

UNIFIED SCHOOL DISTRICT NO. 329
MILL CREEK VALLEY
Alma, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2012

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

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Unified School District No. 329
Mill Creek Valley
Alma, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

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ALDRICH & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Education
Unified School District No. 329
Mill Creek Valley
Alma, KS 66401

We have audited the accompanying financial statements of Unified School District No. 329, Mill Creek Valley, Alma, 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. 329, Alma, Kansas management. Our responsibility is to express an opinion on these 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 report dated August 29, 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.

As described more fully in Note 1, USD 329 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences 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 effects of the matter discussed in the preceding paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 329, Mill Creek Valley, Alma, 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 Unified School District No. 329, Mill Creek Valley, Alma, 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 2.

Aldrich & Company, LLC

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

August 31, 2012

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 1

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

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ (257,656)		\$ 3,782,510	\$ 3,786,269	\$ (261,415)		\$ (261,415)
Supplemental General	42,228		1,254,639	1,232,057	64,810		64,810
Special Revenue Funds							
Capital Outlay	610,605		326,543	394,727	542,421		542,421
Vocational Education	0		187,186	187,186	0		0
Special Education	693,536		541,150	692,862	541,824		541,824
Food Service	76,628		248,380	242,955	82,053		82,053
Drivers Education	48,402		8,657	8,326	48,733		48,733
Staff Development	107,309		1,735	13,596	95,448		95,448
Extraordinary School Program	4,709		11,709	8,463	7,955		7,955
KPERs Retirement Contributions	0		315,695	315,695	0		0
At-Risk (K-12)	0		134,418	134,418	0		0
Student Materials	11,111		5,283	6,887	9,507		9,507
Textbook Rental	23,925		16,620	15,023	25,522		25,522
Summer Insurance	0		6,307	6,307	0		0
Contingency Reserve	121,937		28,617	0	150,554		150,554
Title I	0		54,458	54,458	0		0
Title II A Teacher Quality	0		19,003	19,003	0		0
Title VI Reap	0		31,599	31,599	0		0
Grants	1,874		600	984	1,490		1,490
District Activity Funds	56,118		139,987	147,374	48,731		48,731
Debt Service Funds							
Bond and Interest	1,004,030		588,711	550,300	1,042,441		1,042,441
Fiduciary Funds							
Private Purpose Trust Funds	398	0	0	0	398	0	398
Total Reporting Entity (excluding agency funds)	<u>\$ 2,545,154</u>	<u>\$ 0</u>	<u>\$ 7,703,807</u>	<u>\$ 7,848,489</u>	<u>\$ 2,400,472</u>	<u>\$ 0</u>	<u>\$ 2,400,472</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 1

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

Composition of Cash:

Stockgrowers State Bank, Maple Hill, Kansas	
District Payroll N.O.W.	\$ 10,453
District M.M.A.	2,333,127
District Petty Cash Account	1,475
Food Service Petty Cash Account	350
Wabaunsee High School Activity Fund	61,839
Mill Creek Valley Jr. High & Middle School Activity Fund	13,333
Alma Grade School Activity Fund	5,162
Maple Hill Grade School Activity Fund	2,115
First National Bank of Wamego, Alma, Kansas	
District N.O.W.	4,163
Cash on Hand - Supt.	<u>25</u>
Total Cash	2,432,042
Agency Funds per Statement 4	<u>(31,570)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,400,472</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 2

Summary of Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012

Governmental Type Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 3,685,500	\$ (5,170)	\$ 105,939	\$ 3,786,269	\$ 3,786,269	\$ 0
Supplemental General	1,251,075	(19,018)		1,232,057	1,232,057	0
Special Revenue Funds						
Capital Outlay	490,500			490,500	394,727	95,773
Vocational Education	200,000			200,000	187,186	12,814
Special Education	730,965			730,965	692,862	38,103
Food Service	288,000			288,000	242,955	45,045
Drivers Education	12,550			12,550	8,326	4,224
Staff Development	33,550			33,550	13,596	19,954
Extraordinary School Program	11,650			11,650	8,463	3,187
KPERS Retirement Contributions	336,932			336,932	315,695	21,237
At-Risk (K-12)	180,000			180,000	134,418	45,582
Debt Service Funds						
Bond and Interest	550,330			550,330	550,300	30

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-1

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal 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				
General Property Taxes	\$ 609,723	\$ 625,765	\$ 589,647	\$ 36,118
Intergovernmental Receipts				
State Equalization Aid	2,395,524	2,413,026	2,508,324	(95,298)
State Special Education Aid	528,246	541,150	587,529	(46,379)
ARRA Stabilization Funds	64,293	0	0	0
Education Jobs Funds	112,576	1,630	0	1,630
Reimbursements				
Daycare	111,081	105,939	0	105,939
Transfer In	0	95,000	0	95,000
Total Cash Receipts	<u>3,821,443</u>	<u>3,782,510</u>	<u>3,685,500</u>	<u>97,010</u>
Expenditures				
Instruction				
Certified Salaries	1,222,549	1,410,849	1,404,846	(6,003)
ARRA Expenditures-Certified Salaries	64,293	0	0	0
Education Jobs Expenditures-Certified Salaries	112,576	1,630	0	(1,630)
Non-certified Salaries	9,811	10,478	10,000	(478)
Employee Benefits	139,363	142,177	140,000	(2,177)
Professional & Technical Services	0	0	0	0
Other Purchased Services	13,892	14,761	10,000	(4,761)
Teaching Supplies	57,787	60,580	54,000	(6,580)
Property & Equipment	2,087	13,593	0	(13,593)
Total Instruction	<u>1,622,358</u>	<u>1,654,068</u>	<u>1,618,846</u>	<u>(35,222)</u>
Student Support				
Certified Salaries	18,181	18,288	21,000	2,712
Employee Benefits	4,148	4,469	4,300	(169)
Professional & Technical Services	540	0	7,500	7,500
Other Purchased Services	4,481	2,961	500	(2,461)
Supplies	1,354	2,037	2,000	(37)
Total Student Support	<u>28,704</u>	<u>27,755</u>	<u>35,300</u>	<u>7,545</u>
Instructional Support				
Non-certified Salaries	80,428	81,371	81,200	(171)
Employee Benefits	9,026	9,719	9,000	(719)
Supplies	5,358	6,355	5,000	(1,355)
Property & Equipment	0	0	0	0
Total Instructional Support	<u>94,812</u>	<u>97,445</u>	<u>95,200</u>	<u>(2,245)</u>
Expenditures Subtotal	<u>\$ 1,745,874</u>	<u>\$ 1,779,268</u>	<u>\$ 1,749,346</u>	<u>\$ (29,922)</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-1(cont'd)

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal 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	\$ 1,745,874	\$ 1,779,268	\$ 1,749,346	\$ (29,922)
General Administration				
Certified Salaries	81,712	78,000	75,000	(3,000)
Non-certified Salaries	66,456	67,397	89,000	21,603
Employee Benefits	27,991	28,436	30,000	1,564
Professional & Technical Services	6,975	7,800	8,000	200
Other Purchased Services	11,709	11,495	13,200	1,705
Supplies	0	435	0	(435)
Other	1,167	2,038	1,000	(1,038)
Total General Administration	196,010	195,601	216,200	20,599
School Administration				
Certified Salaries	212,512	208,406	216,000	7,594
Non-certified Salaries	100,491	103,537	99,000	(4,537)
Employee Benefits	22,891	23,877	24,500	623
Other Purchased Services	2,671	3,049	2,600	(449)
Supplies	4,445	5,899	5,500	(399)
Other	0	0	0	0
Total School Administration	343,010	344,768	347,600	2,832
Other Supplemental Services				
Non-certified Salaries	9,715	9,910	0	(9,910)
Employee Benefits	645	654	0	(654)
Supplies	0	0	0	0
Total Central Services	10,360	10,564	0	(10,564)
Operation and Maintenance				
Non-certified Salaries	192,680	201,176	190,000	(11,176)
Employee Benefits	10,940	12,385	11,250	(1,135)
Purchased Property Services	57,285	27,566	29,000	1,434
Other Purchased Services	4,379	5,103	3,000	(2,103)
Supplies	39,606	43,798	40,000	(3,798)
Property & Equipment	0	0	0	0
Total Operation & Maintenance	304,890	290,028	273,250	(16,778)
Expenditures Subtotal	\$ 2,600,144	\$ 2,620,229	\$ 2,586,396	\$ (33,833)

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-1(cont'd)

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal 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	\$ 2,600,144	\$ 2,620,229	\$ 2,586,396	\$ (33,833)
Student Transportation				
Non-certified Salaries	143,376	163,711	145,000	(18,711)
Employee Benefits	10,636	12,363	10,950	(1,413)
Other Purchased Services	38	0	0	0
Supplies	857	0	0	0
Other	0	0	0	0
Total Student Transportation	154,907	176,074	155,950	(20,124)
Day Care	119,783	110,781	121,000	10,219
Fund Transfers				
Capital Outlay	210,000	200,000	0	(200,000)
Special Education	528,246	541,150	652,154	111,004
At-Risk	155,868	109,418	170,000	60,582
Contingency Reserve	0	28,617	0	(28,617)
Total Fund Transfers	894,114	879,185	822,154	(57,031)
Adjustment to Comply with Legal Max Budget	0	0	(5,170)	(5,170)
Legal General Fund Budget	3,768,948	3,786,269	3,680,330	(105,939)
Adjustments for Qualifying Budget Credits	0	0	105,939	105,939
Total Expenditures	3,768,948	3,786,269	\$ 3,786,269	\$ 0
Receipts Over (Under) Expenditures	52,495	(3,759)		
Unencumbered Cash, July 1	(310,151)	(257,656)		
Unencumbered Cash, June 30	\$ (257,656)	\$ (261,415)		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-2

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

SUPPLEMENTAL GENERAL LOCAL OPTION BUDGET

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 898,743	\$ 937,605	\$ 880,750	\$ 56,855
Intergovernmental Receipts				
State Equalization Aid	384,913	317,034	309,233	7,801
Reimbursements	0	0	0	0
Total Cash Receipts	<u>1,283,656</u>	<u>1,254,639</u>	<u>1,189,983</u>	<u>64,656</u>
Expenditures				
Instruction				
Technology Director	45,104	31,526	50,000	18,474
Certified Salaries	216,056	337,820	116,000	(221,820)
Employee Benefits	10,506	12,015	13,000	985
Professional & Technical Services	79,177	106,190	5,000	(101,190)
Purchased Property Services	0	0	85,000	85,000
Other Purchased Services	0	0	5,000	5,000
Supplies	35,984	22,882	50,000	27,118
Equipment & Software	1,630	5,788	0	(5,788)
Student Support				
Employee Benefits	1,740	348	0	(348)
Instructional Support				
Employee Benefits	480	581	2,300	1,719
Supplies	2,255	2,351	4,500	2,149
General Administrative				
Employee Benefits	384	1,115	500	(615)
Other Purchased Services	18,047	12,529	22,000	9,471
Supplies	40,078	73,221	35,000	(38,221)
Property & Equipment	0			0
School Administration				
Employee Benefits	1,248	1,510	1,500	(10)
Other Purchased Services	15,789	26,230	18,000	(8,230)
Operations & Maintenance				
Employee Benefits	4,770	5,771	5,500	(271)
Purchased Property Services	39,765	55,567	46,000	(9,567)
Other Purchased Services	35,808	42,115	35,000	(7,115)
Utilities	167,177	173,184	190,000	16,816
Property & Equipment	250	0	500	500
Expenditure Subtotal	<u>\$ 716,248</u>	<u>\$ 910,743</u>	<u>\$ 684,800</u>	<u>\$ (225,943)</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-2

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

SUPPLEMENTAL GENERAL LOCAL OPTION BUDGET

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures Carried Forward	\$ 716,248	\$ 910,743	\$ 684,800	\$ (225,943)
Student Transportation				
Employee Benefits	6,816	7,641	8,000	359
Other Purchased Services	4,291	5,755	8,000	2,245
Supplies	93,865	116,623	90,000	(26,623)
Other	3,795	4,109	4,000	(109)
Fund Transfers				
Special Education	174,819	0	236,275	236,275
Staff Development	30,000	0	0	0
Driver Education	10,000	0	0	0
Vocational Education	178,392	187,186	200,000	12,814
At-Risk	0	0	10,000	10,000
Food Service	0	0	10,000	10,000
Adjustment to Comply with Legal Max Budget	0	0	(19,018)	(19,018)
Total Expenditures	<u>1,218,226</u>	<u>1,232,057</u>	<u>\$ 1,232,057</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	65,430	22,582		
Unencumbered Cash, July 1	<u>(23,202)</u>	<u>42,228</u>		
Unencumbered Cash, June 30	<u>\$ 42,228</u>	<u>\$ 64,810</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-3

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

CAPITAL OUTLAY FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 12,785	\$ 1,632	\$ 0	\$ 1,632
Interest on Idle Funds	21,446	11,700	30,000	(18,300)
Miscellaneous Revenue	21,598	113,211	0	113,211
Transfers In	210,000	200,000	0	200,000
Total Cash Receipts	<u>265,829</u>	<u>326,543</u>	<u>30,000</u>	<u>296,543</u>
Expenditures				
Equipment	122,919	88,157	395,500	307,343
Land Acquisition	0	0	0	0
Land Improvements	35,787	33,294	30,000	(3,294)
Site Improvements	6,973	0	5,000	5,000
Building Improvements	52,656	273,276	60,000	(213,276)
Adjustments for Qualifying Budget Credits	0	0	0	0
Total Expenditures	<u>218,335</u>	<u>394,727</u>	<u>\$ 490,500</u>	<u>\$ 95,773</u>
Receipts Over (Under) Expenditures	47,494	(68,184)		
Unencumbered Cash, July 1	<u>563,111</u>	<u>610,605</u>		
Unencumbered Cash, June 30	<u>\$ 610,605</u>	<u>\$ 542,421</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-4

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

VOCATIONAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 178,392	\$ 187,186	\$ 200,000	\$ (12,814)
Other	0	0	0	0
Total Cash Receipts	<u>178,392</u>	<u>187,186</u>	<u>200,000</u>	<u>(12,814)</u>
Expenditures				
Salaries	158,230	165,991	170,000	4,009
Employee Benefits	10,417	10,839	12,500	1,661
Supplies	9,745	10,356	15,000	4,644
Equipment	0	0	2,500	2,500
Other	0	0	0	0
Total Expenditures	<u>178,392</u>	<u>187,186</u>	<u>\$ 200,000</u>	<u>\$ 12,814</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-5

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

SPECIAL EDUCATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 703,065	\$ 541,150	\$ 652,154	\$ (111,004)
Expenditures				
Instruction				
Special Education Co-op	597,284	575,280	628,965	53,685
Purchased Service	162	101	0	(101)
Supplies	0	638	5,000	4,362
Equipment	0	0	5,000	5,000
Transportation				
Salaries	19,783	11,339	30,000	18,661
Employee Benefits	1,827	1,252	4,000	2,748
Purchased Services	1,422	305	3,000	2,695
Supplies	12,398	8,947	20,000	11,053
Equipment	0	0	35,000	35,000
Transfers Out	0	95,000	0	(95,000)
Total Expenditures	632,876	692,862	\$ 730,965	\$ 38,103
Receipts Over (Under) Expenditures	70,189	(151,712)		
Unencumbered Cash, July 1	623,347	693,536		
Unencumbered Cash, June 30	\$ 693,536	\$ 541,824		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-6

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

FOOD SERVICE FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
Federal Aid	\$ 101,052	\$ 116,873	\$ 100,132	\$ 16,741
State Aid	2,502	2,655	2,016	639
Meals	120,455	128,852	104,549	24,303
Other	0	0	0	0
Transfers In	0	0	10,000	(10,000)
Total Cash Receipts	<u>224,009</u>	<u>248,380</u>	<u>216,697</u>	<u>31,683</u>
Expenditures				
Salaries and Wages	110,846	113,438	120,000	6,562
Employee Benefits	12,316	13,468	18,000	4,532
Food	89,624	103,835	125,000	21,165
Other Purchased Services	525	566	3,000	2,434
Supplies	5,136	6,468	8,000	1,532
Other	868	1,934	2,000	66
Equipment	0	1,568	0	(1,568)
Operations & Maintenance	1,953	1,678	12,000	10,322
Total Expenditures	<u>221,268</u>	<u>242,955</u>	<u>\$ 288,000</u>	<u>\$ 45,045</u>
Receipts Over (Under) Expenditures	2,741	5,425		
Unencumbered Cash, July 1	<u>73,887</u>	<u>76,628</u>		
Unencumbered Cash, June 30	<u>\$ 76,628</u>	<u>\$ 82,053</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-7

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

DRIVERS EDUCATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
State Driver Training	\$ 2,516	\$ 3,290	\$ 2,812	\$ 478
Fees	6,218	5,367	0	5,367
Transfers In	10,000	0	0	0
Total Cash Receipts	<u>18,734</u>	<u>8,657</u>	<u>2,812</u>	<u>5,845</u>
Expenditures				
Salaries	6,641	6,043	8,700	2,657
Employee Benefits	625	604	850	246
Supplies	1,548	1,277	2,500	1,223
Vehicle Maintenance	50	402	500	98
Total Expenditures	<u>8,864</u>	<u>8,326</u>	<u>\$ 12,550</u>	<u>\$ 4,224</u>
Receipts Over (Under) Expenditures	9,870	331		
Unencumbered Cash, July 1	<u>38,532</u>	<u>48,402</u>		
Unencumbered Cash, June 30	<u>\$ 48,402</u>	<u>\$ 48,733</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-8

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

STAFF DEVELOPMENT

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
State Aid	\$ 0	\$ 0	\$ 0	\$ 0
Reimbursed Expense	3,386	1,735	4,000	(2,265)
Transfers In	30,000	0	0	0
Total Cash Receipts	<u>33,386</u>	<u>1,735</u>	<u>4,000</u>	<u>(2,265)</u>
Expenditures				
Salaries	4,950	4,698	7,000	2,302
Employee Benefits	409	395	550	155
Purchased Professional Services	1,019	400	5,000	4,600
Other Purchased Services	8,442	7,890	20,000	12,110
Supplies	0	213	1,000	787
Total Expenditures	<u>14,820</u>	<u>13,596</u>	<u>\$ 33,550</u>	<u>\$ 19,954</u>
Receipts Over (Under) Expenditures	18,566	(11,861)		
Unencumbered Cash, July 1	<u>88,743</u>	<u>107,309</u>		
Unencumbered Cash, June 30	<u>\$ 107,309</u>	<u>\$ 95,448</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-9

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

EXTRAORDINARY SCHOOL PROGRAM

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Fees	\$ 10,681	\$ 11,709	\$ 12,000	\$ (291)
Transfers In	0	0	0	0
Total Cash Receipts	<u>10,681</u>	<u>11,709</u>	<u>12,000</u>	<u>(291)</u>
Expenditures				
Salaries	7,039	7,012	8,000	988
Employee Benefits	554	550	650	100
Supplies	1,053	901	3,000	2,099
Other Purchased Services	0	0	0	0
Total Expenditures	<u>8,646</u>	<u>8,463</u>	<u>\$ 11,650</u>	<u>\$ 3,187</u>
Receipts Over (Under) Expenditures	2,035	3,246		
Unencumbered Cash, July 1	<u>2,674</u>	<u>4,709</u>		
Unencumbered Cash, June 30	<u>\$ 4,709</u>	<u>\$ 7,955</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-10

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

KPERS RETIREMENT CONTRIBUTIONS

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Receipts				
State of Kansas	\$ 286,390	\$ 315,695	\$ 245,158	\$ 70,537
Expenditures				
Employee Benefits - Instruction	119,556	208,358	222,376	14,018
Employee Benefits - Student Support	5,435	9,471	10,108	637
Employee Benefits - Instructional Support	7,246	12,628	13,477	849
Employee Benefits - General Administration	5,434	9,471	10,108	637
Employee Benefits - School Administration	16,303	28,412	30,324	1,912
Employee Benefits - Operations & Maint	10,869	18,942	20,216	1,274
Employee Benefits - Student Transportation	9,057	15,785	16,846	1,061
Employee Benefits - Food Service	7,246	12,628	13,477	849
Total Expenditures	181,146	315,695	\$ 336,932	\$ 21,237
Receipts Over (Under) Expenditures	105,244	0		
Unencumbered Cash, July 1	(105,244)	0		
Unencumbered Cash, June 30	\$ 0	\$ 0		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-11

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal 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				
Miscellaneous Revenue	\$ 0	\$ 25,000	\$ 0	\$ 25,000
Transfer from General Fund	155,868	109,418	170,000	(60,582)
Transfer from Supplemental General	0	0	10,000	(10,000)
Total Cash Receipts	<u>155,868</u>	<u>134,418</u>	<u>180,000</u>	<u>(45,582)</u>
Expenditures				
Instruction				
Certified Salaries	57,833	62,294	67,700	5,406
Non-Certified Salaries	26,440	27,364	32,000	4,636
Employee Benefits	6,013	6,234	7,300	1,066
Professional & Technical Services	0	0	5,000	5,000
Other Purchased Services	11,898	0	14,000	14,000
Supplies	12,251	376	2,000	1,624
Equipment	0	0	0	0
Student Support				
Certified Salaries	27,872	28,672	32,000	3,328
Employee Benefits	8,596	9,478	10,000	522
Instructional Support				
Other Purchased Services	4,965	0	10,000	10,000
Total Expenditures	<u>155,868</u>	<u>134,418</u>	<u>\$ 180,000</u>	<u>\$ 45,582</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-12

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

STUDENT MATERIALS FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Student Receipts	\$ 4,152	\$ 5,283
Expenditures		
Materials	5,161	6,887
Receipts Over (Under) Expenditures	(1,009)	(1,604)
Unencumbered Cash, July 1	12,120	11,111
Unencumbered Cash, June 30	<u>\$ 11,111</u>	<u>\$ 9,507</u>

TEXTBOOK RENTAL FUND

	Prior Year Actual	Current Year Actual
Cash Receipts		
Student Receipts	\$ 17,538	\$ 16,620
Reimbursed Expense	0	0
Total Cash Receipts	17,538	16,620
Expenditures		
Textbooks	10,017	15,023
Receipts Over (Under) Expenditures	7,521	1,597
Unencumbered Cash, July 1	16,404	23,925
Unencumbered Cash, June 30	<u>\$ 23,925</u>	<u>\$ 25,522</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-13

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

SUMMER INSURANCE

	Prior Year Actual	Current Year Actual
Cash Receipts		
Reimbursed Expense	\$ 9,230	\$ 6,307
Expenditures		
Employee Benefits	9,230	6,307
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>

CONTINGENCY RESERVE

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 0	\$ 28,617
Expenditures		
Salaries	100,240	0
Receipts Over (Under) Expenditures	(100,240)	28,617
Unencumbered Cash, July 1	222,177	121,937
Unencumbered Cash, June 30	<u>\$ 121,937</u>	<u>\$ 150,554</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-14

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 201

	Title I	Title II A Teacher Quality	Title VI Reap	Other Grants
Cash Receipts				
Intergovernmental	\$ 54,458	\$ 19,003	\$ 31,599	\$ 350
Other	0	0	0	250
Total Cash Receipts	<u>54,458</u>	<u>19,003</u>	<u>31,599</u>	<u>600</u>
Expenditures				
Salaries	50,403	13,530	0	0
Employee Benefits	4,055	0	0	0
Materials & Supplies	0	2,418	0	984
Purchased Services	0	3,055	0	0
Equipment	0	0	31,599	0
Total Expenditures	<u>54,458</u>	<u>19,003</u>	<u>31,599</u>	<u>984</u>
Receipts Over(Under) Expenditures	0	0	0	(384)
Unencumbered Cash, July 1	0	0	0	1,874
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,490</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-15

Statement of Cash Receipts and Expenditures – Actual and Budget
For the Fiscal Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

BOND AND INTEREST FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
General Property Taxes	\$ 523,023	\$ 528,178	\$ 507,217	\$ 20,961
Intergovernmental Receipts				
State Aid	70,991	60,533	60,533	0
Other	5	0	0	0
Total Cash Receipts	<u>594,019</u>	<u>588,711</u>	<u>567,750</u>	<u>20,961</u>
Expenditures				
Bond Principal	320,000	340,000	340,000	0
Bond Interest	226,081	210,300	210,300	0
Commission & Fees	29	0	30	30
Total Expenditures	<u>546,110</u>	<u>550,300</u>	<u>\$ 550,330</u>	<u>\$ 30</u>
Receipts Over (Under) Expenditures	47,909	38,411		
Unencumbered Cash, July 1	<u>956,121</u>	<u>1,004,030</u>		
Unencumbered Cash, June 30	<u>\$ 1,004,030</u>	<u>\$ 1,042,441</u>		

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 3-16

Statement of Cash Receipts and Expenditures
For the Fiscal Year Ended June 30, 2012

PRIVATE PURPOSE TRUST FUND

	WHS Donations
Cash Receipts	
Donations	\$ 0
Expenditures	
Supplies	0
Scholarship	0
Total Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, July 1	<u>398</u>
Unencumbered Cash, June 30	<u>\$ 398</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 4

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

AGENCY FUNDS

	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Accounts				
Wabaunsee High				
Cheerleaders	\$ 418	\$ 6,822	\$ 4,589	\$ 2,651
Class of 2010	126	0	0	126
Class of 2011	1,485	0	0	1,485
Class of 2012	3,358	217	3,490	85
Class of 2013	2,801	6,686	6,601	2,886
Class of 2014	1,655	2,049	311	3,393
Class of 2015	0	1,440	0	1,440
Faculty	106	1,691	1,732	65
FBLA	662	5,574	4,693	1,543
FCA	1,092	927	630	1,389
FFA	820	21,799	20,766	1,853
FCCLA	670	10,533	9,145	2,058
Keys	1,312	476	361	1,427
National Honor Society	872	816	1,044	644
Pep Club	1,396	1,935	2,304	1,027
Sadd	277	1,989	1,206	1,060
Student Council	802	1,243	1,009	1,036
Skills USA	5,418	15,683	16,344	4,757
Tri M	320	678	145	853
Weight Club	91	0	90	1
Total Wabaunsee High	<u>23,681</u>	<u>80,558</u>	<u>74,460</u>	<u>29,779</u>
Maple Hill				
Classes	<u>197</u>	<u>121</u>	<u>121</u>	<u>197</u>
Total Maple Hill	<u>197</u>	<u>121</u>	<u>121</u>	<u>197</u>
Mill Creek Valley Jr. High				
Classes	204	670	152	722
Yearbook	73	1,629	1,698	4
Pep Club	437	415	357	495
Student Teacher	<u>368</u>	<u>5</u>	<u>0</u>	<u>373</u>
Total Mill Creek Jr. High	<u>1,082</u>	<u>2,719</u>	<u>2,207</u>	<u>1,594</u>
Total Student Organization Accounts	<u>\$ 24,960</u>	<u>\$ 83,398</u>	<u>\$ 76,788</u>	<u>\$ 31,570</u>

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

UNIFIED SCHOOL DISTRICT NUMBER 329
MILL CREEK VALLEY

STATEMENT 5

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

DISTRICT ACTIVITY FUNDS

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Maple Hill Grade	\$ 91	\$ 0	\$ 148	\$ 165	\$ 74	\$ 0	\$ 74
Mill Creek Valley Jr. High	4,166	0	18,009	17,954	4,221	0	4,221
Mill Creek Valley Middle School	690	0	497	437	750	0	750
Wabaunsee High	18,349	0	44,583	52,320	10,612	0	10,612
Total Gate Receipts	23,296	0	63,237	70,876	15,657	0	15,657
School Projects							
Alma Grade School							
Pictures	1,540	0	537	602	1,475	0	1,475
Pop	796	0	1,182	1,293	685	0	685
Box Tops	0	0	940	0	940	0	940
Office	998	0	3,043	3,053	988	0	988
Preschool Role Model	2,029	0	1,620	3,148	501	0	501
Preschool Snack	587	0	1,259	1,522	324	0	324
Maple Hill Grade School							
Book Fair	412	0	117	256	273	0	273
Picture	300	0	751	730	321	0	321
Preschool Role Model	830	0	0	0	830	0	830
Vending Machines	188	0	101	119	170	0	170
Mill Creek Valley Jr. High							
Office	367	0	34	0	401	0	401
Concessions	1,497	0	9,552	9,549	1,500	0	1,500
Copies	196	0	0	0	196	0	196
Pictures	1,964	0	494	329	2,129	0	2,129
Vending Machines	1,967	0	0	200	1,767	0	1,767
Mill Creek Valley Middle School							
Pictures	237	0	269	232	274	0	274
Wabaunsee High School							
ACT Test Prep	20	0	0	20	0	0	0
Close Up Ed Trip	365	0	0	365	0	0	0
Vo AG	0	0	958	958	0	0	0
Art Lab	0	0	1,085	1,085	0	0	0
Ind Art Projects	0	0	2,870	2,870	0	0	0
Office	715	0	778	1,201	292	0	292
Concessions	1,776	0	24,594	24,807	1,563	0	1,563
PSAT	0	0	188	0	188	0	188
Music	2,799	0	0	0	2,799	0	2,799
Band Misc	0	0	155	155	0	0	0
Drama	481	0	327	277	531	0	531
Journalism	7,632	0	14,016	12,467	9,181	0	9,181
Forensics	50	0	0	0	50	0	50
Planner	0	0	740	740	0	0	0
Lost Library Books	0	0	518	9	509	0	509
Scholars Bowl	6	0	0	0	6	0	6
Screen Print	5,070	0	10,622	10,511	5,181	0	5,181
Total School Projects	32,822	0	76,750	76,498	33,074	0	33,074
Total District Activity Funds	\$ 56,118	\$ 0	\$ 139,987	\$ 147,374	\$ 48,731	\$ 0	\$ 48,731

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

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Unified School District No. 329 was organized in accordance with State Statutes to provide a system of public education to elementary through high school students who reside within the designated District areas. The District operates under a superintendent of schools and a 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. Using this criterion, no financial statements of any other entity are included in the accompanying financial statements.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, 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 recorded in the fund from which the transfer is made.

The District has approved a resolution that is in accordance 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 expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the district are not presented in the financial 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. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - 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 expenditures and residual cash balances, and changes within, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

Governmental Funds

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

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

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

Fiduciary Funds

Expendable 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 Expendable Trust Funds, Non-expendable Trust Funds, and Agency Funds.

NOTE 3 - BUDGETARY INFORMATION

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

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

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - BUDGETARY INFORMATION (CONT)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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 \$3,680,330 and the legal maximum supplemental general fund budget was \$1,232,057. 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 district had \$105,939 of budget credits in the general fund for grants and other miscellaneous reimbursements. The District was within its maximum legal general and supplemental general funds budget authority for the fiscal year ended June 30, 2012.

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. Any unused portion of a prior year encumbrance cannot be used as expenditure authority for any purpose other than the original purchase order or contract. Therefore any unused portion of a prior year encumbrance is canceled and added back as an adjustment to beginning unencumbered cash in Statements 1 and 3.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds: Textbook Rental, Student Materials, Summer Insurance, Contingency Reserve, Drug Education, Title I, Title II A Teacher Quality, Title VI Reap, Grants, 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 use of internal spending limits established by the governing body.

Statements 2 and 3 present budgetary comparison of the actual data on the budgetary basis, which includes encumbrances and transfers with the legally adopted budget. Because of tax levying dates, it is necessary that budget expenditures and revenues be estimated for an additional six month period on its budget which has not been included on Statements 2 and 3.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - BUDGETARY INFORMATION (CONT)

Property taxes are levied by the Kansas Counties in which the School District resides on November 1 and are payable in two installments on December 20 and May 10 of the subsequent year. The Counties collect and distribute in the succeeding year all property taxes collected for the District. Therefore, taxes levied for the District on November 1, 2011 will be distributed to the District by the County during 2012.

NOTE 4 - DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. The District held no investments during the year, only deposits with allowable financial institutions. All interest earned during the year on idle funds of the governmental fund types was credited to the capital outlay fund as allowed by Kansas statutes.

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government is located, 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 Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government'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 Government has no investment policy that would further limit its investment choices.

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government'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 Government has no designated "peak period". All deposits were legally secured at June 30, 2012.

At June 30, 2012, the carrying amount of the district's deposits, including certificates of deposits, was \$2,432,016 and the bank balance was \$2,908,854. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$342,672 was covered by F.D.I.C. and the remaining \$2,566,182 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 5 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - USD 329, Mill Creek Valley, Alma, Kansas 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) 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-employee's 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 contributed 9.77% of covered payroll for the period 7/1/11 to 6/30/12 and currently contributes 10.37% of covered payroll for the period 7/1/11 to 6/30/12. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186 respectively, equal to the required contributions for each year.

Section 125 Cafeteria Plan

U.S.D. 329 maintains an Internal Revenue Code Section 125 plan "cafeteria plan". The amount of salary to be reduced shall not exceed the sum authorized by the internal Revenue Code. U.S.D. 329 contributes up to \$500 per month for certified personnel. For all other employees, the benefit is prorated. Employees must designate his/her entire allocation into any combination of health insurance, term life insurance, salary protection insurance, cancer insurance, and child care and/or medical reimbursement.

NOTE 7 - COMPENSATED ABSENCES AND FRINGE BENEFITS FOR FULL TIME EMPLOYEES

Vacation and Sick Leave

U.S.D. 329 provides vacation leave for the superintendent, clerk, secretary/ treasurer, district maintenance/ transportation supervisor, technology director, and all full-time custodians. Each entitled employee receives two weeks per year. After five years of employment, the clerk, secretary/treasurer, district maintenance/ transportation supervisor and full-time custodians receive twelve days per year. After ten years, these employees receive fifteen days per year. Unused vacation leave may be carried over to the next year, but , no vacation may be accrued to exceed 30 days.

Unified School District No. 329
Mill Creek Valley
Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE 7 - COMPENSATED ABSENCES AND FRINGE BENEFITS FOR FULL TIME EMPLOYEES (CONT)

Sick leave is provided for most District employees. Certified employees receive twelve days of sick leave annually and can carryover up to eighty days. Upon separation of service, teachers who retire with KPERS benefits are reimbursed at the current rate of payment per day for substitute teachers for any unused sick leave. Teachers who worked at least ten years within the district receive sick leave pay, but only for hours accumulated after 6/1/94. At the end of each school year, teachers will be paid \$25 for each day of accumulated sick leave beyond 80. The board clerk, secretary/ treasurer, district maintenance/transportation supervisor, technology director and full-time custodians receive twelve days of sick leave annually and can accumulate fifty-five days. Bus drivers receive six days per year and can accumulate twenty-five days. Attendance center secretaries receive ten days per year and can accumulate forty-five days. Full time cooks and aides receive nine days per year and can accumulate thirty-five days. Other part-time hourly employees receive sick leave according to the number of hours they work. No estimate has been made of the total amounts of accumulated leave nor has any amount been reported or disclosed in these financial statements.

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

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

NOTE 9 – TERMINATION BENEFITS

The District provides an early retirement program for certain eligible certified personnel. Eligibility requirements and benefit amounts are described more fully in the District's negotiated agreement. The early retirement program allows eligible employees in the district to retire early with additional benefits as a measure of appreciation for their services to the district. Payments to retired employees under the plan are paid as employer contributions into a board approved Internal Revenue Code Section 403(b) plan. Early retirement payments totaled \$5,000 for the year ended June 30, 2012. These benefits are financed by the District on a pay-as-you-go basis. An estimate has not been made of the total amount of post employment benefits of the District or reported in the financial statements.

Unified School District No. 329
Mill Creek Valley
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 - INTERFUND 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, 2012 consisted of the following:

Transfer From	Transfer To	Statutory Authority	Amount
General	Capital Outlay	72-6428	\$200,000
General	Special Education	72-6428	541,150
General	At-Risk (K-12)	72-6428	109,418
General	Contingency Reserve	72-6428	28,617
Supplemental General	Vocational Education	72-6433	187,186
Special Education	General	72-6429	95,000

NOTE 11 - LONG-TERM DEBT

General Obligation Bonds

On January 23, 2001, the District issued \$6,900,000 in General Obligation Bonds used to pay a portion of the cost to remodel and make capital improvements to all the attendance centers in USD No. 329. The District began making interest payments on March 1, 2002 and made its first principal payment on September 1, 2003.

On April 27, 2007, the District issued \$5,305,000 in General Obligation Bonds with an average interest rate of 4.13% to advance refund \$5,145,000 of the above Series 2001 outstanding bonds. The District began making principal and interest payments on September 1, 2007 and will continue making semi annual principal and interest payments through September 1, 2021.

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 2007	4-5%	4/27/2001	5,305,000	9/1/21	\$ 5,195,000	\$ 0	\$ 340,000	\$ 0	\$ 4,855,000	\$ 210,300
Total long-term debt					\$ 5,195,000	\$ 0	\$ 340,000	\$ 0	\$ 4,855,000	\$ 210,300

Unified School District No. 329
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Alma, Kansas

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 - LONG-TERM DEBT (CONT)

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>2018-2022</u>	<u>Total</u>
PRINCIPAL							
General Obligation Bonds	\$ 370,000	\$ 400,000	\$ 420,000	\$ 445,000	\$ 485,000	\$ 2,735,000	\$ 4,855,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total principal	<u>370,000</u>	<u>400,000</u>	<u>420,000</u>	<u>445,000</u>	<u>485,000</u>	<u>2,735,000</u>	<u>4,855,000</u>
INTEREST							
General Obligation Bonds	196,100	180,700	164,300	144,775	121,525	272,500	1,079,900
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total interest	<u>196,100</u>	<u>180,700</u>	<u>164,300</u>	<u>144,775</u>	<u>121,525</u>	<u>272,500</u>	<u>1,079,900</u>
Total Principal and Interest	<u>\$ 566,100</u>	<u>\$ 580,700</u>	<u>\$ 584,300</u>	<u>\$ 589,775</u>	<u>\$ 606,525</u>	<u>\$ 3,007,500</u>	<u>\$ 5,934,900</u>

NOTE 12 - 2011 FINANCIAL DATA

The amounts shown for 2011 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2012, and are not intended to present all information necessary for a fair presentation.

NOTE 13 – 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 require compliance with terms and conditions specified in the grant agreements and are subject to audit by the governmental agency. Any disallowed claim resulting from such audit could become a liability of the General Fund or other applicable fund. However, in the opinion of management, any such disallowed claim would not have a material effect on the financial statements of the District at June 30, 2012.

NOTE 14 – OPERATING LEASE

The District entered into a new operating lease on May 29, 2012 with Century Business Systems for the use of copiers, printers and faxes for the District. The lease is for the period July 1, 2012 to June 30, 2018. The first annual payment of \$29,760 was made on June 11, 2012.

Unified School District No. 329
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 - COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports, Department of Education, and interpretation by the County Attorney and legal representatives of the municipality.

The General Fund showed a negative unencumbered cash balance of (\$261,415) for the year ended June 30, 2012. K.S.A. 10-1116A (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 is not deemed to be in violation of the Kansas cash basis law.

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

Sealed bidding procedures were not strictly adhered to for all required purchases in accordance with K.S.A 72-6760.

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

Unified School District No. 329
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 - COMPLIANCE WITH KANSAS STATUTES (CONT)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of 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 education statutes for the General and Supplemental General for the year ended June 30, 2012:

Unified School District No. 329
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2012

GENERAL FUND			
	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes	\$ 625,765	\$ 589,647	36,118
State Equalization Aid	2,416,785	2,508,324	(91,539)
State Special Education Aid	541,150	587,529	(46,379)
ARRA Stabilization Funds	0	0	0
Education Jobs Funds	1,630	0	1,630
Daycare	105,939	0	105,939
Transfer In	95,000	0	95,000
Total Statutory Revenues	<u>3,786,269</u>	<u>3,685,500</u>	<u>100,769</u>
Expenditures			
Instruction	1,654,068	1,618,846	(35,222)
Student Support	27,755	35,300	7,545
Instructional Support	97,445	95,200	(2,245)
General Administration	195,601	216,200	20,599
School Administration	344,768	347,600	2,832
Central Services	10,564	0	(10,564)
Operation and Maintenance	290,028	273,250	(16,778)
Student Transportation	176,074	155,950	(20,124)
Day Care	110,781	121,000	10,219
Fund Transfers	879,185	822,154	(57,031)
Adjustment to Comply with Legal Max	0	(5,170)	(5,170)
Legal General Fund Budget	3,786,269	3,680,330	(105,939)
Adjustments for Qualifying Budget Credits	0	105,939	105,939
Total Expenditures	<u>3,786,269</u>	<u>\$ 3,786,269</u>	<u>\$ 0</u>
Revenue Over (Under) Expenditures	0		
Modified Unencumbered Cash, July 1, 2011	0		
Modified Unencumbered Cash, June 30, 2012	<u>\$ 0</u>		

Unified School District No. 329
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 - COMPLIANCE WITH KANSAS STATUTES (CONT)

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Cont)

Unified School District No. 329
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2012

SUPPLEMENTAL GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes	\$ 937,605	\$ 880,750	\$ 56,855
State Equalization Aid	315,907	309,233	6,674
Reimbursements	0	0	0
Total Statutory Revenues	<u>1,253,512</u>	<u>1,189,983</u>	<u>63,529</u>
Expenditures			
Technology	516,221	324,000	(192,221)
Student Support	348	0	(348)
Instructional Support	2,932	6,800	3,868
General Administrative	86,865	57,500	(29,365)
School Administration	27,740	19,500	(8,240)
Operations & Maintenance	276,637	277,000	363
Student Transportation	134,128	110,000	(24,128)
Fund Transfers	187,186	456,275	269,089
Adjustment to Comply with Legal Max	0	(19,018)	(19,018)
Total Expenditures	<u>1,232,057</u>	<u>\$ 1,232,057</u>	<u>\$ 0</u>
Revenue Over (Under) Expenditures	21,455		
Modified Unencumbered Cash, July 1, 2011	61,092		
Modified Unencumbered Cash, June 30, 2012	<u>\$ 82,547</u>		