

CHASE COUNTY UNIFIED SCHOOL DISTRICT NO. 284

Cottonwood Falls, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2012

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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ALDRICH & COMPANY, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Education
Chase County Unified School District No. 284
Cottonwood Falls, KS 66845

We have audited the accompanying primary government financial statements of Chase County Unified School District No. 284, Cottonwood Falls, Kansas as of and for the year ended June 30, 2012, as listed in the table of contents. These statutory basis financial statements are the responsibility of Chase County Unified School District No. 284, Cottonwood Falls, Kansas management. Our responsibility is to express an opinion on these statutory basis financial statements based on our audit. The prior year partial comparative information has been derived from the District's June 30, 2011 financial statements and, in our audit report dated October 5, 2011, we expressed an unqualified opinion on the respective financial statements, taken as a whole, on the statutory basis of accounting.

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. These primary government financial statements do 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 statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, USD 284 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 reasonably determinable is presumed to be material.

In our opinion, because of the omission of the discretely presented component units as discussed above, and 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 USD No. 284, Cottonwood Falls, Kansas, as of June 30, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the Chase County Unified School District No. 284, Cottonwood Falls, Kansas, as of June 30, 2012, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC
ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
September 28, 2012

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 1

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
For the Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ (174,376)	\$ 0	\$ 3,025,661	\$ 3,014,951	(163,666)	\$ 0	\$ (163,666)
Supplemental General	140,672	0	944,325	1,037,648	47,349	8,497	55,846
Special Revenue Funds							
At Risk (K-12)	12,812		180,000	173,468	19,344		19,344
Capital Outlay	435,875		532,592	232,404	736,063	7,401	743,464
Driver Training	7,800		0	0	7,800		7,800
Food Service	68,142		209,010	200,355	76,797		76,797
Professional Development	19,167		10,000	7,689	21,478		21,478
Special Education	135,990		656,498	566,452	226,036		226,036
Vocational Education	29,746		78,240	107,986	0		0
KPERS Special Retirement Contribution	0		280,501	280,501	0		0
Contingency Reserve	70,000		30,000	0	100,000		100,000
Textbook Rental	100,705		92,291	21,325	171,671		171,671
Federal Grants	19,031		123,155	132,637	9,549		9,549
Private Purpose Trust Funds	316,730		24,138	331,113	9,755		9,755
District Activity Funds	24,809		73,283	73,132	24,960		24,960
Debt Service Fund							
Bond & Interest	326,600	0	246,784	207,266	366,118	0	366,118
Total Reporting Entity (Excluding Agency Funds)	\$ 1,533,703	\$ 0	\$ 6,506,478	\$ 6,386,927	\$ 1,653,254	\$ 15,898	\$ 1,669,152

Composition of Cash:

Exchange National Bank, Cottonwood Falls, Kansas	
District N.O.W.	\$ 249,652
District Petty Cash	800
Chase Co Jr/Sr High School Activity Fund	26,504
Chase Co Elementary School Activity Fund	12,817
Investments	
Kansas Municipal Investment Pool	1,400,232
Total Cash & Investments	1,690,005
Less Agency Funds (per Statement 4)	(20,853)
Total Reporting Entity (excluding agency funds)	\$ 1,669,152

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 2

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
(Budgeted Funds Only)

For the Year Ended June 30, 2012

Governmental Type Funds	Certified Budget	Adjustment to Comply With Legal Max.	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 3,056,130	\$ (48,006)	\$ 6,827	\$ 3,014,951	\$ 3,014,951	\$ 0
Supplemental General	1,062,251	(24,603)		1,037,648	1,037,648	0
Special Revenue Funds						
At Risk (K - 12)	262,812			262,812	173,468	89,344
Capital Outlay	500,000			500,000	232,404	267,596
Driver Training	0			0	0	0
Food Service	241,550			241,550	200,355	41,195
Professional Development	20,000			20,000	7,689	12,311
Special Education	698,470			698,470	566,452	132,018
Vocational Education	152,000			152,000	107,986	44,014
K.P.E.R.S. Retirement	284,565			284,565	280,501	4,064
Debt Service Fund						
Bond & Interest	217,200			217,200	207,266	9,934

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

GENERAL FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Local Sources				
County Tax Receipts	\$ 741,641	\$ 753,107	\$ 728,289	\$ 24,818
Other	7,705	6,827	0	6,827
State Sources				
General State Aid	1,965,856	1,827,786	1,913,171	(85,385)
ARRA Stabilization Funds	58,921	0	0	0
Education Jobs Funds	103,170	1,443	0	1,443
Special Education Aid	375,410	436,498	414,670	21,828
State Grant	3,200	0	0	0
Total Cash Receipts	<u>3,255,903</u>	<u>3,025,661</u>	<u>3,056,130</u>	<u>(30,469)</u>
Expenditures				
Instruction				
Salaries Certified	1,133,111	977,939	1,148,600	170,661
Salaries-ARRA	58,921	0	0	0
Salaries-Education Jobs	103,170	0	0	0
Salaries Non-certified	30,577	30,577	30,700	123
Employee Benefits	224,120	229,886	226,520	(3,366)
Supplies	18,171	23,581	22,700	(881)
Property & Equipment	177	0	58,177	58,177
Other	12,714	29,711	23,500	(6,211)
Student Support Services				
Salaries Certified	22,800	22,800	22,800	0
Salaries Non-Certified	81,624	85,906	86,374	468
Employee Benefits	13,782	13,328	19,788	6,460
Supplies	531	202	1,400	1,198
Instruction Support Staff				
Salaries Non-certified	28,647	26,416	26,500	84
Employee Benefits	4,149	4,425	10,070	5,645
Supplies	931	2,022	2,000	(22)
Equipment	1,022	0	0	0
General Administration				
Salaries Certified	86,675	91,675	86,675	(5,000)
Salaries Non-Certified	28,073	27,520	27,520	0
Employee Benefits	19,453	21,702	20,200	(1,502)
Purchased Property Services	4,559	4,362	5,000	638
Other Purchased Services	1,873	2,670	2,500	(170)
Supplies	3,723	5,231	5,000	(231)
Other	5,079	6,236	6,000	(236)
Subtotal	<u>\$ 1,883,882</u>	<u>\$ 1,606,189</u>	<u>\$ 1,832,024</u>	<u>\$ 225,835</u>

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3 (Cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

GENERAL FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures Carried Forward	\$ 1,883,882	\$ 1,606,189	\$ 1,832,024	\$ 225,835
School Administration				
Employee Benefits	4,570	5,483	4,848	(635)
Other Purchased Services	8,233	4,990	11,400	6,410
Operations & Maintenance				
Salaries Non-Certified	194,990	171,051	176,000	4,949
Employee Benefits	28,799	26,528	26,820	292
Purchased Property Services	22,558	23,470	27,688	4,218
Other Purchased Services	14,329	15,520	16,137	617
Supplies	83,280	85,053	79,960	(5,093)
Vehicle Operating Services				
Salaries Non-Certified	86,744	77,655	97,000	19,345
Employee Benefits	20,075	18,607	21,194	2,587
Other Purchased Services	12,021	12,805	13,500	695
Motor Fuel	55,211	62,717	63,000	283
Vehicle Services & Maintenance Services				
Salaries Non-Certified	34,210	17,826	17,040	(786)
Supplies	33,538	29,659	37,500	7,841
Other Supplemental Service				
Salaries Non-Certified	46,751	46,751	46,751	0
Operating Transfers:				
Capital Outlay	66,244	172,341	25,349	(146,992)
Textbook Rental	15,000	50,000	0	(50,000)
Contingency Reserve	0	30,000	0	(30,000)
Food Service	35,000	21,808	35,249	13,441
Professional Development	10,000	0	10,000	10,000
Special Education	421,920	456,498	414,670	(41,828)
At Risk (K-12)	80,000	80,000	100,000	20,000
Adjustment to Comply with Legal Max.	0	0	(48,006)	(48,006)
Legal General Fund Budget & Expenditures	3,157,355	3,014,951	3,008,124	(6,827)
Adjustment for Qualifying Budget Credits	0	0	6,827	6,827
Total Expenditures & Transfers	3,157,355	3,014,951	<u>\$ 3,014,951</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	98,548	10,710		
Unencumbered Cash, July 1	<u>(272,924)</u>	<u>(174,376)</u>		
Unencumbered Cash, June 30	<u>\$ (174,376)</u>	<u>\$ (163,666)</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

SUPPLEMENTAL GENERAL FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Local Sources				
County Tax Receipts	\$ 990,218	\$ 934,598	\$ 911,970	\$ 22,628
State Sources				
Supplemental State Aid	54,106	9,727	9,610	117
Total Cash Receipts	<u>1,044,324</u>	<u>944,325</u>	<u>921,580</u>	<u>22,745</u>
Expenditures				
Instruction				
Salaries Certified	46,885	205,712	4,100	(201,612)
Salaries Non-Certified	54,253	54,320	54,300	(20)
Employee Benefits	1,426	208	2,590	2,382
Purchased Services	21,663	46,452	54,330	7,878
Supplies	79,295	47,244	72,600	25,356
Property	0	3,579	91,695	88,116
Other	8,983	10,996	14,300	3,304
General Administration				
Purchased Professional & Technical Services	7,935	7,520	9,000	1,480
School Administration				
Salaries Certified	124,553	124,553	124,553	0
Employee Benefits	9,538	9,543	16,000	6,457
Operations & Maintenance				
Purchased Services	63,396	33,843	35,044	1,201
Supplies	53,431	45,857	83,739	37,882
Property	65,470	0	0	0
Other	14,322	17,958	15,000	(2,958)
Operating Transfers:				
Food Service	0	33,326	10,000	(23,326)
Textbooks	0	11,036	20,000	8,964
Professional Development	0	10,000	0	(10,000)
Special Education	155,000	200,000	180,000	(20,000)
Vocational Education	130,000	75,501	125,000	49,499
At Risk (K-12)	150,000	100,000	150,000	50,000
Legal Supplemental General Fund Budget & Expenditures	<u>986,150</u>	<u>1,037,648</u>	<u>1,062,251</u>	<u>24,603</u>
Adjustment to Comply With Legal Max	0	0	(24,603)	(24,603)
Total Expenditures & Transfers	<u>986,150</u>	<u>1,037,648</u>	<u>\$ 1,037,648</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	58,174	(93,323)		
Unencumbered Cash, July 1	82,492	140,672		
Prior Year Cancelled Encumbrances	<u>6</u>	<u>0</u>		
Unencumbered Cash, June 30	<u>\$ 140,672</u>	<u>\$ 47,349</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

AT RISK (K – 12)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfer from General	\$ 80,000	\$ 80,000	\$ 100,000	\$ (20,000)
Transfer from Supplemental General	150,000	100,000	150,000	(50,000)
Total Cash Receipts	<u>230,000</u>	<u>180,000</u>	<u>250,000</u>	<u>(70,000)</u>
Expenditures				
Instruction				
Salaries Certified	119,457	120,138	193,000	72,862
Salaries Non-Certified	11,815	26,881	23,000	(3,881)
Employee Benefits	9,772	7,603	17,200	9,597
Supplies	7,131	6,307	7,800	1,493
Property & Equipment	0	0	13,812	13,812
Student Support Services				
Salaries	69,013	12,539	8,000	(4,539)
Total Expenditures	<u>217,188</u>	<u>173,468</u>	<u>\$ 262,812</u>	<u>\$ 89,344</u>
Receipts Over (Under) Expenditures	12,812	6,532		
Unencumbered Cash, July 1	<u>0</u>	<u>12,812</u>		
Unencumbered Cash, June 30	<u>\$ 12,812</u>	<u>\$ 19,344</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

CAPITAL OUTLAY

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Local Sources				
County Tax Receipts	\$ 176,801	\$ 246,918	\$ 243,272	\$ 3,646
Miscellaneous Revenue	49,605	113,333	60,000	53,333
Other				
Transfer from General	66,244	172,341	25,349	146,992
Total Cash Receipts	<u>292,650</u>	<u>532,592</u>	<u>328,621</u>	<u>203,971</u>
Expenditures				
Property & Equipment	69,007	155,944	220,000	64,056
Site Improvement	89,909	76,460	214,500	138,040
Other	111,084	0	65,500	65,500
Total Expenditures	<u>270,000</u>	<u>232,404</u>	<u>\$ 500,000</u>	<u>\$ 267,596</u>
Receipts Over (Under) Expenditures	22,650	300,188		
Unencumbered Cash, July 1	<u>413,225</u>	<u>435,875</u>		
Unencumbered Cash, June 30	<u>\$ 435,875</u>	<u>\$ 736,063</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

DRIVER TRAINING

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts & Transfers				
Local Sources				
Other	\$ 0	\$ 0	\$ 0	\$ 0
State Sources				
State Safety Aid	0	0	0	0
Total Cash Receipts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Salaries Certified	0	0	0	0
Employee Benefits	0	0	0	0
Supplies	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	<u>7,800</u>	<u>7,800</u>		
Unencumbered Cash, June 30	<u>\$ 7,800</u>	<u>\$ 7,800</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

FOOD SERVICE

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts & Transfers				
Local Sources				
Student & Adult Sales	\$ 85,891	\$ 71,809	\$ 86,861	\$ (15,052)
Miscellaneous	68	239	0	239
State Sources				
School Food Assistance	2,265	1,996	1,825	171
Federal Sources				
Child Nutrition Programs	89,858	79,832	90,309	(10,477)
Transfer from General	35,000	21,808	35,249	(13,441)
Transfer from Supplemental General	0	33,326	10,000	23,326
Total Cash Receipts	<u>213,082</u>	<u>209,010</u>	<u>224,244</u>	<u>(15,234)</u>
Expenditures				
Operations & Maintenance				
Property & Equipment	0	0	5,000	5,000
Food Service Operation				
Salaries Non-Certified	94,057	85,153	90,000	4,847
Employee Benefits	18,192	13,825	17,850	4,025
Supplies	95,743	99,996	116,200	16,204
Property & Equipment	3,241	694	10,500	9,806
Other	556	687	2,000	1,313
Total Expenditures	<u>211,789</u>	<u>200,355</u>	<u>\$ 241,550</u>	<u>\$ 41,195</u>
Receipts Over (Under) Expenditures	1,293	8,655		
Unencumbered Cash, July 1	<u>66,849</u>	<u>68,142</u>		
Unencumbered Cash, June 30	<u>\$ 68,142</u>	<u>\$ 76,797</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

PROFESSIONAL DEVELOPMENT

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts & Transfers				
State Sources				
Professional Development Aid	\$ 0	\$ 0	\$ 0	\$ 0
Transfer from General	10,000	0	10,000	(10,000)
Transfer from Supplemental General	0	10,000	0	10,000
Total Receipts	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Expenditures				
Instructional Support Staff				
Purchased Professional & Technical Services	5,686	7,689	20,000	12,311
Other Purchased Services	0	0	0	0
Property & Equipment	0	0	0	0
Total Expenditures	<u>5,686</u>	<u>7,689</u>	<u>\$ 20,000</u>	<u>\$ 12,311</u>
Receipts Over (Under) Expenditures	4,314	2,311		
Unencumbered Cash, July 1	<u>14,853</u>	<u>19,167</u>		
Unencumbered Cash, June 30	<u>\$ 19,167</u>	<u>\$ 21,478</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

SPECIAL EDUCATION

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts & Transfers				
Local Sources				
Miscellaneous	\$ 18,638	\$ 0	\$ 50,000	\$ (50,000)
Other				
Transfer from General	421,920	456,498	414,670	41,828
Transfer from Supplemental General	155,000	200,000	180,000	20,000
Total Cash Receipts	<u>595,558</u>	<u>656,498</u>	<u>644,670</u>	<u>11,828</u>
Expenditures				
Instruction				
Salaries Non-Certified	8,704	8,067	10,000	1,933
Other Purchased Services	527,549	524,890	534,670	9,780
Other	0	0	5,000	5,000
Operations & Maintenance				
Supplies	0	0	10,000	10,000
Property & Equipment	0	0	50,000	50,000
Student Transportation Services				
Salaries Non-Certified	18,365	18,723	35,000	16,277
Employee Benefits	1,806	1,693	3,000	1,307
Other Purchased Services	246	0	0	0
Supplies	5,300	4,500	300	(4,200)
Property & Equipment	0	8,003	49,900	41,897
Other Purchased Services	0	576	600	24
Total Expenditures	<u>561,970</u>	<u>566,452</u>	<u>\$ 698,470</u>	<u>\$ 132,018</u>
Receipts Over (Under) Expenditures	33,588	90,046		
Unencumbered Cash, July 1	<u>102,402</u>	<u>135,990</u>		
Unencumbered Cash, June 30	<u>\$ 135,990</u>	<u>\$ 226,036</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

VOCATIONAL EDUCATION

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Local Sources				
Miscellaneous Reimbursement	\$ 2,844	\$ 2,739	\$ 5,000	\$ (2,261)
Other				
Transfer from General	0	0	0	0
Transfer from Supplemental General	130,000	75,501	125,000	(49,499)
Total Cash Receipts	<u>132,844</u>	<u>78,240</u>	<u>130,000</u>	<u>(51,760)</u>
Expenditures				
Instruction				
Salaries Certified	89,255	89,255	90,000	745
Employee Benefits	5,817	5,956	7,000	1,044
Other Purchased Services	4,934	4,934	20,000	15,066
Supplies	0	5,054	35,000	29,946
Other	3,092	2,787	0	(2,787)
Total Expenditures	<u>103,098</u>	<u>107,986</u>	<u>\$ 152,000</u>	<u>\$ 44,014</u>
Receipts Over (Under) Expenditures	29,746	(29,746)		
Unencumbered Cash, July 1	<u>0</u>	<u>29,746</u>		
Unencumbered Cash, June 30	<u>\$ 29,746</u>	<u>\$ 0</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

KPERS SPECIAL RETIREMENT CONTRIBUTION

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
State of Kansas KPERS	\$ 283,972	\$ 280,501	\$ 284,565	\$ (4,064)
Expenditures				
KPERS Retirement Contribution				
Instructional Employees	116,204	193,372	173,405	(19,967)
Student Support	10,554	14,025	19,600	5,575
Instructional Support	3,009	3,209	5,600	2,391
General Administration	8,205	13,895	14,000	105
School Administration	3,967	7,244	9,000	1,756
Operations & Maintenance	3,741	19,316	23,000	3,684
Student Transportation Services	14,977	13,253	16,000	2,747
Food Service	10,392	10,620	15,960	5,340
Other Supplemental Services	8,158	5,567	8,000	2,433
Total Expenditures	179,207	280,501	\$ 284,565	\$ 4,064
Receipts Over (Under) Expenditures	104,765	0		
Unencumbered Cash, July 1	(104,765)	0		
Unencumbered Cash, June 30	\$ 0	\$ 0		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

CONTINGENCY RESERVE

	Prior Year Actual	Current Year Actual
Cash Receipts & Transfers		
Other		
Transfer from General	\$ 0	\$ 30,000
Expenditures		
Instruction		
Salaries Certified	0	0
Receipts Over (Under) Expenditures	0	30,000
Unencumbered Cash, July 1	70,000	70,000
Unencumbered Cash, June 30	\$ 70,000	\$ 100,000

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

TEXTBOOK RENTAL

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Rental Fees & Books	\$ 32,797	\$ 31,255
Transfer from General	15,000	50,000
Transfer from Supplemental General	0	11,036
Total Cash Receipts	<u>47,797</u>	<u>92,291</u>
Expenditures		
Instruction		
Textbooks	<u>25,065</u>	<u>21,325</u>
Receipts Over (Under) Expenditures	22,732	70,966
Unencumbered Cash, July 1	<u>77,973</u>	<u>100,705</u>
Unencumbered Cash, June 30	<u>\$ 100,705</u>	<u>\$ 171,671</u>

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL
For the Year Ended June 30, 2012

FEDERAL GRANTS

	Title I	Title I ARRA	Title II	REAP	Totals June 30, 2012
Cash Receipts					
Federal Sources					
Grants	\$ 76,387	\$ 2,000	\$ 27,741	\$ 17,027	\$ 123,155
Expenditures					
Instruction					
Salaries Certified	22,005	10,914	27,741	0	60,660
Salaries Non-Certified	45,210	0	0	0	45,210
Employee Benefits	5,797	0	0	0	5,797
Other Purchased Services	3,856	0	0	0	3,856
Supplies	87	0	0	17,027	17,114
Total Expenditures	76,955	10,914	27,741	17,027	132,637
Receipts Over(Under) Expenditures	(568)	(8,914)	0	0	(9,482)
Unencumbered Cash, July 1	10,117	8,914	0	0	19,031
Unencumbered Cash, June 30	\$ 9,549	\$ 0	\$ 0	\$ 0	\$ 9,549

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL
For the Year Ended June 30, 2012

PRIVATE PURPOSE TRUST FUNDS

	Kaltenbacher Memorial Fund	Scholarship Fund	Totals June 30, 2012
Cash Receipts			
Local Sources			
Contributions & Earnings	\$ 22,128	\$ 0	\$ 22,128
Federal Sources	2,010	0	2,010
State Sources	0	0	0
Total Cash Receipts	<u>24,138</u>	<u>0</u>	<u>24,138</u>
Expenditures			
Student Support Services			
Grants, Scholarships & Supplies	<u>23,783</u>	<u>307,330</u>	<u>331,113</u>
Total Expenditures	<u>23,783</u>	<u>307,330</u>	<u>331,113</u>
Receipts Over (Under) Expenditures	355	(307,330)	(306,975)
Unencumbered Cash, July 1	<u>9,400</u>	<u>307,330</u>	<u>316,730</u>
Unencumbered Cash, June 30	<u><u>\$ 9,755</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 9,755</u></u>

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 3

STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

BOND AND INTEREST

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Local Sources				
County Tax Receipts	\$ 250,424	\$ 246,784	\$ 244,332	\$ 2,452
Other	0	0	0	0
Total Cash Receipts	<u>250,424</u>	<u>246,784</u>	<u>244,332</u>	<u>2,452</u>
Expenditures				
Debt Service				
Principal	170,000	175,000	175,000	0
Interest	37,660	32,266	42,000	9,734
Commissions & Postage	0	0	200	200
Total Expenditures	<u>207,660</u>	<u>207,266</u>	<u>\$ 217,200</u>	<u>\$ 9,934</u>
Receipts Over (Under) Expenditures	42,764	39,518		
Unencumbered Cash, July 1	<u>283,836</u>	<u>326,600</u>		
Unencumbered Cash, June 30	<u>\$ 326,600</u>	<u>\$ 366,118</u>		

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 4

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 2012

AGENCY FUNDS

	Cash Balance 6/30/2011	Cash Receipts	Cash Disbursements	Cash Balance 6/30/2012
Recreation Commission	\$ 13,324	\$ 131,364	\$ 138,460	\$ 6,228
Insurance Clearing	0	70,097	69,832	265
Chase County High School/Middle School				
Class of 2015	0	3,963	2,265	1,698
Class of 2014	1,152	2,731	551	3,332
Class of 2013	1,642	4,936	5,359	1,219
Class of 2012	7,264	12,359	19,623	0
FBLA	128	10,659	9,956	831
Cheerleaders	692	6,294	6,986	0
TSA	752	12	0	764
Kay Club	262	5,559	5,053	768
National Honor Society	7	1,507	1,276	238
Newspaper	839	2,000	0	2,839
Pom-pon	227	10	143	94
Quill & Scroll	3	50	50	3
Spanish Club	666	48	406	308
Student Council	979	1,804	1,460	1,323
Yearbook	1	26,711	26,620	92
Middle School Kay Club	205	1,161	1,228	138
Middle School Stuco	2,271	4,754	6,312	713
Subtotal Chase County High School	17,090	84,558	87,288	14,360
Total Student Organization Accounts	17,090	84,558	87,288	14,360
Total Agency Funds	\$ 30,414	\$ 286,019	\$ 295,580	\$ 20,853

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

Statement 5

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2012

DISTRICT ACTIVITY FUNDS

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
CCHS/CCMS	\$ 5,935	\$ 43,340	\$ 43,127	\$ 6,148	\$ 0	\$ 6,148
Subtotal Gate Receipts	<u>5,935</u>	<u>43,340</u>	<u>43,127</u>	<u>6,148</u>	<u>0</u>	<u>6,148</u>
School Projects						
CCES						
Activity	<u>12,010</u>	<u>10,921</u>	<u>10,115</u>	<u>12,816</u>	<u>0</u>	<u>12,816</u>
CCHS/CCMS						
Academics Recognition	760	12,739	11,788	1,711	0	1,711
Honors Banquet	4,671	40	1,631	3,080	0	3,080
MS Rewards	2	200	184	18	0	18
Musical	1,229	600	745	1,084	0	1,084
Office	153	15	95	73	0	73
Sales Tax	26	5,106	5,132	0	0	0
Voices	23	322	315	30	0	30
Subtotal CCHS/CCMS	<u>6,864</u>	<u>19,022</u>	<u>19,890</u>	<u>5,996</u>	<u>0</u>	<u>5,996</u>
Subtotal School Projects	<u>18,874</u>	<u>29,943</u>	<u>30,005</u>	<u>18,812</u>	<u>0</u>	<u>18,812</u>
Total District Activity Funds	<u>\$ 24,809</u>	<u>\$ 73,283</u>	<u>\$ 73,132</u>	<u>\$ 24,960</u>	<u>\$ 0</u>	<u>\$ 24,960</u>

The accompanying notes are an integral part of this statement.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Chase County Unified School District No. 284 was organized in accordance with State Statutes to provide a system of public education to elementary through high school students. The District operates under a superintendent of schools governed by an elected seven member board of education.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The basic-but not the only-criterion for including a potential component unit within the reporting entity is financial accountability. The most significant manifestation of the criterion is financial dependence. Other manifestations of the criteria include but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. Under this criterion, the Chase County Recreation Commission was identified as a component unit. The recreation commission operates as a separate governing body, but USD 284 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 governing body of the component unit is appointed by the District, the Cities of Cottonwood Falls and Strong City, and one member appointed by the governing board. These financial statements do not include the operations of the Chase County Recreation Commission.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

Statutory Basis of Accounting

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

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

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

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid 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 accounting principles generally accepted in the United States of America. Capital assets that account for the land buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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 fiscal year ended June 30, 2012.

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 to expenditure for specified purposes.

Debt Service Fund--to account for the accumulation of resources for and payment of, interest and principal on general long-term debt.

Trust and Agency Funds--to account for assets held in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. These include Private Purpose Trust Funds and Agency Funds.

Ad Valorem Tax Revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20 and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5.

Use of Estimates

The preparation of financial statements in conformity with the statutory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, expenditures, and cash and unencumbered cash balances at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Comparative Prior Year Amounts

The prior year actual amounts presented in the financial statements have been taken from the audit report for the year ended June 30, 2011 and are presented for comparative purposes only. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - BUDGETARY INFORMATION

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

1. Preparation of the budget for the succeeding eighteen month period on or before August 1st.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - BUDGETARY INFORMATION (CONT)

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 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 District amended its budget for increased receipts and expenditures of the KPERS Special Retirement Fund for the fiscal year ended June 30, 2012.

After the above procedures have been followed, the Kansas State Board of Education computes what the maximum legal general fund budget of operating expenses can be. For the fiscal year ended June 30, 2012, the State calculation of the legal maximum general fund budget was \$3,008,124 and the supplemental general fund was \$1,037,648. In accordance with Kansas Statutes, a district will be penalized state aid equal to the amount expended in excess of the computed statutory limitation plus any qualifying budget credits.

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

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

A legal operating budget is not required for capital project funds, agency funds, and the following special revenue funds: Textbook rental, District activity funds, Federal grants, Contingency reserve, Bond issuance and State and Private Purpose Trust Funds.

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

K.S.A. 12-1675 limits the District's 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.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - DEPOSITS AND INVESTMENTS (CONT)

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 did not have any designated "peak periods" for the current year. 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 \$289,773 and the bank balance was \$511,194. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$294,033 was covered by federal depository insurance and \$217,161 was collateralized with securities held by the pledging financial institutions' agents in USD 284's name.

Custodial credit risk-investments

For an investment, this is the risk that, in the event of the failure of the issuer or counter party, the Government 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.

At June 30, 2012, the district had \$1,400,232 invested in the State's municipal investment pool. The Pool carries a Standard & Poor's rating of AAAf/S1+. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. Government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. All investments in the Pool are carried at the original invested amount plus interest earnings.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary, depending on employee eligibility dates. Member - employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State of Kansas contributed 9.77% of covered payroll for the period July 1, 2011 to June 30, 2012 and it will contribute 10.37% for the period of July 1, 2012 to June 30, 2013. 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 statutory required contributions for each year.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - COMPENSATED ABSENCES AND FRINGE BENEFITS FOR FULL TIME EMPLOYEES

Flexible Benefit Plan (I.R.C. Section 125)

The Board adopted, by resolution, a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the Plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary by an elected amount per month to purchase benefits offered through the Plan. In addition, the District contributes \$200 per month to the fringe benefit package for health insurance for full-time employees.

Compensated Absences

The District's policies for certified staff under the master agreement allow for sick leave and personal leave. At the beginning of each school year, each certified staff member is credited with seven days of sick leave. The unused portion of sick leave shall accumulate from year to year to a maximum of forty days. These forty days are in addition to the ten days sick/discretionary leave credited at the beginning of each year. After accumulating forty days of sick leave, the ten current unused sick leave days granted for that year will be remunerated at the rate of \$25 per day. Upon retirement, \$25 reimbursement per day will be granted for unused sick leave if the employee has been in the District 15 years or more and is eligible for retirement under KPERS. At the beginning of each school year, each certified staff member is also credited with three days of discretionary leave. The unused portion of discretionary leave shall accumulate from year to year as sick leave and be included in the maximum forty days accumulation of sick leave.

The District's policies for classified staff under the handbook allow for sick leave, personal leave, and vacation leave. Each 12 month classified employee shall be granted annually 12 days of sick leave which may be accumulated to a total of 50 days. Custodial and clerical employees not on a 12 month contract, bus drivers, and lunchroom employees shall be granted annually 10 days of sick leave which may be accumulated to a total of 50 days. Classified personnel are also granted two days of personal leave per year. Unused personal leave may be carried over annually, not to exceed 5 days. Accumulated personal leave in excess of five days will be compensated at a rate equal to 50% of the employees compensation rate at the end of the contract year. Classified full-time employees on a 12 month contract will be granted paid vacation time based upon years of service. All days from the previous year must be used by June 30th of the following year or the time will be lost.

The District has also established a sick leave bank for certified and administrator/classified staff members. At the beginning of each school year, each staff member has the option of donating a maximum of two days of their sick leave to the sick leave bank. The maximum number of unused days in the sick leave bank shall be 165 days. When a donor member leaves the District, his/her days are withdrawn from the sick leave bank. Only those who donate days are eligible to draw unused days from the bank upon application and approval by the screening committee.

The District recognizes these benefits as paid; therefore no provision for accumulated leave has been made in these financial statements. Compensated absence payments are made from the fund that corresponds to the employees duties.

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. The district pays \$200 of the premium for each eligible retiree and the retiree is responsible for the balance. During the year ended June 30, 2012, three retirees participated in this plan and the district paid \$7,200 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in these financial statements.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - OTHER POST EMPLOYMENT BENEFITS (CONT)

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.

NOTE 7 - 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; and natural disasters for which the District carries commercial insurance. Insurance claims for the preceding three years have not exceeded insurance coverage. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 8 - TRANSFERS

Transfers between budgetary funds are for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenues. Operating transfers during the fiscal year ended June 30, 2011 consisted of the following:

Transfer From	Transfer To	Authority	Amount
General	Capital Outlay	72-6428	\$172,341
General	Special Education	72-6428	456,498
General	At-Risk (K-12)	72-6428	80,000
General	Food Service	72-6428	21,808
General	Textbook Rental	72-6428	50,000
General	Contingency Reserve	72-6428	30,000
Supplemental General	Vocational Education	72-6433	75,501
Supplemental General	Special Education	72-6433	200,000
Supplemental General	At-Risk (K-12)	72-6433	100,000
Supplemental General	Professional Development	72-6433	10,000
Supplemental General	Food Service	72-6433	33,326
Supplemental General	Textbook Rental	72-6433	11,036

NOTE 9 - OPERATING LEASES

The District entered into an operating lease on August 24, 2010 for the use of its copiers for a term of 48 months ending August 2014. The agreement calls for monthly payments of \$843.57. The current year rental payment under the current lease was \$10,122.84 made from the Supplemental General Fund.

NOTE 10 - GENERAL LONG-TERM DEBT

General Obligation Bonds

In July 2008, the District called in all of the outstanding Series 1999A bonds maturing after September 1, 2009 for redemption and payment on September 1, 2008. The remaining balance was \$1,320,000. The District then issued General Obligation Refunding Bonds Series 2008A in August 2008 in the amount of \$1,345,000 in order to provide the funds for the redemption of the Series 1999A bonds. The first interest payment was made on March 1, 2009 and the final payment of principal and interest is scheduled on September 1, 2016. Bond payments are levied for and paid from the bond & interest fund.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 - GENERAL LONG-TERM DEBT (CONT)

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
General Obligation Bonds:										
Series 2008A	3-3.75%	8/13/08	\$ 1,345,000	9/1/16	<u>1,015,000</u>	<u>0</u>	<u>175,000</u>	<u>0</u>	<u>\$ 840,000</u>	<u>\$ 32,266</u>
Total long-term debt					<u>\$ 1,015,000</u>	<u>\$ 0</u>	<u>\$ 175,000</u>	<u>\$ 0</u>	<u>\$ 840,000</u>	<u>\$ 32,266</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
PRINCIPAL						
General Obligation Bonds	\$ 180,000	\$ 185,000	\$ 190,000	\$ 200,000	\$ 85,000	\$ 840,000
Capital Leases Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total principal	<u>180,000</u>	<u>185,000</u>	<u>190,000</u>	<u>200,000</u>	<u>85,000</u>	<u>840,000</u>
INTEREST						
General Obligation Bonds	26,273	19,885	13,418	6,687	1,594	67,857
Capital Leases Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total interest	<u>26,273</u>	<u>19,885</u>	<u>13,418</u>	<u>6,687</u>	<u>1,594</u>	<u>67,857</u>
Total Principal and Interest	<u>\$ 206,273</u>	<u>\$ 204,885</u>	<u>\$ 203,418</u>	<u>\$ 206,687</u>	<u>\$ 86,594</u>	<u>\$ 907,857</u>

NOTE 11 - CONTINGENCIES

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

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 12- COMPLIANCE WITH KANSAS STATUTES

References made herein to statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the legal representative of the District.

The General fund showed a negative unencumbered cash balance of (\$163,666) at June 30, 2012. K.S.A. 10-116A (or 10-1116) provides that under certain situations, funds can end the year with a negative unencumbered cash balance and are therefore, exempt from the cash basis law of the State of Kansas. This fund met the criteria under the statutes, and therefore, is not deemed to be in violation of the Kansas cash basis law.

Deposits with financial institutions were not adequately secured at all times in accordance with K.S.A 9-1402.

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

Management is not aware of any other statutory violations for the period covered by the audit.

Chase County Unified School District No. 284
Cottonwood Falls, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 13 – STATUTORY PRESENTATION-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) require 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 these statutes.

Unified School District No. 284
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2012

GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
County Tax Receipts	\$ 753,107	\$ 728,289	24,818
General State Aid	1,817,076	1,913,171	(96,095)
ARRA Stabilization Funds	0	0	0
Education Jobs Funds	1,443	0	1,443
State Special Education Aid	436,498	414,670	21,828
Other	6,827	0	6,827
Total Statutory Revenues	3,014,951	3,056,130	(41,179)
Expenditures			
Instruction	1,291,694	1,510,197	218,503
Student Support	122,236	130,362	8,126
Instructional Support	32,863	38,570	5,707
General Administration	159,396	152,895	(6,501)
School Administration	10,473	16,248	5,775
Operation and Maintenance	321,622	326,605	4,983
Student Transportation	219,269	249,234	29,965
Other Supplemental Services	46,751	46,751	0
Fund Transfers	810,647	585,268	(225,379)
Adjustment to Comply with Legal Max	0	(48,006)	(48,006)
Legal General Fund Budget	3,014,951	3,008,124	(6,827)
Adjustments for Qualifying Budget Credits	0	6,827	6,827
Total Expenditures	3,014,951	\$ 3,014,951	\$ 0
Statutory Revenue Over (Under) Expenditures	0		
Modified Unencumbered Cash, July 1, 2011	0		
Modified Unencumbered Cash, June 30, 2012	\$ 0		