation services	11,802	7,500	(4,302)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	136,305	207,312	71,007
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>148,523</u>	<u>\$ 300,000</u>	<u>\$ 151,477</u>
Total Expenditures			
Receipts Over (Under) Expenditures	21,732		
Unencumbered Cash, Beginning	826,376		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 848,108</u>		

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

USD #372 SILVER LAKE, KS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>10,000</u>	<u>5,765</u>	<u>4,235</u>
Total Cash Receipts	<u>10,000</u>	<u>5,765</u>	<u>4,235</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	9,120	13,352	4,232
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>9,120</u>	<u>\$ 13,352</u>	<u>\$ 4,232</u>
Receipts Over (Under) Expenditures	880		
Unencumbered Cash, Beginning	21,803		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 22,683</u>		

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

USD #372 SILVER LAKE, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	308,551	410,138	(101,587)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>308,551</u>	<u>410,138</u>	<u>(101,587)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	197,471	262,436	64,965
Student support services	33,941	49,925	15,984
Instruction support staff	9,257	10,889	1,632
General administration	12,342	14,518	2,176
School administration	15,428	25,186	9,758
Operations and maintenance	12,342	14,518	2,176
Student transportation services	6,171	7,259	1,088
Central support services			0
Other support services	15,428	18,148	2,720
Food service operations	6,171	7,259	1,088
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>308,551</u>	<u>\$ 410,138</u>	<u>\$ 101,587</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

USD #372 SILVER LAKE, KS
 AT RISK FUND (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		40,000	(40,000)
Operating transfers	<u>91,096</u>	<u>229,427</u>	<u>(138,331)</u>
Total Cash Receipts	<u>91,096</u>	<u>269,427</u>	<u>(178,331)</u>
EXPENDITURES			
Instruction	86,839	265,935	179,096
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>86,839</u>	<u>\$ 265,935</u>	<u>\$ 179,096</u>
Receipts Over (Under) Expenditures	4,257		
Unencumbered Cash, Beginning	25,743		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 30,000</u>		

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

USD #372 SILVER LAKE, KS
 AT RISK FUND (4 Year Old)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>20,000</u>	<u>30,090</u>	<u>(10,090)</u>
Total Cash Receipts	<u>20,000</u>	<u>30,090</u>	<u>(10,090)</u>
EXPENDITURES			
Instruction	17,356	30,557	13,201
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>17,356</u>	<u>\$ 30,557</u>	<u>\$ 13,201</u>
Receipts Over (Under) Expenditures	2,644		
Unencumbered Cash, Beginning	17,675		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 20,319</u>		

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

USD #372 SILVER LAKE, KS
 BOND AND INTEREST FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 299,956	\$ 279,066	\$ 20,890
Delinquent tax	3,451	4,690	(1,239)
Motor vehicle tax	44,348	46,355	(2,007)
RV tax	933	894	39
Federal grants			0
State aid/grants	265,158	265,158	0
Charges for services			0
Interest income		17,285	(17,285)
Miscellaneous revenues			0
Operating transfers			0
	<u>613,846</u>	<u>613,448</u>	<u>398</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	589,240	589,240	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>589,240</u>	<u>\$ 589,240</u>	<u>\$ 0</u>
Total Expenditures	<u>589,240</u>	<u>\$ 589,240</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	24,606		
Unencumbered Cash, Beginning	263,442		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 288,048</u>		

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

USD #372 SILVER LAKE, KS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			55,087
State aid/grants			
Charges for services	41,177		
Interest income			
Miscellaneous revenues	1,125		
Operating transfers		116,028	
	<u>42,302</u>	<u>116,028</u>	<u>55,087</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	30,096		55,087
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>30,096</u>	<u>0</u>	<u>55,087</u>
Total Expenditures			
Receipts Over (Under) Expenditures	12,206	116,028	0
Unencumbered Cash, Beginning	3,174	367,972	0
Prior Year Cancelled Encumbrances	896	0	0
	<u>16,276</u>	<u>484,000</u>	<u>0</u>
Unencumbered Cash, Ending	\$	\$	\$

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

USD #372 SILVER LAKE, KS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011

	<u>Title IV</u>	<u>Carl Perkins</u>	<u>Title IIA</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			11,273
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues		1,140	
Operating transfers			
	<u>0</u>	<u>1,140</u>	<u>11,273</u>
Total Cash Receipts			
EXPENDITURES			
Instruction		1,251	11,273
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>0</u>	<u>1,251</u>	<u>11,273</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0	(111)	0
Unencumbered Cash, Beginning	750	850	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>750</u>	\$ <u>739</u>	\$ <u>0</u>

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

USD #372 SILVER LAKE, KS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011

	<u>Title VIB</u>	<u>Early Childhood Flo-Thru</u>	<u>Title IID</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	217,164	7,231	148
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	<u>217,164</u>	<u>7,231</u>	<u>148</u>
EXPENDITURES			
Instruction	217,164	7,231	148
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>217,164</u>	<u>7,231</u>	<u>148</u>
Receipts Over (Under) Expenditures	0	0	0
Unencumbered Cash, Beginning	0	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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

USD #372 SILVER LAKE, KS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 For the Year Ended June 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll liabilities	\$ 125,828	\$ 65,563	\$	\$ 191,391
High School				
AFS	734	359	359	734
Drama	3,641	4,692	6,435	1,898
Student Council	1,762	2,378	2,209	1,931
FCCLA	148	23	46	125
FFA	1,517	4,545	5,788	274
JR. High student council	1,490	830	851	1,469
Class of 2010	226			226
Class of 2011	2,532	2,408	3,990	950
Class of 2012	2,218	9,395	8,479	3,134
Class of 2013	707	775	608	874
Class of 2014	465	3,660	1,174	2,951
Class of 2015	0	267	267	0
Kansas Beef Council	0	80		80
Art Club	532	774	653	653
National honor society	114	531	595	50
National forensics league	3,718	28,956	29,123	3,551
Band	8,617	8,487	7,204	9,900
Vocal	2,629	44,972	47,585	16
Scholars' bowl	1,789	1,048	1,462	1,375
Spanish club	223	0	0	223
Varsity cheerleaders	993	8,660	8,641	1,012
JR. High pep club	147	1,600	1,679	68
Pommers	1,068	8,419	8,252	1,235
JR. High cheerleaders	24	7,474	4,106	3,392
Total	\$ 161,122	\$ 205,896	\$ 139,506	\$ 227,512

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

USD #372 SILVER LAKE, KS
 DISTRICT ACTIVITY FUNDS
 Statement of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2011

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 athletics	\$ 12,308	\$	\$ 5,013	\$ 6,949	\$ 10,372	\$	\$ 10,372
Basketball	47		13,121	13,168	0		-
Baseball	172		4,672	4,844	0		-
Softball	204		4,585	4,789	0		-
Volleyball	216		7,142	7,336	22		22
Football	552		27,700	27,782	470		470
Track	2		4,225	4,194	33		33
Cross-country	100		585	594	91		91
Wrestling	294		16,610	14,146	2,758		2,758
Golf	356		4,957	4,822	491		491
JR. High athletics	1,373		12,713	12,053	2,033		2,033
Subtotal Gate Receipts	15,624	0	101,323	100,677	16,270	0	16,270
School Projects							
Grade school							
Courtesy	8,000			615	7,385		7,385
Library	3,235		4,058	5,248	2,045		2,045
Students at-risk	7,652		1,687	2,314	7,025		7,025
Art/Band	2,000			988	1,012		1,012
Art store	276		985	539	722		722
ICF	904		373	589	688		688
High School							
Flower fund	107		2,022	2,129	0		-
Student activity	4,823		7,787	10,244	2,366		2,366
After prom	0		2,000	2,000	0		-
Monthly interest	0		28		28		28
Library supplies	0		75	75	0		-
Yearbook	569		18,347	11,183	7,733		7,733
Journalism	21,329		3,716	13,175	11,870		11,870
A.M. Café	487		3,096	3,348	235		235
HS JH Play	0		5,330	3,132	2,198		2,198
Equipment & supplies	836		830	937	729		729
Fall concessions	250		13,641	13,741	150		150
Winter concessions	0		22,189	22,189	0		-
Subtotal School Projects	50,468	0	86,164	92,446	44,186	0	44,186
Total District Activity Funds	\$ 66,092	\$ 0	\$ 187,487	\$ 193,123	\$ 60,456	\$ 0	\$ 60,456

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.372 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.372 (b) organizations for which USD No. 372 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.372 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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 year 2011:

Governmental Funds

General Fund – To account for the 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.

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

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, 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 revenues and matured principle and interest payable, and reservations of 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 United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.372 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.372 (b) organizations for which USD No. 372 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.372 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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 year 2011:

Governmental Funds

General Fund – To account for the 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.

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

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, 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 revenues and matured principle and interest payable, and reservations of 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 United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 39,441 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

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.

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper 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.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues 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 was a budget amendment to the capital outlay fund for the year 2011.

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

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

Title IID Fund	Title IIA Fund
Title IV Fund	Early Childhood Flo-Thru
Contingency Reserve Fund	District Activity Funds
Title I Fund	Title VI B Fund
Textbook Rental Fund	Carl Perkins

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.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – Deposits and Investments

Deposits

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 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. The district had no investments during 2011.

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.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

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%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the government's carrying amount of deposits was \$ 2,487,100 and the bank balance was \$ 3,013,415. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the 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 government 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.

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 372 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (continued)

Funding Policy – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2011 received as of June 30 was \$188,864,352, Remaining balance due from the state of \$64,969,692 was received by July 12, 2011.

NOTE 4 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 5 – Compliance with Kansas Statutes

We noted a violation of K.S.A. 9-1402, the Depository Security law during the period under examination.

NOTE 6 – Compensated Absences

Classified employees and administrators receive one day of sick leave for each full month of contracted employment. They may accumulate an amount of days equal to annual contracted full months multiplied by five. Once a classified employee or administrator has accumulated the maximum number of sick leave days, the employee will be paid at a rate of 56% of his hourly pay for the unused days in June or July of each contract year. Teachers have the option of receiving payment for unused sick leave (maximum of ten days) or transferring one or more days to a special sick leave account. The district has estimated the amount to be \$ 400,000 at year end.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	\$ 116,028
General Fund	Special Education Fund	K.S.A. 72-6428	684,583
General Fund	Vocational Education Fund	K.S.A. 72-6428	463
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	228,179
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	202,461
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	12,000
Supplemental General Fund	At Risk (k-12)	K.S.A. 72-6425	91,096
Supplemental General Fund	At Risk (4 yr old) Professional	K.S.A. 72-6425	20,000
Supplemental General Fund	Developmental Fund	K.S.A. 72-6425	10,000

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree will still receive a portion paid by the district towards their premium therefore they will pay the difference in amounts, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium until the age of 65. However, the cost of this subsidy has not been quantified in these statements.

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 10 – Subsequent Events

Subsequent events for management's review have been evaluated through August 12, 2011. The date in the prior sentence is the date the financial statements were available to be issued.

NOTE 11 – Cash Basis Exception

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

NOTE 12 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (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:

Note 12

USD #372 SILVER LAKE, KS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 515,790	\$ 480,758	\$ 35,032
Delinquent tax	7,119	8,912	(1,793)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	251,268	91,337	159,931
State aid/grants	4,066,758	4,413,291	(346,533)
Charges for services			0
Interest income			0
Miscellaneous revenues	39,441		39,441
Operating transfers			0
	<u>4,880,376</u>	<u>4,994,298</u>	<u>(113,922)</u>
EXPENDITURES			
Instruction	2,592,825	2,539,832	(52,993)
Student support services	101,141	108,887	7,746
Instruction support staff	183,209	157,159	(26,050)
General administration	410,597	336,102	(74,495)
School administration	278,329	306,662	28,333
Operations and maintenance	347,782	415,577	67,795
Student transportation services	165,419	195,691	30,272
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	801,074	935,030	133,956
Adjustment to comply with legal max		(154,005)	(154,005)
Adjustment for qualifying budget credits		39,441	39,441
	<u>4,880,376</u>	<u>\$ 4,880,376</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	1,679		
Prior Year Cancelled Encumbrances	<u>77</u>		
Unencumbered Cash, Ending	<u>\$ 1,756</u>		

Note 12

USD #372 SILVER LAKE, KS
 SUPPLEMENTAL GENERAL FUND
 STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
 For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 627,419	\$ 636,651	\$ (9,232)
Delinquent tax	8,502	10,807	(2,305)
Motor vehicle tax	95,161	99,801	(4,640)
RV tax	2,002	1,925	77
Mineral production tax			0
Federal grants			0
State aid/grants	931,158	945,462	(14,304)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>1,664,242</u>	<u>1,694,646</u>	<u>(30,404)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	251,469	302,494	51,025
Student support services	6,875	368	(6,507)
Instruction support staff	54,740	77,596	22,856
General administration	56,190	4,935	(51,255)
School administration	54,065	3,442	(50,623)
Operations and maintenance	526,780	415,399	(111,381)
Student transportation services	130,314	13,816	(116,498)
Central support services			0
Other support services		8,644	8,644
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	563,736	837,290	273,554
Adjustment to comply with legal max		(19,815)	(19,815)
Adjustment for qualifying budget credits			0
	<u>1,644,169</u>	<u>\$ 1,644,169</u>	<u>\$ 0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	20,073		
Unencumbered Cash, Beginning	48,950		
Prior Year Cancelled Encumbrances	<u>945</u>		
 Unencumbered Cash, Ending	 <u>\$ 69,968</u>		

UNIFIED SCHOOL DISTRICT NO.372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 13 - Long Term Debt

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

Issue	Interest Rate	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
General Obligation Bonds										
Series 2007	4.10-6.25%	6/1/07	\$ 7,900,000	10/1/27	\$ 7,900,000	\$	\$	\$ 0	\$ 7,900,000	\$ 349,040
Series 2005	3.50-4.00%	8/22/05	1,410,000	10/1/12	615,000		220,000	(220,000)	395,000	20,200
Leases										
High School Retrofit	2.78%	4/3/01	1,580,000	3/1/21	1,105,690		77,574	(77,574)	1,028,116	52,054
Total Long Term Debt			\$ 9,620,690		\$ 9,620,690	\$ 0	\$ 297,574	\$ (297,574)	\$ 9,323,116	\$ 421,294

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

	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2030	Total
Principal									
General Obligation Bonds	\$ 230,000	\$ 220,000	\$ 245,000	\$ 275,000	\$ 310,000	\$ 2,115,000	\$ 3,225,000	\$ 1,675,000	\$ 8,295,000
Special Assessment Bonds									0
Certificates of Participation									0
Capital Leases	86,035	93,493	96,111	98,802	101,567	552,108			1,028,116
Revenue Bonds									0
KDHE Loans									0
Temporary Notes									0
Total Principal	316,035	313,493	341,111	373,802	411,567	2,667,108	3,225,000	1,675,000	9,323,116
Interest									
General Obligation Bonds	360,240	350,621	337,946	321,696	303,415	1,265,128	711,795	71,715	3,722,356
Special Assessment Bonds									0
Certificates of Participation									0
Capital Leases	28,469	25,545	22,927	20,236	17,471	43,082			157,730
Revenue Bonds									0
KDHE Loans									0
Temporary Notes									0
Total Interest	388,709	376,166	360,873	341,932	320,886	1,308,210	711,795	71,715	3,880,286
Total Principal and Interest	\$ 704,744	\$ 689,659	\$ 701,984	\$ 715,734	\$ 732,453	\$ 3,975,318	\$ 3,936,795	\$ 1,746,715	\$ 13,203,402

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Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Unified School District No. 372, Silver Lake, Kansas as of and for the year ended June 30, 2011, and have issued our report thereon dated August 12, 2011. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 372's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 372's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 372's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA
A Professional Association
Certified Public Accountant

August 12, 2011

Long CPA, PA

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Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Unified School District No. 372, Silver Lake, Kansas with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Unified School District No. 372's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 372's management. Our responsibility is to express an opinion on Unified School District No. 372's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 372's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 372's compliance with those requirements.

In our opinion, Unified School District No. 372 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

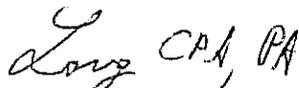
Internal Control Over Compliance

The management of Unified School District No. 372 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 372's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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 the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA
A Professional Association
Certified Public Accountant

August 12, 2011

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 43,781
State Grants (Part B Education Act)	84.027	*	140,312
Early Childhood Aid	84.173	*	7,231
Tech Literacy	84.318	*	148
Title II - Teacher Quality	84.367	*	11,273
Title I - Low income - ARRA	84.389	*	11,306
Special ED- Part B - ARRA	84.391	*	73,746
Special ED- Part B-Preschool - ARRA	84.392	*	3,106
Stabilization - ARRA	84.394	*	91,337
Education Job Fund	84.410	*	159,931
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Education:			
National School Lunch Program	10.555	*	86,542
Special Milk	10.556	*	727
Total Federal Assistance			<u>\$ 629,440</u>

* Not available

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2011

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Unified School District #372.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District #372 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District #372 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District #372 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education
Education Job Fund CFDA No. 84.410, State grants Part B CFDA No. 84.027
7. Unified School District #372 was not determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education
Education Job Fund CFDA No. 84.410, State grants Part B CFDA No. 84.027

No findings of noncompliance or questioned costs were noted.

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2011

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 372 Silver Lake, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Statutory Basis of Accounting – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. 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.

Unified School District No. 372 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – 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 expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, 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.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2011

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 372 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Stabilization - ARRA Program has been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.