

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

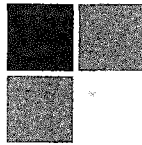
Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education

Unified School District No. 103 Bird City, Kansas

Bird City, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 103 Bird City, Kansas**, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 103 Bird City, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements do not include financial data for the District's legally separate component unit, Cheylin Recreation Commission. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as \$7,236 for the Cheylin Recreation Commission.

As described more fully in Note 1, **Unified School District No. 103 Bird City, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the two preceding paragraphs, 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. 103 Bird City, Kansas**, as of June 30, 2012, or the changes in its financial position for the year then ended.

Unified School District No. 103 Bird City, Kansas
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In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 103 Bird City, Kansas**, as of June 30, 2012, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd

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

November 19, 2012

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustments	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories								
General Funds								
General Fund	\$ (110,530)	110,530	-	1,444,338	1,444,338	-	-	-
Supplemental General Fund	103,263	-	-	442,151	406,744	138,670	15,765	154,435
Special Revenue Funds								
Bilingual Education Fund	2,000	-	-	30,100	30,810	1,290	-	1,290
Capital Outlay Fund	139,390	-	-	114,869	131,449	122,810	36,439	159,249
Driver Training Fund	392	-	-	1,806	1,384	814	-	814
Food Service Fund	27,106	-	-	101,309	107,167	21,248	-	21,248
Professional Development Fund	29	-	-	-	29	-	-	-
Special Education Fund	38,574	-	-	235,648	242,694	31,528	-	31,528
Vocational Education Fund	-	-	-	81,000	78,761	2,239	-	2,239
KPERs Special Retirement Contribution Fund	-	-	-	120,974	120,974	-	-	-
Contingency Reserve Fund	88,228	-	-	-	-	88,228	-	88,228
Student Material Revolving Fund	4,080	-	-	13,126	12,510	4,696	-	4,696
At Risk Fund (K-12)	29	-	-	150,000	145,000	5,029	-	5,029
Recreation Commission Fund	3,147	-	-	16,974	20,121	-	-	-
Title I Low Income Fund	-	-	-	44,299	44,299	-	-	-
Title II Fund	-	-	-	7,158	7,158	-	864	864
REAP Grant Fund	341	-	-	20,678	16,865	4,154	-	4,154
Gifts and Grants Fund	3,224	-	-	46,027	49,060	191	3,010	3,201
Title IV Drug Free Schools Fund	9	-	-	-	9	-	-	-
Migrant Fund	-	-	-	62,080	62,080	-	80	80
Character Education	-	-	-	2,855	1,366	1,489	798	2,287
District Activity Funds	5,040	-	-	53,926	50,551	8,415	-	8,415
Total Reporting Entity (Excluding Agency Funds)	\$ 304,322	110,530	-	2,989,318	2,973,369	430,801	56,956	487,757
				Composition of Cash				
							\$	
						Checking Accounts		244,021
						Money Market Accounts		273,829
						Petty Cash		50
						Total Cash		517,900
						Agency Funds per Statement 4		(30,143)
						Total Reporting Entity (Excluding Agency Funds)	\$	487,757

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 1,444,338	-	-	1,444,338	1,444,338	-
Supplemental General Fund	501,795	-	-	501,795	406,744	(95,051)
Special Revenue Funds						
Bilingual Education Fund	30,810	-	-	30,810	30,810	-
Capital Outlay Fund	226,625	-	-	226,625	131,449	(95,176)
Driver Training Fund	1,384	-	-	1,384	1,384	-
Food Service Fund	122,890	-	-	122,890	107,167	(15,723)
Professional Development	-	-	-	29	29	-
Special Education Fund	242,694	-	-	242,694	242,694	-
Vocational Education Fund	81,000	-	-	81,000	78,761	(2,239)
KPERS Special Retirement Contribution Fund	135,396	-	-	135,396	120,974	(14,422)
At Risk Fund (K-12)	150,029	-	-	150,029	145,000	(5,029)
Recreation Commission Fund	22,000	-	-	22,000	20,121	(1,879)
Gifts and Grants Fund	36,724	-	12,527	49,251	49,060	(191)

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 265,396	277,550	245,899	31,651
Delinquent Tax	3,566	2,228	1,341	887
Mineral Severance Tax	3,344	4,103	-	4,103
Intergovernmental Revenues				
Equalization Aid	967,922	992,021	1,022,337	(30,316)
Special Ed Aid	157,816	167,752	174,761	(7,009)
Federal Aid - ARRA	26,327	-	-	-
Federal Aid - Education Jobs	46,099	684	-	-
Reimbursements	50	-	-	-
Total Cash Receipts	1,470,520	1,444,338	1,444,338	(684)
Expenditures				
Instruction	527,754	524,969	537,494	(12,525)
Student Support Services	44,739	48,493	45,505	2,988
Instructional Support Services	105,352	109,783	24,843	84,940
General Administration	56,863	58,595	143,022	(84,427)
School Administration	56,726	61,083	59,107	1,976
Operations and Maintenance	150,425	182,563	44,457	138,106
Transportation	-	-	123,810	(123,810)
Transfers Out	528,661	458,852	466,100	(7,248)
Total Expenditures	1,470,520	1,444,338	1,444,338	-
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning As Previously Stated	-	(110,530)		
Prior Period Adjustment	-	110,530		
Unencumbered Cash - Beginning As Restated	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 385,224	405,323	360,340	44,983
Delinquent Tax	3,733	2,499	1,963	536
Motor Vehicle Tax	27,907	33,321	35,768	(2,447)
Recreational Vehicle Tax	257	355	462	(107)
Federal Aid	-	653	-	653
Total Cash Receipts	417,121	442,151	398,533	43,618
Expenditures				
Instruction	166,271	169,504	213,595	(44,091)
General Administration	87,166	83,322	100,500	(17,178)
School Administration	10,643	8,786	11,200	(2,414)
Operations and Maintenance	82,210	88,632	109,500	(20,868)
Transfers Out	67,000	56,500	67,000	(10,500)
Total Expenditures	413,290	406,744	501,795	(95,051)
Cash Receipts Over (Under) Expenditures	3,831	35,407		
Unencumbered Cash - Beginning	99,432	103,263		
Unencumbered Cash - Ending	\$ 103,263	138,670		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 30,090	30,100	30,100	-
Miscellaneous	2,000	-	-	-
Total Cash Receipts	32,090	30,100	<u>30,100</u>	<u>-</u>
Expenditures				
Instruction	30,490	30,810	<u>30,810</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	1,600	(710)		
Unencumbered Cash - Beginning	400	2,000		
Unencumbered Cash - Ending	\$ <u>2,000</u>	<u>1,290</u>		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 86,568	89,930	80,258	9,672
Delinquent Tax	626	420	444	(24)
Motor Vehicle Tax	4,270	5,594	6,450	(856)
Recreational Vehicle Tax	484	650	83	567
Other Local Revenue	1,852	18,275	-	18,275
Total Cash Receipts	93,800	114,869	87,235	27,634
Expenditures				
Instruction	10,512	16,953	40,000	(23,047)
General Administration	7,250	5,169	19,625	(14,456)
Transportation	57,392	17,458	35,000	(17,542)
Operations and Maintenance	9,816	27,400	35,000	(7,600)
Facility Acquisition and Construction	92,150	64,469	97,000	(32,531)
Total Expenditures	177,120	131,449	226,625	(95,176)
Cash Receipts Over (Under) Expenditures	(83,320)	(16,580)		
Unencumbered Cash - Beginning	222,710	139,390		
Unencumbered Cash - Ending	\$ 139,390	122,810		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 962	1,316	592	724
Other Local Revenue	480	490	400	90
Total Cash Receipts	1,442	1,806	992	814
Expenditures				
Instruction	1,050	1,384	1,384	-
Cash Receipts Over (Under) Expenditures	392	422		
Unencumbered Cash - Beginning	-	392		
Unencumbered Cash - Ending	\$ 392	814		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 765	743	616	127
Federal Aid	49,938	47,587	47,759	(172)
Services	21,934	22,979	22,956	23
Transfers In	30,000	30,000	30,000	-
Total Cash Receipts	102,637	101,309	101,331	(22)
Expenditures				
Operations and Maintenance	41,668	53,292	35,000	18,292
Food Service Operation	43,850	53,875	87,890	(34,015)
Total Expenditures	85,518	107,167	122,890	(15,723)
Cash Receipts Over (Under) Expenditures	17,119	(5,858)		
Unencumbered Cash - Beginning	9,987	27,106		
Unencumbered Cash - Ending	\$ 27,106	21,248		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Professional Development Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts	\$ -	-	-	-
Expenditures	-	<u>29</u>	<u>29</u>	<u>-</u>
Cash Receipts (Over) Under Expenditures	-	29		
Unencumbered Cash - Beginning	<u>29</u>	<u>29</u>		
Unencumbered Cash - Ending	<u>\$ 29</u>	<u>-</u>		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Special Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 237,843	224,252	242,000	(17,748)
Local Sources	<u>19,994</u>	<u>11,396</u>	<u>-</u>	<u>11,396</u>
Total Cash Receipts	257,837	235,648	<u>242,000</u>	<u>(6,352)</u>
Expenditures				
Instruction	<u>228,498</u>	<u>242,694</u>	<u>242,694</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	29,339	(7,046)		
Unencumbered Cash - Beginning	<u>9,235</u>	<u>38,574</u>		
Unencumbered Cash - Ending	\$ <u><u>38,574</u></u>	<u><u>31,528</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Vocational Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 125,000	81,000	81,000	-
Expenditures				
Instruction	125,000	78,761	81,000	(2,239)
Cash Receipts Over (Under) Expenditures	-	2,239		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	2,239		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 73,187	120,974	135,396	(14,422)
Expenditures				
Instruction	3,664	5,915	82,495	(76,580)
Student Support Services	4,504	7,357	8,234	(877)
Instructional Support Services	2,462	4,039	4,520	(481)
General Administration	8,115	14,452	16,175	(1,723)
School Administration	3,308	5,518	6,176	(658)
Operations and Maintenance	3,308	5,518	6,176	(658)
Student Transportation Services	2,666	4,467	5,000	(533)
Food Service Operation	45,160	73,708	6,620	67,088
Total Expenditures	73,187	120,974	135,396	(14,422)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Contingency Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 27,728	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	27,728	-
Unencumbered Cash - Beginning	60,500	88,228
Unencumbered Cash - Ending	\$ 88,228	88,228

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Student Material Revolving Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 6,932	13,126
Expenditures		
Student Support Services	20,048	12,510
Cash Receipts Over (Under) Expenditures	(13,116)	616
Unencumbered Cash - Beginning	17,196	4,080
Unencumbered Cash - Ending	\$ 4,080	4,696

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
At Risk Fund (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	145,000	150,000	150,000	-
Expenditures				
Instruction	147,999	145,000	150,029	(5,029)
Cash Receipts Over (Under) Expenditures	(2,999)	5,000		
Unencumbered Cash - Beginning	3,028	29		
Unencumbered Cash - Ending	\$ 29	5,029		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Recreation Commission Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 7,681	14,928	13,165	1,763
Delinquent Tax	321	178	37	141
Motor Vehicle Tax	2,113	1,552	2,143	(591)
Recreational Vehicle Tax	239	316	-	316
Other Local Sources	-	-	4,000	(4,000)
Total Cash Receipts	10,354	16,974	19,345	(2,371)
Expenditures				
Community Service Operations	7,369	20,121	22,000	(1,879)
Cash Receipts Over (Under) Expenditures	2,985	(3,147)		
Unencumbered Cash - Beginning	162	3,147		
Unencumbered Cash - Ending	\$ 3,147	-		

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Title I Low Income Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 50,028	44,299
Expenditures		
Instruction	<u>50,028</u>	<u>44,299</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u><u>\$ -</u></u>	<u><u>-</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Title II Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 2,138	7,158
Federal Aid - ARRA	6,500	-
Total Cash Receipts	8,638	7,158
Expenditures		
Instruction	8,638	7,158
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Title II - Ed Tech Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 190	-
Expenditures		
Other Grant Expenditures	191	-
Cash Receipts Over (Under) Expenditures	(1)	-
Unencumbered Cash - Beginning	1	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
REAP Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 12,163	20,678
Expenditures		
Instruction	123	12,281
Other Grant Expenditures	11,699	4,584
Total Expenditures	11,822	16,865
Cash Receipts Over (Under) Expenditures	341	3,813
Unencumbered Cash- Beginning	-	341
Unencumbered Cash - Ending	\$ 341	4,154

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
 Gifts and Grants Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Gifts and Miscellaneous Grants	\$ 44,114	46,027	33,500	12,527
Expenditures				
Instruction	22,858	27,367	36,724	(9,357)
Operations and Maintenance	24,334	21,693	-	21,693
(a) Adjustment for Qualifying Budget Credit	-	-	12,527	(12,527)
Total Expenditures	47,192	49,060	49,251	(191)
Cash Receipts Over (Under) Expenditures	(3,078)	(3,033)		
Unencumbered Cash - Beginning	6,302	3,224		
Unencumbered Cash - Ending	\$ 3,224	191		
(a) Adjustment for Qualifying Budget Credit				
Grants Over Amount Budgeted			\$ 12,527	

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Title IV Drug Free Schools Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ -	-
Expenditures		
Student Support Services	-	9
Cash Receipts Over (Under) Expenditures	-	(9)
Unencumbered Cash - Beginning	9	9
Unencumbered Cash - Ending	\$ 9	-

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Migrant Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 69,000	62,080
Expenditures		
Instruction	64,208	56,092
Other Grant Expenditures	4,792	5,988
Total Expenditures	69,000	62,080
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Character Education Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 2,000	2,855
Expenditures		
Instruction	1,239	585
Other Grant Expenditures	761	781
Total Expenditures	2,000	1,366
Cash Receipts Over (Under) Expenditures	-	1,489
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	1,489

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Band Fundraising	\$ 131	12,139	10,705	1,565
Class of 2011	5,016	-	5,016	-
Class of 2012	8,396	1,511	9,610	297
Class of 2013	5,301	10,899	8,179	8,021
Class of 2014	3,470	2,130	36	5,564
Class of 2015	-	1,863	220	1,643
Class of 2016	50	50	94	6
Drama	367	-	-	367
FFA	2,890	6,467	7,992	1,365
FCCLA	2,196	1,289	831	2,654
Miscellaneous	1,575	5,809	6,130	1,254
National Honor Society	739	663	554	848
Spirit Squad (HS)	6,332	7,925	10,156	4,101
Spirit Squad (JH)	140	50	50	140
Student Council	2,077	1,319	2,799	597
Total High School	38,680	52,114	62,372	28,422
Grade School				
K-8 Activity	2,039	-	652	1,387
Faculty Club	334	-	-	334
Total Grade School	2,373	-	652	1,721
Total	\$ 41,053	52,114	63,024	30,143

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

UNIFIED SCHOOL DISTRICT NO. 103
District Activity Funds
Summary of Cash Receipts, Expenditures and Unencumbered Cash

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	\$ 2,864	-	37,153	33,921	6,096	-	6,096
School Projects							
High School							
Yearbook	2,126	-	3,870	3,727	2,269	-	2,269
Band	-	-	1,170	1,170	-	-	-
Book	-	-	3,762	3,762	-	-	-
Industrial Arts	-	-	2,723	2,723	-	-	-
Total School Projects	2,126	-	11,525	11,382	2,269	-	2,269
Fee and User Charges							
High School							
Ag Lab Fees	-	-	4,453	4,453	-	-	-
Drivers Education	-	-	490	490	-	-	-
Science Lab	-	-	305	305	-	-	-
Total High School	-	-	5,248	5,248	-	-	-
Grade School							
Miscellaneous	50	-	-	-	50	-	50
Total District Activity Funds	\$ 5,040	-	53,926	50,551	8,415	-	8,415

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 103 Bird City, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

These financial statements present **Unified School District No. 103 Bird City, Kansas** (the primary government) and not its component unit. The following is a component unit of the District. The District exercises significant influence or accountability based primarily on operational or financial relationships with the District.

Cheylin Recreation Commission

The District's Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission does not issue audited financial statements. Contact the District Clerk for information on how to obtain their financial information.

The District is the primary government as defined in GASB #14 and further amended by GASB #39. The Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Use of Estimates

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

Basis of Presentation – Fund Accounting

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

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

Governmental Fund Categories

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fiduciary Fund Categories

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

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

Statutory Basis of Accounting

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

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

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. The General Fund was amended this year.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and following special revenue funds: Contingency Reserve Fund, Student Material Revolving Fund, Title I Low Income Fund, Title II Fund, Title II-Ed Tech Fund, REAP Grant Fund, Title IV Drug Free Schools Fund, Migrant Fund, Character Education Fund, and District Activity Funds.

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

Deposits and Investments

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

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$517,900 and the bank balance was \$453,358. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$352,248 was covered by federal depository insurance and \$101,110 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

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

Compensated Absences

Sick Leave and Personal Leave

All certified employees on permanent status earn sick leave and personal leave at 12 days per year with a maximum accumulation of 52 days. Upon resignation at the end of the school year, a teacher shall be paid for all unused sick leave and personal days up to 52 days at the rate of \$40 per day.

A potential liability for sick leave and personal leave is shown on the schedule of long-term debt.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State currently contributes 9.77% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. The State of Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2012, 2011 and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$120,974, \$73,187, and \$82,209, respectively.

Other Post Employment Benefits

The Board agreed to an Early Retirement Option of one of the following: one time payment of \$10,000 if you retire before 63 years of age; or \$5,000 per year for 3 years or until reaching the age qualifying them for Medicare. The following conditions must be met for either option:

1. Have served in the district a minimum of 10 years and have 15 years on the vertical increment of the salary schedule.
2. Teacher is at least 55 years of age.
3. Payments for the Early Retirement Option should be made in a yearly lump sum by October 31 commencing after retirement.

For the year ended June 30, 2012, the District paid \$23,750 under this plan.

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

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

Reimbursements

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

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 103 Bird City, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2012 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Bilingual Education Fund	K.S.A. 72-6428	\$ 30,100
General Fund	Food Service Fund	K.S.A. 72-6428	30,000
General Fund	Special Education Fund	K.S.A. 72-6428	167,752
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	150,000
General Fund	Vocational Education Fund	K.S.A. 72-6428	81,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	56,500

NOTE 3 – LITIGATION

Unified School District No. 103 Bird City, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 103 Bird City, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, crime, umbrella, automobile, worker's compensation and fidelity bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 103 Bird City, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged

UNIFIED SCHOOL DISTRICT NO. 103 BIRD CITY, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 6 – GRANTS AND SHARED REVENUES (continued)

to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 103 Bird City, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – LONG-TERM DEBT

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

Type	Balance Beginning of Year	Net Change	End of Year
Compensated Absences	\$ 23,270	(250)	23,020

NOTE 8 – RELATED PARTY TRANSACTIONS

The following related parties were identified for the fiscal year 2012. Related party transactions do not include compensation arrangements, expense allowances and reimbursements, and similar items incurred in the ordinary course of operations and, accordingly, such items are not included below.

		2012
Ag Repair Service	Spouse of District Clerk	\$ 5,260
MIDE Connections	Brother-in-law of Board Member	5,590
Bressler-Young Aviation, Inc.	Spouse of District Clerk	318

NOTE 9 – IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$106,120 subsequent to June 30, 2012 and as required by K.S.A. 72-6417, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

The General Fund Unencumbered Cash has been restated to \$0 to be in conformity with the regulatory basis of accounting as of July 1, 2011.