

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

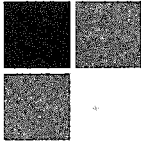
Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education

Unified School District No. 314 Brewster, Kansas

Brewster, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 314 Brewster, Kansas**, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 314 Brewster, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards 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 opinions.

The financial statements do not include financial data for the District's legally separate component unit, Brewster Recreation Commission. Accounting principles generally accepted in the United States of America require the financial data for this component unit 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 unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as \$19,366 for the Brewster Recreation Commission.

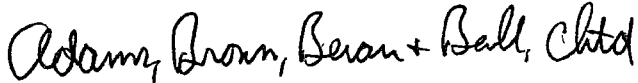
As described more fully in Note 1, **Unified School District No. 314 Brewster, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. 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, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding two paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 314 Brewster, Kansas**, as of June 30, 2012, or the changes in its financial position for the year then ended.

Unified School District No. 314 Brewster, Kansas

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In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 314 Brewster, Kansas**, as of June 30, 2012, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

A handwritten signature in black ink, reading "Adams, Brown, Beran & Ball, Chtd". The signature is written in a cursive, flowing style.

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

September 17, 2012

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustments	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories								
General Funds								
General Fund	\$ (95,912)	95,926	-	941,072	941,086	-	-	-
Supplemental General Fund	103,393	488	-	296,240	308,167	91,954	4,242	96,196
Special Revenue Funds								
At Risk Fund (K-12)	69,308	-	-	166,757	158,398	77,667	-	77,667
Capital Outlay Fund	205,926	-	-	65,618	27,427	244,117	6,472	250,589
Driver Training Fund	12,607	-	-	1,072	2,472	11,207	-	11,207
Food Service Fund	20,358	-	-	56,386	58,549	18,195	-	18,195
Professional Development Fund	11,097	-	-	4,500	1,682	13,915	-	13,915
Special Education Fund	146,284	-	-	139,489	156,074	129,699	46	129,745
KPERs Special Retirement Contribution Fund	-	-	-	69,755	69,755	-	-	-
Contingency Reserve Fund	109,384	-	-	31,763	47,630	93,517	-	93,517
Student Materials Revolving Fund	15,974	-	-	4,012	1,742	18,244	-	18,244
Recreation Fund	5,866	-	-	11,177	10,000	7,043	-	7,043
Title I Low Income Fund	-	-	-	15,413	15,413	-	-	-
Improving Teacher Quality Fund	-	-	-	4,409	4,409	-	-	-
REAP Grant Fund	-	-	-	16,299	16,299	-	-	-
Gifts and Grants Fund	20,502	-	-	30,394	36,206	14,690	-	14,690
District Activity Funds	15,115	-	-	19,403	19,152	15,366	-	15,366
Total Primary Government (Excluding Agency Funds)	\$ 639,902	96,414	-	1,873,759	1,874,461	735,614	10,760	746,374
Composition of Cash					Checking Accounts		\$	142,180
					Savings Account			630,000
					Total Primary Government			772,180
					Agency Funds per Statement 4			(25,806)
					Total Primary Government (Excluding Agency Funds)		\$	746,374

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Summary of Expenditures - Actual and Budget

For the Year Ended June 30, 2012

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 974,336	(39,162)	5,912	941,086	941,086	-
Supplemental General Fund	318,141	(9,974)	-	308,167	308,167	-
Special Revenue Funds						
At Risk Fund (K-12)	286,000	-	-	286,000	158,398	(127,602)
Capital Outlay Fund	181,139	-	-	181,139	27,427	(153,712)
Driver Training Fund	13,126	-	-	13,126	2,472	(10,654)
Food Service Fund	76,267	-	-	76,267	58,549	(17,718)
Professional Development Fund	11,097	-	-	11,097	1,682	(9,415)
Special Education Fund	200,500	-	-	200,500	156,074	(44,426)
Gifts and Grants Fund	44,001	-	-	44,001	36,206	(7,795)
KPERs Special Retirement Contribution Fund	73,639	-	-	73,639	69,755	(3,884)
Recreation Fund	10,000	-	-	10,000	10,000	-

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
General Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 176,679	187,791	175,564	12,227
Delinquent Tax	1,143	469	2,703	(2,234)
Intergovernmental Revenues				
Mineral Severance Tax	1,100	2,082	-	2,082
Equalization Aid	683,007	585,379	626,009	(40,630)
Special Ed Aid	111,121	111,335	120,677	(9,342)
Federal Aid	31,194	474	-	474
Federal Aid - ARRA	17,815	-	49,370	(49,370)
Transfers in	-	47,630	-	47,630
Miscellaneous	13,357	5,912	-	5,912
Total Cash Receipts	1,035,416	941,072	974,323	(33,251)
Expenditures				
Instruction	370,874	423,484	360,650	62,834
Student Support Services	9,904	7,470	9,904	(2,434)
Instructional Support Services	21,433	22,289	21,433	856
General Administration	75,080	63,556	75,947	(12,391)
School Administration	66,790	59,256	66,790	(7,534)
Operations and Maintenance	81,782	70,987	81,781	(10,794)
Transportation	51,446	46,266	51,446	(5,180)
Other Support Services	34,190	52,886	34,191	18,695
Transfers Out	323,903	194,892	272,194	(77,302)
Adjustment to Comply With Legal Max	-	-	(39,162)	39,162
Legal General Fund Budget	1,035,402	941,086	935,174	5,912
(a) Adjustment for Qualifying Budget Credit	-	-	5,912	(5,912)
Total Expenditures	1,035,402	941,086	941,086	-
Cash Receipts Over (Under) Expenditures	14	(14)		
Unencumbered Cash - Beginning				
As Previously Stated	-	(95,912)		
Prior Period Adjustment	-	95,926		
Unencumbered Cash - Beginning				
As Restated	-	14		
Unencumbered Cash - Ending	\$ 14	-		
(a) Adjustment for Qualifying Budget Credit				
Miscellaneous Reimbursements Over Amount Budgeted			\$ 5,912	

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Supplemental General Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 177,827	270,513	186,720	83,793
Delinquent Tax	1,517	1,497	2,683	(1,186)
Motor Vehicle Tax	22,938	23,365	24,625	(1,260)
Recreational Vehicle Tax	255	356	233	123
Intergovernmental Revenues				
Mineral Severance Tax	-	509	-	509
Equalization Aid	8,211	-	-	-
Total Cash Receipts	210,748	296,240	214,261	81,979
Expenditures				
Instruction	35,741	43,287	34,355	8,932
Instructional Support Staff	357	2,745	357	2,388
Student Support Services	1,189	1,680	1,189	491
General Administration	3,430	9,904	3,430	6,474
School Administration	6,083	5,423	6,083	(660)
Operations and Maintenance	84,200	84,063	84,200	(137)
Other Support Services	4,618	4,411	6,004	(1,593)
Transfers Out	137,000	156,654	182,523	(25,869)
Adjustment to Comply With Legal Max	-	-	(9,974)	9,974
Total Expenditures	272,618	308,167	308,167	-
Cash Receipts Over (Under) Expenditures	(61,870)	(11,927)		
Unencumbered Cash - Beginning As Previously Stated	165,727	103,393		
Prior Period Adjustment	-	488		
Unencumbered Cash - Beginning As Restated	165,727	103,881		
Prior Year Cancelled Encumbrances	24	-		
Unencumbered Cash - Ending	\$ 103,881	91,954		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
At Risk Fund (K-12)
 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)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 266,711	165,000	266,511	(101,511)
Interest	3,929	1,757	-	1,757
Total Cash Receipts	270,640	166,757	<u>266,511</u>	<u>(99,754)</u>
Expenditures				
Instruction	262,900	158,398	<u>286,000</u>	<u>(127,602)</u>
Cash Receipts Over (Under) Expenditures	7,740	8,359		
Unencumbered Cash - Beginning	61,568	69,308		
Unencumbered Cash - Ending	<u>\$ 69,308</u>	<u>77,667</u>		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 4,271	-	-	-
Expenditures				
Instruction	4,271	-	-	-
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Capital Outlay Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 47,107	50,395	46,774	3,621
Delinquent Tax	291	371	720	(349)
Motor Vehicle Tax	5,020	4,932	5,252	(320)
Recreational Vehicle Tax	67	77	49	28
Mineral Severance Tax	-	94	-	94
Reimbursed Expenses	29,856	9,269	-	9,269
Sale of Equipment	150	480	-	480
Total Cash Receipts	82,491	65,618	52,795	12,823
Expenditures				
Instruction	5,215	1,065	5,213	(4,148)
Instructional Support Staff	-	277	-	277
Operations and Maintenance	11,729	12,391	11,729	662
Facility Acquisition and Construction	64,197	13,694	164,197	(150,503)
Total Expenditures	81,141	27,427	181,139	(153,712)
Cash Receipts Over (Under) Expenditures	1,350	38,191		
Unencumbered Cash - Beginning	204,576	205,926		
Unencumbered Cash - Ending	\$ 205,926	244,117		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Driver Training Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 814	658	518	140
Miscellaneous	-	414	-	414
Total Cash Receipts	814	1,072	518	554
Expenditures				
Instruction	2,395	2,370	12,998	(10,628)
Vehicle Operations and Maintenance	128	102	128	(26)
Total Expenditures	2,523	2,472	13,126	(10,654)
Cash Receipts Over (Under) Expenditures	(1,709)	(1,400)		
Unencumbered Cash - Beginning	14,316	12,607		
Unencumbered Cash - Ending	\$ 12,607	11,207		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Food Service Fund
 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)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 454	372	366	6
Federal Aid	27,578	20,495	26,247	(5,752)
Charges for Services	20,821	26,019	17,296	8,723
Transfers In	13,800	9,500	12,000	(2,500)
Total Cash Receipts	62,653	56,386	55,909	477
Expenditures				
Food Service Operation	61,075	58,549	76,267	(17,718)
Cash Receipts Over (Under) Expenditures	1,578	(2,163)		
Unencumbered Cash - Beginning	18,780	20,358		
Unencumbered Cash - Ending	\$ 20,358	18,195		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Professional Development Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ -	4,000	-	4,000
Reimbursements	-	500	-	500
Total Cash Receipts	-	4,500	-	4,500
Expenditures				
Instructional Support Services	2,328	1,682	11,097	(9,415)
Cash Receipts Over (Under) Expenditures	(2,328)	2,818		
Unencumbered Cash - Beginning	13,425	11,097		
Unencumbered Cash - Ending	\$ 11,097	13,915		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Special Education Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Reimbursed Expenses	\$ 9,180	-	-	-
Transfers In	176,121	139,489	176,206	(36,717)
Total Cash Receipts	185,301	139,489	176,206	(36,717)
Expenditures				
Instruction	155,611	156,074	200,500	(44,426)
Cash Receipts Over (Under) Expenditures	29,690	(16,585)		
Unencumbered Cash - Beginning	116,594	146,284		
Unencumbered Cash - Ending	\$ 146,284	129,699		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
KPERS Special Retirement Contribution Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 40,240	69,755	73,639	(3,884)
Expenditures				
Instruction	29,993	50,475	63,392	(12,917)
Instructional Support Services	349	573	349	224
General Administration	2,170	3,487	2,170	1,317
School Administration	2,770	4,526	2,770	1,756
Other Supplemental Services	-	794	-	794
Operations and Maintenance	2,475	5,549	2,475	3,074
Student Transportation Services	1,086	1,879	1,086	793
Food Service	1,397	2,472	1,397	1,075
Total Expenditures	40,240	69,755	73,639	(3,884)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Contingency Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ -	31,763
Expenditures		
Transfers Out	-	47,630
Cash Receipts Over (Under) Expenditures	-	(15,867)
Unencumbered Cash - Beginning	109,384	109,384
Unencumbered Cash - Ending	\$ 109,384	93,517

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Student Materials Revolving Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Student Fees	\$ 3,061	2,218
Transfers In	-	1,794
Total Cash Receipts	3,061	4,012
Expenditures		
Student Support Services	2,145	1,742
Cash Receipts Over (Under) Expenditures	916	2,270
Unencumbered Cash - Beginning	15,058	15,974
Unencumbered Cash - Ending	\$ 15,974	18,244

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Recreation Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 9,449	10,078	9,329	749
Delinquent Tax	59	80	144	(64)
Motor Vehicle Tax	981	985	1,050	(65)
Recreational Vehicle Tax	85	17	10	7
Mineral Severance Tax	-	17	-	17
Total Cash Receipts	10,574	11,177	10,533	644
Expenditures				
Appropriations to Recreation Commission	10,000	10,000	10,000	-
Cash Receipts Over (Under) Expenditures	574	1,177		
Unencumbered Cash - Beginning	5,292	5,866		
Unencumbered Cash - Ending	\$ 5,866	7,043		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Title I Low Income Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 14,315	15,413
Expenditures		
Instruction	14,315	15,413
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Title II Education Technology Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 48	-
Expenditures		
Instruction	48	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Improving Teacher Quality Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 4,858	4,409
Expenditures		
Instruction	4,858	4,409
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
REAP Grant Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 23,362	16,299
Expenditures		
Instruction	23,362	16,299
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Gifts and Grants Fund
 Summary 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ 10,932	27,894	23,500	4,394
Miscellaneous	-	2,500	-	2,500
Total Revenue	10,932	30,394	23,500	6,894
Expenditures				
Instruction	9,953	17,102	20,501	(3,399)
Operation and Maintenance	-	19,104	23,500	(4,396)
Total Expenditures	9,953	36,206	44,001	(7,795)
Cash Receipts Over (Under) Expenditures	979	(5,812)		
Unencumbered Cash - Beginning	19,523	20,502		
Unencumbered Cash - Ending	\$ 20,502	14,690		

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
All Schools				
Class of 2009	\$ 46	-	-	46
Class of 2010	63	-	-	63
Class of 2011	2,076	-	1,976	100
Class of 2012	3,797	3,891	7,688	-
Class of 2013	2,701	21,952	11,959	12,694
Class of 2014	1,582	948	306	2,224
Class of 2015	52	3,814	2,403	1,463
Class of 2016	90	62	-	152
Class of 2017	-	70	-	70
Accelerated Reader	1,422	-	402	1,020
Jr. High Pep Club	138	-	-	138
Art	207	802	793	216
Physics Class	172	-	-	172
Electric Car	23	-	-	23
Sr. High Pep Club	899	26	546	379
Student Council	1,473	1,909	1,815	1,567
Sr. High National Honor Society	151	-	-	151
Annual	3,575	5,317	4,615	4,277
Band	233	129	173	189
Vocal	49	77	125	1
SADD	314	500	183	631
Library Club	49	53	65	37
Academic Team	589	528	924	193
Sales Tax	-	2,699	2,699	-
Total	\$ 19,701	42,777	36,672	25,806

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
 District Activity Funds
 Statement of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2012

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Gate Receipts							
High School							
Athletics	\$ <u>15,115</u>	<u>-</u>	<u>19,403</u>	<u>19,152</u>	<u>15,366</u>	<u>-</u>	<u>15,366</u>

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

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 314 Brewster, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. These financial statements present the District (primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

The District is the primary government as defined in GASB #14 and further amended by GASB #39. The Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

These financial statements present **Unified School District No. 314 Brewster, Kansas** (the primary government) and not its component unit. The following is a component unit of the District. The District exercises significant influence or accountability based primarily on operational or financial relationships with the District.

Brewster Recreation Commission

The District's Recreation Commission oversees recreation 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 District's board appoints four of the five Recreation Commission board members. The fifth member is selected by the Recreation Commission's board. The Recreation Commission does not issue audited financial statements. Contact the District Clerk for information on how to obtain their financial information.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – 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. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Governmental Fund Categories

General Funds – to account for all financial resources except those required to be reported in another fund.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

District Activity Funds – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Fiduciary Fund Category

Agency Funds – to account for assets held by the District as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

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 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, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and 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 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.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were three budget amendments for this year for the General Fund, At Risk Fund (K-12), and KPERs 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Student Materials Revolving Fund, Title I Low Income Fund, Title II Educational Technology Fund, Improving Teacher Quality Fund, REAP Grant Fund and District Activity Funds.

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

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The 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 K.S.A. 9-1405.

Custodial Credit Risk – Deposits

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

At June 30, 2012, the District's carrying amount of deposits was \$772,180 and the bank balance was \$804,521. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$251,438 was covered by federal depository insurance and \$553,083 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2012.

Compensated Absences

Leave

All certified employees are entitled to 80 hours of leave per year. Employees are entitled to use leave for their own personal illness or personal use. Any unused leave shall be allowed to accumulate for a total of 360 hours. If the employee leaves the employment of the District for any reason, the District will compensate the employee at a rate of \$6.25 an hour for unused hours upon completion of the contract in the paycheck following the June board meeting.

Sick Leave and Personal Leave

Classified full-time employees will be credited with 72 hours of paid sick leave per year. Unused leave may be accumulated to a maximum of 360 hours. If the employee leaves the employment of the District for any reason, the District will compensate the employee at a rate of \$3.75 an hour for unused sick leave, up to a maximum of 360 hours, upon completion of the contract, in the paycheck following the June board meeting.

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paid personal leave is limited to 24 hours for nine-month employees and 32 hours for twelve-month employees per fiscal year. Classified staff are not compensated for unused personal leave.

As of June 30, 2012, the amount of accumulated vacation and sick leave was \$17,701. No amount representing the liability has been included in the financial statements.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Salary Reduction Plan

The District is contributing \$439.20 per month per employee with 17.5 hours or more of service each week toward the purchase of the District's group health insurance and the associated life insurance plan. The employer contribution may be made up of non-elective contributions and/or elective contributions authorized by each participant on a salary reduction basis. If the non-elective contribution amount exceeds the cost of benefits elected by the participating employee, excess amounts will not be paid to the employee as cash. The maximum amount available to each participant for the purchase of elected benefits through salary reduction will be \$14,000 per plan year. Salary reduction amounts under this plan consisted of non-elective contributions of \$77,738 and elective contributions of \$56,264 for the year ended June 30, 2012.

Defined Benefit Pension Plan

Plan Description

The District 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% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.77% of covered payroll and 18.96% for non-licensed KPERS retirees and 22.96% for licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of 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 \$86,657, \$53,670, and \$45,643, respectively.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Property Tax Calendar

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. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

Reimbursements

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – 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. **Unified School District No. 314 Brewster, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2012 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 111,335
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	50,000
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	31,763
General Fund	Student Material Revolving Fund	K.S.A. 72-6428	1,794
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	28,154
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-6433	115,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	4,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	9,500
Contingency Reserve Fund	General Fund	2011 SB111	47,630

UNIFIED SCHOOL DISTRICT NO. 314 BREWSTER, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 3– LITIGATION

Unified School District No. 314 Brewster, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 314 Brewster, Kansas carries commercial insurance for risks of loss, including athletic participants liability, excess liability, student accident catastrophic, extended catastrophic accident, property, general liability, crime, inland marine, automobile, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 314 Brewster, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 314 Brewster, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$46,251 subsequent to June 30, 2012 and as required by K.S.A. 72-6417, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

The General Fund and Supplemental General Unencumbered Cash have been restated to \$14 and \$103,881, respectively, to be in conformity with the regulatory basis of accounting as of July 1, 2011.