

UNIFIED SCHOOL DISTRICT NO. 281

Hill City, Kansas

Audit Report

July 1, 2011 to June 30, 2012

MAPES & MILLER LLP

Certified Public Accountants

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Audit Report
July 1, 2011 to June 30, 2012

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MAPES & MILLER LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Unified School District No. 281
Hill City, Kansas 67642

We have audited the summary of cash receipts, expenditures, and unencumbered cash balances of the primary government of Unified School District No. 281, Hill City, Kansas, as of and for the year ended June 30, 2012. 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 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 a financial statement for the financial reporting entity that includes the financial data for its component units. The District has not issued such reporting entity financial statement. 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 District has prepared this financial statement using 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 these 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 Unified School District No. 281, Hill City, Kansas, as of June 30, 2012, or the changes in its 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. 281, Hill City, 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 statements. 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 financial 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
January 14, 2013

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

STATEMENT 1
Page 1

Fund	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 Funds							
General Fund	\$ 0 *	0	2,870,322	2,870,322	0	0	0
Supplemental General Fund	49,842	0	921,028	970,870	0	12,836	12,836
Special Revenue Funds							
At-Risk Fund (4 Year Old)	7,183	0	0	0	7,183	0	7,183
At-Risk Fund (K-12)	17,704	0	150,000	165,057	2,647	0	2,647
Capital Outlay Fund	676,011	0	476,609	746,937	405,683	383,289	788,972
Driver Training Fund	12,292	0	3,604	2,595	13,301	0	13,301
Food Service Fund	61,789	0	201,082	204,689	58,182	314	58,496
Professional Development Fund	32,630	0	26,620	21,866	37,384	0	37,384
Special Education Fund	408,766	0	556,374	518,203	446,937	0	446,937
Vocational Education Fund	61,587	0	59,973	100,712	20,848	0	20,848
KPERs Special Retirement Contribution Fund	0	0	228,207	228,207	0	0	0
Recreation Commission Fund	3,341	0	63,375	63,375	3,341	0	3,341
Textbook and Student Material Revolving Fund	24,092	0	14,286	10,152	28,226	5,496	33,722
Contingency Reserve Fund	196,978	0	115,000	32,962	279,016	0	279,016
Federal Funds	0	0	97,878	97,878	0	17,614	17,614
Gifts and Grants Fund	320,388	82	410,408	94,938	635,940	33,528	669,468
District Activity (Schedule 4)	28,075	0	30,758	28,837	29,996	0	29,996
Total Reporting Entity (excluding Agency Funds)	\$ 1,900,678	82	6,225,524	6,157,600	1,968,684	453,077	2,421,761

* See Restatement of Beginning Balances, Note 13 to the financial statement.

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

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Composition of Cash
For the Year Ended June 30, 2012

STATEMENT 1
Page 2

First State Bank, Hill City, Kansas	
Regular Checking	\$ (234,735)
NOW Account	55,541
Money Market Accounts	878,203
Certificates of Deposit	<u>1,580</u>
Total First State Bank	<u>700,589</u>
Farmers & Merchants Bank, Hill City, Kansas	
NOW Account	4,498
Money Market Account	<u>875,000</u>
Total Farmers & Merchants Bank	<u>879,498</u>
Citizens State Bank, Hill City, Kansas	
Money Market Account	<u>875,000</u>
Total Cash	<u>2,455,087</u>
Less: Agency Funds (Schedule 3)	<u>(33,326)</u>
Total Reporting Entity (excluding Agency Funds)	\$ <u><u>2,421,761</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 281

Hill City, Kansas

Notes to the Financial Statement

June 30, 2012

1. Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 281, Hill City, Kansas, is a municipal corporation governed by an elected seven-member board. It operates as a unified school district in accordance with the laws of the State of Kansas 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 statement 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.

The financial statement does not include the financial data for the District's legally separate component units and, therefore, is not a complete presentation in accordance with generally accepted accounting principles. The following entity is considered to be a component unit of the District because of its operational and financial relationship with the District:

Recreation Commission. Graham County Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body, but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute K.S.A. 12-1928. The recreation commission cannot purchase real property but can acquire real property by gift. The financial statement for the Graham County Recreation Commission may be obtained from the Director, Graham County Recreation Commission, Hill City, Kansas, 67642.

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 Type Funds:

General Funds--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 and expended for specified purposes.

Fiduciary Type 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.

Reimbursements

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.

Inventories and Prepaid Expense

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

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, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

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

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

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash, and unencumbered cash balances. 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, buildings, 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. The budget was amended for the General Fund and the Special Education Fund.

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 schedules for each fund are presented as supplementary information showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

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. Compensated Absences

Sick Leave

Certified employees on a nine-month employment contract will begin each school year with 12 days of sick leave. Non-certified employees will earn 1.3 days (eight hours per day maximum for a defined hourly period) of sick leave per month.

All employees who have been employed by the District for at least 10 consecutive years will be paid for each day of accumulated sick leave (up to 90 days) upon retirement, upon leaving the District, or upon the death of the employee. Certified employees are paid at a rate of \$35 a day. Non-certified employees are paid at a rate of \$20 a day.

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

5. Defined Benefit Pension Plan

Plan description. The Unified School District No. 281, Hill City, Kansas, contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% 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 establishes the KPERS member-employee contribution rate at 6% of covered salaries. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas 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' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$228,207, \$147,363, and \$184,471, respectively.

6. Defined Contribution Plan

The District offers its employees the option to participate in a defined contribution plan created in accordance with Internal Revenue Code Section 403(b). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan, available to all District employees, permits them to defer a portion of their current salary (up to \$16,500 and an additional \$5,500 catch-up contribution for employees age 50 and over) until future years. The District will match up to \$50 per month to be deposited in each employee's 403(b) plan. During the past fiscal year, the employees contributed \$47,200, and the District contributed \$28,900. The deferred compensation is not available to employees until termination, retirement, total and permanent disability, death, or certain financial hardship.

The Plan has contracted with AFPlanServ for selected plan administrative services. Among the services provided by AFPlanServ is approval of salary reduction agreements for beginning or changing amounts and/or providers. The Plan also contracts with American Fidelity Assurance Company to manage the investment of plan assets.

7. Other Post Employment Benefits

Employees of the District who retire prior to age 65 and are not less than 58 years of age and not more than 65 may elect to apply for early retirement health insurance benefits. Certified employees must have 15 or more years of full-time employment with the District, and non-certified employees must have 20 or more years. The benefit program is available for a three-year period, beginning with the 2010-2011 school year through the 2012-2013 school year. Benefits shall be applied only toward the District's health insurance premiums and shall not exceed \$10,020 per retiree in any fiscal year. The retiree will pay the difference monthly to equal the total premium. Benefits automatically terminate when the retiree is 65, or following the end of the school year in which the employee reached age 65, or upon the death of the retiree.

During the year ended June 30, 2012, approximately 12 retirees participated in this plan and the District paid \$114,452 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in this financial statement to the District.

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

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 the 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." All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits, including certificates of deposit, was \$2,455,087 and the bank balance was \$2,717,791. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance and \$1,967,791 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. The District's operating transfers and statutory authority for June 30, 2012, were as follows:

From	To	Statutory Authority	Amount
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	\$ 150,000
General Fund	Professional Development Fund	K.S.A. 72-6428	23,188
General Fund	Special Education Fund	K.S.A. 72-6428	525,077
General Fund	Vocational Education Fund	K.S.A. 72-6428	55,000
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	115,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	20,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	3,320

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 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. 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 July 1, 2009, with First State Bank to finance the acquisition, construction, and equipping of school building improvements. The District will pay First State Bank \$136,990 a year for a period of ten 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 \$1,500,000, which is the amount of the Lease Purchase Agreement, amortized with zero percent interest. At the end of ten years, the custodian will release the funds in the account to First State Bank, and the lease will be terminated.

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

12. Statutory 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.

13. Restatement of Beginning Balances

Due to a technical amendment to the 2011 Kansas Municipal Audit Guide, which governs the format and accounting for this financial statement, the beginning unencumbered cash balance for the General Fund has been restated. The previously stated General Fund unencumbered cash balance of (\$4,500) has been restated as \$0. The restatement reflects the change in policy of the Kansas Municipal Audit Guide as to when the final state aid payment is reported, in accordance with K.S.A. 72-6417(d).

14. Long-term Debt

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

Issue	Interest Rates	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
Lease Purchase Agreement: Qualified Zone Academy Bonds (QZAB)	0.00%	7/1/2009	\$ 1,500,000	7/1/2019	\$ 1,223,032	0	142,588		1,080,444	0
Compensated Absences: Sick Leave					55,824			216	56,040	
Total Long-term Debt					\$ 1,278,856	0	142,588	216	1,136,484	0

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

	2013	2014	2015	2016	2017	2018-2019	Total
Principal:							
Lease Purchase Agreement							
Qualified Zone Academy Bonds (QZAB)							
Lease Payments (Note 11)	\$ 136,990	136,990	136,990	136,990	136,990	273,980	958,930
Interest Earnings (Note 11)	8,385	11,292	14,258	17,283	20,368	49,928	121,514
Total Principal	145,375	148,282	151,248	154,273	157,358	323,908	1,080,444
Interest:							
Lease Purchase Agreement							
Qualified Zone Academy Bonds	0	0	0	0	0	0	0
Total Interest	0	0	0	0	0	0	0
Total Principal and Interest	\$ 145,375	148,282	151,248	154,273	157,358	323,908	1,080,444

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas

Supplemental Information

July 1, 2011 to June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 1

Fund	Certified Budget	Adjustments 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 Funds						
General Fund	\$ 2,878,470	(12,852)	4,704	2,870,322	2,870,322	0
Supplemental General Fund	990,959	0	0	990,959	970,870	(20,089)
Special Revenue Funds						
At-Risk Fund (4 Year Old)	0	0	0	0	0	0
At-Risk Fund (K-12)	217,705	0	0	217,705	165,057	(52,648)
Capital Outlay Fund	850,000	0	0	850,000	746,937	(103,063)
Driver Training Fund	8,000	0	0	8,000	2,595	(5,405)
Food Service Fund	204,689	0	0	204,689	204,689	0
Professional Development Fund	33,500	0	0	33,500	21,866	(11,634)
Special Education Fund	609,575	0	0	609,575	518,203	(91,372)
Vocational Education Fund	129,125	0	0	129,125	100,712	(28,413)
KPERS Special Retirement Contribution Fund	272,621	0	0	272,621	228,207	(44,414)
Recreation Commission Fund	69,900	0	0	69,900	63,375	(6,525)
Federal Funds	97,863	0	0	97,863	97,878	**
Gifts and Grants Fund	0	0	0	0	94,938	*

* Exempt from budget law per K.S.A. 72-8210

** Exempt from budget law per K.S.A. 12-1663

UNIFIED SCHOOL DISTRICT NO. 281

Hill City, Kansas

General Fund

SCHEDULE 2

Page 1

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:			
Ad Valorem Tax	\$ 961,054	1,029,237	(68,183)
Delinquent Tax	15,328	5,436	9,892
Mineral Tax	52,856	0	52,856
General State Aid	1,460,020	1,455,879	4,141
Federal Education Jobs Aid	1,283	0	1,283
Special Education Aid	375,077	387,918	(12,841)
Reimbursements	4,704	0	4,704
Total Cash Receipts	<u>2,870,322</u>	<u>2,878,470</u>	<u>(8,148)</u>
Expenditures:			
Instruction	1,610,491	1,726,955	(116,464)
Student Support Services	33,549	28,062	5,487
Instructional Support Staff	61,971	63,640	(1,669)
School Administration	219,144	224,559	(5,415)
Other Supplemental Services	76,902	75,152	1,750
Transfer to At-Risk Fund (K-12)	150,000	200,000	(50,000)
Transfer to Professional Development Fund	23,188	0	23,188
Transfer to Special Education Fund	525,077	460,102	64,975
Transfer to Vocational Education Fund	55,000	100,000	(45,000)
Transfer to Contingency Reserve Fund	115,000	0	115,000
Adjustment to Comply with Legal Max	0	(12,852)	12,852
Legal General Fund Budget	<u>2,870,322</u>	<u>2,865,618</u>	<u>4,704</u>
Adjustment for Qualifying Budget Credits			
Reimbursements	<u>0</u>	<u>4,704</u>	<u>(4,704)</u>
Total Expenditures	<u>2,870,322</u>	<u>2,870,322</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. 281
Hill City, Kansas
Supplemental General Fund
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 2
Page 2

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Ad Valorem Tax	\$ 844,557	889,769	(45,212)
Delinquent Tax	17,423	5,945	11,478
Motor Vehicle and 16/20M Vehicle Tax	57,257	44,121	13,136
Recreational Vehicle Tax	1,394	1,286	108
Reimbursements	397	0	397
	<u>921,028</u>	<u>941,121</u>	<u>(20,093)</u>
Total Cash Receipts	<u>921,028</u>	<u>941,121</u>	<u>(20,093)</u>
Expenditures:			
Instruction	198,779	158,500	40,279
Student Support Services	1,544	1,500	44
Instructional Support Staff	334	15,000	(14,666)
General Administration	163,794	156,200	7,594
School Administration	12,037	11,700	337
Operations and Maintenance	410,082	428,515	(18,433)
Operations and Maintenance (Transportation)	5,542	9,200	(3,658)
Student Transportation Services	58,765	60,350	(1,585)
Vehicle Operating Services	61,574	64,940	(3,366)
Vehicle Services and Maintenance Services	35,099	75,000	(39,901)
Transfer to Food Service Fund	20,000	0	20,000
Transfer to Professional Development Fund	3,320	0	3,320
Transfer to Vocational Education Fund	0	10,054	(10,054)
	<u>970,870</u>	<u>990,959</u>	<u>(20,089)</u>
Total Expenditures	<u>970,870</u>	<u>990,959</u>	<u>(20,089)</u>
Cash Receipts Over (Under) Expenditures	(49,842)		
Unencumbered Cash, Beginning	49,842		
Unencumbered Cash, Ending	\$ 0		

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Special Revenue Funds
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 2
Page 3

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
At-Risk Fund (4 Year Old)			
Cash Receipts	\$ <u>0</u>	<u>0</u>	<u>0</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	<u>0</u>		
Unencumbered Cash, Beginning	<u>7,183</u>		
Unencumbered Cash, Ending	\$ <u><u>7,183</u></u>		
 At-Risk Fund (K-12)			
Cash Receipts:			
Transfer from General Fund	\$ <u>150,000</u>	<u>200,000</u>	<u>(50,000)</u>
Expenditures:			
Instruction	<u>165,057</u>	<u>217,705</u>	<u>(52,648)</u>
Cash Receipts Over (Under) Expenditures	<u>(15,057)</u>		
Unencumbered Cash, Beginning	<u>17,704</u>		
Unencumbered Cash, Ending	\$ <u><u>2,647</u></u>		

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Special Revenue Funds
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 2
Page 4

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Capital Outlay Fund			
Cash Receipts:			
Ad Valorem Tax	\$ 404,880	436,448	(31,568)
Delinquent Tax	6,377	2,320	4,057
Motor Vehicle and 16/20M Vehicle Tax	20,923	16,208	4,715
Recreational Vehicle Tax	515	473	42
Interest on Idle Funds	5,598	0	5,598
Other Revenue From Local Source	<u>38,316</u>	<u>0</u>	<u>38,316</u>
Total Cash Receipts	<u>476,609</u>	<u>455,449</u>	<u>21,160</u>
Expenditures:			
Instruction	41,774	50,000	(8,226)
General Administration	0	30,000	(30,000)
School Administration	8,576	30,000	(21,424)
Operations and Maintenance	490,252	200,000	290,252
Transportation	33,767	50,000	(16,233)
Other Contractual Services	3,045	0	3,045
Architectural and Engineering Services	26,935	40,000	(13,065)
Site Improvement	0	300,000	(300,000)
QZAB Lease Payment	<u>142,588</u>	<u>150,000</u>	<u>(7,412)</u>
Total Expenditures	<u>746,937</u>	<u>850,000</u>	<u>(103,063)</u>
Cash Receipts Over (Under) Expenditures	<u>(270,328)</u>		
Unencumbered Cash, Beginning	<u>676,011</u>		
Unencumbered Cash, Ending	\$ <u>405,683</u>		

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>
Driver Training Fund			
Cash Receipts:			
State Safety Aid	\$ 1,222	962	260
Revenue From Local Source	<u>2,382</u>	<u>2,250</u>	<u>132</u>
Total Cash Receipts	<u>3,604</u>	<u>3,212</u>	<u>392</u>
Expenditures:			
Instruction	2,293	5,000	(2,707)
Vehicle Operations and Maintenance Services	<u>302</u>	<u>3,000</u>	<u>(2,698)</u>
Total Expenditures	<u>2,595</u>	<u>8,000</u>	<u>(5,405)</u>
Cash Receipts Over (Under) Expenditures	1,009		
Unencumbered Cash, Beginning	<u>12,292</u>		
Unencumbered Cash, Ending	<u>\$ 13,301</u>		
Food Service Fund			
Cash Receipts:			
Student Lunches	\$ 66,013	56,628	9,385
Adult and Student Sales	1,444	2,233	(789)
Federal Aid	92,445	90,590	1,855
Miscellaneous	19,134	0	19,134
State Aid	2,046	1,579	467
Transfer from Supplemental General Fund	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Cash Receipts	<u>201,082</u>	<u>151,030</u>	<u>50,052</u>
Expenditures:			
Food Service Operations	<u>204,689</u>	<u>204,689</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(3,607)		
Unencumbered Cash, Beginning	<u>61,789</u>		
Unencumbered Cash, Ending	<u>\$ 58,182</u>		

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

	Actual	Budget	Variance Over (Under)
Professional Development Fund			
Cash Receipts:			
Transfer from General	\$ 23,188	0	23,188
Transfer from Supplemental General	3,320	0	3,320
Reimbursement	112	0	112
Total Cash Receipts	26,620	0	26,620
Expenditures:			
Instructional Support Staff	10,907	28,000	(17,093)
Other Supplemental Service	10,959	5,500	5,459
Total Expenditures	21,866	33,500	(11,634)
Cash Receipts Over (Under) Expenditures	4,754		
Unencumbered Cash, Beginning	32,630		
Unencumbered Cash, Ending	\$ 37,384		
Special Education Fund			
Cash Receipts:			
Interest on Idle Funds	\$ 21,988	25,000	(3,012)
Other Revenue from Local Source	5,913	2,000	3,913
Medicaid State Reimbursement	3,396	3,500	(104)
Transfer from General Fund	525,077	460,102	64,975
Total Cash Receipts	556,374	490,602	65,772
Expenditures:			
Instruction	517,703	579,575	(61,872)
Student Support Services	0	30,000	(30,000)
Instructional Support Staff	500	0	500
Total Expenditures	518,203	609,575	(91,372)
Cash Receipts Over (Under) Expenditures	38,171		
Unencumbered Cash, Beginning	408,766		
Unencumbered Cash, Ending	\$ 446,937		

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Special Revenue Funds
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 2
Page 7

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Vocational Education Fund			
Cash Receipts:			
Miscellaneous	\$ 456	0	456
Special Project Aid	4,517	4,000	517
Transfer from General Fund	55,000	100,000	(45,000)
Transfer from Supplemental General Fund	<u>0</u>	<u>10,054</u>	<u>(10,054)</u>
Total Cash Receipts	<u>59,973</u>	<u>114,054</u>	<u>(54,081)</u>
Expenditures:			
Instruction	<u>100,712</u>	<u>129,125</u>	<u>(28,413)</u>
Cash Receipts Over (Under) Expenditures	<u>(40,739)</u>		
Unencumbered Cash, Beginning	<u>61,587</u>		
Unencumbered Cash, Ending	<u>\$ 20,848</u>		
 KPERS Special Retirement Contribution Fund			
Cash Receipts:			
State Contributions to KPERS	\$ <u>228,207</u>	<u>272,621</u>	<u>(44,414)</u>
Expenditures:			
Instruction	163,179	207,600	(44,421)
Student Support Services	1,463	3,500	(2,037)
Instructional Support	3,767	6,400	(2,633)
General Administration	10,745	8,500	2,245
School Administration	19,536	18,000	1,536
Other Supplemental Services	5,969	6,621	(652)
Operations and Maintenance	11,715	11,000	715
Student Transportation Services	7,496	6,500	996
Food Service	<u>4,337</u>	<u>4,500</u>	<u>(163)</u>
Total Expenditures	<u>228,207</u>	<u>272,621</u>	<u>(44,414)</u>
Cash Receipts Over (Under) Expenditures	<u>0</u>		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Special Revenue Funds
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 2
Page 8

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Recreation Commission Fund			
Cash Receipts:			
Ad Valorem Tax	\$ 59,991	64,189	(4,198)
Delinquent Tax	717	290	427
Motor Vehicle and 16/20M Vehicle Tax	2,615	2,021	594
Recreational Vehicle Tax	<u>52</u>	<u>59</u>	<u>(7)</u>
Total Cash Receipts	<u>63,375</u>	<u>66,559</u>	<u>(3,184)</u>
Expenditures:			
Community Service Operations	<u>63,375</u>	<u>69,900</u>	<u>(6,525)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>3,341</u>		
Unencumbered Cash, Ending	\$ <u>3,341</u>		

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Special Revenue Funds
Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2012

SCHEDULE 2
Page 9

	<u>Actual</u>
Textbook and Student Material Revolving Fund	
Cash Receipts:	
Miscellaneous	\$ <u>14,286</u>
Expenditures:	
Instruction	9,812
Instructional Support Staff	<u>340</u>
Total Expenditures	<u>10,152</u>
Cash Receipts Over (Under) Expenditures	4,134
Unencumbered Cash, Beginning	<u>24,092</u>
Unencumbered Cash, Ending	\$ <u><u>28,226</u></u>

Contingency Reserve Fund	
Cash Receipts:	
Transfer from General Fund	\$ <u>115,000</u>
Expenditures:	
Student Transportation Services	<u>32,962</u>
Cash Receipts Over (Under) Expenditures	82,038
Unencumbered Cash, Beginning	<u>196,978</u>
Unencumbered Cash, Ending	\$ <u><u>279,016</u></u>

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

	Title I 11-12	Title II A 11-12	REAP	Total	Budget	Variance Over (Under)
Cash Receipts:						
Federal Aid	\$ 56,212	16,950	24,716	97,878	97,863	15
Expenditures:						
Instruction	56,212	16,950	24,716	97,878	97,863	15
Cash Receipts over (under) Expenditures	0	0	0	0		
Unencumbered Cash, Beginning	0	0	0	0		
Unencumbered Cash, Ending	\$ 0	0	0	0		

UNIFIED SCHOOL DISTRICT NO. 281
Hill City, Kansas
Special Revenue Funds
Gifts and Grants Fund
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

SCHEDULE 2
Page 11

	Worcester Library #1	Worcester Library #2	Worcester Vocational Agriculture	A.J. Rice Memorial	Ringneck 21-1	ITV Grant	Rush Education Trust	Total	Budget	Variance Over (Under)
Cash Receipts:										
Miscellaneous	\$ 3,040	6,626	232,579	55	163,530	0	4,578	410,408	0	410,408
Expenditures:										
Instruction	137	521	27,908	90	4,261	19,720	1,064	53,701	0	53,701
General Administration	2,226	990	0	0	0	0	0	3,216	0	3,216
School Administration	0	0	0	0	0	0	3,708	3,708	0	3,708
Operations and Maintenance	70	0	34,243	0	0	0	0	34,313	0	34,313
Total Expenditures	2,433	1,511	62,151	90	4,261	19,720	4,772	94,938	0 *	94,938
Cash Receipts over (under) Expenditures	607	5,115	170,428	(35)	159,269	(19,720)	(194)	315,470		
Unencumbered Cash, Beginning	10,267	8,501	177,287	35	100,210	19,720	4,368	320,388		
Prior Year Cancelled Encumbrances	0	0	82	0	0	0	0	82		
Unencumbered Cash, Ending	\$ 10,874	13,616	347,797	0	259,479	0	4,174	635,940		

* Exempt from budget law per K.S.A. 72-8210

UNIFIED SCHOOL DISTRICT NO. 281

SCHEDULE 3

Hill City, Kansas

Agency Funds

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

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Junior/Senior High School:				
Class of 2010	\$ 539	0	15	524
Class of 2012	4,245	228	4,473	0
Class of 2013	509	9,607	8,514	1,602
Class of 2014	288	327	0	615
Class of 2015	147	0	0	147
Class of 2016	0	200	0	200
Concessions	4,024	23,864	23,540	4,348
Forensics	1,184	714	1,350	548
Yearbook	2,326	3,360	5,447	239
KAYS	408	1,075	977	506
Pep Club	805	1,473	1,086	1,192
FFA	6,046	67,378	64,492	8,932
Student Council	8,122	5,968	7,224	6,866
FCCLA	2,012	6,254	7,898	368
Fine Arts	239	1,444	864	819
SADD	25	0	0	25
Science/Math Club	419	294	250	463
High School Cheerleaders	569	1,353	1,165	757
Junior High Cheerleaders	869	172	873	168
HCHS Lead Donut	20	6,458	6,478	0
Weightlifting Club	411	0	0	411
Wrestling	291	0	44	247
Industrial Arts	0	4,634	4,312	322
Sales Tax	0	6,134	6,106	28
Grade School:				
Student Council	3,176	9,836	9,013	3,999
Total	\$ 36,674	150,773	154,121	33,326

UNIFIED SCHOOL DISTRICT NO. 281

SCHEDULE 4

Hill City, Kansas

District Activity Funds

Schedule of Cash Receipts, Expenditures, and Unencumbered Cash

For the Year Ended June 30, 2012

Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts:						
Junior/Senior High School Athletics	\$ 28,075	30,758	28,837	29,996	0	29,996