

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Independent Audit Report

July 1, 2011 to June 30, 2012

MAPES & MILLER LLP

Certified Public Accountants

Norton, Kansas

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Audit Report

For the Year Ended June 30, 2012

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MAPES & MILLER LLP

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To the Board of Education
Unified School District No. 269
Palco, Kansas 67657

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of Unified School District No. 269, Palco, Kansas, as of and for the year ended June 30, 2012, which collectively comprises the basic financial statement of the District's primary government, as listed in the table of contents. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

The financial statement does not include financial data for the District's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component units. The District has not issued such reporting entity financial statements. The effect on the financial statement of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the Unified School District No. 269, Palco, Kansas has prepared this financial statement 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 effects on the financial statement of the variances between the statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 269, Palco, Kansas, as of June 30, 2012, or changes in financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the primary government of Unified School District No. 269, Palco, Kansas as of June 30, 2012, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, summary of cash receipts and cash disbursements-agency funds, and schedule of cash receipts, expenditures, and unencumbered cash-district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas
January 14, 2013

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 1

Page 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal 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	\$ 17,681	0	1,508,277	1,525,958	0	255	255
Supplemental General	52,623	0	466,171	497,654	21,140	2,950	24,090
Special Revenue							
At Risk (4 Year Old)	0	0	9,000	9,000	0	0	0
At Risk (K-12)	4,770	14	83,160	87,944	0	0	0
Capital Outlay	743,850	0	559,559	758,950	544,459	9,889	554,348
Driver Training	255	0	1,584	393	1,446	0	1,446
Food Service	42,820	0	115,218	126,454	31,584	0	31,584
Professional Development	0	0	5,000	5,000	0	0	0
Special Education	77,938	0	258,125	280,184	55,879	0	55,879
Vocational Education	0	0	45,383	42,497	2,886	0	2,886
KPERS Special Retirement Contribution Fund	0	0	142,350	142,350	0	0	0
Recreation Commission	0	0	43,494	43,494	0	0	0
Federal Funds	0	0	40,437	40,437	0	0	0
Textbook and Student Material Revolving	17,389	0	4,987	7,552	14,824	4,217	19,041
Contingency Reserve	177,247	0	0	75,377	101,870	0	101,870
Gifts and Grants	0	0	8,335	6,089	2,246	0	2,246
District Activity	10,725	0	11,363	16,216	5,872	0	5,872
Capital Project Funds:							
Qualified Zone Academy Bond (QZAB)	0	0	1,455,906	1,455,906	0	0	0
 Total Reporting Entity (Excluding Agency Funds)	 \$ 1,145,298	 14	 4,758,349	 5,121,455	 782,206	 17,311	 799,517

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Composition of Cash

For the Year Ended June 30, 2012

STATEMENT 1

Page 2

Midwest Community Bank, Palco, Kansas

NOW Account

\$ 793,645

Checking Accounts

55,615

Total Cash

849,260

Agency Funds per Schedule 3

(49,743)

Total Reporting Entity (Excluding Agency Funds)

\$ **799,517**

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Notes to the Financial Statement

June 30, 2012

1. Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 269, Palco, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation.

Accounting principles generally accepted in the United States of America require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Palco-Damar-Zurich Recreation Commission is a component unit of the District. Financial information for the Palco-Damar Zurich Recreation Commission has not been reported in the District's financial statement. Accordingly, this financial statement presents the activities of the primary government only and is not a complete presentation in accordance with generally accepted accounting principles.

Palco-Damar-Zurich Recreation Commission. The Palco-Damar-Zurich Recreation Commission oversees recreational activities. A five-member board is appointed to oversee the operation. The District annually levies taxes for the operation of the Commission. The recreation commission has only the powers granted by statute K.S.A. 12-1928. Unaudited financial reports for the Palco-Damar-Zurich Recreation Commission are available from the Recreation Commission Director, P.O. Box 53, Palco, Kansas, 67657.

Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts 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 fiscal year ended June 30, 2012:

Governmental Funds:

General Fund--To account for all unrestricted resources except those required to be accounted for in another fund.

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

Capital Projects Funds--To account for financial resources segregated for the acquisition of major capital facilities.

Fiduciary Funds:

Agency Funds--To account for assets held by the District in a purely custodial capacity for individuals, private organizations, other governmental units, and/or other funds.

Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statement 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.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of this statutory basis financial statement, 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 is charged in the fund from which the transfer is made.

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

Departure from the United States of America Generally Accepted Accounting Principles.

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

2. Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

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 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. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital projects funds, fiduciary funds, and the following special revenue funds: Contingency Reserve Fund, Textbook and Student Material Revolving Fund, Federal Funds, District Activity Funds, and Gifts and Grants Fund.

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.

3. **Property Taxes**

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the District and, therefore, are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period, and further, the amounts thereof are not material to the financial statement taken as a whole.

4. **Inventories and Prepaid Expense**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

5. **Compensated Absences**

Sick Leave

All full-time employees of Unified School District No. 269 are allowed twelve days a year sick leave, cumulative to fifty-five days, except for bus drivers who are allowed twelve days of sick leave per year non-accumulative. No payment for unused sick leave is made to an employee terminating employment with the District except for retiring certified employees. When a certified employee retires from the District, unused sick leave days shall be purchased at \$50 per day. The cost of accumulated sick leave as of June 30, 2012 is \$1,925 and is included in long-term debt in Note 14.

Vacation Pay

The superintendent is allowed ten days of vacation a year. Other twelve-month employees are allowed two weeks of vacation a year after the first year of service. There was no vacation payable as of June 30, 2012.

6. **Defined Benefit Pension Plan**

Plan Description. Unified School District No. 269, Palco, Kansas contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Fund Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for active members hired before July 1, 2009. For active members employed on or after July 1, 2009, K.S.A 74-49,210 established the KPERS member-employee contribution rate at 6% of covered salaries. Member-employee contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.77% of covered payroll, which includes 1% for Group Death and Disability Insurance. There was a moratorium on the 1% collection for Group Death and Disability Insurance from April 1, 2012 through June 30, 2012. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution 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. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$142,350, \$59,345, and \$93,447, respectively.

7. **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 premium regardless of age. However, the cost of this subsidy has not been quantified for this financial statement.

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.

8. Deposits and Investments

At June 30, 2012, the District had no investments.

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

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

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

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

At June 30, 2012, the District's carrying amount of deposits was \$849,986 and the bank balance was \$1,024,965. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$313,829 was covered by federal depository insurance and \$711,136 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

9. Interfund Transfers

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes.

Operating transfers were as follows:

General	Special Education	K.S.A. 72-6428	209,197
General	Vocational Education	K.S.A. 72-6428	42,801
General	At Risk (4 Year Old)	K.S.A. 72-6428	9,000
General	At Risk (K-12)	K.S.A. 72-6428	83,160
General	Food Service	K.S.A. 72-6428	16,548
General	Professional Development	K.S.A. 72-6428	5,000
Supplemental General	Food Service	K.S.A. 72-6433	21,025
Supplemental General	Special Education	K.S.A. 72-6433	47,731
Supplemental General	Vocational Education	K.S.A. 72-6433	1,000
Contingency Reserve	General	2011 SB 111	75,377

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards Workers Compensation Fund, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 83 participating members.

The District pays an annual premium to the Kansas Association of School Boards Workers Compensation Fund, Inc., for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Workers Compensation Fund, Inc., will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Workers Compensation Fund, Inc.'s, management.

The District continues to carry commercial insurance for all other risks of loss, including property, automobile, liability, inland marine, linebacker, health, and surety. For the year ended June 30, 2012, the District did not reduce insurance coverage from levels in place during the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Qualified Zone Academy Bonds (QZAB)

The District entered into a lease purchase agreement on March 24, 2011, with Security Bank of Kansas City to finance the acquisition, construction, and equipping of school building improvements. The District will pay Security Bank of Kansas City \$175,000 a year for a period of 12 years. The lease payments are to be placed in an interest bearing custodial account. The expected total of all payments to be made by the District plus interest earned on the account is \$2,100,000, which is the amount of the Lease Purchase Agreement, amortized with zero percent interest. At the end of 12 years, the custodian will release the funds in the account to Security Bank of Kansas City, and the lease will be terminated.

See Note 14 – Long-term Debt for additional information.

12. Capital Projects

At June 30, 2012, capital project authorizations compared with expenditures from inception are as follows:

	Expenditures to Date	Project Authorization
Qualified Zone Academy Bonds (QZAB) Project	\$ 2,105,576	2,105,576

13. Compliance with Kansas Statutes

Budget Compliance

K.S.A. 79-2935 states that it is unlawful for expenditures to exceed the District's published budget. It appears that expenditures in the Capital Outlay and Driver Training funds have exceeded the respective published budget amount. This appears to be a violation of K.S.A. 79-2935.

Other Compliance

K.S.A. 75-3317 through 75-3322 requires the District to make mandatory purchases of products and services offered by Kansas industries for the blind and severely disabled. The District did not make such purchases.

14. General Long-term Debt

Changes in long-term liabilities for Unified School District No. 269, Palco, Kansas for the year ended June 30, 2012 were as follows:

Issue	Interest Rates	Date Issued	Amount of Original Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Lease Purchase Agreements:										
Qualified Zone Academy Bonds										
(QZAB) (Note 11)	0.00%	03/24/11	\$2,100,000	03/24/23	<u>\$ 649,670</u>	<u>1,450,330</u>	<u>175,000</u>		<u>1,925,000</u>	<u>0</u>
Compensated Absences:										
Sick Leave	N/A	N/A	N/A	N/A	<u>\$ 0</u>			<u>1,925</u>	<u>1,925</u>	<u>0</u>
Total Long-term Debt					<u>\$ 649,670</u>	<u>1,450,330</u>	<u>175,000</u>	<u>1,925</u>	<u>1,926,925</u>	<u>0</u>

Current maturities for long-term debt for Unified School District No. 269, Palco, Kansas for the next five years and in five-year increments after that are as follows:

	2013	2014	2015	2016	2017	2018-2022	2023-2027	Total
PRINCIPAL								
Lease Purchase Agreements:								
Qualified Zone Academy Bonds (QZAB)								
Estimated Lease Payments (Note 11)	\$ 170,625	166,250	161,875	157,500	153,125	700,000	126,875	1,636,250
Estimated Interest Earnings (Note 11)	<u>4,375</u>	<u>8,750</u>	<u>13,125</u>	<u>17,500</u>	<u>21,875</u>	<u>175,000</u>	<u>48,125</u>	<u>288,750</u>
Total Principal	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>875,000</u>	<u>175,000</u>	<u>1,925,000</u>
INTEREST								
Lease Purchase Agreements:								
Qualified Zone Academy Bonds (QZAB)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Principal and Interest	<u>\$ 175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>875,000</u>	<u>175,000</u>	<u>1,925,000</u>

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 1

Palco, Kansas

Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)

For the Year Ended June 30, 2012

Description	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General	\$ 1,572,694	(60,161)	13,425	1,525,958	1,525,958	0
Supplemental General	508,839	(11,171)	0	497,668	497,654	(14)
Special Revenue						
At Risk (4 Year Old)	9,000	0	0	9,000	9,000	0
At Risk (K-12)	104,771	0	0	104,771	87,944	(16,827)
Capital Outlay	740,000	0	0	740,000	758,950	18,950
Driver Training	255	0	0	255	393	138
Food Service	149,635	0	0	149,635	126,454	(23,181)
Professional Development	5,000	0	0	5,000	5,000	0
Special Education	356,672	0	0	356,672	280,184	(76,488)
Vocational Education	81,000	0	0	81,000	42,497	(38,503)
KPERS Special Retirement Contribution Fund	159,336	0	0	159,336	142,350	(16,986)
Recreation Commission	44,284	0	0	44,284	43,494	(790)

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 2

Palco, Kansas

Page 1

General Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 4,485	12,218	(7,733)
Current Tax	819,938	848,482	(28,544)
Delinquent Tax	7,638	11,901	(4,263)
General State Aid	315,762	317,675	(1,913)
Federal Education Jobs Aid	692	0	692
Special Education Aid	209,197	235,382	(26,185)
Mineral Tax	61,763	47,724	14,039
Reimbursed Expenses	13,425	0	13,425
Transfer from Authorized Funds	75,377	77,326	(1,949)
Total Cash Receipts	<u>1,508,277</u>	<u>1,550,708</u>	<u>(42,431)</u>
Expenditures:			
Instruction	441,303	432,356	8,947
Student Support Services	34,436	33,950	486
Instructional Support Staff	14,770	14,490	280
General Administration	172,895	144,080	28,815
School Administration	188,470	198,850	(10,380)
Operations and Maintenance	201,100	173,700	27,400
Student Transportation Services	107,278	110,450	(3,172)
Other Supplemental Service	0	15,270	(15,270)
Transfer to Special Education	209,197	275,000	(65,803)
Transfer to Vocational Education	42,801	80,000	(37,199)
Transfer to At Risk (4 Year Old)	9,000	8,000	1,000
Transfer to At Risk (K-12)	83,160	65,000	18,160
Transfer to Professional Development	5,000	5,000	0
Transfer to Food Service	16,548	16,548	0
Adjustment to Comply with Legal Max			
Legal General Fund Budget	<u>0</u>	<u>(60,161)</u>	<u>60,161</u>
Total Legal General Fund Budget	1,525,958	1,512,533	13,425

(Continued)

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 2

General FundSchedule of Cash Receipts and Expenditures-Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
(Continued)			
Adjustment for Qualifying Budget Credits:			
Reimbursed Expenses	\$ 0	13,425	(13,425)
 Total Expenditures	<u>1,525,958</u>	<u>1,525,958</u>	<u>0</u>
 Cash Receipts Over (Under) Expenditures	(17,681)		
Unencumbered Cash, Beginning	<u>17,681</u>		
 Unencumbered Cash, Ending	\$ <u>0</u>		

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Palco, Kansas

SCHEDULE 2

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Supplemental General FundSchedule of Cash Receipts and Expenditures-Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 3,442	10,956	(7,514)
Current Tax	441,746	423,394	18,352
Delinquent Tax	5,142	7,699	(2,557)
Motor Vehicle Tax	15,636	13,868	1,768
Recreational Vehicle Tax	205	300	(95)
	<u>466,171</u>	<u>456,217</u>	<u>9,954</u>
Total Cash Receipts			
Expenditures:			
Instruction	377,077	373,839	3,238
Instructional Support	356	0	356
General Administration	369	0	369
Operations and Maintenance	50,096	82,000	(31,904)
Transfer to Food Service	21,025	15,000	6,025
Transfer to Special Education	47,731	1,000	46,731
Transfer to Vocational Education	1,000	1,000	0
Transfer to At Risk Fund (4 Year Old)	0	1,000	(1,000)
Transfer to At Risk Fund (K-12)	0	35,000	(35,000)
Adjustment to Comply with Legal Max			
Legal Supplemental General Fund Budget	0	(11,171)	11,171
	<u>497,654</u>	<u>497,668</u>	<u>(14)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	(31,483)		
Unencumbered Cash, Beginning	<u>52,623</u>		
Unencumbered Cash, Ending	\$ <u>21,140</u>		

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SCHEDULE 2

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At Risk Fund (4 Year Old)Schedule of Cash Receipts and Expenditures-Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Transfer from Supplemental General	\$ 0	1,000	(1,000)
Transfer from General	<u>9,000</u>	<u>8,000</u>	<u>1,000</u>
Total Cash Receipts	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Expenditures:			
Instruction	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

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At Risk Fund (K-12)

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from General	\$ 83,160	65,000	18,160
Transfer from Supplemental General	<u>0</u>	<u>35,000</u>	<u>(35,000)</u>
Total Cash Receipts	<u>83,160</u>	<u>100,000</u>	<u>(16,840)</u>
Expenditures:			
Instruction	<u>87,944</u>	<u>104,771</u>	<u>(16,827)</u>
Cash Receipts Over (Under) Expenditures	(4,784)		
Unencumbered Cash, Beginning	4,770		
Prior Year Cancelled Uncumbrances	<u>14</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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SCHEDULE 2

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Capital Outlay Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 2,183	6,901	(4,718)
Current Tax	333,948	345,619	(11,671)
Delinquent Tax	3,417	4,880	(1,463)
Motor Vehicle Tax	8,397	7,537	860
Recreational Vehicle Tax	113	163	(50)
Insurance Proceeds	209,086	0	209,086
Other Revenue - Local Sources	<u>2,415</u>	<u>0</u>	<u>2,415</u>
Total Cash Receipts	<u>559,559</u>	<u>365,100</u>	<u>194,459</u>
Expenditures:			
Instruction	15,515	100,000	(84,485)
School Administration	4,851	10,000	(5,149)
Operations and Maintenance	19,778	50,000	(30,222)
Transportation	0	100,000	(100,000)
Facilities Acquisition and Construction	543,806	305,000	238,806
OZAB Lease Payment	<u>175,000</u>	<u>175,000</u>	<u>0</u>
Total Expenditures	<u>758,950</u>	<u>740,000</u>	<u>18,950</u>
Cash Receipts Over (Under) Expenditures	(199,391)		
Unencumbered Cash, Beginning	<u>743,850</u>		
Unencumbered Cash, Ending	\$ <u>544,459</u>		

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SCHEDULE 2

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Driver Training FundSchedule of Cash Receipts and Expenditures-Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 1,034	814	220
Other Revenue from Local Sources	<u>550</u>	<u>550</u>	<u>0</u>
Total Cash Receipts	<u>1,584</u>	<u>1,364</u>	<u>220</u>
Expenditures:			
Operations & Maintenance	393	0	393
Transfer to General Fund	<u>0</u>	<u>255</u>	<u>(255)</u>
Total Expenditures	<u>393</u>	<u>255</u>	<u>138</u>
Cash Receipts Over (Under) Expenditures	1,191		
Unencumbered Cash, Beginning	<u>255</u>		
Unencumbered Cash, Ending	\$ <u><u>1,446</u></u>		

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SCHEDULE 2

Palco, Kansas

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Food Service Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Federal Aid	\$ 47,062	47,236	(174)
State Aid	866	774	92
Food Service	28,542	29,502	(960)
Interest on Idle Funds	1,140	0	1,140
Reimbursed Expenses	35	0	35
Transfer from Supplemental General	21,025	15,000	6,025
Transfer from General	<u>16,548</u>	<u>16,548</u>	<u>0</u>
Total Cash Receipts	<u>115,218</u>	<u>109,060</u>	<u>6,158</u>
Expenditures:			
Operations and Maintenance	3,318	6,500	(3,182)
Food Service Operation	<u>123,136</u>	<u>143,135</u>	<u>(19,999)</u>
Total Expenditures	<u>126,454</u>	<u>149,635</u>	<u>(23,181)</u>
Cash Receipts Over (Under) Expenditures	(11,236)		
Unencumbered Cash, Beginning	<u>42,820</u>		
Unencumbered Cash, Ending	\$ <u>31,584</u>		

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Palco, Kansas

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Professional Development Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from General	\$ <u>5,000</u>	<u>5,000</u>	<u>0</u>
Expenditures:			
Instructional Support Staff	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 2

Palco, Kansas

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Special Education Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Transfer from General	\$ 209,197	275,000	(65,803)
Transfer from Supplemental General	47,731	1,000	46,731
Reimbursed Expense	<u>1,197</u>	<u>0</u>	<u>1,197</u>
Total Cash Receipts	<u>258,125</u>	<u>276,000</u>	<u>(17,875)</u>
Expenditures:			
Instruction	280,184	350,662	(70,478)
Student Transportation Service	<u>0</u>	<u>6,010</u>	<u>(6,010)</u>
Total Expenditures	<u>280,184</u>	<u>356,672</u>	<u>(76,488)</u>
Cash Receipts Over (Under) Expenditures	(22,059)		
Unencumbered Cash, Beginning	<u>77,938</u>		
Unencumbered Cash, Ending	\$ <u>55,879</u>		

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Palco, Kansas

SCHEDULE 2

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Vocational Education Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Transfer from Supplemental General	\$ 1,000	1,000	0
Transfer from General	42,801	80,000	(37,199)
Other Revenue from Local Sources	<u>1,582</u>	<u>0</u>	<u>1,582</u>
Total Cash Receipts	<u>45,383</u>	<u>81,000</u>	<u>(35,617)</u>
Expenditures:			
Instruction	<u>42,497</u>	<u>81,000</u>	<u>(38,503)</u>
Cash Receipts Over (Under) Expenditures	2,886		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>2,886</u>		

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 2

Palco, Kansas

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KPERS Special Retirement Contribution Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
State of Kansas	\$ 142,350	<u>159,336</u>	<u>(16,986)</u>
Expenditures:			
Instruction	91,104	102,925	(11,821)
Student Support	4,271	3,757	514
General Administration	7,118	7,240	(122)
School Administration	17,082	20,222	(3,140)
Other Supplemental Services	0	1,760	(1,760)
Operations & Maintenance	8,541	10,236	(1,695)
Student Transportation	7,117	6,304	813
Food Service	<u>7,117</u>	<u>6,892</u>	<u>225</u>
Total Expenditures	<u>142,350</u>	<u>159,336</u>	<u>(16,986)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 2

Palco, Kansas

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Recreation Commission Fund

Schedule of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 273	875	(602)
Current Tax	41,743	41,820	(77)
Delinquent Tax	414	610	(196)
Motor Vehicle Tax	1,049	941	108
Recreational Vehicle Tax	<u>15</u>	<u>20</u>	<u>(5)</u>
Total Cash Receipts	<u>43,494</u>	<u>44,266</u>	<u>(772)</u>
Expenditures:			
Community Service Operations	<u>43,494</u>	<u>44,284</u>	<u>(790)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

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Federal FundsSchedule of Cash Receipts and Expenditures-Actual and Budget
For the Year Ended June 30, 2012

	<u>Title I</u>	<u>Title II Part A</u>	<u>Small Rural Schools</u>	<u>Totals</u>	<u>Budget*</u>	<u>Variance Over (Under)</u>
Cash Receipts:						
Federal Aid	\$ <u>21,993</u>	<u>7,229</u>	<u>11,215</u>	<u>40,437</u>	<u>29,243</u>	<u>11,194</u>
Expenditures:						
Instruction	21,993	7,229	11,215	40,437	29,243	11,194
School Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>21,993</u>	<u>7,229</u>	<u>11,215</u>	<u>40,437</u>	<u>29,243</u>	<u>11,194</u>
Cash Receipts Over (Under) Expenditures	0	0	0	0		
Unencumbered Cash, Beginning	0	0	0	0		
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>		

* Federal Funds are not required by statute to be budgeted. This statement is for informational purposes only.

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Any Non-budgeted Fund

Schedule of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2012

SCHEDULE 2

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	Textbook and Student Material Revolving Fund	Contingency Reserve Fund	Gifts and Grants Fund	Qualified Zone Academy Bond (QZAB)
Cash Receipts:				
Rental Fees and Books	\$ 4,987	0	0	0
Interest Revenue	0	0	0	5,576
Bond Proceeds	0	0	0	1,450,330
Contributions/Donations	<u>0</u>	<u>0</u>	<u>8,335</u>	<u>0</u>
Total Cash Receipts	<u>4,987</u>	<u>0</u>	<u>8,335</u>	<u>1,455,906</u>
Expenditures:				
Instruction	7,552	0	6,089	0
Transfer to General	0	75,377	0	0
Repair and Remodel Building	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,455,906</u>
Total Expenditures	<u>7,552</u>	<u>75,377</u>	<u>6,089</u>	<u>1,455,906</u>
Cash Receipts Over (Under) Expenditures	(2,565)	(75,377)	2,246	0
Unencumbered Cash, Beginning	17,389	177,247	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>14,824</u></u>	<u><u>101,870</u></u>	<u><u>2,246</u></u>	<u><u>0</u></u>

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 3

Palco, Kansas

Agency FundsSchedule of Cash Receipts and Cash Disbursements - Actual
For the Year Ended June 30, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Funds:				
High School:				
FFA	\$ 10,717	11,052	16,931	4,838
KAYS	1,790	2,372	1,254	2,908
Student Council	7,760	13,209	14,041	6,928
Class of 2012	6,371	757	5,259	1,869
Class of 2013	6,740	3,972	5,776	4,936
Class of 2014	5,473	3,245	1,024	7,694
Class of 2015	0	3,630	1,466	2,164
Yearbook	2,750	5,997	7,104	1,643
Athletic Club	2,700	192	142	2,750
Cheerleaders	296	8,746	8,391	651
PHS Vocational	0	297	297	0
PHS Football Club	2,874	749	0	3,623
PHS Basketball	912	925	1,165	672
PHS Volleyball	1,070	5,016	3,544	2,542
PHS Science	140	68	68	140
PHS Gym	1,850	0	0	1,850
Forensics	0	48	0	48
Junior High:				
Athletic Club	3,927	1,196	1,909	3,214
Cheerleaders	269	0	42	227
Eighth Grade	1,371	3,778	4,732	417
Eighth Leadership	37	470	261	246
Sales Tax	381	2,196	2,194	383
Total Student Organization Funds	\$ <u>57,428</u>	<u>67,915</u>	<u>75,600</u>	<u>49,743</u>

UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 4

Palco, Kansas

District Activity Funds

Schedule 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
Athletics:							
High School	\$ 10,376	0	8,835	13,515	5,696	0	5,696
Junior High	<u>349</u>	<u>0</u>	<u>2,528</u>	<u>2,701</u>	<u>176</u>	<u>0</u>	<u>176</u>
Total District Activity Funds	\$ <u>10,725</u>	<u>0</u>	<u>11,363</u>	<u>16,216</u>	<u>5,872</u>	<u>0</u>	<u>5,872</u>