

**CONWAY SPRINGS  
UNIFIED SCHOOL DISTRICT NO. 356  
CONWAY SPRINGS, KANSAS**

**FINANCIAL STATEMENTS  
JUNE 30, 2012**

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
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**JUNE 30, 2012**

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**CHAD A. ANDRA, CPA, LLC**  
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITORS' REPORT**

**Board of Education**  
**Conway Springs Unified School District No. 356**  
**Conway Springs, Kansas**

We have audited the accompanying financial statements of **Conway Springs Unified School District No. 356, Conway Springs, 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. The prior year partial comparative financial information has been derived from the District's 2011 financial statements and, in our report dated, August 18, 2011, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

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

As described more fully in Note 1, **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, 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 reasonably determinable, are presumed to be material.

**Board of Education**

**Conway Springs Unified School District No. 356**

Further 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 **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, as of **June 30, 2012**, or the changes in its financial position for the year then ended. Further, **Conway Springs Unified School District No. 356, Conway Springs, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, as of **June 30, 2012**, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements of **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Chad A. Andra, CPA, LLC*

Chad A. Andra, CPA, LLC  
August 20, 2012

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**SUMMARY OF CASH RECEIPTS, CASH EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Fund</u>	Beginning Unencumbered <u>Cash Balance</u>	Prior Year Canceled <u>Encumbrances</u>	Cash <u>Receipts</u>
General Fund (Note 15)	\$ -	\$ -	\$ 3,726,624
Special Revenue Funds			
Supplemental General (Note 15)	32,196	-	1,101,941
Adult Supplemental Education	13,108	-	17,150
At-risk	98,137	-	283,477
Capital Outlay	669,062	-	41,903
Driver Training	22,776	-	7,947
Food Service	63,565	-	274,469
Special Education	230,000	-	613,853
Vocational Education	-	-	182,301
KPERs	-	-	318,516
Recreation Commission	7,926	-	88,374
REAP Federal Grant - SRSA	-	-	12,296
Grants	-	-	-
Title I	-	-	76,401
Title II	-	-	14,076
Memorial/Gift	300	-	-
Contingency Reserve	251,008	-	120,452
Textbook Rental and Student Mat.	26,310	-	33,774
Band Special Fund	47,933	-	90,985
Carl Perkins	-	-	4,595
District Activity Funds	51,598	-	136,585
Debt Service Fund			
Bond and Interest Fund	752,232	-	817,007
	<u>\$ 2,266,151</u>	<u>\$ -</u>	<u>\$ 7,962,726</u>

Composition of Cash:

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**SUMMARY OF CASH RECEIPTS, CASH EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 3,726,624	\$ -	\$ -	\$ -
1,100,000	34,137	-	34,137
19,029	11,229	-	11,229
226,614	155,000	-	155,000
-	710,965	-	710,965
6,385	24,338	-	24,338
272,361	65,673	-	65,673
628,853	215,000	-	215,000
182,301	-	-	-
318,516	-	-	-
88,000	8,300	-	8,300
12,296	-	-	-
-	-	-	-
76,401	-	-	-
14,076	-	-	-
-	300	-	300
-	371,460	-	371,460
19,588	40,496	-	40,496
131,139	7,779	-	7,779
4,595	-	-	-
130,541	57,642	-	57,642
849,846	719,393	-	719,393
<u>\$ 7,807,165</u>	<u>\$ 2,421,712</u>	<u>\$ -</u>	<u>\$ 2,421,712</u>
Checking and Money Market Accounts			\$ 1,604,604
Certificates of Deposit			826,836
Total Cash			2,431,440
Less: Agency Funds on page 28			9,728
			<u>\$ 2,421,712</u>

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>
General Fund	\$ 3,793,230	\$ (78,624)	\$ 12,018
Special Revenue Funds			
Supplemental General	1,100,000	-	-
Adult Supplemental Education	21,392	-	-
At-risk	272,160	-	-
Capital Outlay	400,000	-	-
Driver Training	9,141	-	-
Food Service	284,766	-	-
Special Education	666,525	-	-
Vocational Education	185,836	-	-
KPERS	348,050	-	-
Recreation Commission	88,000	-	-
REAP Federal Grant - SRSA	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Grants	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Title I	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Title II	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Memorial/Gift	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Contingency Reserve	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Textbook Rental and Student Mat.	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Band Special Fund	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Carl Perkins	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
District Activity Funds	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Debt Service Fund			
Bond and Interest Fund	849,846	-	-
	<u>\$ 8,018,946</u>	<u>\$ (78,624)</u>	<u>\$ 12,018</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Total Budget for <u>Comparison</u>	Expenditures Chargeable to <u>Current Year</u>	Variance - Over <u>(Under)</u>
\$ 3,726,624	\$ 3,726,624	\$ -
1,100,000	1,100,000	-
21,392	19,029	(2,363)
272,160	226,614	(45,546)
400,000	-	(400,000)
9,141	6,385	(2,756)
284,766	272,361	(12,405)
666,525	628,853	(37,672)
185,836	182,301	(3,535)
348,050	318,516	(29,534)
88,000	88,000	-
xxxxxxxxxxxxxx	12,296	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	-	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	76,401	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	14,076	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	-	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	-	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	19,588	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	131,139	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	4,595	xxxxxxxxxxxxxx
xxxxxxxxxxxxxx	130,541	xxxxxxxxxxxxxx
849,846	849,846	-
<u>\$ 7,952,340</u>	<u>\$ 7,807,165</u>	<u>\$ (533,811)</u>



**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 350,943	\$ 337,449	\$ 329,009	\$ 8,440
State Sources	3,239,539	3,387,433	3,464,221	(76,788)
Federal Sources - ARRA	70,333	-	-	-
Federal Sources - Ed Job	123,153	1,742	-	1,742
	<u>3,783,968</u>	<u>3,726,624</u>	<u>3,793,230</u>	<u>(66,606)</u>
Expenditures				
Instruction	1,620,623	1,642,182	1,799,708	(157,526)
Instruction - ARRA	70,333	-	-	-
Instruction - Ed Job	107,702	1,742	-	1,742
Student Support Services	122,538	135,459	155,624	(20,165)
Student Suppt. Serv. - Ed Job	7,557	-	-	-
Instruction Support Staff	169,729	186,868	188,274	(1,406)
Instruct. Suppt. Staff - Ed Job	7,894	-	-	-
General Administration	86,977	81,735	94,627	(12,892)
School Administration	163,811	179,826	189,465	(9,639)
Central Services	68,695	63,818	90,642	(26,824)
Operations & Maintenance	348,217	379,901	320,996	58,905
Student Transportation Serv.	181,224	157,989	171,671	(13,682)
Other Supplemental Serv.	12,938	12,493	12,493	-
Transfers	815,730	884,611	769,730	114,881
Adjustment to Comply with Legal Max	-	-	(78,624)	78,624
Adjustment for Qualifying Budget Credits	-	-	12,018	(12,018)
	<u>3,783,968</u>	<u>3,726,624</u>	<u>\$ 3,726,624</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Supplemental General</u>	<u>Current Year</u>			Variance -
	Prior Year			Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts				
Local Sources	\$ 394,871	\$ 448,474	\$ 496,353	\$ (47,879)
County Sources	53,692	49,501	53,790	(4,289)
State Sources	632,403	603,966	582,220	21,746
Federal Sources	-	-	-	-
	<u>1,080,966</u>	<u>1,101,941</u>	<u>1,132,363</u>	<u>(30,422)</u>
Expenditures				
Instruction	49,662	83,242	59,000	24,242
Student Suppt. Serv.	-	-	-	-
Instruct. Suppt. Staff	42	-	-	-
General Administration	59,837	60,894	67,095	(6,201)
School Administration	127,116	129,813	142,821	(13,008)
Central Services	33,629	30,914	44,000	(13,086)
Operations & Maintenance	471,148	440,068	457,948	(17,880)
Transfers	348,566	355,069	329,136	25,933
Adjustment for Qualifying Budget Credits	-	-	-	-
	<u>1,090,000</u>	<u>1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	(9,034)	1,941		
Unencumbered Cash, Beginning	41,230	32,196		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 32,196</u>	<u>\$ 34,137</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Adult Supplemental Education</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 16,900	\$ 17,150	\$ 20,000	\$ (2,850)
Expenditures				
Instruction	9,457	17,413	19,775	(2,362)
Instruction Support Staff	1,616	1,616	1,617	(1)
	<u>11,073</u>	<u>19,029</u>	<u>\$ 21,392</u>	<u>\$ (2,363)</u>
Receipts Over (Under)				
Expenditures	5,827	(1,879)		
Unencumbered Cash, Beginning	7,281	13,108		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 13,108</u>	<u>\$ 11,229</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>At-risk</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers	\$ 296,659	\$ 283,477	\$ 232,700	\$ 50,777
Expenditures				
Instruction	186,063	216,392	272,160	(55,768)
Student Support Services	12,459	10,222	-	10,222
	<u>198,522</u>	<u>226,614</u>	<u>\$ 272,160</u>	<u>\$ (45,546)</u>
Receipts Over (Under)				
Expenditures	98,137	56,863		
Unencumbered Cash, Beginning	-	98,137		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 98,137</u>	<u>\$ 155,000</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Capital Outlay</u>	<u>Current Year</u>			Variance -
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Over Under <u>(Under)</u>
Cash Receipts				
Local Sources	\$ 18,457	\$ 12,721	\$ 13,400	\$ (679)
County Sources	-	-	-	-
Federal Sources (reimburse.)	5,449	5,145	-	5,145
Transfers	104,000	24,037	-	24,037
	<u>127,906</u>	<u>41,903</u>	<u>13,400</u>	<u>28,503</u>
Expenditures				
Instruction	-	-	150,000	(150,000)
Student Support Services	-	-	50,000	(50,000)
Operations and Maintenance	10,179	-	50,000	(50,000)
Transportation	-	-	-	-
Facilities Acquisition & Const.	91,881	-	150,000	(150,000)
Adjustment for Qualifying Budget Credits	-	-	-	-
	<u>102,060</u>	<u>-</u>	<u>\$ 400,000</u>	<u>\$ (400,000)</u>
Receipts Over (Under)				
Expenditures	25,846	41,903		
Unencumbered Cash, Beginning	643,216	669,062		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 669,062</u>	<u>\$ 710,965</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Driver Training</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 5,882	\$ 4,845	\$ 8,304	\$ (3,459)
State Sources	2,664	3,102	3,552	(450)
Transfers	-	-	-	-
	<u>8,546</u>	<u>7,947</u>	<u>11,856</u>	<u>(3,909)</u>
Expenditures				
Instruction	5,534	5,270	7,541	(2,271)
Vehicle Operation & Maint.	1,156	1,115	1,600	(485)
	<u>6,690</u>	<u>6,385</u>	<u>\$ 9,141</u>	<u>\$ (2,756)</u>
Receipts Over (Under)				
Expenditures	1,856	1,562		
Unencumbered Cash, Beginning	20,920	22,776		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 22,776</u>	<u>\$ 24,338</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Food Service</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 140,708	\$ 139,692	\$ 157,331	\$ (17,639)
State Sources	2,774	2,895	2,468	427
Federal Sources	95,682	113,712	107,941	5,771
Transfers	4,275	18,170	5,000	13,170
	<u>243,439</u>	<u>274,469</u>	<u>272,740</u>	<u>1,729</u>
Expenditures				
Operations and Maintenance	2,409	7,174	15,000	(7,826)
Food Service Operation	252,754	265,187	269,766	(4,579)
	<u>255,163</u>	<u>272,361</u>	<u>\$ 284,766</u>	<u>\$ (12,405)</u>
Receipts Over (Under)				
Expenditures	(11,724)	2,108		
Unencumbered Cash, Beginning	75,289	63,565		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 63,565</u>	<u>\$ 65,673</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Special Education</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ -	\$ 2,611	\$ -	\$ 2,611
State Sources	-	-	-	-
Transfers	597,029	611,242	675,330	(64,088)
	<u>597,029</u>	<u>613,853</u>	<u>675,330</u>	<u>(61,477)</u>
Expenditures				
Instruction	535,832	553,946	574,462	(20,516)
Student Support Services	11,783	10,935	16,586	(5,651)
Student Transportation Services	63,955	63,972	75,477	(11,505)
	<u>611,570</u>	<u>628,853</u>	<u>\$ 666,525</u>	<u>\$ (37,672)</u>
Receipts Over (Under)				
Expenditures	(14,541)	(15,000)		
Unencumbered Cash, Beginning	244,541	230,000		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 230,000</u>	<u>\$ 215,000</u>		

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



**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Vocational Education</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ -	\$ -	\$ -	\$ -
Transfers	162,333	182,301	185,836	(3,535)
	<u>162,333</u>	<u>182,301</u>	<u>185,836</u>	<u>(3,535)</u>
Expenditures				
Instruction	162,333	182,301	185,836	(3,535)
Instruction Support Staff	-	-	-	-
Adjustment for Qualifying				
Budget Credits	-	-	-	-
	<u>162,333</u>	<u>182,301</u>	<u>\$ 185,836</u>	<u>\$ (3,535)</u>
Receipts Over (Under)				
Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>KPERS</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Sources	\$ 302,857	\$ 318,516	\$ 348,050	\$ (29,534)
	<u>302,857</u>	<u>318,516</u>	<u>348,050</u>	<u>(29,534)</u>
Expenditures				
Instruction	119,820	200,665	219,271	(18,606)
Student Support Services	9,509	15,926	17,403	(1,477)
Instruction Support Staff	9,509	15,926	17,403	(1,477)
General Administration	7,608	12,741	13,922	(1,181)
School Administration	17,117	28,666	31,324	(2,658)
Central Services	3,804	6,370	6,961	(591)
Operations & Maintenance	9,510	15,926	17,403	(1,477)
Student Transportation Services	7,608	12,741	13,922	(1,181)
Food Service	5,706	9,555	10,441	(886)
	<u>190,191</u>	<u>318,516</u>	<u>\$ 348,050</u>	<u>\$ (29,534)</u>
Receipts Over (Under)				
Expenditures	112,666	-		
Unencumbered Cash, Beginning	(112,666)	-		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Recreation Commission</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 79,298	\$ 78,942	\$ 74,914	\$ 4,028
County Sources	11,077	\$ 9,432	\$ 10,275	(843)
State Sources	-	-	-	-
	<u>90,375</u>	<u>88,374</u>	<u>85,189</u>	<u>3,185</u>
Expenditures				
Community Service Operations	<u>88,000</u>	<u>88,000</u>	<u>88,000</u>	-
	<u>88,000</u>	<u>88,000</u>	<u>\$ 88,000</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	2,375	374		
Unencumbered Cash, Beginning	5,551	7,926		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 7,926</u>	<u>\$ 8,300</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Bond and Interest</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 420,313	\$ 375,648	\$ 377,837	\$ (2,189)
County Sources	60,084	50,430	54,947	(4,517)
State Sources	401,769	390,929	390,929	-
	<u>882,166</u>	<u>817,007</u>	<u>823,713</u>	<u>(6,706)</u>
Expenditures				
Debt Service	<u>873,410</u>	<u>849,846</u>	<u>849,846</u>	-
	<u>873,410</u>	<u>849,846</u>	<u>\$ 849,846</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	8,756	(32,839)		
Unencumbered Cash, Beginning	743,476	752,232		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 752,232</u>	<u>\$ 719,393</u>		

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>REAP Federal Grant - SRSA</u>		
	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 39,508	\$ 12,296
	<u>39,508</u>	<u>12,296</u>
Expenditures		
Instruction	39,508	12,296
Instruction Support Staff	-	-
	<u>39,508</u>	<u>12,296</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Grants</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ -	\$ -
State Sources	-	-
Federal Sources	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Expenditures		
Instruction	-	-
Student Support Services	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

Title I

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 69,886	\$ 76,401
Federal Sources - ARRA	\$ 16,831	\$ -
	<u>86,717</u>	<u>76,401</u>
Expenditures		
Instruction	65,349	71,132
Instruction - ARRA	16,831	-
General Administration	4,537	5,269
	<u>86,717</u>	<u>76,401</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Title II</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 16,822	\$ 14,076
	<u>16,822</u>	<u>14,076</u>
Expenditures		
Instruction	16,822	14,076
	<u>16,822</u>	<u>14,076</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash,		
Beginning	-	-
Prior Year Canceled		
Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash,		
Ending	<u>\$ -</u>	<u>\$ -</u>

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



**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Memorial/Gift</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 3,150	\$ -
	<u>3,150</u>	<u>-</u>
Expenditures		
Instruction	3,126	-
Instruction Support Staff	24	-
	<u>3,150</u>	<u>-</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash,		
Beginning	300	300
Prior Year Canceled		
Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash,		
Ending	<u>\$ 300</u>	<u>\$ 300</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Contingency Reserve</u>		
	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfers	\$ -	\$ 120,452
	<u>-</u>	<u>120,452</u>
Expenditures		
Operations and Maintenance	12,902	-
Other Supplemental Service	176,574	-
	<u>189,476</u>	<u>-</u>
Receipts Over (Under)		
Expenditures	(189,476)	120,452
Unencumbered Cash, Beginning	440,484	251,008
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 251,008</u>	<u>\$ 371,460</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

Textbook Rental and Student Mat.

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 33,369	\$ 33,774
	<u>33,369</u>	<u>33,774</u>
Expenditures		
Instruction	35,984	19,588
	<u>35,984</u>	<u>19,588</u>
Receipts Over (Under)		
Expenditures	(2,615)	14,186
Unencumbered Cash,		
Beginning	28,925	26,310
Prior Year Canceled		
Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash,		
Ending	<u>\$ 26,310</u>	<u>\$ 40,496</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

<u>Band Special Fund</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 39,782	\$ 90,985
	<u>39,782</u>	<u>90,985</u>
Expenditures		
Instruction	17,058	131,139
	<u>17,058</u>	<u>131,139</u>
Receipts Over (Under)		
Expenditures	22,724	(40,154)
Unencumbered Cash, Beginning	25,209	47,933
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 47,933</u>	<u>\$ 7,779</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**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)**

Carl Perkins

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 4,063	\$ 4,595
	<u>4,063</u>	<u>4,595</u>
Expenditures		
Instruction	4,063	4,595
Instruction Support Staff	-	-
	<u>4,063</u>	<u>4,595</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash,		
Beginning	-	-
Prior Year Canceled		
Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash,		
Ending	<u>\$ -</u>	<u>\$ -</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**AGENCY FUNDS - STUDENT ORGANIZATIONS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Fund</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
High School				
Class of 2012	\$ 1,480	\$ 12,838	\$ 14,318	\$ -
Class of 2013	106	9,141	7,736	1,511
Class of 2014	185	-	-	185
Class of 2015	-	-	-	-
Cheerleaders	932	3,745	4,386	291
Dance Team	317	5,499	4,853	963
Red Link	653	-	22	631
Scholar Bowl	154	1,115	911	358
National Honor Society	1,417	2,336	2,090	1,663
Cardinal Council	261	-	-	261
Advanced Biology	1	-	-	1
Cardinalaires	1	3,776	3,187	590
FCCLA	404	618	655	367
STUCO	999	15,527	15,842	684
	<u>6,910</u>	<u>54,595</u>	<u>54,000</u>	<u>7,505</u>
Middle School				
Cheerleaders	74	672	307	439
Scholar Bowl	256	372	235	393
STUCO	1,122	3,781	4,311	592
LEO Club	-	899	100	799
	<u>1,452</u>	<u>5,724</u>	<u>4,953</u>	<u>2,223</u>
	<u>\$ 8,362</u>	<u>\$ 60,319</u>	<u>\$ 58,953</u>	<u>\$ 9,728</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**DISTRICT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Cash Receipts</u>
High School			
Athletics	\$ 24,628	\$ -	\$ 84,284
Concessions	6,001	-	15,107
Student Productions	1,304	-	-
Band Activity	723	-	4,007
School Beautification	32	-	100
Take Charge of Education	34	-	-
Memorials	1,221	-	3,791
Piano Festival	194	-	530
	<u>34,137</u>	<u>-</u>	<u>107,819</u>
Middle School			
Athletics	7,394	-	15,071
Band Dept.	274	-	391
Music Dept.	221	-	424
School Benefit	1,412	-	61
Science Olympiad	266	-	-
Landscaping	131	-	-
	<u>9,698</u>	<u>-</u>	<u>15,947</u>
Elementary School			
School Benefit	368	-	1,059
PTO	7,251	-	11,565
Flower	144	-	195
	<u>7,763</u>	<u>-</u>	<u>12,819</u>
	<u>\$ 51,598</u>	<u>\$ -</u>	<u>\$ 136,585</u>

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**DISTRICT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 89,555	\$ 19,357	\$ -	\$ 19,357
13,076	8,032	-	8,032
-	1,304	-	1,304
3,048	1,682	-	1,682
-	132	-	132
-	34	-	34
-	5,012	-	5,012
510	214	-	214
<u>106,189</u>	<u>35,767</u>	<u>-</u>	<u>35,767</u>
13,867	8,598	-	8,598
511	154	-	154
78	567	-	567
61	1,412	-	1,412
-	266	-	266
-	131	-	131
<u>14,517</u>	<u>11,128</u>	<u>-</u>	<u>11,128</u>
1,066	361	-	361
8,612	10,204	-	10,204
157	182	-	182
<u>9,835</u>	<u>10,747</u>	<u>-</u>	<u>10,747</u>
<u>\$ 130,541</u>	<u>\$ 57,642</u>	<u>\$ -</u>	<u>\$ 57,642</u>



**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Policies:**

Reporting Entity

**Conway Springs Unified School District No. 356** is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Conway Springs, Kansas. The District is governed by an elected seven-member Board of Education. Except for the Conway Springs Recreation Commission, the District's financial statements include all funds over which the Board of Education exercises oversight responsibility. Oversight responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters. The Conway Springs Recreation Commission, a separate municipality, is considered a component unit because the board is appointed by the District. Conway Springs Recreation Commission reports separately and has not been included as part of the District's financial statements.

Basis of Presentation - Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purposes 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:

Governmental Funds

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

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

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

Capital Project Fund - to account for financial resources segregated for the acquisition of major capital facilities. Currently, there are no capital projects.

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

Fiduciary Funds

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

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 accounting principles generally accepted in the United States of America and allowing the District to use the statutory basis of accounting.

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

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

Budgetary Information

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

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

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 1 - Summary of Significant Accounting Policies: (Continued)**

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

REAP Federal Grant - SRSA	Memorial /Gift
Grants	Contingency Reserve
Title I	Textbook Rental and Student Mat.
Title II	Band Special Fund
District Activity Funds	Carl Perkins

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.

Reimbursed Expenses

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

**Note 2 - Deposits and Investments:**

As of June 30, 2012, the District held investments of Certificates of Deposit with 1 year term(s) at one of the local banks. All other district funds were held in checking accounts and a money market account at two local banks.

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 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.

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 2 - Deposits and Investments: (Continued)**

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

As of June 30, 2012, the District's carrying amount of deposits was \$1,604,604 and the bank balance was \$1,722,144. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$1,222,144 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 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.

As of June 30, 2012 the District held \$826,836 as investments in the form of Certificates of Deposit. The bank collateralized \$826,836 with securities held by the pledging financial institution's agents in the District's name for these investments.

**Note 3 - Long-Term Debt:**

On June 1, 2011, the District issued general obligation bonds for refunding purposes in the amount of \$5,115,000. The issuance was invested with a third party escrow agent and used to retire the 2001 bond issue on September 1, 2011, and to retire the 2001B bond issue on March 1, 2012.

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Note 3 - Long-Term Debt: (Continued)**

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds 2001 Series	3.50 - 4.90	5/1/01	\$ 4,315,000	9/1/11
General Obligation Bonds 2001B Series	4.75 - 7.50	12/15/01	\$ 4,350,000	3/1/12
General Obligation Bonds 2011 Series	2.00 - 3.10	6/1/11	\$ 5,115,000	3/1/22

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

<u>Issue</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Principal				
General obligation bonds	\$ 740,000	\$ 780,000	\$ 810,000	\$ 600,000
Interest				
General obligation bonds	<u>114,985</u>	<u>99,935</u>	<u>84,135</u>	<u>69,004</u>
Total Principal and Interest	<u>\$ 854,985</u>	<u>\$ 879,935</u>	<u>\$ 894,135</u>	<u>\$ 669,004</u>

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
435,000	-	435,000	-	9,570
200,000	-	200,000	-	9,400
5,115,000	-	105,000	5,010,000	90,876
<u>\$ 5,750,000</u>	<u>\$ -</u>	<u>\$ 740,000</u>	<u>\$ 5,010,000</u>	<u>\$ 109,846</u>

<u>2017</u>	<u>2018-2022</u>	<u>Total</u>
\$ 300,000	\$ 1,780,000	\$ 5,010,000
59,160	164,720	591,939
<u>\$ 359,160</u>	<u>\$ 1,944,720</u>	<u>\$ 5,601,939</u>

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 4 - Compensated Absences:**

All permanent full-time employees are eligible for general leave benefits that can be used for vacation, sick, or personal days. These benefits are given annually and can accumulate based on the District's policies.

It is the policy of the District to record general leave benefits as expenditures when paid.

**Note 5 - Interfund Transfers:**

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At-risk	K.S.A. 72-6428	\$ 274,714
Supplemental General	At-risk	K.S.A. 72-6433	8,763
General Fund	Capital Outlay	K.S.A. 72-6428	24,037
General Fund	Food Service	K.S.A. 72-6428	4,170
Supplemental General	Food Service	K.S.A. 72-6433	14,000
General Fund	Special Education	K.S.A. 72-6428	392,820
Supplemental General	Special Education	K.S.A. 72-6433	218,423
General Fund	Vocational Education	K.S.A. 72-6428	68,418
Supplemental General	Vocational Education	K.S.A. 72-6433	113,883
General Fund	Contingency Reserve	K.S.A. 72-6428	<u>120,452</u>
			<u>\$ 1,239,680</u>

**Note 6 - Prior Year Balances:**

Certain prior year balances are presented for comparison purposes.

**Note 7 - 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.



**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 8 - 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), calling 1-888-275-5737, or by going to their website at [www.kpers.org](http://www.kpers.org).

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and 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 remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.77% of covered payroll between July 1, 2011 and December 31, 2011 and between April 1, 2012 and June 30, 2012; with 8.77% of covered payroll between January 1, 2012 and March 31, 2012. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for District employees for the years ending June 30, 2012, 2011 and 2010 were \$318,516, \$190,191, and \$226,401, respectively, equal to the required contributions for each year.

**Note 9 - Other Post Employment Benefits:**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 10 - Termination Benefits:**

The District had an early retirement program available prior to July 1, 2005. Under the program, a full-time employee must have been less than 64 years of age with ten or more years with the District and eligible for retirement under KPERS to elect retirement under the program. Benefits included monthly payments of an amount equal to a percentage of the employee's final basis contract annual salary and continued until age 65. The fiscal year ending June 30, 2005 was the last year additional employees could receive these benefits. The district no longer continues to have expenditures for existing retired employees already receiving benefits.

It is the policy of the District to record these benefits as expenditures when paid. Payments under the program for the years ending June 30, 2012 and 2011 were \$-0- and \$1,438, respectively.

The final payment for this benefit was made in August 2010.

**Note 11 - Contingencies:**

Grant Programs

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

Risk Management

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

**Note 12 - Subsequent Events:**

Management has evaluated the effects on the financial statements of subsequent events occurring through August 20, 2012, which is the date at which the financial statements were available to be issued.

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 13 - Leases:**

The District leases copy machines from South Central Kansas Education Service Center. Since the District does not present capital assets in the financial statements, the leases are treated as operating leases and the monthly rent payment is shown as an expenditure. One agreement (for 4 machines) is from July 15, 2010 to June 15, 2015 and calls for payments of \$793 monthly for 60 months. A second agreement (for 7 machines) is from April 15, 2012 to March 15, 2017 and calls for monthly payments of \$1,059 for 60 months. Payments totaling \$27,327 were made in fiscal year 2012. Future scheduled payments are as follows for the fiscal years of:

2013	\$ 22,224
2014	22,224
2015	22,224
2016	12,708
2017	<u>12,708</u>
Total	<u>\$92,088</u>

**Note 14 - Related Party Transactions:**

No related party transactions were identified for the fiscal year 2012.

**Note 15 - Restatement of Beginning Unencumbered Cash Balance:**

The beginning unencumbered cash balance in the following funds has been restated because the Kansas Municipal Accounting and Auditing Guide (KMAAG) is recommending that certain receipts which are required by Kansas statutes to be recorded as revenue in the current fiscal year, but are not received until the next fiscal year, are an in-substance receipt in transit at fiscal year-end, and therefore should be included in the current year's cash balance. The balances have been restated as follows:

	General <u>Fund</u>	Supplemental <u>General</u>
Beginning Unencumbered Cash Balance as previously reported	\$(275,124)	\$(5,377)
Adjust for deposit in transit	<u>275,124</u>	<u>37,573</u>
Beginning Unencumbered Cash Balance as adjusted	<u>\$ -0-</u>	<u>\$32,196</u>

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**Note 16 - Compliance with Kansas Statutes:**

References made herein to the statutes are not intended as interpretations of the law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representation of the District. No material violations were noted.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grant Title</u> <u>Direct</u>	<u>Federal</u> <u>CFDA</u> <u>No.</u>	<u>Program</u> <u>Amount</u>
Department of Education		
Rural Education Achievement Program (REAP) - SRSA	84.358	\$ 43,178
(Passes Through Kansas Department of Education - <u>Pass-Through Grantor's Number D0356</u> )		
U.S. Department of Agriculture		
School Breakfast Program	10.553	16,350
National School Lunch Program	10.555	96,862
Team Nutrition Training Grant	10.574	500
		<u>113,712</u>
U.S. Department of Education		
Education Jobs Fund	84.410	1,742
Title I - Low Income	84.010	76,401
Title II-A - Improving Teacher Quality	84.367	14,076
		<u>92,219</u>
(Passes Through South Central Kansas Education <u>Service Center</u> )		
U.S. Department of Education		
Carl Perkins	84.048	4,595
		<u>\$ 253,704</u>

**Note 1 - Basis of Presentation**

The above schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 356, Conway Springs, Kansas, and is presented using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule.

See accompanying Independent Auditors' Report.

**CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Unencumbered Cash <u>7-1-11</u>	<u>Receipts</u>	<u>Expenditures</u>	Unencumbered Cash <u>6-30-12</u>
\$ -	\$ 12,296	\$ 12,296	\$ -
-	16,350	16,350	-
-	96,862	96,862	-
-	500	500	-
-	<u>113,712</u>	<u>113,712</u>	-
-	1,742	1,742	-
-	76,401	76,401	-
-	14,076	14,076	-
-	<u>92,219</u>	<u>92,219</u>	-
-	4,595	4,595	-
<u>\$ -</u>	<u>\$ 222,822</u>	<u>\$ 222,822</u>	<u>\$ -</u>