

**UNIFIED SCHOOL DISTRICT NO. 355
ELLINWOOD, KANSAS**

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 355 Ellinwood, Kansas
Ellinwood, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 355 Ellinwood, Kansas**, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 355 Ellinwood, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements do not include financial data for the District's legally separate component unit, Ellinwood Public Schools and Community Library Foundation. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as \$1,248,880 for the Ellinwood Public Schools and Community Library Foundation.

As described more fully in Note 1, **Unified School District No. 355 Ellinwood, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, 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. 355 Ellinwood, Kansas**, as of June 30, 2012, or the changes in its financial position for the year then ended.

Unified School District No. 355 Ellinwood, Kansas
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In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 355 Ellinwood, Kansas**, as of June 30, 2012, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

October 08, 2012

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustments	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories								
General Funds								
General Fund	\$ (130,102)	140,751	-	3,041,446	3,052,095	-	-	-
Supplemental General Fund	156,987	13,861	-	949,364	1,021,829	98,383	-	98,383
Special Revenue Funds								
Capital Outlay Fund	983,188	-	-	172,489	253,530	902,147	66,481	968,628
Vocational Education Fund	172,461	-	-	186,741	185,245	173,957	-	173,957
Special Education Fund	255,952	-	-	623,908	616,207	263,653	-	263,653
Food Service Fund	52,665	-	-	232,858	225,102	60,421	-	60,421
Driver Training Fund	34,453	-	-	7,538	7,423	34,568	-	34,568
KPERS Retirement Contributions Fund	-	-	-	268,507	268,507	-	-	-
Professional Development Fund	39,385	-	-	7,640	7,631	39,394	6,350	45,744
Contingency Fund	312,008	-	-	-	-	312,008	-	312,008
Textbook Rental Fund	60,490	-	-	13,948	2,957	71,481	-	71,481
Title I, Part A Improving the Academic Achievement of Disadvantaged Fund	-	-	-	78,288	78,288	-	-	-
Title II, Part A Teacher Quality Fund	-	-	-	25,878	25,878	-	-	-
At Risk Fund (K-12)	-	-	-	271,866	271,773	93	-	93
Grants Fund	14,216	-	-	31,551	23,442	22,325	-	22,325
District Activity Funds	20,290	-	-	81,692	79,482	22,500	-	22,500
Debt Service Fund								
Bond and Interest Fund	817,495	-	-	592,798	513,770	896,523	-	896,523
Total Reporting Entity (Excluding Agency Funds)	\$ 2,789,488	154,612	-	6,586,512	6,633,159	2,897,453	72,831	2,970,284
				Composition of Cash				
				Checking Accounts				\$ 1,767,395
				Savings Accounts				1,212,610
				Certificates of Deposit				30,205
				Total Cash				3,010,210
				Agency Funds per Statement 4				(39,926)
				Total Reporting Entity (Excluding Agency Funds)				\$ 2,970,284

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Summary of Expenditures - Actual and Budget

For the Year Ended June 30, 2012

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 3,075,029	(98,588)	75,654	3,052,095	3,052,095	-
Supplemental General Fund	1,055,741	(33,912)	-	1,021,829	1,021,829	-
Special Revenue Funds						
Capital Outlay Fund	850,000	-	-	850,000	253,530	(596,470)
Vocational Education Fund	247,333	-	-	247,333	185,245	(62,088)
Special Education Fund	632,986	-	-	632,986	616,207	(16,779)
Food Service Fund	252,176	-	-	252,176	225,102	(27,074)
Driver Training Fund	11,148	-	-	11,148	7,423	(3,725)
KPERs Retirement Contributions Fund	306,104	-	-	306,104	268,507	(37,597)
Professional Development Fund	59,383	-	-	59,383	7,631	(51,752)
At Risk Fund (K-12)	285,000	-	-	285,000	271,773	(13,227)
Debt Service Fund						
Bond and Interest Fund	566,988	-	-	566,988	513,770	(53,218)

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 636,995	661,925	629,456	32,469
Intergovernmental Revenues				
Mineral Severance Tax	35,647	39,031	20,000	19,031
State Special Education	408,204	450,908	452,119	(1,211)
Equalization Aid	1,892,970	1,812,516	1,962,805	(150,289)
Federal Aid - Education Jobs	99,870	1,412	-	1,412
Federal Aid - ARRA	57,036	-	-	-
Reimbursed Expenses	63,303	75,654	-	75,654
Total Cash Receipts	<u>3,194,025</u>	<u>3,041,446</u>	<u>3,064,380</u>	<u>(22,934)</u>
Expenditures				
Instruction	1,205,619	1,288,707	1,347,567	(58,860)
Student Support Services	18,099	18,004	70,958	(52,954)
General Administration	122,738	131,861	186,186	(54,325)
School Administration	256,562	268,841	257,800	11,041
Operations and Maintenance	258,192	252,282	170,946	81,336
Student Transportation Services	44,897	39,731	44,598	(4,867)
Community Service Operations	124,121	125,473	144,855	(19,382)
Transfers Out	1,153,148	927,196	852,119	75,077
Adjustment to Comply With Legal Max	-	-	(98,588)	98,588
(a) Adjustment for Qualifying Budget Credit	-	-	75,654	(75,654)
Total Expenditures	<u>3,183,376</u>	<u>3,052,095</u>	<u>3,052,095</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	<u>10,649</u>	<u>(10,649)</u>		
Unencumbered Cash - Beginning As Previously Stated	10,649	(130,102)		
Prior Period Adjustment	-	140,751		
Unencumbered Cash - Beginning As Restated	-	10,649		
Unencumbered Cash - Ending	\$ <u>10,649</u>	<u>-</u>		
(a) Adjustment for Qualifying Budget Credit				
Reimbursed Expenses Over Amount Budgeted			\$ <u>75,654</u>	

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 859,164	817,131	753,191	63,940
Intergovernmental Revenues				
Equalization Aid	241,724	132,233	131,703	530
Total Cash Receipts	1,100,888	949,364	884,894	64,470
Expenditures				
Instruction	234,461	229,980	184,729	45,251
Student Support Services	6,939	1,612	14,290	(12,678)
Instructional Support Staff	5,858	1,874	17,779	(15,905)
General Administration	57,081	64,574	156,542	(91,968)
School Administration	13,848	31,449	9,455	21,994
Operations and Maintenance	328,416	336,701	326,002	10,699
Student Transportation Services	88,265	103,414	86,944	16,470
Student Activities	-	5,217	-	5,217
Other Expenses		79	-	79
Transfers Out	314,090	246,929	260,000	(13,071)
Adjustment to Comply With Legal Max	-	-	(33,912)	33,912
Total Expenditures	1,048,958	1,021,829	1,021,829	-
Cash Receipts Over (Under) Expenditures	51,930	(72,465)		
Unencumbered Cash - Beginning As Previously Stated	118,918	156,987		
Prior Period Adjustment	-	13,861		
Unencumbered Cash - Beginning As Restated	118,918	170,848		
Unencumbered Cash - Ending	\$ 170,848	98,383		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 129,507	145,327	140,098	5,229
Interest Income	7,708	3,412	-	3,412
Other Income	62	3,750	-	3,750
Transfers In	230,538	20,000	25,000	(5,000)
Total Cash Receipts	<u>367,815</u>	<u>172,489</u>	<u>165,098</u>	<u>7,391</u>
Expenditures				
Instruction	35,482	12,529	-	12,529
Student Support Services	-	-	100,000	(100,000)
Operations and Maintenance	7,132	25,255	600,000	(574,745)
Student Transportation Services	119,900	116,092	150,000	(33,908)
Facility Acquisition and Construction	56,501	99,654	-	99,654
Total Expenditures	<u>219,015</u>	<u>253,530</u>	<u>850,000</u>	<u>(596,470)</u>
Cash Receipts Over (Under) Expenditures	148,800	(81,041)		
Unencumbered Cash - Beginning	<u>834,388</u>	<u>983,188</u>		
Unencumbered Cash - Ending	<u>\$ 983,188</u>	<u>902,147</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 241,011	186,741	140,000	46,741
Expenditures				
Instruction	174,837	178,509	234,333	(55,824)
Operations and Maintenance	9,208	6,736	13,000	(6,264)
Total Expenditures	184,045	185,245	247,333	(62,088)
Cash Receipts Over (Under) Expenditures	56,966	1,496		
Unencumbered Cash - Beginning	115,495	172,461		
Unencumbered Cash - Ending	\$ 172,461	173,957		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 598,810	623,908	612,119	11,789
Expenditures				
Instruction	530,557	578,049	549,632	28,417
Student Transportation Services	38,440	38,158	83,354	(45,196)
Total Expenditures	568,997	616,207	632,986	(16,779)
Cash Receipts Over (Under) Expenditures	29,813	7,701		
Unencumbered Cash - Beginning	226,139	255,952		
Unencumbered Cash - Ending	\$ 255,952	263,653		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 2,166	2,234	1,745	489
Federal Aid	106,172	119,547	103,808	15,739
Student Sales	55,003	58,131	56,193	1,938
Adult Sales	6,392	7,517	13,465	(5,948)
Other Income	1,334	407	5,000	(4,593)
Transfers In	35,000	45,022	50,000	(4,978)
Total Cash Receipts	206,067	232,858	<u>230,211</u>	<u>2,647</u>
Expenditures				
Food Service Operation	210,425	225,102	<u>252,176</u>	<u>(27,074)</u>
Cash Receipts Over (Under) Expenditures	(4,358)	7,756		
Unencumbered Cash - Beginning	57,023	52,665		
Unencumbered Cash - Ending	<u>\$ 52,665</u>	<u>60,421</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 1,924	2,538	2,960	(422)
Other Income	3,363	-	-	-
Transfers In	-	5,000	-	5,000
Total Cash Receipts	5,287	7,538	2,960	4,578
Expenditures				
Instruction	5,723	5,193	8,998	(3,805)
Operations and Maintenance	1,699	2,230	2,150	80
Total Expenditures	7,422	7,423	11,148	(3,725)
Cash Receipts Over (Under) Expenditures	(2,135)	115		
Unencumbered Cash - Beginning	36,588	34,453		
Unencumbered Cash - Ending	\$ 34,453	34,568		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
KPERS Retirement Contributions Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 161,107	268,507	306,104	(37,597)
Expenditures				
Instruction	100,064	166,787	190,125	(23,338)
Student Support Services	6,822	11,360	12,952	(1,592)
Instructional Support Staff	9,058	15,091	17,207	(2,116)
General Administration	4,018	6,688	7,626	(938)
School Administration	21,672	36,115	41,174	(5,059)
Operations and Maintenance	9,656	16,085	18,339	(2,254)
Student Transportation Services	2,927	4,885	5,574	(689)
Student Activities	1,400	2,336	2,666	(330)
Food Service	5,490	9,160	10,441	(1,281)
Total Expenditures	161,107	268,507	306,104	(37,597)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Other Income	\$ -	-	10,000	(10,000)
Transfers In	48,420	7,640	10,000	(2,360)
Total Cash Receipts	48,420	7,640	20,000	(12,360)
Expenditures				
Instruction	25,230	7,266	59,383	(52,117)
General Administration	5,670	365	-	365
School Administration	1,760	-	-	-
Total Expenditures	32,660	7,631	59,383	(51,752)
Cash Receipts Over (Under) Expenditures	15,760	9		
Unencumbered Cash - Beginning	23,625	39,385		
Unencumbered Cash - Ending	\$ 39,385	39,394		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Summer School Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts	\$ -	-	-	-
Expenditures				
Instruction	9,795	-	-	-
Cash Receipts Over (Under) Expenditures	(9,795)	-		
Unencumbered Cash - Beginning	9,795	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Contingency Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 52,422	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	52,422	-
Unencumbered Cash - Beginning	259,586	312,008
Unencumbered Cash - Ending	\$ 312,008	312,008

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Textbook Rental Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 26,053	13,948
Expenditures		
Textbook Purchases	20,470	2,957
Cash Receipts Over (Under) Expenditures	5,583	10,991
Unencumbered Cash - Beginning	54,907	60,490
Unencumbered Cash - Ending	\$ 60,490	71,481

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title I, Part A Improving the Academic Achievement of Disadvantaged Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title I Federal Aid	\$ 76,707	78,288
Expenditures		
Instruction	75,550	77,219
School Administration	1,068	1,069
Total Expenditures	76,618	78,288
Cash Receipts Over (Under) Expenditures	89	-
Unencumbered Cash - Beginning	(89)	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title II, Part A Teacher Quality Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title IIa Federal Aid	\$ 29,004	25,878
Expenditures		
Instruction	25,435	24,199
Student Support Services	2,706	595
Other Expenses	863	1,084
Total Expenditures	29,004	25,878
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	-	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title II, Part D Education Technology Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title IId Federal Aid	\$ 260	-
Expenditures		
Instruction	260	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
At Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Current Year	Budget	
Cash Receipts				
Transfers In	\$ 234,984	271,866	270,000	1,866
Miscellaneous	9,795	-	15,000	(15,000)
Total Cash Receipts	<u>244,779</u>	<u>271,866</u>	<u>285,000</u>	<u>(13,134)</u>
Expenditures				
Instruction	244,779	267,820	285,000	(17,180)
Student Support Services	-	3,953	-	3,953
Total Expenditures	<u>244,779</u>	<u>271,773</u>	<u>285,000</u>	<u>(13,227)</u>
Cash Receipts Over (Under) Expenditures	-	93		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	<u>93</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Grants Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 19,821	21,021
Embarq Grant	2,000	2,250
Pass-through From ESSDACK	3,500	3,440
Other Revenue From Local Sources	8,869	4,840
Total Cash Receipts	34,190	31,551
Expenditures		
Instruction	1,493	17
Instructional Support Staff	1,487	673
General Administration	75	1,395
Other Supplemental Services	17,517	20,932
Embarq Expenses	200	200
Operations and Maintenance	4,115	225
Total Expenditures	24,887	23,442
Cash Receipts Over (Under) Expenditures	9,303	8,109
Unencumbered Cash - Beginning	4,913	14,216
Unencumbered Cash - Ending	\$ 14,216	22,325

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 510,946	592,798	555,452	37,346
Intergovernmental Revenue				
State Aid	<u>41,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>552,817</u>	<u>592,798</u>	<u>555,452</u>	<u>37,346</u>
Expenditures				
Principal Payments	295,000	355,000	355,000	-
Interest Payments	<u>200,466</u>	<u>158,770</u>	<u>211,988</u>	<u>(53,218)</u>
Total Expenditures	<u>495,466</u>	<u>513,770</u>	<u>566,988</u>	<u>(53,218)</u>
Cash Receipts Over (Under) Expenditures	57,351	79,028		
Unencumbered Cash - Beginning	<u>760,144</u>	<u>817,495</u>		
Unencumbered Cash - Ending	<u>\$ 817,495</u>	<u>896,523</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Agency Funds

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

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Cheer-Spirit Squad	\$ 1,069	12,222	11,674	1,617
High School Band	607	1,169	1,515	261
Band Fundraisers	11,023	8,218	10,252	8,989
Athletic Fundraisers	938	4,865	3,917	1,886
Computer Technology	1,266	329	115	1,480
EHS After-Prom Organization	1,294	7,636	6,300	2,630
FFA	8,924	13,076	11,653	10,347
Kayette Club	516	109	173	452
Mystic Blues	-	3,408	2,108	1,300
EHS Today	306	-	-	306
Stucco	840	4,975	4,567	1,248
Weightlifting Club	87	1,356	1,497	(54)
Vocational Agriculture	-	7,503	6,502	1,001
National Honor Society	115	-	-	115
International Club	1,801	55	140	1,716
Entrepreneurship	542	13	304	251
FCCLA	770	-	-	770
Drama Club	244	172	175	241
Future Business Leaders of America	1,678	16,088	15,794	1,972
Tri-M Honor	212	136	-	348
Scholar's Bowl	128	-	16	112
Latin Club	-	13	-	13
Class of 2007	13	-	-	13
Class of 2011	2,685	-	2,585	100
Class of 2012	1,581	612	1,687	506
Class of 2013	200	6,498	5,430	1,268
Class of 2014	200	558	460	298
Class of 2015	-	313	313	-
Hope Tree Fund	808	210	8	1,010
Total High School	37,847	89,534	87,185	40,196
Insurance Clearing Fund	-	15,742	16,012	(270)
Total Agency Funds	\$ 37,847	105,276	103,197	39,926

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
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
Ellinwood High School							
Gate Receipts	\$ 2,058	-	20,083	21,385	756	-	756
Athletics	5,037	-	17,585	20,500	2,122	-	2,122
Concessions	1,210	-	4,137	3,384	1,963	-	1,963
Activity - Miscellaneous	86	-	2,181	1,141	1,126	-	1,126
Library	4,552	-	1,497	1,408	4,641	-	4,641
Music Equipment	1,314	-	140	-	1,454	-	1,454
Technology Fund	163	-	-	-	163	-	163
Shirts, etc.	381	-	3,765	3,911	235	-	235
Vending Machine	1,264	-	23	784	503	-	503
Driver's Ed	-	-	3,624	137	3,487	-	3,487
Eagle Exchange	840	-	525	85	1,280	-	1,280
Woodworking	3,260	-	2,065	3,556	1,769	-	1,769
Musical	1,243	-	1,515	602	2,156	-	2,156
Yearbook	-	-	9,329	9,329	-	-	-
Middle School Yearbook	-	-	273	-	273	-	273
Book Rental	-	-	6,950	6,950	-	-	-
Video Production	(1,118)	-	8,000	6,310	572	-	572
Total District Activity Funds	\$ 20,290	-	81,692	79,482	22,500	-	22,500

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 355 Ellinwood, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

These financial statements present the District (primary government) but not its component unit. The following is a component unit of the District. The District exercises significant influence or accountability based primarily on operational or financial relationships with the Foundation.

Ellinwood Public Schools and Community Library Foundation

The Ellinwood Public Schools and Community Library Foundation is a not-for-profit corporation organized to receive and hold in trust any property transferred to the Foundation for the benefit of the Ellinwood Public Schools and Community Library, managing all property received according to the uses specified by the donors or, in case the gift is a general one, to such uses as may be agreed upon by the Board of Directors. No audited financial statements are issued. Contact the District Board Clerk to obtain financial information of the Foundation.

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

Use of Estimates

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

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Governmental Fund Categories

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Fiduciary Fund Categories

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

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

Statutory Basis of Accounting

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

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

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

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds and the following special revenue funds: Contingency Fund, Textbook Rental Fund, Title I Fund, Title IIa Fund, Title IIb Fund, Grants Fund and District Activity Funds.

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

Deposits and Investments

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

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

At June 30, 2012, the District's carrying amount of deposits was \$3,010,210 and the bank balance was \$3,004,823. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$530,255 was covered by federal depository insurance and \$2,474,568 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

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

Compensated Absences

Vacation

The superintendent is allowed 10 days of vacation per year. The board secretary and the business manager are allowed 15 days per year. Other classified personnel with 12 month contracts are allowed .8333 days per month of employment up to 14 years of service. For employees with 15 or more years of service, vacation will be accrued at the rate of 1.25 days per month.

Classified employees are encouraged to use their vacation before the end of the fiscal year; however, five days of vacation are allowed to be carried over according to the classified handbook.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick Leave

Certified Employees – The policy regarding sick leave is that all employees are allowed 10 days per year, accumulative to 60 or more days (could be from 60 to 70 days). The days not used for sick leave during that year above 60 days will be bought back at the end of the school year at a rate of \$50 per day.

Classified Employees – Full-time employees are allowed 10 days per year, accumulative to 45 days. Upon termination of employment, no sick leave benefits will be paid out beyond the District's buy-back policy for certified personnel.

Sick Leave Pool – The sick leave pool is voluntary and open to all employees who receive sick leave from the District. The purpose of the sick leave pool is to allow staff members to contribute unused sick leave to a pool and allow participating members, who would otherwise have their pay reduced, draw from the pool and avoid having their pay reduced. Employees have until September 1st of each school year to deposit sick days to the bank. The number of sick leave days that can be drawn from the pool by one individual in any one fiscal year is limited to 20 percent of the days in the pool or 30 days, which ever is less. The number of sick leave days that can be drawn by all individuals is limited to the total days in the pool.

Personal Leave

Certified Employees – Each employee is allowed two days per year, accumulative to five days. At the end of the school year, the District will buy any accumulated personal days that exceed five days of accumulated leave for the year at a rate of \$50 per day.

Classified Employees – Full-time employees are allowed two days personal leave per contract year. Each employee may accumulate personal leave to a maximum of five days. Employees may choose to redeem any or all at \$40 per (8 hour) day.

A potential liability for accumulated vacation, sick leave and personal leave is shown on the schedule of long-term debt.

Deferred Compensation Plan

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

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 actuarially determined contribution rate. The State currently contributes 9.77% of covered payroll. These contribution requirements are established by KPERS and periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044 and \$248,468,186 respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$268,507, \$161,107 and \$193,928.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, **Unified School District No. 355 Ellinwood, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

Early Retirement Plan

Certified personnel employed during the 1996-1997 school year or prior are eligible to participate in the District's early retirement program if certain eligibility requirements are met. The employee must have completed 10 years of service with the District and be eligible for KPERS retirement.

Eligibility commences on July 1 following the school year during which the 61st birthday occurs. It continues until any year between ages 61 and 65. Notification must be given to the District by April 1 in the year prior to the July 1 retirement date. Upon early retirement, the retiree will have a choice of either Plan A or Plan B to determine the amount of their early retirement benefit based on a percentage of their final base pay and their health insurance benefit.

Plan A

On or before	61	62	63	64
1 st Year	8%	7%	5%	3%
2 nd Year	5%	5%	1%	0%
3 rd Year	2%	1%	0%	0%
4 th Year	0%	0%	0%	0%

Health insurance of \$1,800 per year for a maximum of 4 years.

Plan B

On or before	61	62	63	64
1 st Year	11%	10%	8%	6%
2 nd Year	8%	8%	4%	0%
3 rd Year	5%	4%	0%	0%
4 th Year	3%	0%	0%	0%

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The potential liability for early retirement benefits in fiscal year 2013 is \$1,800.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

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

Reimbursements

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

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 355 Ellinwood, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2012 were as follows:

From	To	Statutory Authority	Amount
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	\$ 271,866
General Fund	Special Education Fund	K.S.A. 72-6428	460,908
General Fund	Capital Outlay Fund	K.S.A. 72-6428	20,000
General Fund	Driver Training Fund	K.S.A. 72-6428	5,000
General Fund	Professional Development Fund	K.S.A. 72-6428	6,500
General Fund	Textbook Rental Fund	K.S.A. 72-6428	3,988
General Fund	Vocational Education Fund	K.S.A. 72-6428	158,934
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	45,022
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	1,140
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	163,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	27,807
Supplemental General Fund	Textbook Rental Fund	K.S.A. 72-6433	9,960

NOTE 3 – LITIGATION

Unified School District No. 355 Ellinwood, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 4 – RISK MANAGEMENT

Unified School District No. 355 Ellinwood, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, crime, umbrella, linebacker, auto and fidelity bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 355 Ellinwood, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the District's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Unified School District No. 355 Ellinwood, Kansas did not remit to the state fiscal agent at least 20 days before the day of maturity on the bond and interest payments due on the General Obligation Bond Series 2000, which is a violation of K.S.A. 10-130.

The District did not make a mandatory purchase of products or services offered by Kansas Industries for the Blind and Severely Disabled, which is in violation of K.S.A. 75-3317 through 75-3322.

The District did not have properly approved and updated custodial and security interest agreements with its banks, which is a violation of K.S.A. 9-1405.

Two agency fund accounts had a negative cash balance at year end, which is a violation of K.S.A. 10-1113.

NOTE 8 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 355 Ellinwood, Kansas received \$147,693 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The General Fund Unencumbered Cash has been restated to \$10,649 and the Supplemental General Fund has been restated to \$170,848 to be in conformity with the regulatory basis of accounting as of July 1, 2011.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 10 – PRIOR YEAR’S DEBT DEFEASEMENT

In 2005, **Unified School District No. 355 Ellinwood, Kansas** defeased a portion of the General Obligation School Improvement Bond Series 2000 bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase qualified securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's financial statements.

NOTE 11 – LONG-TERM DEBT

Unified School District No. 355 Ellinwood, Kansas has the following types of long-term debt.

General Obligation Bonds

On August 1, 2005, the District issued \$4,245,000 in Series 2005 A refunding bonds for the purpose of providing funds for refunding \$4,110,000 in Series 2000 A bonds.

Changes in long-term debt for the District at June 30, 2012 and current maturities of long-term debt and interest for the next five years and in five year increments are included on the next page.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 11 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the District for the year ended June 30, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Refunding Bonds 2005 A	3.4%-4.3%	08/01/05	\$ 4,245,000	09/01/20	\$ 4,245,000	-	(355,000)		3,890,000	158,770
Compensated Absences					-			197,805	197,805	
Total Long-Term Debt					\$ 4,245,000	-	(355,000)	197,805	4,087,805	158,770

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							
Refunding Bonds 2005 A	\$ 370,000	385,000	395,000	410,000	425,000	1,905,000	3,890,000
Interest							
General Obligation Bonds							
Refunding Bonds 2005 A	146,260	132,855	118,617	103,520	87,442	164,732	753,426
Total Principal and Interest	\$ 516,260	517,855	513,617	513,520	512,442	2,069,732	4,643,426