

**WEST KINGMAN COUNTY
UNIFIED SCHOOL DISTRICT 332
CUNNINGHAM, KS**

**SPECIAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

WEST KINGMAN COUNTY
UNIFIED SCHOOL DISTRICT 332
CUNNINGHAM, KS
FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Education
West Kingman County
Unified School District 332
Cunningham, KS 67035

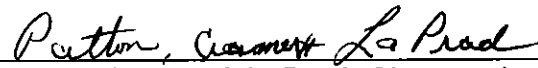
We have audited the accompanying financial statements of West Kingman County USD 332, Cunningham, Kansas, as of June 30, 2012, and for the year then ended, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 opinion.

As described in Note 1, the Unified School District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effects 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 District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of West Kingman County USD 332, Cunningham, Kansas, as of June 30, 2012.

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of West Kingman County USD 332, Cunningham, Kansas as of June 30, 2012, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.


Patton, Cramer & LaPrad, Chartered
Certified Public Accountants

November 13, 2012

CUNNINGHAM, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2012

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances	Ending Cash Balance
General Funds							
General Fund	\$ -	\$ -	\$ 1,727,563	\$ 1,727,563	\$ -	\$ 2,200	\$ 2,200
Supplemental General	36,317	-	535,065	571,382	-	8,719	8,719
Total General Funds	36,317	-	2,262,628	2,298,945	-	10,919	10,919
Special Revenue Funds							
Capital Outlay	701,586	-	254,490	239,817	716,259	18,360	734,619
Driver Training	6,762	-	11,128	8,462	9,428	510	9,938
Food Service	29,450	-	141,868	135,529	35,789	-	35,789
Special Education	113,989	-	310,644	358,545	66,088	212	66,300
Professional Development	16,410	-	9,000	19,186	6,224	268	6,492
Vocational Education	15,000	-	34,500	40,000	9,500	-	9,500
KPERS Contributions	-	-	168,752	168,752	-	-	-
At Risk (4 Year Old)	13,589	-	-	12,368	1,221	-	1,221
At Risk (K-12)	-	-	191,961	145,597	46,364	-	46,364
Federal Funds	-	-	44,858	44,858	-	-	-
Contingency Reserve	175,000	-	-	-	175,000	-	175,000
Textbook & Student Materials	17,174	-	2,500	16,182	3,492	-	3,492
Reap	-	-	29,989	29,989	-	-	-
Gifts and Grants	113	-	1,000	341	772	-	772
District Activity Funds	1,893	-	69,157	69,814	1,236	-	1,236
Total Special Revenue Funds	1,090,966	-	1,269,847	1,289,440	1,071,373	19,350	1,090,723
Fiduciary Type Funds							
Student Organization Accounts	-	-	65,893	65,893	-	44,983	44,983
Total (Memorandum Only)	\$ 1,127,283	\$ -	\$ 3,598,368	\$ 3,654,278	\$ 1,071,373	\$ 75,252	\$ 1,146,625

Composition of Cash

Bank Deposits:

Interest Bearing: \$ 1,100,406
Noninterest Bearing: 46,219

Total Cash: \$ 1,146,625

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
SUMMARY OF EXPENDITURES- ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment To Comply With Legal Max</u>	<u>Adjustment for Qualifying Budget Credit</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable To Current Year</u>	<u>Variance- Favorable (Unfavorable)</u>
General Funds						
General	\$ 1,789,558	\$ (63,768)	\$ 1,773	\$ 1,727,563	\$ 1,727,563	\$ -
Supplemental General	571,823	-	-	571,823	571,382	441
Special Revenue Funds						
Capital Outlay	922,547	-	-	922,547	239,817	682,730
Driving Training	9,002	-	-	9,002	8,462	540
Food Service	164,510	-	-	164,510	135,529	28,981
Professional Development	28,469	-	-	28,469	19,186	9,283
Special Education	398,229	-	-	398,229	358,545	39,684
Vocational Education	40,000	-	-	40,000	40,000	-
KPERS Contributions	169,275	-	-	169,275	168,752	523
At Risk (4 Years Old)	12,368	-	-	12,368	12,368	-
At Risk (K-12)	120,000	-	-	120,000	145,597	(25,597)
Federal Funds	44,858	-	-	44,858	44,858	-

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

	<u>GENERAL</u>			
	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Ad Valorem Tax	\$ 1,109,873	\$ 1,069,696	\$ 1,033,629	\$ 36,067
Delinquent Tax	7,420	5,146	17,475	(12,329)
Severance Tax	28,793	30,821	-	30,821
State of Kansas				
Equalization Aid	245,109	337,177	365,417	(28,240)
Special Education Aid	197,408	264,814	284,240	(19,426)
Federal Aid	82,131	768	-	768
Transfers	-	17,368	87,046	(69,678)
Reimbursed Expense	1,890	1,773	-	1,773
Total Cash Receipts	<u>1,672,624</u>	<u>1,727,563</u>	<u>\$ 1,787,807</u>	<u>\$ (60,244)</u>
Expenditures				
Instruction	856,141	890,385	\$ 924,423	\$ 34,038
Student Support Services	3,929	53,036	4,000	(49,036)
Instructional Support Staff	57,908	65,625	58,900	(6,725)
General Administration	4,152	35,608	4,480	(31,128)
School Administration	126,063	167,195	128,125	(39,070)
Operations and Maintenance	47,937	57,011	48,370	(8,641)
Student Transportation Services	58,859	46,505	60,020	13,515
Other Services	81,849	50	87,000	86,950
Operating Transfers	437,096	412,148	474,240	62,092
Adjustment for Qualifying				
Budget Credits	-	-	1,773	1,773
Adjustment to Comply with				
Legal Max	-	-	(63,768)	(63,768)
Total Expenditures	<u>1,673,934</u>	<u>1,727,563</u>	<u>\$ 1,727,563</u>	<u>\$ -</u>
Receipts over (under)				
Expenditures	(1,310)	-		
Unencumbered Cash, July 1	<u>1,310</u>	<u>-</u>		
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

SUPPLEMENTAL GENERAL

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Ad Valorem Tax	\$ 473,521	\$ 510,812	\$ 479,335	\$ 31,477
Delinquent Tax	3,937	2,463	7,462	(4,999)
Motor Vehicle Tax	23,650	21,410	14,837	6,573
Recreational Vehicle Tax	483	380	265	115
	<u>501,591</u>	<u>535,065</u>	<u>\$ 501,899</u>	<u>\$ 33,166</u>
Total Cash Receipts				
Expenditures				
Instruction	107,305	72,980	\$ 98,850	\$ 25,870
Student Support Services	388	6,913	400	(6,513)
Instructional Support Staff	2,258	3,373	2,400	(973)
General Administration	166,739	146,223	177,600	31,377
School Administration	13,318	9,876	13,600	3,724
Operations and Maintenance	89,360	83,613	90,150	6,537
Student Transportation Services	46,759	52,102	47,100	(5,002)
Other Supplemental Services	-	-	75,000	75,000
Operating Transfers	138,249	196,302	66,723	(129,579)
Adjustment to Comply with Legal Max	-	-	-	-
	<u>564,376</u>	<u>571,382</u>	<u>\$ 571,823</u>	<u>\$ 441</u>
Total Expenditures				
Receipts over (under) Expenditures	(62,785)	(36,317)		
Unencumbered Cash, July 1	99,102	36,317		
Unencumbered Cash, June 30	<u>\$ 36,317</u>	<u>\$ -</u>		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

CAPITAL OUTLAY

	2011		2012	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
Cash Receipts				
Ad Valorem Tax	\$ 226,774	\$ 216,742	\$ 212,926	\$ 3,816
Delinquent Tax	1,723	1,189	3,580	(2,391)
Motor Vehicle Tax	10,430	10,683	7,419	3,264
Recreational Vehicle Tax	218	181	132	49
Other - Misc	128,482	3,350	-	3,350
Transfers - General	69,311	22,345	70,000	(47,655)
	<u>436,938</u>	<u>254,490</u>	<u>\$ 294,057</u>	<u>\$ (39,567)</u>
Total Cash Receipts				
Expenditures				
Instruction	33,267	147,631	\$ 50,000	\$ (97,631)
Instructional Support Staff	683	1,526	3,000	1,474
General Administration	11,478	3,203	10,000	6,797
School Administration	1,253	8,587	2,000	(6,587)
Operations and Maintenance	31,379	40,671	32,000	(8,671)
Transportation	-	22,659	-	(22,659)
Acquisition & Improvements				
Service	27,274	15,540	825,547	810,007
	<u>105,334</u>	<u>239,817</u>	<u>\$ 922,547</u>	<u>\$ 682,730</u>
Total Expenditures				
Receipts over (under)				
Expenditures	331,604	14,673		
Unencumbered Cash, July 1	369,982	701,586		
Unencumbered Cash, June 30	<u>\$ 701,586</u>	<u>\$ 716,259</u>		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

DRIVER TRAINING

	2011	2012		
	Actual	Actual	Budget	Favorable (Unfavorable)
Cash Receipts				
State Aid	\$ 592	\$ 1,128	\$ 740	\$ 388
Transfer from Supplemental	1,921	10,000	1,500	8,500
Total Cash Receipts	2,513	11,128	\$ 2,240	\$ 8,888
Expenditures				
Instruction	2,307	3,462	\$ 3,702	\$ 240
Operations & Maintenance	206	-	300	300
Transfers to General	-	5,000	5,000	-
Total Expenditures	2,513	8,462	\$ 9,002	\$ 540
Receipts Over (Under) Expenditures	-	2,666		
Unencumbered Cash, July 1	6,762	6,762		
Unencumbered Cash, June 30	\$ 6,762	\$ 9,428		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

FOOD SERVICE

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
State Aid	\$ 1,003	\$ 1,048	\$ 945	\$ 103
Federal Aid	53,475	62,081	45,498	16,583
Food Service Sales	42,584	40,275	64,225	(23,950)
Miscellaneous	-	3,565	-	3,565
Interest on Idle Funds	6,218	4,899	-	4,899
Operating Transfers	26,239	30,000	28,223	1,777
Total Cash Receipts	<u>129,519</u>	<u>141,868</u>	<u>\$ 138,891</u>	<u>\$ 2,977</u>
Expenditures				
Operation and Maintenance	203	-	\$ 300	\$ 300
Food Service Operation	129,283	135,529	164,210	28,681
Total Expenditures	<u>129,486</u>	<u>135,529</u>	<u>\$ 164,510</u>	<u>\$ 28,981</u>
Receipts Over (Under) Expenditures	33	6,339		
Unencumbered Cash, July 1	<u>29,417</u>	<u>29,450</u>		
Unencumbered Cash, June 30	<u>\$ 29,450</u>	<u>\$ 35,789</u>		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

PROFESSIONAL DEVELOPMENT

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
State Aid	\$ 281	\$ -	\$ -	\$ -
Operating Transfers	<u>11,800</u>	<u>9,000</u>	<u>12,000</u>	<u>(3,000)</u>
Total Cash Receipts	<u>12,081</u>	<u>9,000</u>	<u>\$ 12,000</u>	<u>\$ (3,000)</u>
Expenditures				
Instructional Support Staff	<u>11,988</u>	<u>19,186</u>	<u>\$ 28,649</u>	<u>\$ 9,463</u>
Receipts Over (Under) Expenditures	93	(10,186)		
Unencumbered Cash, July 1	<u>16,317</u>	<u>16,410</u>		
Unencumbered Cash, June 30	<u>\$ 16,410</u>	<u>\$ 6,224</u>		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

SPECIAL EDUCATION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Operating Transfers	\$ 331,339	\$ 310,644	\$ 284,240	\$ 26,404
Expenditures				
Instruction	265,208	265,495	\$ 329,679	\$ 64,184
Student Transportation	66,131	93,050	68,550	(24,500)
Total Expenditures	331,339	358,545	\$ 398,229	\$ 39,684
Receipts Over (Under) Expenditures	-	(47,901)		
Unencumbered Cash, July 1	113,989	113,989		
Unencumbered Cash, June 30	\$ 113,989	\$ 66,088		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

VOCATIONAL EDUCATION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Operating Transfers	\$ 40,180	\$ 34,500	\$ 25,000	\$ 9,500
Expenditures				
Instruction	40,180	40,000	\$ 40,000	\$ -
Receipts Over (Under) Expenditures	-	(5,500)		
Unencumbered Cash, July 1	15,000	15,000		
Unencumbered Cash, June 30	\$ 15,000	\$ 9,500		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

KPERS CONTRIBUTIONS

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
State Sources	\$ 89,981	\$ 168,752	\$ 169,275	\$ (523)
Expenditures				
Instruction	65,686	123,189	\$ 130,610	\$ 7,421
Student Support	900	1,687	2,000	313
Instruction Support	2,699	5,062	5,000	(62)
General Administration	3,599	6,750	7,665	915
School Administration	4,499	8,437	6,000	(2,437)
Other Supplemental Services	900	1,688	2,000	312
Operations & Maintenance	4,499	8,438	6,000	(2,438)
Student Transportation Service	4,500	8,438	6,000	(2,438)
Food Service	2,699	5,063	4,000	(1,063)
Total Expenditures	89,981	168,752	\$ 169,275	\$ 523
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	\$ -	\$ -		

WEST KINGMAN COUNTY USD 322
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

AT RISK FUND (4 YEAR OLD)

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>		<u>Actual</u>	<u>Budget</u>
				<u>Favorable (Unfavorable)</u>
Cash Receipts	\$ -		\$ -	\$ -
Expenditures				
Transfers	-	12,368	\$ 12,368	\$ -
Receipts over (under)	-	(12,368)		
Expenditures				
Unencumbered Cash, July 1	13,589	13,589		
Unencumbered Cash, June 30	\$ 13,589	\$ 1,221		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

AT RISK FUND - (K-12)

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Operating Transfers	\$ 85,000	\$ 191,961	\$ 120,000	\$ 71,961
Expenditures				
Instruction	100,201	145,597	\$ 120,000	\$ (25,597)
Receipts over (under)				
Expenditures	(15,201)	46,364		
Unencumbered Cash, July 1	15,201	-		
Unencumbered Cash, June 30	\$ -	\$ 46,364		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL FUNDS

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Title I	\$ 32,430	\$ 30,036	\$ 30,036	\$ -
Title II	16,059	14,822	14,822	-
Title II D	<u>108</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>48,597</u>	<u>44,858</u>	<u>\$ 44,858</u>	<u>\$ -</u>
Expenditures				
Instruction	<u>48,597</u>	<u>44,858</u>	<u>\$ 44,858</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>		
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>		

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

CONTINGENCY RESERVE

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Operating Transfers	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>
Revenue Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>175,000</u>	<u>175,000</u>
Unencumbered Cash, June 30	<u>\$ 175,000</u>	<u>\$ 175,000</u>

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

TEXTBOOK AND STUDENT MATERIALS

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Book Rental Fees	\$ 6,311	\$ 2,500
Operating Transfers	<u>9,555</u>	<u>-</u>
Total Cash Receipts	<u>15,866</u>	<u>2,500</u>
Expenditures		
Instructional Supplies	<u>15,865</u>	<u>16,182</u>
Revenue Over (Under) Expenditures	1	(13,682)
Unencumbered Cash, July 1	<u>17,173</u>	<u>17,174</u>
Unencumbered Cash, June 30	<u><u>\$ 17,174</u></u>	<u><u>\$ 3,492</u></u>

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

REAP

	<u>2011</u>	<u>2012</u>
Cash Receipts		
REAP	<u>\$ 7,747</u>	<u>\$ 29,989</u>
Expenditures		
Instructional	<u>7,747</u>	<u>29,989</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

GIFTS AND GRANTS

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Donations	\$ 34	\$ 1,000
Expenditures		
Instructional Equipment	<u> -</u>	<u> 341</u>
Receipts Over (Under) Expenditures	34	659
Unencumbered Cash, July 1	<u> 79</u>	<u> 113</u>
Unencumbered Cash, June 30	<u><u> \$ 113</u></u>	<u><u> \$ 772</u></u>

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS, EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

DISTRICT ACTIVITY FUNDS

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Gate Receipts				
High School				
Athletics	\$ 679	\$ 17,534	\$ 17,939	\$ 274
CAP Activity Fund	-	20	-	20
Basketball Special	683	-	79	604
	<u>1,362</u>	<u>17,554</u>	<u>18,018</u>	<u>898</u>
Total Gate Receipts				
Fee and User Charges				
Fee Account	17	7,691	7,709	(1)
Lunch Money	514	40,241	40,416	339
Book Rent	-	2,812	2,812	-
Yearbook	-	779	779	-
Home Ec.	-	80	80	-
	<u>531</u>	<u>51,603</u>	<u>51,796</u>	<u>338</u>
Total Fees & User Charges				
Total	<u>\$ 1,893</u>	<u>\$ 69,157</u>	<u>\$ 69,814</u>	<u>\$ 1,236</u>

WEST KINGMAN COUNTY USD 332
CUNNINGHAM, KANSAS
STATEMENT OF CASH RECEIPTS, EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

STUDENT ORGANIZATION ACCOUNTS

	Beginning Balance	Receipts	Expenditures	Ending Balance
Student Organization Accounts				
High School				
Class of 2013	\$ 178	\$ 7,289	\$ 5,676	\$ 1,791
Class of 2012	1,012	427	1,149	290
Class of 2011	173	1,548	1,721	-
Class of 2014	689	204	-	893
Class of 2015	-	341	-	341
Special Education Class	1,057	200	23	1,234
Student Council Special	1,507	145	213	1,439
Student Council	411	709	466	654
Library	1,046	1,791	2,813	24
Pep Club	3,332	26	949	2,409
Kays	1,051	229	284	996
Speech Club	1,091	203	281	1,013
Science Club	465	-	172	293
Music Club	572	50	-	622
Concession	209	15,050	15,165	94
Special Needs	232	1,361	1,423	170
VBS Special Needs	1,323	10	422	911
National Honor Society	1,858	89	809	1,138
Foreign Language Club	128	14,052	5,685	8,495
Letterman's Club	7,912	3,902	2,463	9,351
Foreign Language - Tickets	-	9,065	750	8,315
	<u>24,246</u>	<u>56,691</u>	<u>40,464</u>	<u>40,473</u>
Total High School				
Cunningham Grade School				
General	393	-	393	-
Pre-School	282	10	46	246
Pep Club	4,391	9,192	9,319	4,264
	<u>5,066</u>	<u>9,202</u>	<u>9,758</u>	<u>4,510</u>
Total Cunningham Grade School				
Total Schools	29,312	65,893	50,222	44,983
Encumbrances				
Beginning	(29,312)	-	(29,312)	-
Ending	-	-	44,983	44,983
	<u>-</u>	<u>-</u>	<u>44,983</u>	<u>44,983</u>
Total	<u>\$ -</u>	<u>\$ 65,893</u>	<u>\$ 65,893</u>	<u>\$ -</u>

WEST KINGMAN COUNTY USD 332
PRATT, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

1. Summary of Significant Accounting Policies

Reporting Entity

West Kingman County Unified School District No. 332 is a municipal corporation governed by an elected seven-member board operating under the jurisdiction of the Kansas Board of Education. These financial statements consist of all the funds of the District. The District has no component units.

For financial reporting purposes, there are no appointive boards or commissions that are controlled by or dependent on the district. Control or dependence is determined on the basis of financial accountability, budget adoption, taxing authority, funding and appointment of respective governing boards.

A. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of West Kingman County USD 332 for the year ended June 30, 2012.

Governmental Funds

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

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

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

B. BASIS OF PRESENTATION

The financial statements are presented to indicate compliance with the cash basis and budget laws of Kansas. Revenues are recognized when cash is

received and also include inter-fund transfers. Expenditures include disbursements, accounts payable, transfers and encumbrances--that is, commitments related to unperformed (executory) contracts for goods or services.

C. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The basis of presentation described above results in a statement of receipts on the cash basis and expenditures on a modified accrual basis further modified by the inclusion of encumbrances. Balance sheets that would have shown non-cash 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 generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. An additional departure from generally accepted accounting principles is that inter-fund transfers are treated as receipts and expenditures for purposes of these statements while under generally accepted accounting procedures, transfers are treated as changes in fund balances but not as receipts or expenditures. 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. Also, a statement of general fixed assets is not included as a part of these financial statements.

D. 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) and debt service funds. 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 fiscal year 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.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The 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 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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Textbook and Student Materials, District Activity, Contingency Reserve, Reap and Gifts and Grants.

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

E. USE OF ESTIMATES

The preparation of financial statements in accordance 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 assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. Date of Management's Review

Subsequent events were evaluated through November 13, 2012, which is the date the financial statements were available to be issued.

2. Compliance with Kansas Statutes

Budget & Cash Basis

There were no cash basis violations. Actual expenditures exceeded budget authority in the At Risk (K-12) Fund. (KSA. 79-2935)

Depository Security

The School District's monies were adequately secured at June 30, 2012. KSA 9-1402

3. Compensated Absences

Accumulated Sick Leave

Employees of the district are allowed to accumulate sick leave to a prescribed level which may be used if they remain in the employment of the district. The teachers' contracts require that any accumulated sick leave above this prescribed level be paid at year end to the teacher.

All other employees lose any sick leave remaining above the allowable accumulation level. No payments are made to retiring or terminating employees. No amounts have been accrued for accumulated annual sick leave and the amount is not determinable.

Vacation Pay

Full time, twelve month, employees are entitled up to 20 days of paid vacation per fiscal year depending on length of service. Vacation days are not accumulative from year to year and the District will not pay any unused vacation days.

4. Deposits and Investments

As of June 30, 2012 the Government had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			<u>Rating</u>
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-2</u>	
Bank Deposits secured by FDIC And Depositories pledged assets	\$1,100,406	\$1,100,406	-	N/A

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

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

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

At year-end the carrying amount of the Districts deposits including certificates of deposit, was \$1,146,625 The bank balance was \$1,321,511 The difference between the carrying amount and the bank balance is out-standing checks and deposits in transit. Of the bank balance \$296,219 was covered by FDIC insurance and \$1,025,292 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Districts name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: The district, the pledging bank, and the independent third-party bank holding the pledged securities.

Custodial credit risk - investment. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District has no investments subject to custodial credit risk.

5. Defined Benefit Pension Plan

Plan description

The school municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by KSA 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death 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 (400 SW 8th Avenue, Suite 200; Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy

KSA 74-4919 establishes the KPERS member-employee contribution rate at 4.0% of covered salary for grandfathered employees and 6% of covered salary for participants after July 1, 2009. The contribution rate for employed KPERS retirees who have retired from a different KPERS employer is 18.69%. 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. State law sets a limitation on annual increases in the contribution rates. For fiscal year 2012 the State of Kansas contributes 9.77% of covered payroll. Kansas contributions to KPERS for school municipality employees for the years ending June 30, 2012, 2011, and 2010 were; \$298,635,383 \$253,834,044 and \$248,468,186 respectively, equal to the statutory required contributions for each year.

6. Inter-fund Transfers

Operating transfers were as follows:

<u>Transfer to</u>	Driver Training	At-Risk (4-year old)	<u>Transfer From</u>		
			<u>General Fund</u>	<u>Supplemental General</u>	<u>Total</u>
General Fund	\$5,000	\$12,368	\$ -	\$ -	\$ 17,368
Capital Outlay	-	-	22,345	-	22,345
At Risk (K-12)	-	-	79,159	112,802	191,961
Food Service	-	-	-	30,000	30,000
Special Education	-	-	310,644	-	310,644
Vocational Education	-	-	-	34,500	34,500
Professional Development	-	-	-	9,000	9,000
Driver Training	-	-	-	10,000	10,000
Totals	<u>\$5,000</u>	<u>\$12,368</u>	<u>\$412,148</u>	<u>\$196,302</u>	<u>\$625,818</u>

7. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

8. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

9. Contingencies and Commitments

In the normal course of operations, the District participates in various federal and state grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

10. Early Retirement Plan

All certified employees of the District are eligible to participate in the District's early retirement program if certain eligibility requirements are met. The employee must have completed fifteen (15) years of service of which the last five (5) years were continuous, and the employee must have worked through the end of the school year during which they reached their 60th birthday. Eligibility continues until their full retirement age as determined by the Social Security system, or 5 years after the participant has retired or is deceased, whichever comes first. Notification must be given to the District by April 1 in the year prior to the July 1 retirement date. The amount paid upon early retirement shall be determined by subtracting the base of the salary schedule from the teacher's base salary for the year in which application for early retirement is made. The difference in these two figures shall be multiplied by sixty percent (60%) and then divided by twelve (12) to determine the amount that will be paid monthly until the employee reaches full retirement, 5 years, or is deceased.

11. 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 local government 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.

12. Termination Benefits

The District provides no termination benefits for its employees.