

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376

STERLING, KANSAS

JUNE 30, 2011

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

TABLE OF CONTENTS  
June 30, 2011

INDEPENDENT AUDITORS' REPORT.....	1
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT 1</b>	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis.....	2-3
<b>STATEMENT 2</b>	
Summary of Expenditures - Regulatory Basis (Actual and Budget).....	4
<b>STATEMENT 3</b>	
Statement of Cash Receipts and Expenditures - Regulatory Basis (Actual and Budget)	
General Fund.....	5-8
Supplemental General Fund.....	9-10
Capital Outlay Fund.....	11
Driver Training Fund.....	12
Food Service Fund.....	13
Professional Development Fund.....	14
Special Education Fund.....	15
Vocational Education Fund.....	16
Recreation Commission Fund.....	17
Federal Funds.....	18
KPERS Special Retirement Contribution Fund.....	19
At Risk Fund (4 year old).....	20
At Risk Fund (K-12).....	21
Bond and Interest Fund.....	22
Statement of Cash Receipts and Expenditures - Regulatory Basis	
Nonbudgeted Funds.....	23
Capital Projects Nonbudgeted Funds.....	24
<b>STATEMENT 4</b>	
Statement of Cash Receipts and Disbursements - Regulatory Basis	
Agency Funds.....	25
<b>STATEMENT 5</b>	
Statement of Cash Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis	
District Activity Funds.....	26
<b>STATEMENT 6</b>	
Statement of Cash Receipts and Expenditures - Regulatory Basis	
Rice County Unified School District No. 376 Recreation Commission - Component Unit.....	27
NOTES TO THE FINANCIAL STATEMENTS.....	28-36



## INDEPENDENT AUDITORS' REPORT

Edward C. Michel, CPA  
Michael E. Evans, CPA  
Roger W. Field, CPA  
Gregory D. Daughhetee, CPA  
Clark R. Cowl, CPA  
Todd V. Pflughoeft, CPA  
Robert D. Schraeder, CPA  
Steven R. Stoecklein, CPA  
Kenneth D. Hamby, CPA  
John W. Denney, CPA  
Michael R. Meisenheimer, CPA  
Nick L. Muetting, CPA  
Billy J. Klug, CPA

**Board of Education  
Rice County Unified School District No. 376  
Sterling, Kansas**

We have audited the accompanying financial statements of Rice County Unified School District No. 376 (the District), Sterling, 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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.

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 the District, as of June 30, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District, as of June 30, 2011, and its cash receipts, expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in note 1.

*Lindburg Vogel Pierce Faris*

Certified Public Accountants

Hutchinson, Kansas  
November 30, 2011

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -  
REGULATORY BASIS

For the Fiscal Year Ended June 30, 2011

Statement 1  
Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General	\$ -	\$ -	\$ 4,227,900	\$ 4,227,900	\$ -	\$ 422,581	\$ 422,581
Supplemental general	10,023	-	1,207,508	1,210,714	6,817	81,934	88,751
Special revenue funds							
Capital outlay	133,294	-	46,284	18,989	160,589	-	160,589
Driver training	12,310	-	5,987	6,723	11,574	1,587	13,161
Food service	37,784	-	285,761	288,533	35,012	16,476	51,488
Professional development	2,399	-	11,369	11,269	2,499	-	2,499
Special education	89,975	-	878,589	777,587	190,977	3,466	194,443
Vocational education	-	-	232,695	232,695	-	36,113	36,113
Recreation Commission	-	-	74,486	74,486	-	-	-
Federal	699	-	119,679	119,679	699	5,570	6,269
KPERS special retirement contribution	-	-	209,229	209,229	-	-	-
At risk (4 year old)	-	-	2,029	2,029	-	-	-
At risk (K-12)	-	-	195,460	195,460	-	-	-
Contingency reserve	42,498	-	-	-	42,498	35,869	35,869
Memorial scholarship	165,286	-	7,453	5,823	166,916	-	42,498
Grade school playground	8,080	-	74	8,154	-	-	166,916
Uniform replacement	25,807	-	6,725	-	32,532	-	32,532
Other grants	826	-	9,357	7,249	2,934	-	2,934
Textbook rental	2,130	-	11,226	3,080	10,276	-	10,276
District activity (statement 5)	9,583	-	54,792	57,826	6,549	-	6,549
Debt service							
Bond and interest	352,730	-	994,644	986,775	360,599	-	360,599
Capital projects	12,603,746	-	-	8,615,124	3,988,622	36,537	4,025,159
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>13,497,170</b>	<b>-</b>	<b>8,581,247</b>	<b>17,059,324</b>	<b>5,019,093</b>	<b>640,133</b>	<b>5,659,226</b>
<b>COMPONENT UNIT</b>							
Recreation Commission	71,388	-	142,815	146,167	68,036	3,502	71,538
<b>TOTAL REPORTING ENTITY (excluding agency funds)</b>	<b>\$ 13,568,558</b>	<b>\$ -</b>	<b>\$ 8,724,062</b>	<b>\$ 17,205,491</b>	<b>\$ 5,087,129</b>	<b>\$ 643,635</b>	<b>\$ 5,730,764</b>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -  
REGULATORY BASIS  
For the Fiscal Year Ended June 30, 2011

Statement 1  
Page 2 of 2

COMPOSITION OF CASH

Checking accounts	
First Bank, Sterling, Kansas	\$ 33,865
Alden State Bank, Alden, Kansas	45,897
Money market and savings accounts	
First Bank, Sterling, Kansas	1,514,465
Alden State Bank, Alden, Kansas	151,505
Certificates of deposit - First Bank, Sterling, Kansas	
First Bank, Sterling, Kansas	650,361
Alden State Bank, Alden, Kansas	1,007,296
Kansas municipal investment pool	2,283,033
Total component unit	<u>71,538</u>
 TOTAL CASH	 5,757,960
AGENCY FUNDS PER STATEMENT 4	<u>(27,196)</u>
 TOTAL REPORTING ENTITY (excluding agency funds)	 <u>\$ 5,730,764</u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

SUMMARY OF EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
(BUDGETED FUNDS ONLY)  
For the Fiscal Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)	Statement 2
General	\$ 4,377,894	\$ (196,013)	\$ 47,147	\$ 4,229,028	\$ 4,227,900	\$ (1,128)	
Supplemental general	1,202,400	-	8,315	1,210,715	1,210,714	(1)	
Special revenue funds							
Capital outlay	95,000	-	-	95,000	18,989	(76,011)	
Driver training	5,606	-	-	5,606	6,723	1,117	
Food service	381,946	-	-	381,946	288,533	(93,413)	
Professional development	12,648	-	-	12,648	11,269	(1,379)	
Special education	937,647	-	-	937,647	777,587	(160,060)	
Vocational education	200,000	-	32,695	232,695	232,695	-	
Recreation Commission	80,000	-	-	80,000	74,486	(5,514)	
Federal	135,294	-	-	135,294	119,679	(15,615)	
KPERS special retirement contribution	273,204	-	-	273,204	209,229	(63,975)	
At risk (4 year old)	16,807	-	-	16,807	2,029	(14,778)	
At risk (K-12)	266,000	-	-	266,000	195,460	(70,540)	
Debt service							
Bond and interest	986,825	-	-	986,825	986,775	(50)	

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 1 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Current tax	\$ 374,125	\$ 288,282	\$ 85,843
Delinquent tax	5,536	4,650	886
In lieu tax	1,340	-	1,340
Mineral tax	1,791	500	1,291
Tax in process	1,664	12,029	(10,365)
Motor vehicle tax	-	58,000	(58,000)
Recreational vehicle tax	-	2,000	(2,000)
General state aid	3,027,725	3,027,725	-
General state special education aid	576,370	596,493	(20,123)
Federal aid	1,186	-	1,186
ARRA stabilization funds	193,330	192,202	1,128
Miscellaneous	44,464	-	44,464
Grant - Youth Making A Difference	369	-	369
	<u>4,227,900</u>	<u>\$ 4,181,881</u>	<u>\$ 46,019</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries			
ARRA wages and salaries	70,276	\$ 70,276	\$ -
ELL salary	1,026	-	1,026
Certified	1,603,925	1,335,865	268,060
Noncertified	69,606	50,000	19,606
Employee benefits			
Insurance	166,788	140,100	26,688
Social Security	123,639	128,600	(4,961)
Other	41,659	44,455	(2,796)
Purchased professional services	-	630	(630)
Other purchased services			
Tuition	12,003	-	12,003
Other	79,430	83,570	(4,140)
Supplies			
General supplemental (teaching)	70,269	82,709	(12,440)
Textbooks	118	7,129	(7,011)
Miscellaneous supplies	-	250	(250)
Other	-	860	(860)
Support services			
Student support services			
Salaries			
Certified	100,945	100,550	395
Employee benefits			
Insurance	21,873	25,965	(4,092)
Social Security	9,008	7,180	1,828
Other	605	2,956	(2,351)

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 2 of 20

	Actual	Budget	Variance Over (Under)
<b>EXPENDITURES (continued)</b>			
<b>Instructional support staff</b>			
<b>Salaries</b>			
Certified	\$ 48,605	\$ 46,550	\$ 2,055
Noncertified	17,284	28,928	(11,644)
<b>Employee benefits</b>			
Insurance	5,328	12,625	(7,297)
Social Security	4,930	5,750	(820)
Other	61	75	(14)
<b>Supplies</b>			
General supplemental (teaching)	8,723	9,890	(1,167)
Supplies (technology related)	274	1,480	(1,206)
<b>General administration</b>			
<b>Salaries</b>			
Certified	94,469	95,100	(631)
Noncertified	16,700	27,100	(10,400)
<b>Employee benefits</b>			
Insurance	8,808	9,300	(492)
Social Security	7,798	8,740	(942)
Other	2,652	110	2,542
<b>Purchased property services</b>	13,636	500	13,136
<b>Other purchased services</b>			
Other	11,442	-	11,442
Other	9,280	-	9,280
<b>School administration</b>			
<b>Salaries</b>			
Certified	143,255	143,950	(695)
Noncertified	75,308	90,560	(15,252)
<b>Employee benefits</b>			
Insurance	12,256	11,300	956
Social Security	15,172	16,600	(1,428)
Other	190	1,412	(1,222)
<b>Purchased professional services</b>	110	-	110
<b>Supplies</b>	2,147	4,758	(2,611)

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 3 of 20

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Operations and maintenance			
Salaries			
Noncertified	\$ 239,136	\$ 227,250	\$ 11,886
Employee benefits			
Insurance	21,977	28,500	(6,523)
Social Security	17,349	19,760	(2,411)
Other	218	252	(34)
Purchased property services	740	1,850	(1,110)
Other purchased services			
Communications	2,527	9,587	(7,060)
Insurance	39,633	42,500	(2,867)
Other	2,200	7,400	(5,200)
Property	13,064	15,515	(2,451)
Vehicle operating services			
Salaries			
Noncertified	81,139	97,460	(16,321)
Employee benefits			
Social Security	5,087	5,840	(753)
Other	4,996	3,097	1,899
Purchased property services	22,214	60,000	(37,786)
Other purchased services			
Mileage In lieu of transportation	6,903	-	6,903
Insurance	7,095	7,200	(105)
Motor fuel	50,418	58,000	(7,582)

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 4 of 20

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Other supplemental service			
Salaries			
Noncertified	\$ 39,109	\$ 28,929	\$ 10,180
Employee benefits			
Insurance	4,836	-	4,836
Social Security	2,136	-	2,136
Other	26	-	26
Fund transfers			
Transfer to food service	-	40,000	(40,000)
Transfer to professional development	11,369	10,000	1,369
Transfer to special education	355,946	537,918	(181,972)
Transfer to vocational education	232,695	192,000	40,695
Transfer to at risk (4 year old)	2,029	2,000	29
Transfer to at risk (K-12)	195,460	191,000	4,460
Other	-	196,013	(196,013)
General fund adopted budget	4,227,900	4,377,894	(149,994)
Adjustment to comply with legal max	-	(196,013)	196,013
Adjustment for qualifying budget credits	-	47,147	(47,147)
<b>TOTAL EXPENDITURES</b>	<b>4,227,900</b>	<b>\$ 4,229,028</b>	<b>\$ (1,128)</b>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

SUPPLEMENTAL GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 5 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Current tax	\$ 492,071	\$ 478,790	\$ 13,281
Delinquent tax	10,911	5,580	5,331
Motor vehicle tax	81,541	90,330	(8,789)
Recreational vehicle tax	2,081	1,902	179
In lieu of taxes	1,307	-	1,307
State aid	611,282	611,282	-
Reimbursed expense	8,315	-	8,315
	<u>1,207,508</u>	<u>\$ 1,187,884</u>	<u>\$ 19,624</u>
<b>EXPENDITURES</b>			
Instruction			
Employee benefits			
Other	2,935	\$ -	\$ 2,935
Purchased professional services	25,637	-	25,637
Supplies			
Supplies (technology related)	10,854	-	10,854
Miscellaneous supplies	9,648	5,000	4,648
Purchased property services			
Water/sewer	9,682	10,400	(718)
Energy			
Heating	27,399	50,000	(22,601)
Electricity	102,308	100,000	2,308
Miscellaneous supplies	58,471	72,394	(13,923)
Property	79,784	52,150	27,634

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

SUPPLEMENTAL GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 6 of 20

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
EXPENDITURES (continued)			
General administration			
Salaries			
Noncertified	\$ 20,838	\$ 25,000	\$ (4,162)
Operations and maintenance			
Salaries			
Noncertified	101,077	-	101,077
Employee benefits			
Insurance	17,289	-	17,289
Other	95	-	95
Property	124,058	-	124,058
Other supplemental services			
Other purchased services	45,858	47,606	(1,748)
Property	-	76,250	(76,250)
Fund transfers			
Transfer to professional development	-	4,300	(4,300)
Transfer to special education	520,597	239,300	281,297
Transfer to food service	54,184	35,000	19,184
Transfer to technology education	-	300,000	(300,000)
Transfer to at risk (4 year old)	-	12,000	(12,000)
Transfer to at risk (K-12)	-	173,000	(173,000)
	<u>1,210,714</u>	<u>1,202,400</u>	<u>8,314</u>
Supplemental fund adopted budget			
Adjustment for qualifying budget credits	-	8,315	(8,315)
	<u>1,210,714</u>	<u>\$ 1,210,715</u>	<u>\$ (1)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(3,206)		
UNENCUMBERED CASH, BEGINNING	<u>10,023</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 6,817</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

CAPITAL OUTLAY FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 7 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Current tax	\$ 75	\$ 12,302	\$ (12,227)
Delinquent tax	240	-	240
Motor vehicle tax	1,089	1,600	(511)
Recreational vehicle tax	25	33	(8)
In lieu of taxes	8	-	8
Interest on idle funds	3,799	7,000	(3,201)
Miscellaneous	41,048	60,000	(18,952)
<b>TOTAL CASH RECEIPTS</b>	<b>46,284</b>	<b>\$ 80,935</b>	<b>\$ (34,651)</b>
<b>EXPENDITURES</b>			
Instruction			
Property	-	\$ 20,000	\$ (20,000)
Support services			
Transportation			
Property	18,989	75,000	(56,011)
<b>TOTAL EXPENDITURES</b>	<b>18,989</b>	<b>\$ 95,000</b>	<b>\$ (76,011)</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>27,295</b>		
<b>UNENCUMBERED CASH, BEGINNING</b>	<b>133,294</b>		
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ 160,589</b>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

DRIVER TRAINING FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Statement 3 Page 8 of 20  Variance Over (Under)
<b>CASH RECEIPTS</b>			
Fees	\$ 3,471	\$ 4,000	\$ (529)
General state aid	2,516	2,800	(284)
<b>TOTAL CASH RECEIPTS</b>	<u>5,987</u>	<u>\$ 6,800</u>	<u>\$ (813)</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	5,339	\$ 5,000	\$ 339
Employee benefits			
Social Security	395	200	195
Other	5	406	(401)
Supplies			
General supplemental (teaching)	216	-	216
Property	86	-	86
Operations and maintenance			
Motor fuel	682	-	682
<b>TOTAL EXPENDITURES</b>	<u>6,723</u>	<u>\$ 5,606</u>	<u>\$ 1,117</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	(736)		
<b>UNENCUMBERED CASH, BEGINNING</b>	<u>12,310</u>		
<b>UNENCUMBERED CASH, ENDING</b>	<u>\$ 11,574</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

FOOD SERVICE FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 9 of 20

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Federal aid	\$ 123,506	\$ 153,871	\$ (30,365)
State aid	3,127	3,116	11
Head Start reimbursements	2	-	2
Student sales	93,585	109,675	(16,090)
Miscellaneous	2,317	8,000	(5,683)
Adult sales	7,463	16,500	(9,037)
Ala carte	1,577	-	1,577
Transfer from supplemental general	54,184	31,000	23,184
Transfer from general	-	30,000	(30,000)
<b>TOTAL CASH RECEIPTS</b>	<b><u>285,761</u></b>	<b><u>\$ 352,162</u></b>	<b><u>\$ (66,401)</u></b>
<b>EXPENDITURES</b>			
Operation of noninstructional services			
Food service operation			
Salaries			
Noncertified	111,678	\$ 135,000	\$ (23,322)
Employee benefits			
Insurance	12,381	15,000	(2,619)
Social Security	8,178	10,000	(1,822)
Other	102	120	(18)
Supplies			
Food and milk	134,493	175,000	(40,507)
Miscellaneous supplies	12,261	28,000	(15,739)
Property	8,798	3,000	5,798
Other	642	15,826	(15,184)
<b>TOTAL EXPENDITURES</b>	<b><u>288,533</u></b>	<b><u>\$ 381,946</u></b>	<b><u>\$ (93,413)</u></b>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,772)		
UNENCUMBERED CASH, BEGINNING	<u>37,784</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 35,012</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

PROFESSIONAL DEVELOPMENT FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 10 of 20

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Transfer from general	\$ 11,369	\$ 12,000	\$ (631)
Transfer from supplemental general	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<u>11,369</u>	<u>\$ 12,000</u>	<u>\$ (631)</u>
<b>EXPENDITURES</b>			
Support services			
Operations and maintenance			
Salaries			
Noncertified	4,179	\$ 4,250	\$ (71)
Employee benefits			
Social Security	316	398	(82)
Other	4	-	4
Purchased property services	6,216	4,000	2,216
Other	554	4,000	(3,446)
<b>TOTAL EXPENDITURES</b>	<u>11,269</u>	<u>\$ 12,648</u>	<u>\$ (1,379)</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	100		
<b>UNENCUMBERED CASH, BEGINNING</b>	<u>2,399</u>		
<b>UNENCUMBERED CASH, ENDING</b>	<u>\$ 2,499</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

SPECIAL EDUCATION FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 11 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Transfer from supplemental general	\$ 520,597	\$ 322,000	\$ 198,597
Transfer from general	355,946	616,262	(260,316)
Reimbursements	2,046	-	2,046
<b>TOTAL CASH RECEIPTS</b>	<b>878,589</b>	<b>\$ 938,262</b>	<b>\$ (59,673)</b>
<b>EXPENDITURES</b>			
Instruction			
Other purchased services			
Payments to special education co-op	737,753	\$ 868,207	\$ (130,454)
Supplies			
General supplemental	1,053	4,000	(2,947)
Support services			
Vehicle operating services			
Salaries			
Noncertified	30,391	41,000	(10,609)
Employee benefits			
Social Security	2,526	3,000	(474)
Other	40	440	(400)
Other purchased services			
Mileage in lieu of transportation	215	21,000	(20,785)
Contracted student transportation	5,292	-	5,292
Insurance	317	-	317
<b>TOTAL EXPENDITURES</b>	<b>777,587</b>	<b>\$ 937,647</b>	<b>\$ (160,060)</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	101,002		
<b>UNENCUMBERED CASH, BEGINNING</b>	89,975		
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ 190,977</b>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

VOCATIONAL EDUCATION FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 12 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Transfer from general	\$ 232,695	\$ 200,000	\$ 32,695
Transfer from supplemental general	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<b>232,695</b>	<b>\$ 200,000</b>	<b>\$ 32,695</b>
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	187,480	\$ 170,000	\$ 17,480
Employee benefits			
Insurance	13,241	12,000	1,241
Social Security	13,073	13,000	73
Other	163	-	163
Supplies			
General supplemental	17,530	5,000	12,530
Property	1,208	-	1,208
Vocational fund adopted budget	232,695	200,000	32,695
Adjustment for qualifying budget credits	-	32,695	(32,695)
<b>TOTAL EXPENDITURES</b>	<b>232,695</b>	<b>\$ 232,695</b>	<b>\$ -</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	-		
<b>UNENCUMBERED CASH, BEGINNING</b>	-		
<b>UNENCUMBERED CASH, ENDING</b>	\$ -		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

RECREATION COMMISSION FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 13 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Tax in process	\$ -	\$ -	\$ -
Current tax	64,150	82,581	(18,431)
Motor vehicle tax	10,064	8,992	1,072
Recreational vehicle tax	272	-	272
	74,486	\$ 91,573	\$ (17,087)
<b>TOTAL CASH RECEIPTS</b>	74,486	\$ 91,573	\$ (17,087)
<b>EXPENDITURES</b>			
Community service operations	74,486	\$ 80,000	\$ (5,514)
	74,486	\$ 80,000	\$ (5,514)
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	-		
<b>UNENCUMBERED CASH, BEGINNING</b>	-		
<b>UNENCUMBERED CASH, ENDING</b>	\$ -		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

FEDERAL FUNDS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)

For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 14 of 20

	Title I - Local Educational Agencies	Title II - Educational Technology	Title II - Improving Teacher Quality	Coordinated School Health Program	Total Federal Funds Actual	Total Federal Funds Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>							
Federal aid	\$ 76,626	\$ 259	\$ 24,729	\$ -	\$ 101,614	\$ 116,000	\$ (14,386)
ARRA stabilization funds	18,065	-	-	-	18,065	18,065	-
<b>TOTAL CASH RECEIPTS</b>	<b>94,691</b>	<b>259</b>	<b>24,729</b>	<b>-</b>	<b>119,679</b>	<b>\$ 134,065</b>	<b>\$ (14,386)</b>
<b>EXPENDITURES</b>							
Instruction							
Salaries							
ARRA wages and salaries	18,065	-	-	-	18,065	\$ 18,065	\$ -
Certified	64,802	-	-	-	64,802	59,600	5,202
Noncertified	-	-	16,561	-	16,561	24,000	(7,439)
Employee benefits							
Insurance	7,254	-	-	-	7,254	12,000	(4,746)
Social Security	4,514	-	989	-	5,503	8,000	(2,497)
Other	56	-	7,179	-	7,235	-	7,235
Other purchased services		110	-	-	110	-	110
Supplies							
Miscellaneous supplies	-	-	-	-	-	3,629	(3,629)
School administration							
Purchased property services	-	149	-	-	149	-	149
Other purchased services	-	-	-	-	-	10,000	(10,000)
<b>TOTAL EXPENDITURES</b>	<b>94,691</b>	<b>259</b>	<b>24,729</b>	<b>-</b>	<b>119,679</b>	<b>\$ 135,294</b>	<b>\$ (15,615)</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>UNENCUMBERED CASH, BEGINNING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>699</b>	<b>699</b>	<b>-</b>	<b>-</b>
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 699</b>	<b>\$ 699</b>	<b>\$ 699</b>	<b>\$ 699</b>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statement 3 Page 15 of 20			
CASH RECEIPTS			
State KPERS	\$ 209,229	\$ 273,204	\$ (63,975)
EXPENDITURES			
Instruction			
Salaries	132,651	\$ 161,000	\$ (28,349)
Support services			
School administration			
Salaries	10,252	13,204	(2,952)
Student support			
Salaries	11,089	14,000	(2,911)
General administration			
Salaries	6,486	12,000	(5,514)
Other supplemental services			
Salaries	10,043	14,000	(3,957)
Operations and maintenance			
Salaries	25,945	32,000	(6,055)
Student transportation services			
Salaries	4,603	15,000	(10,397)
Food service			
Salaries	8,160	12,000	(3,840)
TOTAL EXPENDITURES	<u>209,229</u>	<u>\$ 273,204</u>	<u>\$ (63,975)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

AT RISK FUND (4 YEAR OLD)  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 16 of 20

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Transfer from general	\$ 2,029	\$ 3,807	\$ (1,778)
Transfer from supplemental general	-	13,000	(13,000)
Miscellaneous	-	-	-
	<u>2,029</u>	<u>16,807</u>	<u>(14,778)</u>
<b>TOTAL CASH RECEIPTS</b>	<u>2,029</u>	<u>\$ 16,807</u>	<u>\$ (14,778)</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	-	\$ 13,000	\$ (13,000)
Supplies			
Textbooks	430	3,807	(3,377)
Property	1,599	-	1,599
	<u>2,029</u>	<u>\$ 16,807</u>	<u>\$ (14,778)</u>
<b>TOTAL EXPENDITURES</b>	<u>2,029</u>	<u>\$ 16,807</u>	<u>\$ (14,778)</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	-		
<b>UNENCUMBERED CASH, BEGINNING</b>	<u>-</u>		
<b>UNENCUMBERED CASH, ENDING</b>	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

AT RISK FUND (K-12)  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 17 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Federal aid	\$ -	\$ 100,000	\$ (100,000)
Transfer from general	195,460	110,000	85,460
Transfer from supplemental general	-	56,000	(56,000)
Miscellaneous	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<u>195,460</u>	<u>\$ 266,000</u>	<u>\$ (70,540)</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	140,970	\$ 120,800	\$ 20,170
Noncertified	28,781	30,000	(1,219)
Employee benefits			
Insurance	12,390	20,000	(7,610)
Social Security	12,214	12,000	214
Other	154	200	(46)
Supplies			
General supplemental	92	-	92
Property	-	83,000	(83,000)
General administration			
Employee benefits			
Other	859	-	859
<b>TOTAL EXPENDITURES</b>	<u>195,460</u>	<u>\$ 266,000</u>	<u>\$ (70,540)</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	-		
<b>UNENCUMBERED CASH, BEGINNING</b>	-		
<b>UNENCUMBERED CASH, ENDING</b>	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

BOND AND INTEREST FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 18 of 20

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Current tax	\$ 524,007	\$ 545,880	\$ (21,873)
Delinquent tax	1,060	5,078	(4,018)
In lieu tax	1,347	-	1,347
Motor vehicle tax	21,164	15,351	5,813
Recreational vehicle tax	482	-	482
State aid	374,975	374,975	-
Interest	21,609	-	21,609
Miscellaneous	50,000	50,000	-
<b>TOTAL CASH RECEIPTS</b>	<u>994,644</u>	<u>\$ 991,284</u>	<u>\$ 3,360</u>
<b>EXPENDITURES</b>			
Interest coupons	986,775	\$ 986,825	\$ (50)
Commission and postage	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>986,775</u>	<u>\$ 986,825</u>	<u>\$ (50)</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	7,869		
<b>UNENCUMBERED CASH, BEGINNING</b>	<u>352,730</u>		
<b>UNENCUMBERED CASH, ENDING</b>	<u>\$ 360,599</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

NONBUDGETED FUNDS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 19 of 20

	Contingency Reserve	Memorial Scholarship	Grade School Playground	Uniform Replacement	Donations and Grants	Textbook Rental
<b>CASH RECEIPTS</b>						
Fees	\$ -	\$ -	\$ -	\$ 6,725	\$ 7,390	\$ 11,226
Miscellaneous	-	5,096	74	-	-	-
Grant revenue	-	-	-	-	1,967	-
Contributions	-	9	-	-	-	-
Interest income	-	2,348	-	-	-	-
Transfer from supplemental general	-	-	-	-	-	-
Transfer from general	-	-	-	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<b>-</b>	<b>7,453</b>	<b>74</b>	<b>6,725</b>	<b>9,357</b>	<b>11,226</b>
<b>EXPENDITURES</b>						
Instructional						
Textbooks	-	-	-	-	-	3,080
Other	-	-	-	-	1,967	-
Support services						
Operational of noninstructional services						
Scholarships	-	5,823	-	-	-	-
Other	-	-	-	-	5,282	-
Operations and maintenance						
Property						
Playground equipment	-	-	8,154	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>5,823</b>	<b>8,154</b>	<b>-</b>	<b>7,249</b>	<b>3,080</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>1,630</b>	<b>(8,080)</b>	<b>6,725</b>	<b>2,108</b>	<b>8,146</b>
<b>UNENCUMBERED CASH, BEGINNING</b>	<b>42,498</b>	<b>165,286</b>	<b>8,080</b>	<b>25,807</b>	<b>826</b>	<b>2,130</b>
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ 42,498</b>	<b>\$ 166,916</b>	<b>\$ -</b>	<b>\$ 32,532</b>	<b>\$ 2,934</b>	<b>\$ 10,276</b>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

CAPITAL PROJECTS NONBUDGETED FUNDS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
For the Fiscal Year Ended June 30, 2011

Statement 3  
Page 20 of 20

Facility  
Improvements

CASH RECEIPTS	<u>\$ -</u>
EXPENDITURES	
Grade school improvements	2,223,552
High school improvements	<u>6,391,572</u>
TOTAL EXPENDITURES	<u>8,615,124</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(8,615,124)
UNENCUMBERED CASH, BEGINNING	<u>12,603,746</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 3,988,622</u></u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

AGENCY FUNDS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS  
For the Fiscal Year Ended June 30, 2011

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>STERLING HIGH SCHOOL</b>				
N.H.S.	\$ 696	\$ 181	\$ 480	\$ 397
Yearbook	5,196	13,037	13,968	4,265
Student council	3,522	725	1,729	2,518
Class of 2011	888	137	545	480
Debate	84	1,079	1,113	50
American sign language	965	1,484	303	2,146
F.C.C.L.A.	1,089	1,369	1,836	622
Scholars bowl	176	-	165	11
S-Club	685	185	50	820
Drama	295	-	-	295
Science Club	76	-	76	-
Band	7,190	62,476	66,173	3,493
Sterling Singers	1,023	1,669	1,206	1,486
Concessions	3,762	24,064	20,109	7,717
Class of 2014	-	37	-	37
Class of 2012	122	7,137	6,997	262
<b>TOTAL STERLING HIGH SCHOOL</b>	<b>25,769</b>	<b>113,580</b>	<b>114,750</b>	<b>24,599</b>
<b>STERLING JUNIOR HIGH SCHOOL</b>				
J-Teens	700	1,324	911	1,113
A Few Good Men	75	148	100	123
DFYIT	744	1,285	1,067	962
Science fair	72	754	647	179
Student council	-	-	-	-
Yearbook	-	982	762	220
<b>TOTAL STERLING JUNIOR HIGH SCHOOL</b>	<b>1,591</b>	<b>4,493</b>	<b>3,487</b>	<b>2,597</b>
<b>TOTAL AGENCY FUNDS</b>	<b>\$ 27,360</b>	<b>\$ 118,073</b>	<b>\$ 118,237</b>	<b>\$ 27,196</b>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

DISTRICT ACTIVITY FUNDS - NONBUDGETED  
STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS  
For the Fiscal Year Ended June 30, 2011

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
DISTRICT ACTIVITY FUNDS							
Athletics							
Sterling High School	\$ 3,884	-	\$ 32,245	\$ 36,129	\$ -	\$ -	\$ -
School activities							
Sterling Grade School	5,699	-	22,547	21,697	6,549	-	6,549
TOTAL DISTRICT ACTIVITY FUNDS	\$ 9,583	\$ -	\$ 54,792	\$ 57,826	\$ 6,549	\$ -	\$ 6,549

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376 RECREATION COMMISSION - COMPONENT UNIT  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
For the Fiscal Year Ended June 30, 2011

	Statement 6
	Actual
<b>CASH RECEIPTS</b>	
Appropriation U.S.D. No. 376	\$ 74,486
Fees and other	68,265
Interest on idle funds	64
	64
<b>TOTAL CASH RECEIPTS</b>	<b>142,815</b>
<b>EXPENDITURES</b>	
Advertising	1,689
Accounting	1,750
Payroll expenses	6,737
Insurance	2,900
Wages	61,334
Silver threads operating fund	6,600
Future Hoopsters	5,508
Ballpark	2,806
Softball/baseball	5,886
Soccer	250
Concession stand	53
Swimming lessons	2,398
Golf	350
Office expense and miscellaneous	3,789
Open gym	650
Sterling striders	350
Volleyball	451
Wellness Center	42,666
	42,666
<b>TOTAL EXPENDITURES</b>	<b>146,167</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>(3,352)</b>
<b>UNENCUMBERED CASH, BEGINNING</b>	<b>71,388</b>
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ 68,036</b>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376  
Sterling, Kansas

NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Rice County Unified School District No. 376 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the District and its component unit. The component unit is included in the District's reporting entity because of the significance of its operation and financial relationship with the District.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District. The District's Recreation Commission oversees recreational activities. The Recreation Commission (Commission) can sue and be sued, but acquisition of real property by the Commission must be approved by the District. The District levies taxes for the Commission. Bond issuances must be approved by the District.

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures/expenses. The individual funds account for the District resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

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

**Governmental funds**

General and supplemental general fund—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 special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital project funds—to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Debt service funds—to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the District.

**Fiduciary funds**

Trust and 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. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension funds, and (d) agency funds.

### 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. Revenues are recognized when received rather than when they are earned and certain expenditures are recorded when paid rather than when they are incurred. 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 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 include 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, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements.

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 municipality to use the statutory basis of accounting.

### Compensated Absences

Certified employees do not earn vacation pay. Accumulated sick leave is compensated as follows:

1. At the conclusion of their current contractual year, the employee will be compensated by the District at the rate of \$45.00 per day for all accumulated, unused sick leave in excess of the carryover maximum of fifty (50) days per year. Said payment will be made in a lump sum payment on June 30.
2. Upon retirement from the District, the employee will be compensated by the District at the rate of \$45.00 per day for all eligible unused sick leave and/or vacation time. Said payment shall be made in a lump sum payment on June 30.

The estimated liability for accumulated sick leave as of June 30, 2011, is \$118,326.

### Reimbursed Expenses (Qualifying Budget Credit)

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.

### 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—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), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. During the year, budget amendments were adopted for the following funds – general, special education.

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 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 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, trust funds, and the following special revenue funds:

District activity funds	Other grants fund	Grade school playground fund
Memorial scholarship fund	Uniform replacement fund	
Contingency reserve fund	Textbook rental fund	

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

The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10.

Taxes levied to finance the budget are made available to the District after January 1 and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

### NOTE 3—DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is used by all funds. Each fund's portion of this pool is displayed on the Summary of Cash Receipts, Expenditures, and Unencumbered Cash. The cash balances of certain funds are restricted as to their use.

As of June 30, 2011, the District has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	<u>\$ 2,283,033</u>	S&P AAf/S1+

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 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. The rating of the District's investments is noted above.

#### Concentration of Credit Risk

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

#### Custodial Credit Risk – Deposits

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

#### Deposits

At June 30, 2011, the District's carrying amount of deposits was \$3,403,389, and the bank balance was \$3,438,789. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance for interest bearing, \$91,365 was covered by federal depository insurance for noninterest bearing, and \$2,847,424 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 District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### Component Unit

The District's component unit deposits were fully insured at June 30, 2011.

At June 30, 2011, the District had invested \$2,283,033 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligation of, or obligations that are insured as to principal and interest, by the United States government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

#### NOTE 4—DEFINED BENEFIT PENSION PLAN

##### Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 South Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

##### Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate of 4.00% (Tier 1) and 6.00% (Tier 2) 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' average contribution rate for the years ended June 30, 2011, 2010, and 2009, were 9.17%, 8.57%, and 6.54% of covered payroll, respectively. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas public school employees for the years ended June 30, 2011, 2010, and 2009, were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the statutory required contributions for each year.

#### NOTE 5—LONG-TERM DEBT

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Interest Due</u>	<u>Principal Due</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General obligation bonds						
Series 2008A	2.50% to 5.00%	12/15/08	03/01, 09/01	09/01	\$ 2,000,000	09/01/28
Series 2009A	3.00% to 5.25%	05/01/09	03/01, 09/01	09/01	18,515,000	09/01/35
Capital leases with First Bank						
EPM Temperature Control	4.47%	11/25/03	07/15	07/15	195,689	07/15/13
Wellness Center	3.70%	06/14/04	02/15	02/15	160,000	02/15/14

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds					
Series 2008A	\$ 1,885,000	\$ -	\$ -	\$ 1,885,000	\$ 92,563
Series 2009A	18,515,000	-	-	18,515,000	894,212
Capital leases with First Bank					
EPM Temperature Control	87,081	-	20,335	66,746	3,981
Wellness Center	<u>88,105</u>	<u>-</u>	<u>12,696</u>	<u>75,409</u>	<u>3,304</u>
Total indebtedness	20,575,186	-	33,031	20,542,155	994,060
Compensated absences	<u>119,120</u>	<u>-</u>	<u>794</u>	<u>118,326</u>	<u>-</u>
	<u>\$ 20,694,306</u>	<u>\$ -</u>	<u>\$ 33,825</u>	<u>\$ 20,660,481</u>	<u>\$ 994,060</u>

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

	Principal		Interest		Total Principal and Interest
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases	
2012	\$ 75,000	\$ 34,436	\$ 985,650	\$ 5,879	\$ 1,100,965
2013	110,000	35,896	982,875	4,419	1,133,190
2014	145,000	71,823	979,050	2,884	1,198,757
2015	180,000	-	974,175	-	1,154,175
2016	225,000	-	968,100	-	1,193,100
2017-2021	1,835,000	-	4,655,511	-	6,490,511
2022-2026	3,425,000	-	4,069,733	-	7,494,733
2027-2031	5,670,000	-	2,962,252	-	8,632,252
2032-2036	8,735,000	-	1,206,132	-	9,941,132
2037-2041	-	-	-	-	-
	<u>\$ 20,400,000</u>	<u>\$ 142,155</u>	<u>\$ 17,783,478</u>	<u>\$ 13,182</u>	<u>\$ 38,338,815</u>

## NOTE 6—TRANSFERS

Operating transfers were as follows:

Amount	From	To	Authority
\$ 11,369	General	Professional development	K.S.A. 72-6428
355,946	General	Special education	K.S.A. 72-6428
232,695	General	Vocational education	K.S.A. 72-6428
2,029	General	At risk fund (4 year old)	K.S.A. 72-6428
195,460	General	At risk fund (K-12)	K.S.A. 72-6428
520,597	Supplemental general	Special education	K.S.A. 72-6433
54,184	Supplemental general	Food service	K.S.A. 72-6433

## NOTE 7—POST EMPLOYMENT BENEFITS

The District has an early retirement incentive program which applies to all eligible certified employees. An employee satisfying the following requirements is eligible for early retirement:

- A. Currently a certified employee who has served a minimum of fifteen (15) consecutive years in the District and,
- B. Is not less than fifty-seven (57) years of age and not more than sixty-four (64) years of age on/or before September 1 of the year in which early retirement is requested; or anyone who meets the KPERS 85 point early retirement plan.
- C. An employee may apply for early retirement by giving written notice to the Superintendent and Board of Education no later than the tenth day of May preceding the anticipated retirement date.

The early retirement benefit shall be computed by the following formula:

- A. Determine the applicant's final salary and benefits as contained in the last contract between the applicant and the District.
- B. Multiply this amount by 15%. This is the maximum allowable early retirement benefit.
- C. Annual payment schedule:
  - a. For a person retiring at age 60 or earlier, the maximum annual benefit as computed in "B" shall be allowed and shall be payable over a five year period in five annual installments.
  - b. For a person retiring at age 61, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a four year period in four annual installments.
  - c. For a person retiring at age 62, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a three year period in three equal annual installments.
  - d. For a person retiring at age 63, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a two year period in two equal annual installments.

- e. For a person retiring at age 64, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable within a one year period in one installment.

D. All early retirement benefits shall terminate automatically at the time of final payment or upon the death of the retiree, whichever shall come first.

The early retirement incentive program is authorized by K.S.A. 72-5395. The program is funded on a pay-as-you-go basis. During the year ended June 30, 2011, two early retirees were paid \$6,477 under this program.

The following is a schedule by year of future minimum early retirement payments:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 6,477
2013	6,477
2014	-
2015	-
2016	-
	<u>\$ 12,954</u>

#### NOTE 8—LEASE AND OTHER COMMITMENTS

The District leases athletic and performing arts facilities from Sterling College.

The District had rental expenses of \$36,402 for the operating leases for the year ended June 30, 2011.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 25,000
2013	25,000
2014	25,000
2015	25,000
2016	25,000
2017-2021	<u>50,000</u>
	<u>\$ 175,000</u>

As part of the athletic lease, the District is responsible for one-third of the annual maintenance costs not to exceed \$10,000 which can be paid with in-kind services.

## NOTE 9—CAPITAL PROJECTS

At June 30, 2011, capital project authorizations with approved change orders compared with expenditures from inceptions are as follows:

	<u>Expenditures 06/30/11</u>	<u>Project Authorization</u>
Facility improvements	<u>\$ 16,773,422</u>	<u>\$ 20,400,000</u>

## NOTE 10—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and sickness to employees; and natural disasters. The District joined other Kansas school districts to participate in a health insurance public entity risk pool named Educational Services and Staff Development Association of Central Kansas Health Benefit Insurance Group (ESSDACK). The District pays monthly premiums to the pool for its health insurance coverage. ESSDACK is self-sustaining through member premiums and reinsures through commercial insurance companies for individual claims in excess of \$75,000 and aggregate limits dependent on the number of participants. Additional premiums may be due if total losses for the pool are different than what has been anticipated by ESSDACK management. If the pool fails, the District may be required to pay its own obligations.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.