

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS
For the year ended June 30, 2012

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA
A Professional Association
Certified Public Accountants

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

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Holton, Kansas

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Board of Education
Unified School District No. 336
Holton, Kansas 66436

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of Unified School District No. 336, Holton, 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 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, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. 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.

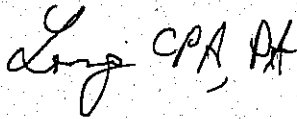
As described more fully in Note 1, Unified School District No. 336 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 336 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 336, as of June 30, 2012 and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 15, 2012, on our consideration of Unified School District No. 336's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 336's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 336. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Long CPA, PA
A Professional Association
Certified Public Accountant

August 15, 2012

USD #336 HOLTON, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General	\$ (619,749)	\$ 0	\$ 7,058,990	\$ 7,148,697	\$ (709,456)	\$	\$ (709,456)
Supplemental General	(54,453)	0	2,439,083	2,380,914	3,716		3,716
Special Revenue Funds							
Vocational Education	0	0	400,860	400,860	0		0
Special Education	350,000	0	1,287,798	1,337,201	300,597		300,597
Driver Education	16,092	0	13,022	12,143	16,971		16,971
Food Service	112,837	0	471,755	507,028	77,564		77,564
Capital Outlay	1,332,043	0	616,667	754,037	1,194,673	472,026	1,666,699
Gifts and Grants	1,536	0	0	0	1,536		1,536
Parent Education	11,300	0	11,300	11,300	11,300		11,300
Professional Development	49,990	0	4,079	24,069	30,000		30,000
Summer School	30,000	0	17,970	22,970	25,000		25,000
Special Education Cooperative	1,104,897	0	5,302,805	5,430,772	976,930		976,930
KPERS Special Contribution	0	0	1,059,317	1,059,317	0		0
At Risk (K-12)	0	0	678,248	678,248	0		0
Bond and Interest	386,648	0	341,209	670,429	57,428		57,428
District Activity Funds	123,616	0	306,792	280,689	149,719		149,719
Textbook Rental Fund	100,000	0	63,487	73,625	89,862		89,862
Contingency Reserve Fund	596,962	0	160,594	157,556	600,000		600,000
Title I	0	0	180,870	180,870	0		0
Title IVA	0	0	0	0	0		0
Title VTB	0	0	30,887	30,887	0		0
Mini-Grants	6,006	0	0	0	6,006		6,006
Title IIA	0	0	33,479	33,479	0		0
Title IID	0	0	1,410	1,410	0		0
Carl Perkins Grant	1,366	0	4,604	3,393	2,577		2,577
Fresh Start	58,460	0	420,130	454,822	23,768		23,768
Total Reporting Entity	\$ 3,607,551	\$ 0	\$ 20,903,356	\$ 21,654,716	\$ 2,858,191	\$ 472,026	\$ 3,330,217

Composition of Cash

Checking Accounts	\$ (591,451)
Savings Accounts	4,215,168
Certificates of Deposit	
Total Cash	<u>3,623,717</u>
Agency Funds per Statement 4	<u>293,500</u>
Total Reporting Entity	<u>\$ 3,330,217</u>

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

USD #336 HOLTON, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Governmental Type Funds</u>						
General Funds						
General	\$ 7,112,448	\$ 0	\$ 36,249	\$ 7,148,697	\$ 7,148,697	\$ 0
Supplemental General	2,380,914	0	0	2,380,914	2,380,914	0
Special Revenue Funds						
Vocational Education	325,000	0	0	325,000	400,860	(75,860)
Special Education	1,700,239	0	0	1,700,239	1,337,201	363,038
Driver Training	16,150	0	0	16,150	12,143	4,007
Food Service	403,281	0	0	403,281	507,028	(103,747)
Capital Outlay	2,125,000	0	0	2,125,000	282,011	1,842,989
Gifts and Grants	0	0	0	0	0	0
Parent Education	11,300	0	0	11,300	11,300	0
Professional Development	30,500	0	0	30,500	24,069	6,431
Summer School	30,000	0	0	30,000	22,970	7,030
Special Education Cooperative	6,472,082	0	0	6,472,082	5,430,772	1,041,310
KPERS Special Contribution	1,097,469	0	0	1,097,469	1,059,317	38,152
At-Risk Fund	448,868	0	0	448,868	678,248	(229,380)
Bond and Interest	670,429	0	0	670,429	670,429	0

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

USD #336 HOLTON, KS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 699,646	\$ 679,991	\$ 19,655
Delinquent tax	6,896	10,626	(3,730)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	3,205	0	3,205
State aid/grants	6,312,994	6,421,831	(108,837)
Charges for services			0
Interest income			0
Miscellaneous revenues	36,249		36,249
Operating transfers			0
Total Cash Receipts	<u>7,058,990</u>	<u>7,112,448</u>	<u>(53,458)</u>
EXPENDITURES			
Instruction	2,499,971	2,906,148	406,177
Student support services	236,284	214,556	(21,728)
Instruction support staff	268,691	232,737	(35,954)
General administration	91,426	105,369	13,943
School administration	459,372	466,325	6,953
Operations and maintenance	315,535	304,500	(11,035)
Student transportation services	268,716	279,137	10,421
Central support services			0
Other support services	85,122	82,567	(2,555)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,923,580	2,521,109	(402,471)
Adjustment to comply with legal max		0	0
Adjustment for qualifying budget credits		36,249	36,249
Total Expenditures	<u>7,148,697</u>	<u>\$ 7,148,697</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(89,707)		
Unencumbered Cash, Beginning	(619,749) *		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (709,456) *</u>		

See Note 9 (Cash Basis Exception)

See Note 10 (Statutory Presentation)

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

USD #336 HOLTON, KS
SUPPLEMENTAL GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 995,409	\$ 1,068,105	\$ (72,696)
Delinquent tax	9,451	14,379	(4,928)
Motor vehicle tax	118,817	133,455	(14,638)
RV tax	2,048	1,962	86
Mineral production tax			0
Federal grants	0		0
State aid/grants	1,313,358	1,265,137	48,221
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>2,439,083</u>	<u>2,483,038</u>	<u>(43,955)</u>
EXPENDITURES			
Instruction	1,521,487	1,427,254	(94,233)
Student support services	30,094	28,055	(2,039)
Instruction support staff	44,597	40,297	(4,300)
General administration	668	350	(318)
School administration	57,494	55,559	(1,935)
Operations and maintenance	678,426	606,141	(72,285)
Student transportation services	13,370	11,958	(1,412)
Central support services			0
Other support services		0	0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	34,778	211,300	176,522
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,380,914</u>	<u>\$ 2,380,914</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	58,169		
Unencumbered Cash, Beginning	(54,453) *		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,716 *</u>		

See Note 9 (Cash Basis Exception)

See Note 10 (Statutory Presentation)

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

USD #336 HOLTON, KS
VOCATIONAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income		5,000	(5,000)
Miscellaneous revenues			0
Operating transfers	<u>400,860</u>	<u>320,000</u>	<u>80,860</u>
Total Cash Receipts	<u>400,860</u>	<u>325,000</u>	<u>75,860</u>
EXPENDITURES			
Instruction	400,860	325,000	(75,860)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>400,860</u>	<u>\$ 325,000</u>	<u>\$ (75,860)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #336 HOLTON, KS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>1,287,798</u>	<u>1,350,241</u>	<u>(62,443)</u>
Total Cash Receipts	<u>1,287,798</u>	<u>1,350,241</u>	<u>(62,443)</u>
EXPENDITURES			
Instruction	1,287,887	1,643,739	355,852
Student support services	101	1,000	899
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	49,213	55,500	6,287
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,337,201</u>	<u>\$ 1,700,239</u>	<u>\$ 363,038</u>
Receipts Over (Under) Expenditures	(49,403)		
Unencumbered Cash, Beginning	350,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 300,597</u>		

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

USD #336 HOLTON, KS
 DRIVER TRAINING FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	6,392	5,032	1,360
Charges for services	6,630	9,673	(3,043)
Interest income			0
Miscellaneous revenues			0
Operating transfers		2,000	(2,000)
Total Cash Receipts	<u>13,022</u>	<u>16,705</u>	<u>(3,683)</u>
EXPENDITURES			
Instruction	10,785	14,950	4,165
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	1,358	1,200	(158)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>12,143</u>	<u>\$ 16,150</u>	<u>\$ 4,007</u>
Receipts Over (Under) Expenditures	879		
Unencumbered Cash, Beginning	16,092		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 16,971</u>		

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

USD #336 HOLTON, KS
 FOOD SERVICE FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	253,448	211,588	41,860
State aid/grants	5,926	4,441	1,485
Charges for services	209,330	179,244	30,086
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>3,051</u>	<u>20,000</u>	<u>(16,949)</u>
Total Cash Receipts	<u>471,755</u>	<u>415,273</u>	<u>56,482</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	1,054	8,500	7,446
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	505,974	394,781	(111,193)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>507,028</u>	<u>\$ 403,281</u>	<u>\$ (103,747)</u>
Receipts Over (Under) Expenditures	(35,273)		
Unencumbered Cash, Beginning	112,837		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 77,564</u>		

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

USD #336 HOLTON, KS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 203,669	\$ 193,783	\$ 9,886
Delinquent tax	999	581	418
Motor vehicle tax	9,930	11,098	(1,168)
RV tax	180	164	16
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	17,445	28,550	(11,105)
Miscellaneous revenues	6,334	5,117	1,217
Operating transfers	<u>378,110</u>	<u>500,000</u>	<u>(121,890)</u>
Total Cash Receipts	<u>616,667</u>	<u>739,293</u>	<u>(122,626)</u>
EXPENDITURES			
Instruction	30,848	100,000	69,152
Student transportation services			0
Instruction support staff	1,550		(1,550)
General administration			0
School administration			0
Operations and maintenance	465,526	100,000	(365,526)
Student transportation services	116,906	200,000	83,094
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	139,207	1,725,000	1,585,793
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>754,037</u>	<u>\$ 2,125,000</u>	<u>\$ 1,370,963</u>
Receipts Over (Under) Expenditures	(137,370)		
Unencumbered Cash, Beginning	1,332,043		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,194,673</u>		

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

USD #336 HOLTON, KS
GIFTS AND GRANTS FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
EXPENDITURES			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	1,536		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,536</u>		

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

USD #336 HOLTON, KS
PARENT EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>11,300</u>	<u>11,300</u>	<u>0</u>
Total Cash Receipts	<u>11,300</u>	<u>11,300</u>	<u>0</u>
EXPENDITURES			
Instruction			0
Student support services	11,300	11,300	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>11,300</u>	<u>\$ 11,300</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	11,300		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 11,300</u>		

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

USD #336 HOLTON, KS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	4,079	20,000	(15,921)
Total Cash Receipts	<u>4,079</u>	<u>20,000</u>	<u>(15,921)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	24,069	30,500	6,431
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>24,069</u>	<u>\$ 30,500</u>	<u>\$ 6,431</u>
Receipts Over (Under) Expenditures	(19,990)		
Unencumbered Cash, Beginning	49,990		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 30,000</u>		

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

USD #336 HOLTON, KS
 SUMMER SCHOOL FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>17,970</u>		<u>17,970</u>
Total Cash Receipts	<u>17,970</u>	<u>0</u>	<u>17,970</u>
EXPENDITURES			
Instruction	22,970	30,000	7,030
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>22,970</u>	<u>\$ 30,000</u>	<u>\$ 7,030</u>
Receipts Over (Under) Expenditures	(5,000)		
Unencumbered Cash, Beginning	30,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 25,000</u>		

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

USD #336 HOLTON, KS
SPECIAL EDUCATION COOPERATIVE
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	761,811	852,352	(90,541)
State aid/grants			0
Charges for services	4,536,187	4,514,834	21,353
Interest income			0
Miscellaneous revenues	4,807		4,807
Operating transfers			0
	<u>5,302,805</u>	<u>5,367,186</u>	<u>(64,381)</u>
EXPENDITURES			
Instruction	4,749,842	4,988,734	238,892
Student support services	303,845	1,032,848	729,003
Instruction support staff			0
General administration	275,920	323,500	47,580
School administration			0
Operations and maintenance	41,004	72,000	30,996
Student transportation services	60,161	55,000	(5,161)
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>5,430,772</u>	<u>\$ 6,472,082</u>	<u>\$ 1,041,310</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(127,967)		
Unencumbered Cash, Beginning	1,104,897		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 976,930</u>		

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

USD #336 HOLTON, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	1,059,317	1,097,469	(38,152)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>1,059,317</u>	<u>1,097,469</u>	<u>(38,152)</u>
EXPENDITURES			
Instruction	826,267	856,026	29,759
Student support services	21,186	21,949	763
Instruction support staff	31,780	32,924	1,144
General administration	42,373	43,899	1,526
School administration	52,966	54,874	1,908
Operations and maintenance	31,780	32,924	1,144
Student transportation services	21,186	21,949	763
Central support services			0
Other support services	10,593	10,975	382
Food service operations	21,186	21,949	763
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,059,317</u>	<u>\$ 1,097,469</u>	<u>\$ 38,152</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #336 HOLTON, KS
AT RISK FUND (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>678,248</u>	<u>448,868</u>	<u>229,380</u>
Total Cash Receipts	<u>678,248</u>	<u>448,868</u>	<u>229,380</u>
EXPENDITURES			
Instruction	673,491	446,922	(226,569)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	4,757	1,946	(2,811)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>678,248</u>	<u>\$ 448,868</u>	<u>\$ (229,380)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #336 HOLTON, KS
BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 5,588	\$ 10,788	\$ (5,200)
Delinquent tax	2,081	3,380	(1,299)
Motor vehicle tax	24,676	27,788	(3,112)
RV tax	467	409	58
Mineral production tax			0
Federal grants			0
State aid/grants	308,397	310,810	(2,413)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>341,209</u>	<u>353,175</u>	<u>(11,966)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	670,429	670,429	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>670,429</u>	<u>\$ 670,429</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(329,220)		
Unencumbered Cash, Beginning	386,648		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 57,428</u>		

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

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			180,870
State aid/grants			
Charges for services	47,139		
Interest income			
Miscellaneous revenues			
Operating transfers	<u>16,348</u>	<u>160,594</u>	<u></u>
Total Cash Receipts	<u>63,487</u>	<u>160,594</u>	<u>180,870</u>
EXPENDITURES			
Instruction	62,338	157,556	166,417
Student support services			
Instruction support staff	11,287		14,315
General administration			
School administration			
Operations and maintenance			138
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits	<u></u>	<u></u>	<u></u>
Total Expenditures	<u>73,625</u>	<u>157,556</u>	<u>180,870</u>
Receipts Over (Under) Expenditures	(10,138)	3,038	0
Unencumbered Cash, Beginning	100,000	596,962	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>89,862</u>	\$ <u>600,000</u>	\$ <u>0</u>

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

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012

	<u>Drug Free Title IVA</u>	<u>Title VIB</u>	<u>Mini-Grants</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants		30,887	
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>0</u>	<u>30,887</u>	<u>0</u>
Total Cash Receipts			
EXPENDITURES			
Instruction		29,546	
Student support services			
Instruction support staff			
General administration		1,341	
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>0</u>	<u>30,887</u>	<u>0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0	0	0
Unencumbered Cash, Beginning	0	0	6,006
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>6,006</u>

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

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012

	<u>Title IIA</u>	<u>Title IID</u>
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	33,479	1,410
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>33,479</u>	<u>1,410</u>
Total Cash Receipts		
EXPENDITURES		
Instruction	20,232	1,410
Student support services		
Instruction support staff	13,247	
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>33,479</u>	<u>1,410</u>
Total Expenditures		
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Cancelled Encumbrances	0	0
	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>

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

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012

	Carl Perkins Grant	Fresh Start
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	4,604	
State aid/grants		
Charges for services		420,130
Interest income		
Miscellaneous revenues		
Operating transfers		
	<hr/>	<hr/>
Total Cash Receipts	4,604	420,130
	<hr/>	<hr/>
EXPENDITURES		
Instruction	3,393	397,124
Student support services		
Instruction support staff		
General administration		
School administration		3,282
Operations and maintenance		26,671
Student transportation services		
Central support services		
Other support services		27,745
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<hr/>	<hr/>
Total Expenditures	3,393	454,822
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	1,211	(34,692)
Unencumbered Cash, Beginning	1,366	58,460
Prior Year Cancelled Encumbrances	0	0
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 2,577	\$ 23,768

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

USD# 336 HOLTON, KS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 For the Year Ended June 30, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Payroll liabilities	\$ 238,555	\$ 7,979	\$ -	\$ 246,534
High School				
Art	390	1,364	1,696	58
Band	1,680	1,683	2,541	822
Drama	3,494	775	1,072	3,197
FFA	375	36,369	35,980	764
FFA Convention	4,135	1,125	3,406	1,854
FHA	1,997	3,878	3,226	2,649
Forensics Club	0	862	216	646
FB Memorial	240			240
Home Economics	853	1,137	540	1,450
Kayettes	457	674	1,149	(18)
KLASS	715	867	468	1,114
National Honor Society	246	637	540	343
Pep Cats	13,714	24,355	28,392	9,677
SADD	5,317	2,476	3,170	4,623
Sales Tax	0	9,824	9,824	0
Science Club	957			957
Student Council	2,607	5,102	6,067	1,642
Vocal Music	6,771	24,519	28,234	3,056
Vocational Agriculture	153	807	1,057	(97)
Fellowship of Christian Athletes	2,261	2,001	2,761	1,501
Scholar's Bowl	979	280	1,264	(5)
Class of 2009	509			509
Class of 2010	96			96
Class of 2011	682			682
Class of 2012	2,679	165	1,929	915
Class of 2013	3,195	2,568	5,030	733
Class of 2014	1,430	1,550	25	2,955
Class of 2015	0	1,723	0	1,723
Lettercats	2,595	5,411	5,758	2,248
Business Club	866	127	603	390
French Club	523	98		621
Spanish Club	0	65	335	(270)
Middle School				
Student Council	275	320	202	393
Technology	1,031	2,015	2,971	75
Kays	660	1,686	1,805	541
Music	112			112
7th Grade Team	16			16
FCA	1,359	1,090	1,695	754
Total	<u>\$ 301,924</u>	<u>\$ 143,532</u>	<u>\$ 151,956</u>	<u>\$ 293,500</u>

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

USD #336 HOLTON, KS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Middle school							
Athletics	\$ 290		\$ 16,652	\$ 15,986	\$ 956	\$ -	\$ 956
Volleyball	63		10	63	10		10
High School							
Athletics	2,290		79,483	64,294	17,479		17,479
Boys Baseball	840		1,610	920	1,530		1,530
Boys Basketball	3,018		1,150	941	3,227		3,227
Girls Basketball	612		7,953	7,125	1,440		1,440
Track	37				37		37
Volleyball	368		5,098	5,026	440		440
Wrestling	80		150	122	108		108
Golf	350		75	445	(20)		(20)
Cross Country	452		237	130	559		559
Softball	308		4,299	4,405	202		202
Subtotal Gate Receipts	8,708	-	116,717	99,457	25,968	-	25,968
School Projects							
Holton Fund	1,906		9		1,915		1,915
Colorado School							
General	15,911		19,229	21,085	14,055		14,055
PTO	1,010			1,010	-		-
Central Elementary							
General	11,545		13,928	12,243	13,230		13,230
Owls Garden Fund	1,144				1,144		1,144
PTO	565				565		565
Optimist Donation	550				550		550
Book Fair	984		5,369	5,142	1,211		1,211
Middle School							
Faculty	175		301	320	156		156
Library	1,124		231	1,030	325		325
School Fund	498		7,491	7,009	980		980
Sales tax	-		1,275	1,275	-		-
Awards	3,479		25,731	25,422	3,788		3,788
High School							
Concessions	6,641		30,317	30,435	6,523		6,523
Program nds	5,095		6,351	5,460	5,986		5,986
Graphic Design	84		115	199	-		-
Holtonian	532		3,610	2,798	1,344		1,344
JCYC	-		282		282		282
Football stadium	14,407		7,799	526	21,680		21,680
Touchdown club	3,017		1,000	3,875	142		142
Laptop Insurance	3,289		19,208	18,911	3,586		3,586
Lift A Thon	1,951		2,593	2,620	1,924		1,924
McGuffin	264			264	-		-
PE Grant	1,790		990	873	1,907		1,907
School Fund	11,613		5,277	8,509	8,381		8,381
Supplies	5,038		11,795	3,739	13,094		13,094
Wall Picture	2,424				2,424		2,424
Yearbook	3,175		19,466	18,587	4,054		4,054
Orders/Testing	2,254		2,680	2,427	2,507		2,507
School to Work	778				778		778
IHT	1,631		1,335	152	2,814		2,814
Staff Grants	870			870	-		-
Character Program	5,539			214	5,325		5,325
Patio pavers	2,378		556	908	2,026		2,026
AG Metal	413		2,532	2,786	159		159
Greenhouse	2,834		605	2,543	896		896
Subtotal School Projects	114,908	-	190,075	181,232	123,751	-	123,751
Total District Activity Funds	\$ 123,616	\$ -	\$ 306,792	\$ 280,689	\$ 149,719	\$ -	\$ 149,719

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.336 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.336 (b) organizations for which USD No. 336 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.336 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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

The following types of funds comprise the financial activities of the District for the year 2012:

Governmental Funds

General Fund – To account for the 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 be expended for specified purposes.

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

Fiduciary Funds

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.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, 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 revenues and matured principle and interest payable, and reservations of 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 United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 36,249 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper 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 revenues 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 was a budget amendment for the year 2012.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between accounts 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 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 city 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 and trust funds and the following special revenue funds:

Title IID Fund	Title IIA Fund
Title IV Fund	Contingency Reserve Fund
District Activity Funds	Title I Fund
Textbook Rental Fund	Mini-Grant Fund
Fresh Start Fund	Title VI B
Carl Perkins Grant	

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

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – Deposits and Investments

Deposits

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 district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2012.

Concentration of Credit Risk

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

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%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the government's carrying amount of deposits was \$ 3,330,217 and the bank balance was \$ 3,943,998. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk – Investments

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

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 336 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; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (continued)

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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 statutory required employers share.

NOTE 4 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 5 – Compliance with Kansas Statutes

We noted budget violations per K.S.A 79-2935 in the Vocational Education, At Risk (K-12), and Food Service Funds for the period under audit.

NOTE 6 – Compensated Absences

The District does not reimburse employees for unused vacation time. Employees working less than twelve months per year earn ten days sick leave per year. Full year employees earn twelve days sick leave annually. Classified sick leave is accrued in hours equal to each individual's working day and cannot exceed the equivalent of seventy five of an individual's work days. Each year, the District reimburses employees for accumulated unused sick leave in excess of seventy five days. The District has not accrued compensated absences at June 30, 2012.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	\$ 160,594
General Fund	Summer School Fund	K.S.A. 72-6428	17,970
General Fund	Capital Outlay Fund	K.S.A. 72-6428	378,110
General Fund	Special Education Fund	K.S.A. 72-6428	1,287,798
General Fund	Vocational Education Fund	K.S.A. 72-6428	400,860
General Fund	At Risk Fund	K.S.A. 72-6428	678,248
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6428	11,300
Supplemental General Fund	Professional Dev. Fund	K.S.A. 72-6425	4,079
Supplemental General Fund	Textbook Fund	K.S.A. 72-6425	16,348
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	3,051

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government 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 statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care 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 government under this program.

NOTE 9 – Cash Basis Exception

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

NOTE 11 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 12 – Subsequent Events

Subsequent events for management's review have been evaluated through August 15, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

Note 10 -

USD #336 HOLTON, KS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 699,646	\$ 679,991	\$ 19,655
Delinquent tax	6,896	10,626	(3,730)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	3,205		3,205
State aid/grants	6,402,701	6,421,831	(19,130)
Charges for services			0
Interest income			0
Miscellaneous revenues	36,249		36,249
Operating transfers			0
	<u>7,148,697</u>	<u>7,112,448</u>	<u>36,249</u>
EXPENDITURES			
Instruction	2,499,971	2,906,148	406,177
Student support services	236,284	214,556	(21,728)
Instruction support staff	268,691	232,737	(35,954)
General administration	91,426	105,369	13,943
School administration	459,372	466,325	6,953
Operations and maintenance	315,535	304,500	(11,035)
Student transportation services	268,716	279,137	10,421
Central support services			0
Other support services	85,122	82,567	(2,555)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,923,580	2,521,109	(402,471)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits		36,249	36,249
	<u>7,148,697</u>	<u>\$ 7,148,697</u>	<u>\$ 0</u>
Total Expenditures			
	<u>7,148,697</u>	<u>\$ 7,148,697</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

Note 10 -

USD #336 HOLTON, KS
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 995,409	\$ 1,068,105	\$ (72,696)
Delinquent tax	9,451	14,379	(4,928)
Motor vehicle tax	118,817	133,455	(14,638)
RV tax	2,048	1,962	86
Mineral production tax			0
Federal grants			0
State aid/grants	1,312,389	1,265,137	47,252
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>2,438,114</u>	<u>2,483,038</u>	<u>(44,924)</u>
EXPENDITURES			
Instruction	1,521,487	1,427,254	(94,233)
Student support services	30,094	28,055	(2,039)
Instruction support staff	44,597	40,297	(4,300)
General administration	668	350	(318)
School administration	57,494	55,559	(1,935)
Operations and maintenance	678,426	606,141	(72,285)
Student transportation services	13,370	11,958	(1,412)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	34,778	211,300	176,522
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,380,914</u>	<u>\$ 2,380,914</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	57,200		
Unencumbered Cash, Beginning	23,538		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 80,738</u>		

USD #336 HOLTON, KS
Statement of Changes in Long-Term Debt
For the Year Ended June, 30, 2012

Note 12 - Long Term Debt
Changes in long-term liabilities for the District for the year ended June 30, 2012 were as follows:

Issue	Interest Rate	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										
2003 Issue	1.0%-3.25%	6/1/03	\$ 3,500,000	9/1/12	\$ 660,000	\$	\$ 660,000	\$ (660,000)	\$ 0	\$ 10,429
2012 Issue	2.0-3.5%	4/1/12	1,720,000	4/1/22	0	1,720,000	0	1,720,000	1,720,000	-
Capital Leases										
Computer Hardware Lease	1.90%	7/5/11	412,783	7/5/14	0	412,783	106,127	306,656	306,656	
Building Roof	4.08%	10/18/06	600,000	11/1/11	129,660		129,660	(129,660)	0	5,290
Total Long Term Debt					\$ 789,660	\$ 2,132,783	\$ 895,787	\$ 1,236,996	\$ 2,026,656	\$ 15,719

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

	2013	2014	2015	2016	2017	2018-2022	Total
Principal							
General Obligation Bonds	\$ 150,000	\$ 160,000	\$ 160,000	\$ 165,000	\$ 165,000	\$ 920,000	\$ 1,720,000
Special Assessment Bonds							0
Certificates of Participation							0
Capital Leases	100,301	102,206	104,148				306,655
Revenue Bonds							0
No-Fund Warrants							0
Temporary Notes							0
Total Principal	250,301	262,206	264,148	165,000	165,000	920,000	2,026,655
Interest							
General Obligation Bonds	47,639	46,000	42,800	39,600	36,300	97,852	310,191
Special Assessment Bonds							0
Certificates of Participation							0
Capital Leases	5,826	3,921	1,979				11,726
Revenue Bonds							0
No-Fund Warrants							0
Temporary Notes							0
Total Interest	53,465	49,921	44,779	39,600	36,300	97,852	321,917
Total Principal and Interest	\$ 303,766	\$ 312,127	\$ 308,927	\$ 204,600	\$ 201,300	\$ 1,017,852	\$ 2,348,572

Long CPA, PA

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Shareholder

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Board of Education
Unified School District No. 336
Holton, Kansas 66436

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Unified School District No. 336, Holton, Kansas as of and for the year ended June 30, 2012, and have issued our report thereon dated August 15, 2012. In our report, our opinion was qualified due to the use of an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 336's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 336's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Education
Unified School District No. 336
Holton, Kansas 66436

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 336's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA
A Professional Association
Certified Public Accountant

August 15, 2012

Long CPA, PA

James M. Long, CPA

Shareholder

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Board of Education
Unified School District No. 336
Holton, Kansas 66436

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Unified School District No. 336, Holton, Kansas with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. Unified School District No. 336's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 336's management. Our responsibility is to express an opinion on Unified School District No. 336's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 336's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 336's compliance with those requirements.

In our opinion, Unified School District No. 336 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Board of Education
Unified School District No. 336
Holton, Kansas 66436

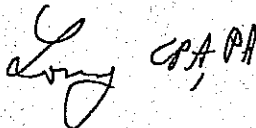
Internal Control Over Compliance

The management of Unified School District No. 336 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 336's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Long CPA, PA', is written over the printed name.

Long CPA, PA
A Professional Association
Certified Public Accountant

August 15, 2012

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 165,305
Title I - Migrant	84.011	*	15,565
State Grants (Part B Education Act)	84.027	*	762,062
Early Childhood Aid	84.173	*	30,636
Title II - Teacher Quality	84.367	*	33,479
Education Jobs Fund	84.410	*	3,205
<hr/> U.S. Department of Agriculture <hr/>			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	46,048
National School Lunch Program	10.555	*	204,678
Federal Food Service	10.560	*	100
Fresh Fruits Program	10.582	*	<u>2,721</u>
 Total Federal Assistance			 <u><u>\$ 1,263,799</u></u>

* Not available

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2012

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Unified School District #336.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District #336 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District #336 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District #336 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education
Title I, Early Childhood Education CFDA No. 84.027
7. Unified School District #336 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education
Title I, Early Childhood Education CFDA No. 84.027

No findings of noncompliance or questioned costs were noted.

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 336 Holton, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic 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. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 336 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature 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. 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.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 336 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Title I Early Education Grant Program, Stabilization – ARRA and Special Education Grants - ARRA have been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.