

DESOTO UNIFIED SCHOOL DISTRICT NO. 232

STATUTORY BASIS FINANCIAL STATEMENTS

For the year ended June 30, 2012

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA
A Professional Association
Certified Public Accountants

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1-2
Statement 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2	
Summary of Expenditures - Actual and Budget	4
Statement 3	
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	5
Supplemental General Fund	6
Vocational Education Fund	7
Special Education Fund	8
Driver Training Fund	9
Food Service Fund	10
Capital Outlay Fund	11
Gifts and Grants Fund	12
Extraordinary Growth Fund	13
Professional Development Fund	14
KPERS Contribution Fund	15
Bi - Lingual Education Fund	16
Parent Education Fund	17
Special Assessment Fund	18
At-Risk - 4 year old Fund	19
At-Risk - K-12 Fund	20
Bond And Interest Fund	21
Statement of Cash Receipts and Expenditures - Any Nonbudgeted Funds	22-24
Statement 4	
Statement of Cash Receipts and Cash Disbursements - Agency Funds	25
Statement 5	
Statement of Cash Receipts, Expenditures and Unencumbered Cash - District Activity Funds	26-27
Notes to Financial Statements	28-40
Federal Program Reports and Schedules	

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	41-42
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB A-133	43-44
Schedule 1 Schedule of Expenditures of Federal Awards	45
Schedule 2 Schedule of Findings and Questioned Costs	46
Notes to Schedule of Expenditures of Federal Awards	47-48

Long CPA, PA

James M. Long, CPA
Shareholder

901 Kentucky, Suite 104
Lawrence, KS 66044
jim@jlongcpa.com

785-312-9091
Fax 785-312-9249
Cell 785-766-7556

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Unified School District No. 232, DeSoto, 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 the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

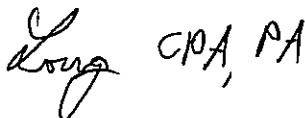
As described more fully in Note 1, Unified School District No. 232 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 232 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 the Unified School District No. 232, as of June 30, 2012, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2012, on our consideration of Unified School District No. 232's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 232's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 232. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Long CPA, PA".

Long CPA, PA
A Professional Association
Certified Public Accountant

November 10, 2012

USD #232 DESOTO, KANSAS

Statement 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General	\$ (2,193,011)	\$ 0	\$ 35,940,592	\$ 36,193,056	\$ (2,445,475)	\$ 541,497	\$ (1,903,978)
Supplemental General	491,225	0	12,618,754	12,331,165	778,814	508,479	1,287,293
Special Revenue Funds							
Vocational Education	86,276	0	1,912,000	1,912,151	86,125	23,288	109,413
Special Education	924,947	0	8,608,650	8,595,401	938,196	990	939,186
Driver Education	242,438	0	62,826	215,654	89,610		89,610
Food Service	680,187	0	2,504,247	2,645,865	538,569	24,245	562,814
Capital Outlay	9,685,553	0	1,738,102	3,297,321	8,126,334	1,268,757	9,395,091
Gifts and Grants	41,231	0	93,028	116,511	17,748	3,278	21,026
Extraordinary Growth Facilities	417,870	0	1,555,161	1,900,000	73,031		73,031
Professional Development	193,273	0	44,000	44,085	193,188		193,188
KPERS Special Contribution	0	0	4,061,990	4,061,990	0		0
Bilingual Education	27,395	0	352,000	346,912	32,483	5,580	38,063
Parent Education	17,432	0	183,922	189,811	11,543		11,543
Special Assessment	154,409	0	144,360	163,197	135,572		135,572
At Risk (4 Year Old)	9,615	0	99,000	98,656	9,959		9,959
At Risk (K-12)	96,010	0	1,316,460	1,320,875	91,595		91,595
District Activity Funds	386,115	0	1,496,649	1,495,493	387,271		387,271
Textbook Student Materials Fund	539,762	0	418,937	264,844	693,855	45,422	739,277
Contingency Reserve Fund	3,806,622	0	0	206,622	3,600,000		3,600,000
Title I	0	0	126,541	124,356	2,185	134	2,319
Title IIA - Teacher Quality	0	0	64,704	48,959	15,745		15,745
Title IV Drug Free	0	0	0	0	0		0
Title IIIA - English Acquisition	0	0	17,263	16,112	1,151	1,908	3,059
Title IID - Ed Tech	0	0	0	0	0		0
Title IV - 21st CLC Grant	0	0	136,682	136,682	0		0
Debt Service Funds							
Bond and Interest Fund	15,452,951	0	19,498,361	17,166,455	17,784,857		17,784,857
Capital Projects Funds							
Capital Projects - 2002 Building	10,565,066	0		4,229,011	6,336,055		6,336,055
Total Reporting Entity	\$ 41,625,366	\$ 0	\$ 92,994,229	\$ 97,121,184	\$ 37,498,411	\$ 2,423,578	\$ 39,921,989
Composition of Cash							
Checking Accounts							\$ (8,547,156)
Savings Accounts							198,063
Petty Cash							1,500
Municipal Investment Pool							48,498,504
Total Cash							40,150,911
Agency Funds per Statement 4							228,922
Total Reporting Entity							\$ 39,921,989

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

USD #232 DESOTO, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

Statement 2

<u>Funds</u>	<u>Certified</u>	<u>Adjustments to</u>	<u>Adjustments</u>	<u>Total</u>	<u>Expenditures</u>	<u>Variance -</u>
<u>Governmental Type Funds</u>	<u>Budget</u>	<u>Comply with</u>	<u>for Qualifying</u>	<u>Budget for</u>	<u>Chargeable to</u>	<u>Favorable</u>
		<u>Legal Max</u>	<u>Budget Credits</u>	<u>Comparison</u>	<u>Current Year</u>	<u>(Unfavorable)</u>
General Funds						
General	\$ 36,554,802	\$ (361,746)	\$ 0	\$ 36,193,056	\$ 36,193,056	\$ 0
Supplemental General	12,331,165	0	0	12,331,165	12,331,165	0
Special Revenue Funds						
Vocational Education	1,923,799	0	0	1,923,799	1,912,151	11,648
Special Education	8,963,281	0	0	8,963,281	8,595,401	367,880
Driver Training	238,018	0	0	238,018	215,654	22,364
Food Service	3,016,398	0	0	3,016,398	2,645,865	370,533
Capital Outlay	6,000,000	0	0	6,000,000	3,297,321	2,702,679
Gifts and grants	210,692	0	0	210,692	116,511	94,181
Extraordinary Growth Facilities Program	1,900,000	0	0	1,900,000	1,900,000	0
Professional Development	112,174	0	0	112,174	44,085	68,089
KPERS Special Contribution	4,380,275	0	0	4,380,275	4,061,990	318,285
Bilingual Education	347,881	0	0	347,881	346,912	969
Parent Education	191,354	0	0	191,354	189,811	1,543
At-Risk Fund (4 Year Old)	107,615	0	0	107,615	98,656	8,959
At-Risk Fund (K-12)	1,408,291	0	0	1,408,291	1,320,875	87,416
Special assessment	200,000	0	0	200,000	163,197	36,803
Bond and Interest	17,168,216	0	0	17,168,216	17,166,455	1,761

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

USD #232 DESOTO, KS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 7,017,791	\$ 6,466,858	\$ 550,933
Delinquent tax	275,027	98,136	176,891
Motor vehicle tax			0
RV tax			0
Federal grants	16,415	0	16,415
State aid/grants	28,481,359	29,839,808	(1,358,449)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>150,000</u>		<u>150,000</u>
Total Cash Receipts	<u>35,940,592</u>	<u>36,404,802</u>	<u>(464,210)</u>
EXPENDITURES			
Instruction	21,031,473	20,868,837	(162,636)
Student support services	1,539,754	1,543,113	3,359
Instruction support staff	1,521,767	1,562,526	40,759
General administration	509,236	972,927	463,691
School administration	2,709,133	2,779,463	70,330
Operations and maintenance	2,077,171	2,120,992	43,821
Student transportation services	1,649,910	1,080,796	(569,114)
Central support services			0
Other support services	654,612	409,718	(244,894)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	4,500,000	5,216,430	716,430
Adjustment to comply with legal max		(361,746)	(361,746)
Adjustment for qualifying budget credits			<u>0</u>
Total Expenditures	<u>36,193,056</u>	<u>\$ 36,193,056</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(252,464)		
Unencumbered Cash, Beginning	(2,193,011)		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (2,445,475)</u>		

See Note 12 (Cash Basis Exception)

See Note 13 (Statutory Presentaion)

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

USD #232 DESOTO, KS
SUPPLEMENTAL GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 7,144,097	\$ 7,156,204	\$ (12,107)
Delinquent tax	252,544	9,683	242,861
Motor vehicle tax	637,588	719,433	(81,845)
RV tax	4,801	4,578	223
Federal grants	0		0
State aid/grants	4,579,724	4,448,073	131,651
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>12,618,754</u>	<u>12,337,971</u>	<u>280,783</u>
EXPENDITURES			
Instruction	446,562	850,698	404,136
Student support services			0
Instruction support staff	2,068,724	40,998	(2,027,726)
General administration	390,860	434,356	43,496
School administration	93,339	133,776	40,437
Operations and maintenance	2,616,420	2,935,230	318,810
Student transportation services	124,260	945,000	820,740
Central support services			0
Other support services		1,401,107	1,401,107
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	6,591,000	5,590,000	(1,001,000)
Adjustment to comply with legal max		0	0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>12,331,165</u>	<u>\$ 12,331,165</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	287,589		
Unencumbered Cash, Beginning	491,225		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 778,814</u>		

See Note 12 (Cash Basis Exception)

See Note 13 (Statutory Presentation)

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

USD #232 DESOTO, KS
 VOCATIONAL EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	20,000		20,000
Operating transfers	<u>1,892,000</u>	<u>1,837,523</u>	<u>54,477</u>
Total Cash Receipts	<u>1,912,000</u>	<u>1,837,523</u>	<u>74,477</u>
EXPENDITURES			
Instruction	1,912,151	1,923,799	11,648
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,912,151</u>	<u>\$ 1,923,799</u>	<u>\$ 11,648</u>
Receipts Over (Under) Expenditures	(151)		
Unencumbered Cash, Beginning	86,276		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 86,125</u>		

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

USD #232 DESOTO, KS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	1,144,635	1,185,105	(40,470)
State aid/grants			0
Charges for services	124,015	56,500	67,515
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>7,340,000</u>	<u>7,178,140</u>	<u>161,860</u>
Total Cash Receipts	<u>8,608,650</u>	<u>8,419,745</u>	<u>188,905</u>
EXPENDITURES			
Instruction	7,157,879	7,334,365	176,486
Student support services			0
Instruction support staff	224,876	225,583	707
General administration	187,311	197,833	10,522
School administration			0
Operations and maintenance	4,784	5,500	716
Student transportation services	1,020,551	1,200,000	179,449
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>8,595,401</u>	<u>\$ 8,963,281</u>	<u>\$ 367,880</u>
Receipts Over (Under) Expenditures	13,249		
Unencumbered Cash, Beginning	924,947		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 938,196</u>		

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

USD #232 DESOTO, KS
 DRIVER TRAINING FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	19,458	18,500	958
Charges for services	43,368	35,000	8,368
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>62,826</u>	<u>53,500</u>	<u>9,326</u>
Total Cash Receipts			
	<u>62,826</u>	<u>53,500</u>	<u>9,326</u>
EXPENDITURES			
Instruction	60,802	81,518	20,716
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	4,852	6,500	1,648
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	150,000	150,000	0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>215,654</u>	<u>\$ 238,018</u>	<u>\$ 22,364</u>
Total Expenditures			
	<u>215,654</u>	<u>\$ 238,018</u>	<u>\$ 22,364</u>
Receipts Over (Under) Expenditures	(152,828)		
Unencumbered Cash, Beginning	242,438		
Prior Year Cancelled Encumbrances			
	<u>89,610</u>		
Unencumbered Cash, Ending	<u>\$ 89,610</u>		

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

USD #232 DESOTO, KS
 FOOD SERVICE FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	678,206	694,398	(16,192)
State aid/grants	27,888	27,861	27
Charges for services	1,796,936	2,015,451	(218,515)
Interest income	69	200	(131)
Miscellaneous revenues	1,148		1,148
Operating transfers			0
Total Cash Receipts	<u>2,504,247</u>	<u>2,737,910</u>	<u>(233,663)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	2,645,865	3,016,398	370,533
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,645,865</u>	<u>\$ 3,016,398</u>	<u>\$ 370,533</u>
Receipts Over (Under) Expenditures	(141,618)		
Unencumbered Cash, Beginning	680,187		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 538,569</u>		

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

USD #232 DESOTO, KS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,495,579	\$ 1,378,149	\$ 117,430
Delinquent tax	66,202	20,932	45,270
Motor vehicle tax	145,023	163,074	(18,051)
RV tax	1,093	1,037	56
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	3,608	10,000	(6,392)
Miscellaneous revenues	26,597	12,000	14,597
Operating transfers			0
Total Cash Receipts	<u>1,738,102</u>	<u>1,585,192</u>	<u>152,910</u>
EXPENDITURES			
Instruction	512,833	1,500,000	987,167
Student support services		200,000	200,000
Instruction support staff			0
General administration		200,000	200,000
School administration		100,000	100,000
Operations and maintenance	2,191,013	200,000	(1,991,013)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	593,475	3,800,000	3,206,525
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>3,297,321</u>	<u>\$ 6,000,000</u>	<u>\$ 2,702,679</u>
Receipts Over (Under) Expenditures	(1,559,219)		
Unencumbered Cash, Beginning	9,685,553		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 8,126,334</u>		

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

USD #232 DESOTO, KS
GIFTS & GRANTS FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	93,028	185,000	(91,972)
Operating transfers			0
	<u>93,028</u>	<u>185,000</u>	<u>(91,972)</u>
Total Cash Receipts			
	<u>93,028</u>	<u>185,000</u>	<u>(91,972)</u>
EXPENDITURES			
Instruction	76,548	174,692	98,144
Student transportation services			0
Instruction support staff	39,963	36,000	(3,963)
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>116,511</u>	<u>210,692</u>	<u>94,181</u>
Total Expenditures			
	<u>116,511</u>	<u>\$ 210,692</u>	<u>\$ 94,181</u>
Receipts Over (Under) Expenditures	(23,483)		
Unencumbered Cash, Beginning	41,231		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>17,748</u>		

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

USD #232 DESOTO, KS
 EXTRAORDINARY GROWTH FACILITIES FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,310,067	\$ 1,306,106	\$ 3,961
Delinquent tax	62,394	22,327	40,067
Motor vehicle tax	181,331	202,318	(20,987)
RV tax	1,369	1,287	82
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>1,555,161</u>	<u>1,532,038</u>	<u>23,123</u>
EXPENDITURES			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	1,900,000	1,900,000	0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(344,839)		
Unencumbered Cash, Beginning	417,870		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 73,031</u>		

See Note 5

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

USD #232 DESOTO, KS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>44,000</u>		<u>44,000</u>
Total Cash Receipts	<u>44,000</u>	<u>0</u>	<u>44,000</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	44,085	112,174	68,089
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>44,085</u>	<u>\$ 112,174</u>	<u>\$ 68,089</u>
Receipts Over (Under) Expenditures	(85)		
Unencumbered Cash, Beginning	193,273		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 193,188</u>		

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

USD #232 DESOTO, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	4,061,990	4,380,275	(318,285)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>4,061,990</u>	<u>4,380,275</u>	<u>(318,285)</u>
EXPENDITURES			
Instruction	4,061,990	3,105,616	(956,374)
Student support services		175,211	175,211
Instruction support staff		180,905	180,905
General administration		101,622	101,622
School administration		293,916	293,916
Operations and maintenance		292,602	292,602
Student transportation services		876	876
Central support services			0
Other support services		113,887	113,887
Food service operations		115,640	115,640
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>4,061,990</u>	<u>\$ 4,380,275</u>	<u>\$ 318,285</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #232 DESOTO, KS
 BILINGUAL EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>352,000</u>	<u>320,486</u>	<u>31,514</u>
Total Cash Receipts	<u>352,000</u>	<u>320,486</u>	<u>31,514</u>
EXPENDITURES			
Instruction	346,912	347,881	969
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>346,912</u>	<u>\$ 347,881</u>	<u>\$ 969</u>
Receipts Over (Under) Expenditures	5,088		
Unencumbered Cash, Beginning	27,395		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 32,483</u>		

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

USD #232 DESOTO, KS
 PARENT EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	113,922	113,922	0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>70,000</u>	<u>60,000</u>	<u>10,000</u>
Total Cash Receipts	<u>183,922</u>	<u>173,922</u>	<u>10,000</u>
EXPENDITURES			
Instruction			0
Student support services	189,318	191,354	2,036
Instruction support staff	493		(493)
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>189,811</u>	<u>\$ 191,354</u>	<u>\$ 1,543</u>
Receipts Over (Under) Expenditures	(5,889)		
Unencumbered Cash, Beginning	17,432		
Prior Year Cancelled Encumbrances	<u> </u>		
Unencumbered Cash, Ending	<u>\$ 11,543</u>		

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

USD #232 DESOTO, KS
SPECIAL ASSESSMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 127,136	\$ 116,513	\$ 10,623
Delinquent tax	5,351	2,252	3,099
Motor vehicle tax	11,785	13,565	(1,780)
RV tax	88	87	1
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>144,360</u>	<u>132,417</u>	<u>11,943</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	163,197	200,000	36,803
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>163,197</u>	<u>\$ 200,000</u>	<u>\$ 36,803</u>
Receipts Over (Under) Expenditures	(18,837)		
Unencumbered Cash, Beginning	154,409		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 135,572</u>		

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

USD #232 DESOTO, KS
 AT RISK FUND (4 Year Old)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>99,000</u>	<u>98,000</u>	<u>1,000</u>
Total Cash Receipts	<u>99,000</u>	<u>98,000</u>	<u>1,000</u>
EXPENDITURES			
Instruction	98,656	107,615	8,959
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>98,656</u>	<u>\$ 107,615</u>	<u>\$ 8,959</u>
Receipts Over (Under) Expenditures	344		
Unencumbered Cash, Beginning	9,615		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 9,959</u>		

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

USD #232 DESOTO, KS
 AT RISK FUND (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services	22,460		22,460
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>1,294,000</u>	<u>1,312,281</u>	<u>(18,281)</u>
Total Cash Receipts	<u>1,316,460</u>	<u>1,312,281</u>	<u>4,179</u>
EXPENDITURES			
Instruction	1,320,875	1,408,291	87,416
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,320,875</u>	<u>\$ 1,408,291</u>	<u>\$ 87,416</u>
Receipts Over (Under) Expenditures	(4,415)		
Unencumbered Cash, Beginning	96,010		
Prior Year Cancelled Encumbrances	<u> </u>		
Unencumbered Cash, Ending	\$ <u>91,595</u>		

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

USD #232 DESOTO, KS
BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 13,314,038	\$ 12,260,701	\$ 1,053,337
Delinquent tax	387,713	192,464	195,249
Motor vehicle tax	1,077,106	1,228,793	(151,687)
RV tax	8,089	7,820	269
Federal grants			0
State aid/grants	4,672,728	4,673,168	0
Charges for services			0
Interest income	38,687	5,000	33,687
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>19,498,361</u>	<u>18,367,946</u>	<u>1,130,855</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	17,166,455	17,168,216	1,761
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>17,166,455</u>	<u>\$ 17,168,216</u>	<u>\$ 1,761</u>
Receipts Over (Under) Expenditures	2,331,906		
Unencumbered Cash, Beginning	15,452,951		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 17,784,857</u>		

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

USD #232 DESOTO, KS
 NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	Textbook Student material Revolving	Contingency Reserve	Title 1
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants			126,541
State aid/grants			
Charges for services	418,937		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	418,937	0	126,541
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Instruction	264,844	206,622	124,356
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<hr/>	<hr/>	<hr/>
Total Expenditures	264,844	206,622	124,356
	<hr/>	<hr/>	<hr/>
Receipts Over (Under) Expenditures	154,093	(206,622)	2,185
Unencumbered Cash, Beginning	539,762	3,806,622	0
Prior Year Cancelled Encumbrances	0	0	0
	<hr/>	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 693,855	\$ 3,600,000	\$ 2,185
	<hr/>	<hr/>	<hr/>

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

USD #232 DESOTO, KS
 NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Title II-A</u> <u>Teacher Quality</u>	<u>Title IV</u> <u>Drug Free</u>	<u>Title III-A</u> <u>English Acquisition</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants	64,704		17,263
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	<hr/> 64,704	<hr/> 0	<hr/> 17,263
EXPENDITURES			
Instruction	48,959		16,112
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<hr/> 48,959	<hr/> 0	<hr/> 16,112
Receipts Over (Under) Expenditures	15,745	0	1,151
Unencumbered Cash, Beginning	0	0	0
Prior Year Cancelled Encumbrances	<hr/> 0	<hr/> 0	<hr/> 0
Unencumbered Cash, Ending	\$ <u><u>15,745</u></u>	\$ <u><u>0</u></u>	\$ <u><u>1,151</u></u>

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

USD #232 DESOTO, KS
NONBUDGETED FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012

	Title II-D Ed Tech	Title IV - 21st CLC Grant
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Federal grants		136,682
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>0</u>	<u>136,682</u>
EXPENDITURES		
Instruction		136,682
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>0</u>	<u>136,682</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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

AGENCY FUNDS

Statement of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
DeSoto High School Activity Funds				
Student Clubs	\$ 16,726	\$ 17,025	\$ 19,998	\$ 13,753
Academic Clubs	8,655	145,080	146,424	7,311
Athletic Support Groups	2,791	28,883	20,920	10,754
Classes	13,786	17,332	18,989	12,129
Mill Valley School Activity Funds				
Student Clubs	15,996	33,136	35,837	13,295
Academic Clubs	48,528	70,976	64,308	55,196
Athletic Support Groups	22,907	73,879	66,707	30,079
Classes	14,016	9,667	9,046	14,637
Monticello Trails Activity Funds				
Yearbook Club	14,581	19,611	16,929	17,263
STUCO	16,848	10,207	8,838	18,217
Millcreek Activity Funds				
Band Club	136	2,560	2,696	0
Activity	1,720	7,343	8,345	718
Art	969	3,360	3,467	862
FACS	2,293	3,760	4,380	1,673
Technology	922	653	430	1,145
Health/Nurse	25	0	0	25
Agenda	1,067	2,855	3,465	457
Science	859	6,582	6,121	1,320
Science Olympiad	1,277	10	1,218	69
Yearbook	7,415	16,816	13,938	10,293
Art Club	80	0	0	80
Winning with Wellness	100	0	0	100
MCMS Explo	65	833	457	441
STUCO	0	0	0	0
Lexington Trails Activity Funds				
Yearbook Club	1,044	7,011	6,672	1,383
STUCO	131	410	373	168
Drama	0	210	172	38
Science	1,832	2,866	3,090	1,608
Technology	766	631	250	1,147
Basketball	7	2,384	1,949	442
Wrestling	77	0	0	77
Art Club	41	1,020	33	1,028
NY Art Club	10	0	0	10
FACS	221	1,625	1,438	408
Band Club	825	3,050	3,855	20
Riverview Activity Funds				
STUCO	366	2,511	2,368	509
Choir Club	91	1,548	1,166	473
Clear Creek Activity Funds				
Classes	292	2,644	2,905	31
STUCO	269	3,158	2,427	1,000
Choir Club	148	3,150	3,203	95
Prairie Ridge Elementary Activity Funds				
Choir Club	832	2,850	2,669	1,013
Char. Council	242	1,090	875	457
Horizon Elementary Activity Funds				
Classes	805	967	930	842
Choir Club	924	2,433	2,410	947
Belmont Elementary Activity Funds				
Activity	3,905	17,275	20,847	333
Choir Club	166	1,776	1,593	349
Mize Elementary Activity Funds				
Art/Tech	0	5,934	0	5,934
Band/Choir Club	2,506	2,148	3,861	793
Total	\$ 207,262	\$ 537,259	\$ 515,599	\$ 228,922

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

USD #232 DESOTO, KS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

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							
DeSoto High school athletics	\$ 31,787	\$	\$ 127,597	\$ 126,456	\$ 32,928	\$	32,928
Mill Valley High School Athletics	61,416		219,038	218,499	61,955	-	61,955
Millcreek Middle School Athletics	9,686		34,587	36,080	8,193	-	8,193
Monticello Trails Middle School	13,577		20,066	18,020	15,623	-	15,623
Lexington Trails Middle School	815		5,837	5,646	1,006	-	1,006
Subtotal Gate Receipts	117,281	0	407,125	404,701	119,705	0	119,705
School Projects							
DeSoto High School							
Journalism	1,375		22,039	20,172	3,242	-	3,242
Consumables	22,358		67,308	59,733	29,933	-	29,933
Board clearing	4		70,874	70,878	0	-	-
Mill Valley High School							
Journalism	30,408		76,105	77,550	28,963	-	28,963
Grant projects	25		0	0	25	-	25
Consumables	54,586		76,310	80,609	50,287	-	50,287
Board clearing	265		160,915	157,211	3,969	-	3,969
Monticello Trails School							
Bobcat projects	19,025		6,621	14,677	10,969	-	10,969
Fees/Activities/Field trips	33,204		54,707	50,295	37,616	-	37,616
Library	256		484	274	466	-	466
Vending	655		1,173	1,126	702	-	702
PTA/Donations	209		7,764	6,976	997	-	997
Board clearing	880		59,083	57,333	2,630	-	2,630
Lexington Trails School							
Activities	454		2,750	2,584	620	-	620
Library	460		374	279	555	-	555
Vending	244		240	252	232	-	232
Concession	433		16,152	14,253	2,332	-	2,332
McDonalds	534		426	0	960	-	960
Field trip	1,149		700	1,772	77	-	77
Engineering applications	45		880		925	-	925
Agenda	1,963		1,066	1,302	1,727	-	1,727
Lifeskills	184		0	0	184	-	184
Student recognition	66		0	0	66	-	66
Parker - tie dye	50		10,813	10,209	654	-	654
Odgers science	407		1,975	2,244	138	-	138
PE	244		0	0	244	-	244
Board clearing	101		18,225	17,450	876	-	876
Activity pass	102		4,089	3,768	423	-	423

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

USD #232 DESOTO, KS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

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
Millcreek Middle School							
Board clearing	2,195		39,740	39,010	2,925	-	2,925
TSA Club	30				30	-	30
Counselor Miscellaneous	205		90	17	278	-	278
8th Grade Miscellaneous	86		6,301	6,332	55	-	55
Engineering Apps	325		2,470	1,473	1,322	-	1,322
6th Grade Sped	100		35	0	135	-	135
PTA	3,764		2,232	3,619	2,377	-	2,377
Library	593		174	121	646	-	646
Musical	6,164		5,703	6,706	5,161	-	5,161
Riverview Elementary School							
Library	794		493	955	332	-	332
Annual	3,547		10,952	6,601	7,898	-	7,898
Field trip	243		5,011	5,083	171	-	171
T-shirts	31		4,879	4,886	24	-	24
Board clearing	123		27,241	26,944	420	-	420
Starside Elementary School							
Library	4,866		5,999	6,405	4,460	-	4,460
Planners	201		0	0	201	-	201
Field trip	284		0	0	284	-	284
Lifetouch	8,823		13,670	16,032	6,461	-	6,461
Board clearing	398		11,537	11,626	309	-	309
Clear Creek Elementary School							
Library	1,601		868	1,602	867	-	867
Pictures/Annual	11,986		12,490	12,733	11,743	-	11,743
Field trip/Other	1,955		447	700	1,742	-	1,742
Board clearing	825		28,548	28,828	545	-	545
Prairie Ridge Elementary School							
Pictures/Annual	5,639		5,343	8,256	2,726	-	2,726
Library	735		536	157	1,114	-	1,114
Field trip/Other	26		6,179	4,079	2,126	-	2,126
Board clearing	929		32,928	31,304	2,553	-	2,553
Horizon Elementary School							
Pictures/Annual	5,341		3,653	3,775	5,219	-	5,219
Library	302		816	876	242	-	242
Field trip/Other	12		2,408	2,367	53	-	53
Board clearing	168		20,492	20,604	56	-	56
Belmont Elementary School							
Lifetouch	5,585		15,031	12,912	7,704	-	7,704
Library	60		242	47	255	-	255
Field trip/Other	0		701		0	-	-
Preschool	150		74,642	74,622	170	-	170
Mize Elementary School							
Library	5,884		526	1,523	4,887	-	4,887
Activities	5,916		21,694	26,408	1,202	-	1,202
Pictures/Annual	18,993		60,710	69,534	10,169	-	10,169
Field trip/Other	229		3,670	3,007	892	-	892
Subtotal School Projects	268,834	0	1,089,524	1,090,792	267,566	0	267,566
Total District Activity Funds	\$ 386,115	\$ 0	\$ 1,496,649	\$ 1,495,493	\$ 387,271	\$ 0	\$ 387,271

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

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.232 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.232 (b) organizations for which USD No. 232 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.232 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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

The following types of funds comprise the financial activities of the District for the year 2012:

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

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

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

Capital Projects Funds – To account for the resources and expenditures of a specific capital project.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

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

Statutory Basis of Accounting

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

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

Departure from Generally Accepted Accounting Principles (GAAP)

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

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles (Continued)

general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Reimbursed Expenses

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

Budgetary Information

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

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

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

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

time. There were budget amendments to the General Fund, At Risk (k-12) Fund, Bilingual Education Fund, Driver Training Fund, Special Education Fund, and Vocational Fund during the year.

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

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

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

Textbook Student Material Fund	Title IID Fund
Title V Fund	Contingency Reserve Fund
Title IIA Fund	Title IIIA Fund
Title I Fund	Title IV Fund
Reconnect Youth Grant Fund	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.

Inventories and Prepaid Expenses

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

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

NOTE 2 – Deposits and Investments

Deposits

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

K.S.A. 12-1675 limits the government'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 government has no investment policy that would further limit its investment choices. The District's investments are categorized to give an indication of the level or risk assumed by the entity at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in risk Category 1 have the least risk to the municipality.

	Risk			Carrying Amount	Market Value
	1	2	3		
Investments	-0-	-0-	-0-	-0-	-0-
State Treasurers Investment Pool				<u>\$ 48,498,504</u>	<u>\$ 48,498,504</u>

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

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%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the government's carrying amount of deposits was \$ 39,921,989 and the bank balance was \$ 50,506,249. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 232 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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 statutory required employers share.

NOTE 4 – Risk Management

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

NOTE 5 – Compliance with Kansas Statutes

We noted no violations of Kansas statutes for the period under audit.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Compensated Absences

Vacation time off with pay is available to eligible employees who work a 260 day contract. Upon employment in an eligible position and continuing through 5 consecutive years of employment, the employee is entitled to 10 vacation days each year, accrued monthly. Beginning on the anniversary of the 6th year of employment, the employee is entitled to 15 vacation days, accrued monthly. Vacation days are noncumulative to the next year.

The District grants all eligible employees short term leave at the rate of one day, equal to the hours worked per day, for every full month of service. In the event of termination or retirement certified employees are compensated for unused short term leave at a rate of \$40.00 per day. Classified employees, who give a two week notice of their resignation, are compensated for unused short term leave at a rate of \$ 20.00 per day.

NOTE 7 – Contingency

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

NOTE 8 – Capital Projects

On June 9, 2009 the patrons of the District approved issuance of \$ 25,000,000 in general obligation bonds for the purpose of constructing, furnishing, and equipping new elementary schools and new middle school athletic fields and other school facilities; constructing, furnishing, and equipping additions to Monticello Trails Middle School, Mill Valley High School and other school facilities; furnishing, equipping and improving existing school facilities; providing new and upgraded computer and communication technology; acquiring sites for school facilities; providing all necessary and related improvements; and paying fees and expenses incidental thereto including interest during construction.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Capital Projects (continued)

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
School Buildings	\$ 47,031,061	\$ 47,013,061

NOTE 9 – Interfund Transactions

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6428	4,500,000
Supplemental General Fund	Professional Develop. Fund	K.S.A. 72-6425	44,000
Supplemental General Fund	Bi-Lingual Fund	K.S.A. 72-6425	352,000
Supplemental General Fund	At-Risk Fund (K-12)	K.S.A. 72-6425	1,294,000
Supplemental General Fund	At-Risk Fund (K-4)	K.S.A. 72-6425	99,000
Supplemental General Fund	Parents as Teachers	K.S.A. 72-6425	70,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	2,840,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	1,892,000

NOTE 10 – Indebtedness

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2012, the statutory limit for the district was \$ 52,125,500 thus creating excess indebtedness of \$ 134,089,450. The outstanding bond principal represents 50.01% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation.

NOTE 11 – Subsequent Events

Subsequent events for management's review have been evaluated through November 10, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – Cash Basis Exception

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

NOTE 13 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

USD #232 DESOTO, KANSAS
Statement of Changes in Long-Term Debt
For the Year Ended June 30, 2012

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
2001 Issue	4.00% - 7.00%	8/1/01	9,900,000	9/1/19	\$ 7,860,000	\$	\$ 7,860,000	\$ (7,860,000)	\$ 0	\$ 172,008
2003-A Issue	3.05% - 5.10%	8/1/03	15,000,000	9/1/23	14,050,000		12,950,000	(12,950,000)	1,100,000	684,425
2004 Issue	3.00% - 4.75%	5/1/04	15,000,000	9/1/23	14,340,000		895,000	(895,000)	13,445,000	651,013
2004-A Issue	4.00% - 4.10%	8/12/04	9,545,000	9/1/17	7,890,000		775,000	(775,000)	7,115,000	311,400
2005 Issue	3.00% - 5.00%	2/23/05	29,205,000	9/1/22	25,890,000		950,000	(950,000)	24,940,000	1,265,165
2005-A Issue	4.00% - 5.25%	12/1/05	47,905,000	9/1/23	47,345,000		2,965,000	(2,965,000)	44,380,000	2,215,305
2008-A Issue	3.00% - 5.00%	2/20/08	20,880,000	9/1/19	16,940,000		3,020,000	(3,020,000)	13,920,000	578,963
2009 Issue	3.00% - 5.00%	6/9/09	25,000,000	9/1/29	25,000,000		0	(720,000)	25,000,000	1,052,311
2010 Issue	3.00% - 5.00%	1/28/10	27,000,000	9/1/35	27,000,000		720,000	(720,000)	26,280,000	1,451,864
Refund Callable Bonds	3.00% - 5.00%	12/29/11	20,010,000	9/1/23	0	20,010,000	310,000	19,700,000	19,700,000	191,478
Total Bonded Indebtedness										
					186,215,000	20,010,000	30,445,000	(10,435,000)	175,780,000	8,573,932
Compensated Absences	N/A	N/A	N/A	N/A	568,565	26,495	0	26,495	595,060	-
Total Long Term Debt										
					\$ 186,783,565	\$ 20,036,495	\$ 30,445,000	\$ (10,408,505)	\$ 176,375,060	\$ 8,573,932
Principal										
General Obligation Bonds	\$ 9,025,000	\$ 10,000,000	\$ 10,855,000	\$ 11,465,000	\$ 12,090,000	\$ 67,220,000	\$ 34,235,000	\$ 14,545,000	\$ 6,345,000	\$ 175,780,000
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases										0
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
Total Principal	9,025,000	10,000,000	10,855,000	11,465,000	12,090,000	67,220,000	34,235,000	14,545,000	175,780,000	0
Interest										
General Obligation Bonds	7,556,048	7,193,362	6,740,018	6,254,700	5,736,175	19,958,299	6,816,047	2,549,402	541,688	55,789,691
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases										0
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
Total Interest	7,556,048	7,193,362	6,740,018	6,254,700	5,736,175	19,958,299	6,816,047	2,549,402	541,688	55,789,691
Total Principal and Interest	\$ 16,581,048	\$ 17,193,362	\$ 17,595,018	\$ 17,719,700	\$ 17,826,175	\$ 87,178,299	\$ 41,051,047	\$ 17,094,402	\$ 176,321,688	\$ 55,789,691

Note 13 -

USD #232 DESOTO, KS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 7,017,791	\$ 6,466,858	\$ 550,933
Delinquent tax	275,027	98,136	176,891
Motor vehicle tax			0
RV tax			0
Federal grants	16,415		16,415
State aid/grants	28,733,823	29,839,808	(1,105,985)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	150,000	150,000	0
Total Cash Receipts	<u>36,193,056</u>	<u>36,554,802</u>	<u>(361,746)</u>
EXPENDITURES			
Instruction	21,031,473	20,868,837	(162,636)
Student support services	1,539,754	1,543,113	3,359
Instruction support staff	1,521,767	1,562,526	40,759
General administration	509,236	972,927	463,691
School administration	2,709,133	2,779,463	70,330
Operations and maintenance	2,077,171	2,120,992	43,821
Student transportation services	1,649,910	1,080,796	(569,114)
Central support services			0
Other support services	654,612	409,718	(244,894)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	4,500,000	5,216,430	716,430
Adjustment to comply with legal max		(361,746)	(361,746)
Adjustment for qualifying budget credits			0
Total Expenditures	<u>36,193,056</u>	<u>\$ 36,193,056</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ 0</u>		

Note 13 -

USD #232 DESOTO, KS
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 7,144,097	\$ 7,156,204	\$ (12,107)
Delinquent tax	252,544	9,683	242,861
Motor vehicle tax	637,588	719,433	(81,845)
RV tax	4,801	4,578	223
Federal grants			0
State aid/grants	4,614,206	4,448,073	166,133
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>12,653,236</u>	<u>12,337,971</u>	<u>315,265</u>
EXPENDITURES			
Instruction	446,562	850,698	404,136
Student support services			0
Instruction support staff	2,068,724	40,998	(2,027,726)
General administration	390,860	434,356	43,496
School administration	93,339	133,776	40,437
Operations and maintenance	2,616,420	2,935,230	318,810
Student transportation services	124,260	945,000	820,740
Central support services			0
Other support services		1,401,107	1,401,107
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	6,591,000	5,590,000	(1,001,000)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>12,331,165</u>	<u>\$ 12,331,165</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	322,071		
Unencumbered Cash, Beginning	727,542		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,049,613</u>		

Long CPA, PA

James M. Long, CPA
Shareholder

901 Kentucky, Suite 104
Lawrence, KS 66044
jim@jlongcpa.com

785-312-9091
Fax 785-312-9249
Cell 785-766-7556

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

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

We have audited the financial statements of Unified School District No. 232, DeSoto, Kansas as of and for the year ended June 30, 2012, and have issued our report thereon dated November 10, 2012. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 232's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 232's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

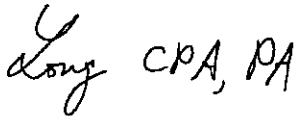
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 232's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

A handwritten signature in cursive script that reads "Long CPA, PA".

Long CPA, PA
A Professional Association
Certified Public Accountant

November 10, 2012

Long CPA, PA

James M. Long, CPA
Shareholder

901 Kentucky, Suite 104
Lawrence, KS 66044
jim@jlongcpa.com

785-312-9091
Fax 785-312-9249
Cell 785-766-7556

Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

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

Compliance

We have audited the compliance of Unified School District No. 232 DeSoto, Kansas with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. Unified School District No. 232's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 232's management. Our responsibility is to express an opinion on Unified School District No. 232's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 232's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 232's compliance with those requirements.

In our opinion, Unified School District No. 232 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

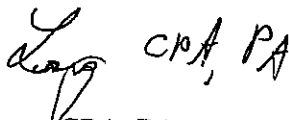
Board of Education
Unified School District No. 232
DeSoto, Kansas 66018

Internal Control Over Compliance

The management of Unified School District No. 232 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 232's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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



Long CPA, PA
A Professional Association
Certified Public Accountant

November 10, 2012

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 126,541
EHC Flo-Thru	84.027	*	990,078
Early Childhood Aid	84.173	*	16,411
Title IV - 21st Century	84.287	*	136,682
Advanced Placement	84.330	*	9,556
English Language	84.365	*	17,263
Title II - Teacher Quality	84.367	*	65,030
Title VI - State Assessments	84.369	*	276
Striving Readers Comp. Literacy Grant	84.371	*	138
Education Jobs Fund	84.410	*	16,415
<hr/> U.S. Department of Agriculture <hr/>			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	34,395
National School Lunch Program	10.555	*	623,002
SFS - Food	10.559	*	20,809
Team Nutrition Training	10.574	*	675
<hr/> U.S. Department of Education <hr/>			
Passed through State Department of Education:			
Title XIX	93.778	*	138,146
Youth Risk Behavior Survey	93.938	*	470
Total Federal Assistance			<u>\$ 2,195,887</u>

* Not available

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

DESOTO UNIFIED SCHOOL DISTRICT #232
DeSoto, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2012

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of DeSoto USD #232.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of DeSoto USD #232 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for DeSoto USD #232 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for DeSoto USD #232 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education: Title I cluster CFDA No. 84.010 and 84.027
7. DeSoto USD #232 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education: Title I cluster CFDA No. 84.010 and 84.027

No findings of noncompliance or questioned costs were noted.

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

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 232 DeSoto, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Unified School District No. 232 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

DESOTO UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1 – Basis of Accounting (continued)

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

NOTE 2 – Pass-Through Awards

Unified School District No. 232 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Department of Education: Title I cluster CFDA No. 84.010 and 84.027 has been determined by the independent auditor to be major programs.

NOTE 4 – Contingencies

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