

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Unified School District No. 220  
Ashland, Kansas

We have audited the accompanying financial statements of Unified School District No. 220, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note A, Unified School District No. 220 has prepared these financial statements using the accounting practices prescribed or permitted by 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, is presumed to be material.

Further in our opinion, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 220 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Unified School District No. 220, as of June 30, 2012, and its cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

December 18, 2012

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General funds:		
General fund	\$ -	\$ -
Supplemental general fund	78,454	-
Special revenue funds:		
Bilingual fund	5,565	-
Capital outlay fund	177,649	-
Driver training fund	9,702	-
Food service fund	39,140	-
Professional development fund	17,351	-
Special education fund	68,765	-
Vocational education fund	39,990	-
KPERs special retirement contribution fund	-	-
At-risk (4 yr old) fund	26,220	-
At-risk (K-12) fund	74,453	-
Recreation commission fund	700	-
Non-budgeted special revenue funds:		
Contingency reserve fund	58,720	-
Textbook and student material revolving fund	4,534	-
Title I fund	-	-
Title II math/science fund	-	-
Title III fund	-	-
REAP grant fund	-	-
Gifts and grants fund	135,066	-
District activity funds	25,757	-
Private-purpose trust fund:		
Meginniss trust	<u>39,309</u>	<u>-</u>
	801,375	-
Component unit:		
Ashland Recreation Commission	<u>39,661</u>	<u>-</u>
Total - excluding agency funds	<u>\$ 841,036</u>	<u>\$ -</u>

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 1,794,366	\$ 1,794,365	\$ 1	\$ 51,797	\$ 51,798
580,194	583,648	75,000	1,460	76,460
35,514	25,080	15,999	-	15,999
130,247	69,947	237,949	18,972	256,921
2,593	4,003	8,292	283	8,575
166,921	159,768	46,293	-	46,293
8,211	7,092	18,470	780	19,250
275,992	248,938	95,819	-	95,819
66,291	56,281	50,000	-	50,000
161,245	161,245	-	-	-
34,460	30,680	30,000	-	30,000
192,422	176,015	90,860	-	90,860
31,127	30,625	1,202	-	1,202
2,200	-	60,920	-	60,920
18,943	8,659	14,818	6,472	21,290
36,525	36,525	-	-	-
8,847	8,847	-	-	-
286	286	-	-	-
1,333	1,333	-	-	-
183,070	249,750	68,386	61,033	129,419
50,242	60,336	15,663	-	15,663
116	113	39,312	-	39,312
3,781,145	3,713,536	868,984	140,797	1,009,781
33,499	33,240	39,920	-	39,920
<u>\$ 3,814,644</u>	<u>\$ 3,746,776</u>	<u>\$ 908,904</u>	<u>\$ 140,797</u>	<u>\$ 1,049,701</u>

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH (CONTINUED)**

Year ended June 30, 2012

	<u>Ending cash balance</u>
Composition of cash balance:	
U.S.D. No. 220 accounts:	
Super now account - Stockgrowers State Bank	\$ 953,308
High school super now account - Citizens State Bank	58,139
High school money market account - Citizens State Bank	10,565
Certificates of deposit - Stockgrowers State Bank	39,312
Petty cash - Stockgrowers State Bank	1,500
Total component unit	<u>39,920</u>
Total cash	1,102,744
Less: Agency funds	(46,270)
Non-activity funds	<u>(6,773)</u>
Total - excluding agency funds	<u><u>\$ 1,049,701</u></u>

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**

Year ended June 30, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General fund	\$ 1,819,314	\$ (24,948)	\$ 1,794,366	\$ 1,794,365	\$ 1
Supplemental general fund	616,168	-	616,168	583,648	32,520
Special revenue funds:					
Bilingual fund	28,564	-	28,564	25,080	3,484
Capital outlay fund	351,236	-	351,236	69,947	281,289
Driver training fund	17,164	-	17,164	4,003	13,161
Food service fund	172,572	-	172,572	159,768	12,804
Professional development fund	32,351	-	32,351	7,092	25,259
Special education fund	308,358	-	308,358	248,938	59,420
Vocational education fund	100,990	-	100,990	56,281	44,709
KPERS special retirement contribution fund	172,035	-	172,035	161,245	10,790
At-risk (4 yr old) fund	46,220	-	46,220	30,680	15,540
At-risk (K-12) fund	279,726	-	279,726	176,015	103,711
Recreation commission fund	30,625	-	30,625	30,625	-
	<u>3,975,323</u>	<u>(24,948)</u>	<u>3,950,375</u>	<u>3,347,687</u>	<u>602,688</u>
Component unit:					
Ashland Recreation Commission	<u>73,350</u>	<u>-</u>	<u>73,350</u>	<u>33,240</u>	<u>40,110</u>
<b>Total</b>	<u><u>\$ 4,048,673</u></u>	<u><u>\$ (24,948)</u></u>	<u><u>\$ 4,023,725</u></u>	<u><u>\$ 3,380,927</u></u>	<u><u>\$ 642,798</u></u>

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Statutory amounts	2012 Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 5,126	\$ 5,446	\$ 25,406	\$ (19,960)
Current tax	556,029	564,482	518,712	45,770
Delinquent tax	242	2,710	12,119	(9,409)
Federal aid:				
ARRA stabilization funds	35,082	-	-	-
Education jobs funds	61,428	883	-	883
State aid:				
Equalization aid	999,253	1,027,916	1,026,997	919
Mineral production tax	38,862	24,541	42,748	(18,207)
Special education aid	151,218	168,388	193,332	(24,944)
Total cash receipts	<u>1,847,240</u>	<u>1,794,366</u>	<u>\$ 1,819,314</u>	<u>\$ (24,948)</u>
Expenditures and transfers subject to legal maximum budget:				
Instruction	869,920	939,000	\$ 796,205	\$ (142,795)
Student support services	47,672	44,904	43,881	(1,023)
Instructional support staff	31,200	5,983	12,056	6,073
General administration	155,205	186,712	146,751	(39,961)
School administration	117,880	117,127	115,436	(1,691)
Operations and maintenance	208,099	153,040	172,967	19,927
Student transportation services	3,663	4,778	12,500	7,722
Other supplemental service	144,950	31,937	59,840	27,903
Operating transfers	268,651	310,884	459,678	148,794
Adjustment to comply with legal maximum budget	-	-	(24,948)	(24,948)
Total expenditures and transfers subject to legal maximum budget	<u>1,847,240</u>	<u>1,794,365</u>	<u>\$ 1,794,366</u>	<u>\$ 1</u>
Receipts over (under) expenditures	-	1		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 1</u>		

The accompanying notes are an integral part of the financial statements.



**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**SUPPLEMENTAL GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
<b>Cash receipts:</b>				
<b>Taxes:</b>				
Ad valorem property:				
Tax in process	\$ 5,256	\$ 6,740	\$ 28,340	\$ (21,600)
Current tax	519,072	546,706	503,839	42,867
Delinquent tax	132	3,801	11,465	(7,664)
Motor vehicle tax	21,807	22,759	27,243	(4,484)
Recreational vehicle tax	286	188	346	(158)
Total cash receipts	<u>546,553</u>	<u>580,194</u>	<u>\$ 571,233</u>	<u>\$ 8,961</u>
<b>Expenditures:</b>				
Instruction	31,385	28,100	\$ 63,019	\$ 34,919
General administration	1,014	374	1,500	1,126
School administration	510	545	-	(545)
Operations and maintenance	17,978	59,496	85,552	26,056
Student transportation services	109,726	122,348	104,380	(17,968)
Other supplemental service	-	-	4,183	4,183
Operating transfers	346,100	372,785	357,534	(15,251)
Total expenditures	<u>506,713</u>	<u>583,648</u>	<u>\$ 616,168</u>	<u>\$ 32,520</u>
Receipts over (under) expenditures	39,840	(3,454)		
Unencumbered cash, beginning of year	<u>38,614</u>	<u>78,454</u>		
Unencumbered cash, end of year	<u>\$ 78,454</u>	<u>\$ 75,000</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**BILINGUAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ 5,000	\$ 9,999	\$ 5,000	\$ 4,999
Supplemental general fund	6,600	25,515	18,000	7,515
Total cash receipts	11,600	35,514	<u>\$ 23,000</u>	<u>\$ 12,514</u>
Expenditures:				
Instruction	10,316	25,080	<u>\$ 28,564</u>	<u>\$ 3,484</u>
Receipts over (under) expenditures	1,284	10,434		
Unencumbered cash, beginning of year	4,281	5,565		
Unencumbered cash, end of year	<u>\$ 5,565</u>	<u>\$ 15,999</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**CAPITAL OUTLAY FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
<b>Cash receipts:</b>				
<b>Taxes:</b>				
<b>Ad valorem property:</b>				
Tax in process	\$ 672	\$ 739	\$ 3,346	\$ (2,607)
Current tax	56,891	116,948	107,778	9,170
Delinquent tax	88	570	1,256	(686)
Motor vehicle tax	5,212	3,233	3,175	58
Recreational vehicle tax	69	42	41	1
Interest	782	448	-	448
Other	2,529	1,683	-	1,683
<b>Transfers:</b>				
General fund	21,433	6,584	85,034	(78,450)
<b>Total cash receipts</b>	<b>87,676</b>	<b>130,247</b>	<b>\$ 200,630</b>	<b>\$ (70,383)</b>
<b>Expenditures:</b>				
Instruction	24,047	17,976	\$ 50,000	\$ 32,024
Student support services	-	-	15,975	15,975
Operations and maintenance	57,342	33,158	185,655	152,497
Transportation	-	-	46,431	46,431
Facility acquisition and construction service	9,495	16,188	30,000	13,812
Repair and remodeling building	7,136	2,625	23,175	20,550
<b>Total expenditures</b>	<b>98,020</b>	<b>69,947</b>	<b>\$ 351,236</b>	<b>\$ 281,289</b>
Receipts over (under) expenditures	(10,344)	60,300		
Unencumbered cash, beginning of year	187,993	177,649		
Unencumbered cash, end of year	<u>\$ 177,649</u>	<u>\$ 237,949</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**DRIVER TRAINING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
State aid	\$ 740	\$ 1,222	\$ 962	\$ 260
Other	1,800	1,371	1,500	(129)
Transfers:				
Supplemental general fund	-	-	5,000	(5,000)
Total cash receipts	<u>2,540</u>	<u>2,593</u>	<u>\$ 7,462</u>	<u>\$ (4,869)</u>
Expenditures:				
Instruction	3,834	3,720	\$ 11,310	\$ 7,590
Operations and maintenance	-	-	5,854	5,854
Vehicle operating maintenance	766	283	-	(283)
Total expenditures	<u>4,600</u>	<u>4,003</u>	<u>\$ 17,164</u>	<u>\$ 13,161</u>
Receipts over (under) expenditures	(2,060)	(1,410)		
Unencumbered cash, beginning of year	<u>11,762</u>	<u>9,702</u>		
Unencumbered cash, end of year	<u>\$ 9,702</u>	<u>\$ 8,292</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Federal aid	\$ 47,453	\$ 50,035	\$ 44,601	\$ 5,434
State aid	1,090	1,144	844	300
Charges for services	45,090	55,625	36,987	18,638
Other	8,596	4,787	-	4,787
Transfers:				
General fund	-	-	25,000	(25,000)
Supplemental general fund	43,500	55,330	26,000	29,330
Total cash receipts	<u>145,729</u>	<u>166,921</u>	<u>\$ 133,432</u>	<u>\$ 33,489</u>
Expenditures:				
Operations and maintenance	16,722	14,748	\$ 15,706	\$ 958
Food service operations	128,956	145,020	156,866	11,846
Total expenditures	<u>145,678</u>	<u>159,768</u>	<u>\$ 172,572</u>	<u>\$ 12,804</u>
Receipts over (under) expenditures	51	7,153		
Unencumbered cash, beginning of year	<u>39,089</u>	<u>39,140</u>		
Unencumbered cash, end of year	<u>\$ 39,140</u>	<u>\$ 46,293</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ 5,000	\$ 5,000	\$ 10,000	\$ (5,000)
Supplemental general fund	-	3,211	5,000	(1,789)
Total cash receipts	<u>5,000</u>	<u>8,211</u>	<u>\$ 15,000</u>	<u>\$ (6,789)</u>
Expenditures:				
Instructional support staff	4,879	7,092	\$ 27,000	\$ 19,908
Other supplemental service	-	-	5,351	5,351
Total expenditures	<u>4,879</u>	<u>7,092</u>	<u>\$ 32,351</u>	<u>\$ 25,259</u>
Receipts over (under) expenditures	121	1,119		
Unencumbered cash, beginning of year	<u>17,230</u>	<u>17,351</u>		
Unencumbered cash, end of year	<u>\$ 17,351</u>	<u>\$ 18,470</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Other	\$ 3,357	\$ -	\$ -	\$ -
Transfers:				
General fund	174,218	240,101	193,332	46,769
Supplemental general fund	100,000	35,891	46,261	(10,370)
Total cash receipts	<u>277,575</u>	<u>275,992</u>	<u>\$ 239,593</u>	<u>\$ 36,399</u>
Expenditures:				
Instruction	253,877	245,887	\$ 308,358	\$ 62,471
Vehicle operating services	-	3,051	-	(3,051)
Total expenditures	<u>253,877</u>	<u>248,938</u>	<u>\$ 308,358</u>	<u>\$ 59,420</u>
Receipts over (under) expenditures	23,698	27,054		
Unencumbered cash, beginning of year	<u>45,067</u>	<u>68,765</u>		
Unencumbered cash, end of year	<u>\$ 68,765</u>	<u>\$ 95,819</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Supplemental general fund	55,000	46,291	41,000	5,291
Total cash receipts	75,000	66,291	<u>\$ 61,000</u>	<u>\$ 5,291</u>
Expenditures:				
Instruction	59,622	56,281	<u>\$ 100,990</u>	<u>\$ 44,709</u>
Receipts over (under) expenditures	15,378	10,010		
Unencumbered cash, beginning of year	24,612	39,990		
Unencumbered cash, end of year	<u>\$ 39,990</u>	<u>\$ 50,000</u>		

The accompanying notes are an integral part of the financial statements.



**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

KPERs SPECIAL RETIREMENT CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	2012		
	Actual	Budget		
Cash receipts:				
State aid	\$ 93,143	\$ 161,245	\$ 172,035	\$ (10,790)
Expenditures:				
Instruction	64,267	113,466	\$ 118,705	\$ 5,239
Student support services	2,515	4,495	4,644	149
Instructional support staff	1,770	345	3,269	2,924
General administration	2,422	7,981	4,472	(3,509)
School administration	7,638	12,529	14,107	1,578
Operations and maintenance	5,682	7,463	10,495	3,032
Student transportation services	3,446	7,433	6,365	(1,068)
Other supplemental services	2,329	-	4,300	4,300
Food service operations	3,074	7,533	5,678	(1,855)
Total expenditures	93,143	161,245	\$ 172,035	\$ 10,790
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

AT- RISK (4 YR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ 5,000	\$ -	\$ 5,000	\$ (5,000)
Supplemental general fund	16,000	34,460	15,000	19,460
Total cash receipts	21,000	34,460	<u>\$ 20,000</u>	<u>\$ 14,460</u>
Expenditures:				
Instruction	15,878	30,680	<u>\$ 46,220</u>	<u>\$ 15,540</u>
Receipts over (under) expenditures	5,122	3,780		
Unencumbered cash, beginning of year	21,098	26,220		
Unencumbered cash, end of year	<u>\$ 26,220</u>	<u>\$ 30,000</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

AT- RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Transfers:				
General fund	\$ 38,000	\$ 22,000	\$ 19,000	\$ 3,000
Supplemental general fund	125,000	170,422	196,273	(25,851)
Total cash receipts	<u>163,000</u>	<u>192,422</u>	<u>\$ 215,273</u>	<u>\$ (22,851)</u>
Expenditures:				
Instruction	116,396	170,660	\$ 126,554	\$ (44,106)
Student support services	-	-	153,172	153,172
Instructional support staff	5,153	5,355	-	(5,355)
Total expenditures	<u>121,549</u>	<u>176,015</u>	<u>\$ 279,726</u>	<u>\$ 103,711</u>
Receipts over (under) expenditures	41,451	16,407		
Unencumbered cash, beginning of year	<u>33,002</u>	<u>74,453</u>		
Unencumbered cash, end of year	<u>\$ 74,453</u>	<u>\$ 90,860</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 294	\$ 370	\$ 1,655	\$ (1,285)
Current tax	28,459	29,237	26,952	2,285
Delinquent tax	11	219	628	(409)
Motor vehicle tax	1,456	1,283	1,487	(204)
Recreational vehicle tax	19	18	19	(1)
Total cash receipts	30,239	31,127	<u>\$ 30,741</u>	<u>\$ 386</u>
Expenditures:				
Transfer to component unit	35,614	30,625	<u>\$ 30,625</u>	<u>\$ -</u>
Receipts over (under) expenditures	(5,375)	502		
Unencumbered cash, beginning of year	6,075	700		
Unencumbered cash, end of year	<u>\$ 700</u>	<u>\$ 1,202</u>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**ASHLAND RECREATION COMMISSION  
ASHLAND, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			Variance favorable (unfavorable)
	2011	2012		
	Actual	Budget		
<b>Cash receipts:</b>				
Transfer from primary government	\$ 35,614	\$ 30,625	\$ 28,536	\$ 2,089
Fees	880	480	36	444
Interest	37	499	1,500	(1,001)
Gifts and grants	3,000	410	-	410
Fundraising	-	704	-	704
Miscellaneous	346	781	-	781
<b>Total cash receipts</b>	<b>39,877</b>	<b>33,499</b>	<b>\$ 30,072</b>	<b>\$ 3,427</b>
<b>Expenditures:</b>				
Recreation supplies	1,199	1,283	\$ 7,000	\$ 5,717
Utilities	508	285	700	415
Equipment	-	556	3,000	2,444
Instructors and coaches	-	-	3,000	3,000
Umpires	3,365	2,288	5,000	2,712
Tournament fees	175	870	1,000	130
Advertising and office supplies	336	201	500	299
Repair, maintenance, mowing and rentals	4,032	2,549	30,000	27,451
Improvements	-	-	-	-
Salaries	8,962	9,836	14,000	4,164
Insurance	2,852	2,871	4,000	1,129
Accounting	600	600	1,150	550
Taxes	1,892	1,835	2,000	165
Capital outlay	16,330	8,623	-	(8,623)
Refunds	740	-	-	-
Youth football program	3,000	-	-	-
Miscellaneous	655	1,443	2,000	557
<b>Total expenditures</b>	<b>44,646</b>	<b>33,240</b>	<b>\$ 73,350</b>	<b>\$ 40,110</b>
Receipts over (under) expenditures	(4,769)	259		
Unencumbered cash, beginning of year	44,430	39,661		
<b>Unencumbered cash, end of year</b>	<b>\$ 39,661</b>	<b>\$ 39,920</b>		

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

NON-BUDGETED SPECIAL REVENUE FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

Year ended June 30, 2012

	<u>Contingency reserve</u>	<u>Textbook and student material revolving</u>	<u>Title I</u>	<u>Title II math/science</u>
Cash receipts:				
Fees	\$ -	\$ 12,278	\$ -	\$ -
Federal aid	-	-	36,525	8,847
Grants	-	-	-	-
Gifts	-	-	-	-
Sales tax	-	-	-	-
Transfer from general fund	2,200	5,000	-	-
Transfer from supplemental general fund	-	1,665	-	-
	<u>2,200</u>	<u>18,943</u>	<u>36,525</u>	<u>8,847</u>
Expenditures:				
Instruction	-	8,659	36,525	8,847
Operations and maintenance	-	-	-	-
Other supplemental services	-	-	-	-
Food service operations	-	-	-	-
	<u>-</u>	<u>8,659</u>	<u>36,525</u>	<u>8,847</u>
Receipts over (under) expenditures	2,200	10,284	-	-
Unencumbered cash, beginning of year	<u>58,720</u>	<u>4,534</u>	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 60,920</u>	<u>\$ 14,818</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral  
part of the financial statements.

<u>Title III</u>	<u>REAP grant</u>	<u>Gifts and grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 12,278
286	1,333	-	46,991
-	-	11,970	11,970
-	-	71,117	71,117
-	-	99,983	99,983
-	-	-	7,200
-	-	-	1,665
<u>286</u>	<u>1,333</u>	<u>183,070</u>	<u>251,204</u>
286	1,333	198,027	253,677
-	-	37,547	37,547
-	-	8,951	8,951
-	-	5,225	5,225
<u>286</u>	<u>1,333</u>	<u>249,750</u>	<u>305,400</u>
-	-	(66,680)	(54,196)
-	-	135,066	198,320
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,386</u>	<u>\$ 144,124</u>

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

MEGINNISS TRUST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

	Year ended June 30,	
	2011	2012
Cash receipts:		
Interest	\$ 150	\$ 116
Expenditures:		
Scholarships	-	113
Receipts over (under) expenditures	150	3
Unencumbered cash, beginning of year	39,159	39,309
Unencumbered cash, end of year	\$ 39,309	\$ 39,312

The accompanying notes are an integral  
part of the financial statements.



**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

**DISTRICT ACTIVITY FUNDS**

**SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
Athletics	\$ 6,573	\$ 24,370	\$ 30,943	\$ -	\$ -	\$ -
Annual	487	4,702	5,189	-	-	-
FCA	56	500	-	556	-	556
Jay TV	4,345	29	29	4,345	-	4,345
Tennis club	1,273	270	700	843	-	843
JH volleyball club	176	189	345	20	-	20
HS volleyball club	69	5,518	5,581	6	-	6
HS football club	556	-	331	225	-	225
HS golf club	97	2,311	2,240	168	-	168
JH track club	120	390	371	139	-	139
HS track club	759	259	266	752	-	752
JH boys basketball club	119	360	352	127	-	127
JH girls basketball club	-	431	411	20	-	20
HS boys basketball club	6,375	410	2,495	4,290	-	4,290
HS girls basketball club	565	2,529	2,614	480	-	480
Forensics club	112	4	-	116	-	116
Quiz bowl club	133	-	-	133	-	133
Weightlifting club	672	1,040	64	1,648	-	1,648
Skills USA club	1,208	49	32	1,225	-	1,225
Book fair	4	4,591	4,566	29	-	29
Memorial fund	541	-	-	541	-	541
High school quiz bowl	537	675	1,212	-	-	-
Band and music	678	262	940	-	-	-
Forensics	302	1,353	1,655	-	-	-
<b>Total district activity funds</b>	<b>\$ 25,757</b>	<b>\$ 50,242</b>	<b>\$ 60,336</b>	<b>\$ 15,663</b>	<b>\$ -</b>	<b>\$ 15,663</b>

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student activity funds:				
High school cheerleaders	\$ 608	\$ 4,393	\$ 4,829	\$ 172
Junior high school cheerleaders	681	78	759	-
Class of 2011	2,067	-	2,067	-
Class of 2012	9,407	-	7,663	1,744
Class of 2013	7,714	6,886	7,927	6,673
Class of 2014	7,414	5,932	2,413	10,933
Class of 2015	9,719	9,056	7,661	11,114
Class of 2016	2,066	4,427	2,145	4,348
Class of 2017	-	1,636	-	1,636
IRC - Special Ed	3,543	1,357	1,155	3,745
A-Club	1,771	525	50	2,246
National Honor Society	902	-	-	902
Stuco	2,468	6,587	7,117	1,938
Concessions	655	40,047	40,702	-
<b>Total student activity funds</b>	<u>49,015</u>	<u>80,924</u>	<u>84,488</u>	<u>45,451</u>
Clearing funds:				
Interest	538	281	-	819
Sales tax	(10)	5,129	5,119	-
<b>Total clearing funds</b>	<u>528</u>	<u>5,410</u>	<u>5,119</u>	<u>819</u>
<b>Total agency funds</b>	<u>\$ 49,543</u>	<u>\$ 86,334</u>	<u>\$ 89,607</u>	<u>\$ 46,270</u>

The accompanying notes are an integral part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 220  
ASHLAND, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are the representation of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2011 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2012, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting described below. Certain prior year amounts have been reclassified to result in more comparative statements.

1. Reporting entity

Unified School District No. 220, Ashland, Kansas is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 220, Ashland, Kansas, (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

*Discretely Presented Component Unit.* The component unit section of these 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.

*Ashland Recreation Commission:* The Recreation Commission oversees recreational activities. Four of the five members of the governing board of the Recreation Commission are appointed by the Board of Education. 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 cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Ashland Recreation Commission may be obtained as follows:

Ashland Recreation Commission  
P.O. Box 815  
Ashland, Kansas 67831

2. Fund accounting

The accounts of the District are organized on the basis of funds. A fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Fund accounting (continued)

District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

#### GOVERNMENTAL FUNDS

##### General Funds

General funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities.

##### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulation.

#### FIDUCIARY FUNDS

##### Private-Purpose Trust Fund

The private-purpose trust fund is used to account for the principal and income for trust arrangements that benefit individuals, private organizations or other governments.

##### Agency Funds

Agency funds are used to account for assets held by the District as an agent for individuals, other governments and/or other funds.

### 3. Basis of Accounting

*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 is charged in the fund from which the transfer is made.

K.S.A. 72-6417 and K.S.A. 79-6434 require that districts receiving state aid in July for the previous fiscal year ended in June record and account for these funds as receipts for the previous fiscal year ending on the preceding June 30.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting (continued)

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.

*Departure from Accounting Principles Generally Accepted in the United States of America.* The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is 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 municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general funds, 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 adoption of the legal annual operating budget:

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

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. The General fund was amended as follows:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 1,778,868	\$ 1,819,314

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Budgets (continued)

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

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

A legal operating budget is not required for the private-purpose trust fund, agency funds, and the following special revenue funds:

- Contingency reserve
- Textbook and student material revolving
- Title I
- Title II math/science
- Title III
- Rural education achievement program
- Gifts and grants
- 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.

### 5. Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's deposits. Unless specifically designated, all investment income is credited to funds designated by K.S.A. 72-6427.

### 6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes attaches on the same date until taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20 and the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The state of Kansas pays the District's share of all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### 8. Compensated absences

The District's policy grants employees on twelve month contracts ten or fifteen days vacation per year depending upon length of service. Vacation time is noncumulative and is lost if not taken within one year. Sick leave for employees on twelve month contracts may be accumulated at the rate of six to twelve days per year up to a total accumulation of 36 to 100 days depending upon position of employment. In the event of death, retirement or termination of employment for all employees, accumulated sick leave is lost. The District does not accrue compensated absences as the amounts thereof are not material in relationship to the financial statements taken as a whole. These costs are expensed as paid.

### 9. Section 125 plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expense, dental/vision insurance and other various insurance premiums. The plan is administered by an independent company.

### 10. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

### 11. Other post employment benefits

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.

### 12. Voluntary early retirement plan

The District offers a voluntary early retirement plan to certified employees of the District. Qualifying personnel must have ten or more continuous years of service and be eligible to receive KPERs retirement benefits. Retirees receive one quarter of their base pay and a \$900 health insurance benefit per year. Benefits are payable for five years or until the participant reaches age 65. Payments to retired employees were \$16,900 for the year ended June 30, 2012.

## B. DEPOSITS AND INVESTMENTS

*Policies.* The District has no formal deposit and investment policies; however it does follow state statutes. 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 to 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 to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, 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.

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. 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. At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$1,062,822. The bank balance was \$1,086,717. Of the bank balance, \$320,772 was covered by FDIC insurance, and \$765,945 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

## C. LONG-TERM DEBT

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

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>
Voluntary early retirement	<u>\$ 18,542</u>	<u>\$ 40,000</u>	<u>\$ 16,900</u>	<u>\$ 41,642</u>

## D. 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 S. Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate at 4% and 6% respectively 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 contributed 9.17% of covered payroll for July 1, 2011 through June 30, 2012. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 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 \$161,245, \$93,143, and \$111,229.



## E. INTERFUND TRANSACTIONS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. Operating transfers as authorized by K.S.A. 72-6428 and K.S.A. 72-6433 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General fund	Special education fund	\$ 240,101
General fund	At-risk (K-12) fund	22,000
General fund	Bilingual fund	9,999
General fund	Vocational education fund	20,000
General fund	Capital outlay fund	6,584
General fund	Professional development fund	5,000
General fund	Contingency reserve fund	2,200
General fund	Textbook rental fund	5,000
Supplemental general fund	Bilingual fund	25,515
Supplemental general fund	Food service fund	55,330
Supplemental general fund	Professional development fund	3,211
Supplemental general fund	Special education fund	35,891
Supplemental general fund	Vocational education fund	46,291
Supplemental general fund	Textbook rental fund	1,665
Supplemental general fund	At-risk (4 yr old) fund	34,460
Supplemental general fund	At-risk (K-12) fund	<u>170,422</u>
		<u>\$ 683,669</u>

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Recreation commission fund	Ashland District Recreation Commission	<u>\$ 30,625</u>

## F. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2012.

## G. 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 to employees; and natural disasters. The District participates in a public entity risk pool to cover worker's compensation claims. All other risks are covered by commercial insurance. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

## G. RISK MANAGEMENT (CONTINUED)

### Workers' Compensation Coverage

The District is a member of the Kansas Association of School Boards Risk Management Services which is a public entity risk pool currently operating as a common risk management and insurance program for member school districts.

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

## H. JOINT VENTURE

On July 1, 2009, the District and eight other school districts signed an agreement with Interlocal No. 625. The school district will fund Interlocal No. 625 on an as needed basis to cover salaries and other administrative costs for maintaining the nine-district ITV network.

## I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2012, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.