

UNIFIED SCHOOL DISTRICT NUMBER 368

Paola, Kansas

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2012

Unified School District Number 368
Paola, Kansas

FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Education
Unified School District Number 368
Paola, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District Number 368, Paola, Kansas as of and for the year ended June 30, 2012, which collectively comprise the financial statements of the District's government as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note I-B, the District prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, Division of Accounts and Reports, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America although not reasonably determinable are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 368, Paola, Kansas, as of June 30, 2012, or the changes in its financial position and cash flows for the year then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the individual funds of Unified School District Number 368, Paola, Kansas, as of June 30, 2012, and its cash receipts and expenditures, for the year then ended on the basis of accounting described in Note I-B.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements taken as a whole. Schedules 1, 2, 3, and 4 and graphs are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Schedules 1, 2, 3, and 4, and graphs and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Agler & Haasler, Chartered

October 17, 2012
Ottawa, Kansas

Unified School District Number 368
Paola, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2012

	Unencumbered Cash and Investments Balance (Deficit) July 1, 2011	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures
Governmental type funds				
General funds				
General	\$ 0	\$ 0	\$ 11,459,099	\$ 11,459,099
Supplemental general	187,653	0	3,954,076	3,908,911
Special revenue funds				
Adult education	11,376	0	309,989	309,990
Adult supplementary education	16,273	0	151,571	122,624
At risk	449,743	0	1,231,732	1,131,732
Bilingual education	40,000	0	2,646	2,646
Capital outlay	1,962,708	0	921,414	173,917
Driver training	7,499	0	26,564	25,593
Food service	272,188	0	1,011,434	1,018,552
Professional development	25,272	0	45,000	18,293
Parent education program	3,930	0	206,578	206,578
Special education	983,307	0	2,596,698	2,511,084
Vocational education	207,243	0	680,829	481,662
Kansas Public Retirement System	0	0	2,065,960	2,065,960
Coop special education	1,800,230	0	12,627,206	12,549,001
Special assessment	29,101	0	6	0
Title I	0	0	363,672	363,672
Title II A-Teacher Quality Improve	0	0	47,897	47,897
Vocational education-Carl Perkins	0	0	34,718	34,718
Contingency reserve	1,025,000	0	119,000	0
Student material revolving	229,505	0	375,595	45,585
Gate receipts and user charges	8,500	0	184,191	184,191
Capital projects				
Bond and interest	2,520,298	0	2,390,075	2,484,390
Proprietary type funds				
Internal service fund				
Health Insurance	430,625	0	1,786,922	1,457,690
Fiduciary type funds				
Expendable trusts				
Scholarship and other trust funds	64,513	0	45,077	34,250
Nonexpendable trusts				
Scholarship	258,094	0	4,821	4,821
Component unit				
Endowment trusts	1,535,229	0	222,385	96,376
Total reporting entity (excluding agency funds)	\$ 12,068,287	\$ 0	\$ 42,865,155	\$ 40,739,232

The accompanying notes are an integral part of this statement.

Statement 1

Unencumbered Cash and Investments Balance (Deficit) June 30, 2012	Outstanding Encumbrances and Accounts Payable	Cash and Investments Balance (Deficit) June 30, 2012		
\$ 0	\$ 518,043	\$ 518,043	Composition of ending cash and investments	
232,818	271,444	504,262	Demand Deposits	
11,375	512	11,887	Great Southern Bank	\$ 5,315,591
45,220	169	45,389	Great Southern Bank	817,039
549,743	2,873	552,616	Citizens State Bank	72,779
40,000	0	40,000	First Option Bank	2,610,477
2,710,205	2,375	2,712,580	Activity Fund Accounts	138,109
8,470	288	8,758	Time Deposits	
265,070	64,263	329,333	Certificates of deposit	
51,979	546	52,525	Great Southern Bank	4,348,967
3,930	14,340	18,270	Landmark Bank	188,367
1,068,921	3,851	1,072,772	First Option Bank	10,000
406,410	2,624	409,034	First Option Bank	258,094
0	0	0	First Option Bank	8,950
1,878,435	112,334	1,990,769	Less Agency funds	
29,107	0	29,107	per Schedule 3	<u>(129,609)</u>
0	0	0		13,638,764
0	1,060	1,060	Investments	
0	3,675	3,675	Stocks and Bonds	
1,144,000	0	1,144,000	of Endowment Trust	<u>1,588,459</u>
559,515	0	559,515		\$
8,500	0	8,500	Total cash and investments	<u><u>15,227,223</u></u>
2,425,983	0	2,425,983		
759,857	33,372	793,229		
75,340	1,244	76,584		
258,094	0	258,094		
<u>1,661,238</u>	<u>0</u>	<u>1,661,238</u>		
<u>\$ 14,194,210</u>	<u>\$ 1,033,013</u>	<u>\$ 15,227,223</u>		

**Unified School District Number 368
Paola, Kansas**

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Unified School District Number 368 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District Number 368 and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Discretely Presented Component Unit. The component units section of these financial statements includes the financial data of the discretely presented component unit. This component unit is presented separately to emphasize that it is legally separate from the District. The Unified School District Number 368 Endowment governing board is a volunteer group. The Unified School District Number 368 Endowment receives donations from the public to be used for scholarships and disburses these funds to eligible students.

B. Basis of Accounting

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, except as described in Note I-E-1. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and 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 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 non-cash 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. Purchases of land, buildings, and equipment owned by the District are expensed in the year of purchase rather than capitalized and depreciated as required by generally accepted accounting principles. Capital assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

C. Fund Descriptions

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

**Unified School District Number 368
Paola, Kansas**

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Fund Descriptions – continued

The following types of funds comprise the financial activities of the District.

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 major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Capital Projects Funds - -to account for the proceeds of revenue sources restricted to expenditures for capital projects.

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

Proprietary Type Funds - -to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis. The Health Care Services program of the District is accounted for as an Internal Service Fund.

Fiduciary Type Funds and Agency Funds--to account for assets held in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. These include Expendable Trust Funds, Non-Expendable Trust Funds and Agency Funds.

D. Assets and Liabilities

1. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

2. Compensated Absences

The District's policy is to recognize the costs of compensated absences when actually paid. The District's policy regarding sick pay permits employees to accumulate sick leave of 12 days per year or one day per month for those employees whose contract is for 10, 11, or 12 months up to a total accumulation of 100 days. Upon retirement at age 62 (or at age 60 with at least twelve years of experience within Unified School District Number 368), certified and classified personnel will be paid for unused sick leave at the rate of \$65 per day. The District's policy also requires reimbursement to staff of \$65 per day for each day over 100 days at school year end.

The costs of accumulated sick leave are not recorded at the time benefits are accrued. At June 30, 2012, the District has paid sick leave pay for employees who will be age 62 or older on or before June 30, 2012 or have accumulated in excess of 100 days in the amount of \$53,319. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

The district did not pay any retired personnel for vacation pay at June 30, 2012.

Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- continued

E. Receipts and Expenditures

1. Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20 and distributed to the District by January 20 to finance a portion of the current year's budget. The second half is due May 10 and distributed to the District by June 5th. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

2. Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue in the same fund. For purpose of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

3. Comparative Prior year Amounts

The amounts shown for 2011 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2012 and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting described in Note 1-B, above.

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The General Fund and At Risk Fund (K-12) were amended 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.

**Unified School District Number 368
Paola, Kansas**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued

A. Budgets - continued

Adjustment to Comply with Legal Max -- Unified school districts should use this line item (for use in the budget column only) to adjust the certified budget to comply with the "Legal Max" budget. The State Board of Education calculates the "Legal Max" budget using enrollment figures. The district's budgeted expenditures are limited to the lower of the published budget or the "Legal Max" budget.

Adjustment for Qualifying Budget Credits -- Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Example include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting in which revenue 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, internal service funds, trust funds, district activity funds and the following special revenue funds:

Special Assessment
Voc. Ed.-Carl Perkins Grant
Health Insurance
District Activity Funds

Title I
Contingency Reserve
Fiduciary Type Funds
Endowment Trusts

Title II A Teacher Quality
Student Material Revolving
Agency 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.

B. Legal Debt Margin

The District is subject to statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2012 the statutory limit for the District was \$18,146,361 providing a debt margin of \$8,146,361.

NOTE III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments -District

As of June 30, 2012, the District was invested in money markets and certificates of deposit reported at fair value with a maturity of two years or less in accordance with Kansas Statutes.

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

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

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

Concentration of credit risk – State statutes place no limit on the amount the Endowment may invest in any one issuer under K.S.A. 9-1402 and 9-1405. The Endowment's allocation of investments as of June 30, 2012, is as follows:

Investments	Percentage of Investments
Cash, money markets & Certificates of deposit	100%

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 did not have any designated "peak periods" for the current year. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits, including certificates of deposit, was \$13,768,373 and the bank balance was \$15,204,486. The balance was held by four banks resulting in a reduced concentration of credit risk. The difference between the carrying amount and the bank balance was outstanding checks and deposits in transit. Of the bank balance, \$690,715 was covered by federal depository insurance and \$14,513,771 was collateralized with securities held by the pledging financial institution's agents in the District's name. The above does not include the component unit cash which is shown in Note III B.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the School 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.

B. Fair value footnote

As of June 30, 2012, the Endowment had the following investments and maturities. Investments for fair value using Level 1 inputs which is quoted market values.

Investment Type	Cost	Fair Value	Less than 1	1-2	Rating
Cash accounts	\$ 72,779	72,779	72,779	0	N/A
Money Market	3,376	3,376	3,376		
Bonds - GNMA & Federal Home Loan	137,489	85,582	0	85,582	AAA
Mutual Funds	1,004,981	1,499,501	1,499,501	0	N/A
Total Fair Value	\$ 1,218,625	\$ 1,661,238	\$ 1,575,656	\$ 85,582	

- These investments are with the endowment which is a not for profit organization

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS – continued

C. General Long-Term Debt

Changes in long-term liabilities 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>Final Maturity</u>
General Obligation Bonds:				
Series 2005	3% to 5.00%	05/17/05	14,895,000	09/01/15
Series 2009	3.25%	04/01/09	1,720,000	09/01/13
Series 2012	1% to 2.2%	06/26/12	3,460,000	09/01/18

<u>Balance Beginning July 1, 2011</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of June 30, 2012</u>	<u>Interest Paid</u>
10,555,000	0	4,680,000	(4,680,000)	5,875,000	457,090
1,015,000	0	350,000	(350,000)	665,000	27,300
0	3,460,000	0	3,460,000	3,460,000	0

<u>11,570,000</u>	<u>\$ 3,460,000</u>	<u>\$ 5,030,000</u>	<u>\$ (1,570,000)</u>	<u>\$ 10,000,000</u>	<u>\$ 484,390</u>
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Current maturities of long-term debt and interest for the next five years and in five year increments through their maturity are as follows:

	<u>Year Ended June 30,</u>						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2019</u>	<u>Total</u>
Principal							
General obligation bonds	\$ 2,140,000	\$ 1,290,000	\$ 1,520,000	\$ 1,590,000	\$ 1,515,000	\$ 1,945,000	10,000,000
Interest							
General obligation bonds	<u>299,577</u>	<u>246,136</u>	<u>180,272</u>	<u>103,172</u>	<u>50,825</u>	<u>27,786</u>	<u>907,769</u>
Total principal and interest:	<u>\$ 2,439,577</u>	<u>\$ 1,536,136</u>	<u>\$ 1,700,272</u>	<u>\$ 1,693,172</u>	<u>\$ 1,565,825</u>	<u>\$ 1,972,786</u>	<u>10,907,769</u>

D. Defeasance of Debt

The District issued \$3,460,000 in general obligation bonds during the year ended June 30, 2012. The proceeds were used to pay for bond issue costs and the balance was placed in a trust to pay a portion of the principal and interest on the 2005 general obligation bonds as they come due.

Series 2005 General Obligation Bond	\$ 3,030,000
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Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description – The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employee's contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186 respectively, equal to the required contributions for each year.

B. Flexible Benefit Plan (I.R.C. Section 125)

The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the District are eligible to participate in the Plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently, benefits offered through the Plan include health insurance and life insurance, dependent care coverage and a medical reimbursement plan.

C. 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 government 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.

D. Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2012.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE IV. OTHER INFORMATION – continued

E. Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-6428	\$ 1,670,532
General Fund	At-Risk (K-12)	K.S.A. 72-6428	1,231,732
General Fund	Contingency Reserve	K.S.A. 72-6428	119,000
General Fund	Student Material Revolving	K.S.A. 72-6428	121,675
General Fund	Bilingual Education	K.S.A. 72-6428	2,646
Supplemental General Local Option	Adult Education	K.S.A. 72-6433	32,500
Supplemental General Local Option	Professional Development	K.S.A. 72-6433	45,000
Supplemental General Local Option	Parents as Teachers	K.S.A. 72-6433	26,340
Supplemental General Local Option	Special Education	K.S.A. 72-6433	814,477
Supplemental General Local Option	Textbooks	K.S.A. 72-6433	140,000
Supplemental General Local Option	Vocational Education	K.S.A. 72-6433	679,825

F. Operating Leases

The school district is committed under various leases for equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2011 amounted to \$31,056. Future lease payments under operating leases are as follows.

Year	Amount
6/30/13	\$ 31,056
6/30/14	5,176
Total lease payments	\$ 36,232

G. 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; and natural disasters for which the District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three years.

During the year ended June 30, 2012, employees of the District were covered by the District's medical self-insurance plan (the "plan"). The plan was established October 1, 2004. The District's contribution is \$400 per month for a single policy up to \$450 per month for a family policy per employee. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims were paid by third party administrators acting on behalf of the District. The plan was documented by contractual agreement.

The administrative contract between the district and the third party administrators is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer licensed and eligible to do business in Kansas in accordance with the Kansas Insurance Code. Stop-loss coverage was in effect for individual claim exceeding \$70,000 and for aggregate loss, which is based on a factor determined annually by the commercial insurer. Liabilities include an amount for claims that have been incurred but not reported (IBNRS's). Liabilities are reported when it is probable that claims have been incurred and the amount of liability can be reasonable estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

**Unified School District Number 368
Paola, Kansas**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE IV. OTHER INFORMATION -- continued

G. Risk Management - continued

	2012
Unpaid claims, July 1	\$ 102,250
Incurred claims (including IBNR's)	1,457,691
Claim payments	<u>1,526,569</u>
Unpaid claims, June 30	<u>\$ 33,372</u>

H. Subsequent Events

The entity evaluated subsequent events through October 17, 2012, the date the financial statement were available to be issued. No subsequent events were identified.

ADDITIONAL INFORMATION

Unified School District Number 368
Paola, Kansas

SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the Year Ending June 30, 2012

	Certified Budget	Adjustment to Comply with Legal Max
General Funds		
General Fund	\$ 11,490,066	\$ (45,738)
Supplemental general local option	3,908,911	0
Special Revenue Funds		
Adult education	311,562	0
Adult supplementary education	144,920	0
At risk	1,268,057	0
Bilingual education	41,134	0
Capital outlay	1,719,431	0
Driver training	31,049	0
Food service	1,280,634	0
Professional development	45,272	0
Parent education program	207,701	0
Special education	3,054,915	0
Vocational education	689,718	0
Kansas Public Retirement System	2,256,865	0
Co-op special education	14,172,330	0
Debt Service Funds		
Bond and interest	2,484,393	0
 Total Certified Budget	 \$ 43,106,958	 \$ (45,738)

Schedule 1

<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ 17,711	\$ 11,462,039	\$ 11,459,099	\$ 2,940
0	3,908,911	3,908,911	0
0	311,562	309,990	1,572
0	144,920	122,624	22,296
0	1,268,057	1,131,732	136,325
0	41,134	2,646	38,488
0	1,719,431	173,917	1,545,514
0	31,049	25,593	5,456
0	1,280,634	1,018,552	262,082
0	45,272	18,293	26,979
0	207,701	206,578	1,123
0	3,054,915	2,511,084	543,831
0	689,718	481,662	208,056
0	2,256,865	2,065,960	190,905
0	14,172,330	12,549,001	1,623,329
<u>0</u>	<u>2,484,393</u>	<u>2,484,390</u>	<u>3</u>
\$ <u>17,711</u>	\$ <u>43,078,931</u>	\$ <u>38,470,032</u>	\$ <u>4,608,899</u>

Unified School District Number 368
Paola, Kansas

Schedule 2

GENERAL FUNDS
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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Ad valorem property	\$ 2,350,970	\$ 2,305,834	\$ 2,215,906	\$ 89,928
Delinquent	56,458	48,168	43,765	4,403
Reimbursed expenses	23,798	14,771	0	14,771
Miscellaneous	(720)	2,940	0	2,940
County Sources				
In Lieu of Taxes IRBs	846	0	800	(800)
State sources				
Equalization aid	7,065,076	7,411,627	7,513,500	(101,873)
Special education aid	1,502,164	1,670,532	1,716,095	(45,563)
Federal Sources				
Education jobs	359,629	5,227	0	5,227
ARRA Stabilization Funds	205,385	0	0	0
Total cash receipts	<u>11,563,606</u>	<u>11,459,099</u>	<u>\$ 11,490,066</u>	<u>\$ (30,967)</u>
Expenditures				
Instruction				
Salaries	4,860,091	4,093,602	\$ 4,927,646	\$ 834,044
Employee benefits	843,464	801,540	1,033,387	231,847
Purchased Property Services	0	0	6,000	6,000
Supplies	200,396	363,100	180,905	(182,195)
Student activities	92,510	92,613	88,590	(4,023)
Student support services				
Salaries	162,106	167,366	157,043	(10,323)
Employee benefits	21,750	22,527	23,350	823
Supplies	1,107	3,691	3,000	(691)
Instruction support staff				
Salaries	386,263	326,716	323,715	(3,001)
Employee benefits	32,138	27,410	27,700	290
Supplies	19,527	18,550	18,750	200
Equipment	0	173,150	0	(173,150)
General administration				
Salaries	310,249	315,145	315,358	213
Employee benefits	72,407	66,578	70,600	4,022
Purchased professional services	12,424	9,517	10,000	483
Other	35,880	39,370	37,400	(1,970)
School administration				
Salaries	882,978	695,657	689,961	(5,696)
Employee benefits	130,507	103,423	102,425	(998)

Unified School District Number 368
Paola, Kansas

Schedule 2

GENERAL FUNDS
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 July 1, 2011)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Expenditures (continued)				
Operations and maintenance				
Salaries	\$ 440,909	\$ 408,057	\$ 393,179	\$ (14,878)
Employee benefits	108,435	88,856	98,100	9,244
Purchased property services	0	299,330	0	(299,330)
Supplies	20	3	0	(3)
Other supplemental services				
Salaries	197,006	197,313	197,500	187
Operating transfers				
Special education	1,502,164	1,670,532	1,716,095	45,563
At risk (K-12)	983,868	1,231,732	1,068,228	(163,504)
Contingency reserve	175,000	119,000	0	(119,000)
Bilingual	42,407	2,646	1,134	(1,512)
Food service	50,000	0	0	0
Student material	0	121,675	0	(121,675)
Adjustment to comply with				
legal maximum	0	0	(45,738)	(45,738)
Legal fund budget & expenditures	<u>11,563,606</u>	<u>11,459,099</u>	<u>11,444,328</u>	<u>(14,771)</u>
Adjustments for qualifying				
budget credits	<u>0</u>	<u>0</u>	<u>17,711</u>	<u>17,711</u>
 Total expenditures	 <u>11,563,606</u>	 <u>11,459,099</u>	 <u>\$ 11,462,039</u>	 <u>\$ 2,940</u>
 Receipts over (under) expenditures	 0	 0		
 Unencumbered cash (deficit), July 1,	 <u>0</u>	 <u>0</u>		
 Unencumbered cash (deficit), June 30,	 <u>\$ 0</u>	 <u>\$ 0</u>		

Unified School District Number 368

Paola, Kansas

Schedule 2

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION 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)

		<u>2012</u>		Variance Favorable (Unfavorable)
	<u>2011 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local sources				
Ad valorem property	\$ 2,412,696	\$ 2,374,372	\$ 2,181,843	\$ 192,529
Delinquent	53,679	48,200	45,204	2,996
County sources				
Motor vehicle	256,688	250,094	260,305	(10,211)
Recreational vehicle tax	6,166	5,755	6,125	(370)
In lieu of taxes IRBs	871	2,796	751	2,045
State sources				
Supplemental state aid	<u>1,221,963</u>	<u>1,272,859</u>	<u>1,227,031</u>	<u>45,828</u>
Total cash receipts	<u>3,952,063</u>	<u>3,954,076</u>	<u>\$ 3,721,259</u>	<u>\$ 232,817</u>
Expenditures				
Instruction				
Supplies	77,793	48,548	\$ 155,900	\$ 107,352
Student activities	14,076	13,132	0	(13,132)
Equipment	70,265	2,377	26,700	24,323
Other	0	0	20,000	20,000
General administration				
Purchased professional services	4,165	1,797	2,000	203
Purchased property services	221,413	73,107	195,000	121,893
Other purchased services	200,617	429,456	240,000	(189,456)
Operations and maintenance				
Salaries	195,825	208,659	208,000	(659)
Employee Benefits	38,285	39,405	41,420	2,015
Purchased property services	210,323	219,911	23,100	(196,811)
Other purchased services	(1,984)	15,807	804,100	788,293
Supplies	476,627	488,603	23,000	(465,603)
Vehicle operating services				
Other purchased services	436,169	425,120	550,000	124,880
Motor fuel	106,719	102,575	166,412	63,837
Other supplemental services				
Other purchased services	62,254	63,562	65,000	1,438
Supplies	3,860	5,687	5,000	(687)
Property	26,452	33,023	25,000	(8,023)
Operating transfers				
Adult education	32,500	32,500	32,500	0
Adult supplementary education	7,000	0	0	0

Unified School District Number 368
Paola, Kansas

Schedule 2

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION 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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Operating transfers - continued				
Food service	\$ 29,489	\$ 0	\$ 0	\$ 0
Professional Development	20,000	45,000	20,000	(25,000)
Parent education program	26,340	26,340	26,340	0
Special education	878,787	814,477	779,439	(35,038)
Textbooks	100,000	140,000	0	(140,000)
Vocational education	634,300	679,825	500,000	(179,825)
Adjustment to comply with legal maximum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal fund budget & expenditures	<u>3,871,275</u>	<u>3,908,911</u>	<u>\$ 3,908,911</u>	<u>\$ 0</u>
Receipts over (under) expenditures	80,788	45,165		
Unencumbered cash, July 1	<u>106,865</u>	<u>187,653</u>		
Unencumbered cash, June 30	<u>\$ 187,653</u>	<u>\$ 232,818</u>		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
ADULT 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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Miscellaneous	\$ 0	\$ 9,786	\$ 0	\$ 9,786
State sources				
Adult basic aid	52,295	70,477	70,461	16
Federal sources				
Adult education aid	296,214	197,226	197,226	0
Operating transfers				
Supplemental general	32,500	32,500	32,500	0
Total cash receipts	<u>381,009</u>	<u>309,989</u>	<u>\$ 300,187</u>	<u>\$ 9,802</u>
Expenditures				
Instruction				
Salaries	187,048	137,953	\$ 169,263	\$ 31,310
Employee benefits	39,334	31,286	27,679	(3,607)
Other purchased services	12,312	8,374	10,847	2,473
Teaching supplies	8,765	4,143	5,330	1,187
Property	14,395	6,426	0	(6,426)
Other	0	0	11,375	11,375
Student support services				
Salaries	27,451	32,589	0	(32,589)
Other purchased services	0	0	8,200	8,200
Special area administration				
Salaries	41,366	42,973	30,000	(12,973)
Supplies	0	0	9,861	9,861
Miscellaneous expenses	11,073	10,207	0	(10,207)
Operation and maintenance				
Purchased property services	1,245	1,197	1,250	53
Other purchased services	10,769	7,706	2,000	(5,706)
Supplies	27,251	27,136	35,757	8,621
Total expenditures	<u>381,009</u>	<u>309,990</u>	<u>\$ 311,562</u>	<u>\$ 1,572</u>
Receipts over (under) expenditures	0	(1)		
Unencumbered cash, July 1	<u>11,376</u>	<u>11,376</u>		
Unencumbered cash, June 30	<u>\$ 11,376</u>	<u>\$ 11,375</u>		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
ADULT SUPPLEMENTARY 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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Class fees	\$ 8,810	\$ 10,312	\$ 9,000	\$ 1,312
Miscellaneous	8,160	22,068	119,646	(97,578)
Reimbursements	84,166	119,191	0	119,191
Operating transfers				
Supplemental general	7,000	0	0	0
Total cash receipts	108,136	151,571	\$ 128,646	\$ 22,925
Expenditures				
Instruction				
Salaries	30,916	41,066	\$ 51,188	\$ 10,122
Employee benefits	7,152	10,901	11,920	1,019
Purchased Professional & Tech Services	0	0	29,931	29,931
Other purchased services	40,080	42,338	4,000	(38,338)
Supplies	25,558	20,067	38,881	18,814
School administration	0	8,252	9,000	748
Total expenditures	103,706	122,624	\$ 144,920	\$ 22,296
Receipts over (under) expenditures	4,430	28,947		
Unencumbered cash, July 1	11,843	16,273		
Unencumbered cash, June 30	\$ 16,273	\$ 45,220		

Unified School District Number 368

Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		2012		
	2011			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Cash Receipts				
Operating transfers				
General fund	\$ 983,868	\$ 1,231,732	\$ 1,068,228	\$ 163,504
Total cash receipts	<u>983,868</u>	<u>1,231,732</u>	<u>\$ 1,068,228</u>	<u>\$ 163,504</u>
Expenditures				
Instruction				
Salaries	696,671	1,038,098	\$ 949,128	\$ (88,970)
Employee benefits	53,289	43,141	50,600	7,459
Purchased professional services	6,444	7,375	13,500	6,125
Other purchased services	2,638	10,274	3,000	(7,274)
Supplies	<u>24,996</u>	<u>32,844</u>	<u>251,829</u>	<u>218,985</u>
Total expenditures	<u>784,038</u>	<u>1,131,732</u>	<u>\$ 1,268,057</u>	<u>\$ 136,325</u>
Receipts over (under) expenditures	199,830	100,000		
Unencumbered cash, July 1	<u>249,913</u>	<u>449,743</u>		
Unencumbered cash, June 30	\$ <u>449,743</u>	\$ <u>549,743</u>		

Unified School District Number 368

Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
BILINGUAL EDUCATION

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>2012</u>		
	<u>2011</u>			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash Receipts				
Operating transfers				
General fund	\$ 42,407	\$ 2,646	\$ 1,134	\$ 1,512
Total cash receipts	<u>42,407</u>	<u>2,646</u>	<u>\$ 1,134</u>	<u>\$ 1,512</u>
Expenditures				
Instruction				
Salaries	<u>2,407</u>	<u>2,646</u>	\$ 41,134	\$ 38,488
Total expenditures	<u>2,407</u>	<u>2,646</u>	<u>\$ 41,134</u>	<u>\$ 38,488</u>
Receipts over (under) expenditures	40,000	0		
Unencumbered cash, July 1	<u>0</u>	<u>40,000</u>		
Unencumbered cash, June 30	\$ <u>40,000</u>	\$ <u>40,000</u>		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		2012		Variance
	2011	Actual	Budget	Favorable (Unfavorable)
	Actual			
Cash Receipts				
Local sources				
Ad valorem property	\$ 763,506	\$ 749,392	\$ 791,949	\$ (42,557)
Delinquent	17,338	15,549	21,366	(5,817)
Interest	75,697	49,691	110,000	(60,309)
Other revenue	271	882	25,000	(24,118)
County sources				
Motor vehicle	78,883	86,471	135,309	(48,838)
Recreational vehicle	1,896	1,982	3,185	(1,203)
In Lieu of Taxes IRBs	0	0	390	(390)
Other				
Miscellaneous	18,165	17,447	0	17,447
Total cash receipts	955,756	921,414	\$ 1,087,199	\$ (165,785)
Expenditures				
Instruction				
Property	132,536	70,223	\$ 875,000	\$ 804,777
Operation and maintenance				
Property	120,453	18,747	234,431	215,684
Facility acquisition & construction services				
Architectural and Engineering services	0	0	10,000	10,000
Other	121,860	84,947	600,000	515,053
Total expenditures	374,849	173,917	\$ 1,719,431	\$ 1,545,514
Receipts over (under) expenditures	580,907	747,497		
Unencumbered cash, July 1	1,381,801	1,962,708		
Unencumbered cash, June 30	\$ 1,962,708	\$ 2,710,205		

Unified School District Number 368, Paola
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Driver's ed fees	\$ 17,353	\$ 19,514	\$ 18,000	\$ 1,514
State Sources				
State safety aid	4,292	7,050	5,550	1,500
Total cash receipts	21,645	26,564	\$ 23,550	\$ 3,014
Expenditures				
Instruction				
Salaries	1,850	5,800	\$ 3,750	\$ (2,050)
Employee benefits	145	457	300	(157)
Supplies	279	353	500	147
Other	16,525	17,600	24,374	6,774
Operations and maintenance				
Supplies	1,131	1,383	2,125	742
Total expenditures	19,930	25,593	\$ 31,049	\$ 5,456
Receipts over (under) expenditures	1,715	971		
Unencumbered cash, July 1	5,784	7,499		
Unencumbered cash, June 30	\$ 7,499	\$ 8,470		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Student meal receipts	\$ 363,866	\$ 371,507	\$ 380,800	\$ (9,293)
Adult meal receipts	20,268	28,718	196,557	(167,839)
Ala Carte meals	143,017	130,317	0	130,317
Interest	2,775	1,890	3,000	(1,110)
Reimbursements	24,604	17,877	21,000	(3,123)
State sources				
Equalization aid	10,619	10,276	8,174	2,102
Federal sources				
Child nutrition programs	403,558	450,849	399,130	51,719
Operating transfers				
General	50,000	0	0	0
Supplemental general	29,489	0	0	0
Total cash receipts	1,048,196	1,011,434	\$ 1,008,661	\$ 2,774
Expenditures				
Food service operation				
Salaries	509,568	480,524	\$ 502,000	\$ 21,476
Employee benefits	61,126	51,895	53,650	1,755
Other purchased services	11,310	11,595	9,000	(2,595)
Supplies	356,508	399,143	684,234	285,091
Property	43,438	68,894	23,000	(45,894)
Other	8,171	6,501	8,750	2,249
Total expenditures	990,121	1,018,552	\$ 1,280,634	\$ 262,082
Receipts over (under) expenditures	58,075	(7,118)		
Unencumbered cash, July 1	214,113	272,188		
Unencumbered cash, June 30	\$ 272,188	\$ 265,070		

Unified School District Number 368

Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		<u>2012</u>		Variance Favorable (Unfavorable)
	<u>2011 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Operating transfers				
Supplemental General	\$ 20,000	\$ 45,000	\$ 20,000	\$ (25,000)
Total cash receipts	<u>20,000</u>	<u>45,000</u>	<u>\$ 20,000</u>	<u>\$ (25,000)</u>
Expenditures				
Student support services				
Purchased professional and technical services	\$ 17,126	\$ 18,293	\$ 45,272	\$ 26,979
Total expenditures	<u>17,126</u>	<u>18,293</u>	<u>\$ 45,272</u>	<u>\$ 26,979</u>
Receipts over (under) expenditures	2,874	26,707		
Unencumbered cash, July 1	<u>22,398</u>	<u>25,272</u>		
Unencumbered cash, June 30	<u>\$ 25,272</u>	<u>\$ 51,979</u>		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
PARENT EDUCATION PROGRAM 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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Other district payments	\$ 56,192	\$ 55,753	\$ 55,753	\$ 0
Other revenue from Local	972	0	0	0
State sources				
Parent education aid	126,407	124,485	121,678	2,807
Operating transfers				
Supplemental general	26,340	26,340	26,340	0
Total cash receipts	209,911	206,578	\$ 203,771	\$ 2,807
Expenditures				
Student support services				
Salaries	147,087	136,591	\$ 136,986	\$ 395
Employee benefits	32,845	34,930	39,906	4,976
Purchased prof & tech services	3,213	1,968	3,289	1,321
Other purchased services	12,521	11,872	16,319	4,447
Supplies	3,909	3,664	3,059	(605)
Property	7,422	16,923	4,145	(12,778)
Other	2,913	630	3,997	3,367
Total expenditures	209,910	206,578	\$ 207,701	\$ 1,123
Receipts over (under) expenditures	1	0		
Unencumbered cash, July 1	3,929	3,930		
Unencumbered cash, June 30	\$ 3,930	\$ 3,930		

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Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Other	\$ 99,811	\$ 111,689	\$ 150,000	\$ (38,311)
Operating transfers				
General	1,502,164	1,670,532	1,716,095	(45,563)
Supplemental general	878,787	814,477	779,439	35,038
Total cash receipts	2,480,762	2,596,698	\$ 2,645,534	\$ (48,836)
Expenditures				
Instruction				
Salaries	21,022	13,322	\$ 23,000	\$ 9,678
Other purchased services	1,861,757	2,321,159	2,309,934	(11,225)
Supplies	219	0	508,481	508,481
Vehicle operating services				
Salaries	11,355	8,040	10,000	1,960
Employee benefits	2,517	1,377	2,500	1,123
Purchased property services	168,481	165,061	175,000	9,939
Other purchased services	6,030	2,125	1,000	(1,125)
Supplies	0	0	25,000	25,000
Total expenditures	2,071,381	2,511,084	\$ 3,054,915	\$ 543,831
Receipts over (under) expenditures	409,381	85,614		
Unencumbered cash, July 1	573,926	983,307		
Unencumbered cash, June 30	\$ 983,307	\$ 1,068,921		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
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)

		2012		Variance
	2011	Actual	Budget	Favorable (Unfavorable)
	Actual			
Cash Receipts				
Local sources				
Reimbursements	\$ 1,282	\$ 1,004	\$ 5,000	\$ (3,996)
Federal sources				
Vocational Aid	0	0	34,718	(34,718)
Operating transfers				
Supplemental general	634,300	679,825	500,000	179,825
Total cash receipts	635,582	680,829	\$ 539,718	\$ 141,111
Expenditures				
Instruction				
Salaries	385,336	381,693	\$ 545,777	\$ 164,084
Employee benefits	62,418	56,898	78,059	21,161
Purchased professional & technical services	0	0	15,974	15,974
Other purchased services	4,277	3,738	5,500	1,762
Supplies	25,629	37,098	30,000	(7,098)
Property	0	0	12,158	12,158
Operations and maintenance				
Purchased property services	1,433	2,235	2,250	15
Total expenditures	479,093	481,662	\$ 689,718	\$ 208,056
Receipts over (under) expenditures	156,489	199,167		
Unencumbered cash, July 1	50,754	207,243		
Unencumbered cash, June 30	\$ 207,243	\$ 406,410		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

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)

		2012		Variance
	2011			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
State sources				
State aid	\$ 1,253,814	\$ 2,065,960	\$ 2,256,865	\$ (190,905)
Expenditures				
Instruction				
Employee benefits	1,006,171	1,675,685	\$ 1,830,527	\$ 154,842
General administration				
Employee benefits	26,256	45,700	49,923	4,223
School administration				
Employee benefits	54,059	92,189	100,708	8,519
Maintenance				
Employee benefits	38,225	66,480	72,623	6,143
Instructional support				
Employee benefits	26,763	40,329	44,055	3,726
Student support				
Employee benefits	58,388	70,620	77,145	6,525
Other supplemental services				
Employee benefits	12,051	20,569	22,470	1,901
Student transportation services				
Employee benefits	475	1,185	1,295	110
Food service				
Employee benefits	31,426	53,203	58,119	4,916
Total expenditures	1,253,814	2,065,960	\$ 2,256,865	\$ 190,905
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
CO-OP 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)

		2012		Variance
	2011			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local sources				
Other districts payments	\$ 7,599,527	\$ 8,180,349	\$ 8,467,336	\$ (286,987)
USD 368 payments	1,625,834	2,114,719	2,674,934	(560,215)
Interest	14,098	10,608	20,000	(9,392)
Reimbursements	21,420	46,425	0	46,425
Fees	0	496	0	496
State sources				
Greenbush	235,923	206,440	0	206,440
Federal sources				
Title VI B	2,813,724	1,792,085	1,811,194	(19,109)
Medicaid	210,061	276,084	400,000	(123,916)
Total cash receipts	12,520,587	12,627,206	\$ 13,373,464	\$ (746,258)
Expenditures				
Instruction				
Salaries	9,563,846	9,262,899	\$ 10,180,061	\$ 917,162
Employee benefits	1,399,761	1,410,211	1,804,000	393,789
Purchased professional services	21,505	16,374	411,000	394,626
Other purchased services	678,707	611,331	577,000	(34,331)
Supplies	86,915	182,678	202,000	19,322
Student support services				
Salaries	339,741	602,856	505,000	(97,856)
Special area administrative services				
Salaries	86,094	144,948	153,000	8,052
Other	0	0	3,500	3,500
Operations and maintenance				
Purchased professional services	600	1,400	10,000	8,600
Purchased property services	3,524	3,787	14,000	10,213
Other purchased services	90,927	182,961	120,000	(62,961)
Supplies	4,307	4,690	5,000	310
Vehicle operating service	120,773	124,866	187,769	62,903
Total expenditures	12,396,700	12,549,001	\$ 14,172,330	\$ 1,623,329
Receipts over (under) expenditures	123,887	78,205		
Unencumbered cash, July 1	1,676,343	1,800,230		
Unencumbered cash, June 30	\$ 1,800,230	\$ 1,878,435		

**Unified School District Number 368
Paola, Kansas**

Schedule 2

SPECIAL REVENUE FUNDS
SPECIAL ASSESSMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	2011 Actual	2012 Actual
Cash Receipts		
Local sources		
Ad valorem property	\$ (17)	\$ (1)
Delinquent tax	50	7
	<u>33</u>	<u>6</u>
Total cash receipts		
	<u>33</u>	<u>6</u>
Expenditures		
Facilities acquisition		
Site improvement services	0	0
	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	33	6
Unencumbered cash, July 1	29,068	29,101
	<u>29,068</u>	<u>29,101</u>
Unencumbered cash, June 30	\$ 29,101	\$ 29,107
	<u>29,101</u>	<u>29,107</u>

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Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
TITLE I

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash Receipts		
Federal sources		
Grant	\$ 346,527	\$ 363,672
Expenditures		
Instruction		
Salaries	274,264	321,681
Employee benefits	26,201	34,461
Purchased professional services	363	1,500
Supplies	20,350	(16)
Equipment	18,500	0
Student support services		
Other purchased services	<u>6,849</u>	<u>6,046</u>
 Total expenditures	 <u>346,527</u>	 <u>363,672</u>
 Receipts over (under) expenditures	 0	 0
 Unencumbered cash, July 1	 <u>0</u>	 <u>0</u>
 Unencumbered cash, June 30	 <u><u>\$ 0</u></u>	 <u><u>\$ 0</u></u>

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash Receipts		
Federal sources		
Grants	\$ <u>56,448</u>	\$ <u>47,897</u>
Expenditures		
Instruction		
Salaries	29,605	26,434
Purchased professional & technical services	<u>26,843</u>	<u>21,463</u>
Total expenditures	<u>56,448</u>	<u>47,897</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

Unified School District Number 368
Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
VOCATIONAL EDUCATION - CARL PERKINS GRANT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	2011 Actual	2012 Actual
Cash Receipts		
Federal sources		
Grant	\$ 34,452	\$ 34,718
Expenditures		
Instruction		
Salaries	1,700	1,736
Supplies	5,884	13,529
Professional development	11,686	8,797
Property	7,979	10,656
Student support services		
Equipment	6,500	0
Supplies	703	0
Total expenditures	34,452	34,718
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	0	0
Unencumbered cash, June 30	\$ 0	\$ 0

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Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
CONTINGENCY RESERVE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash Receipts		
Operating transfers		
General Fund	\$ <u>175,000</u>	\$ <u>119,000</u>
Expenditures	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	175,000	119,000
Unencumbered cash, July 1	<u>850,000</u>	<u>1,025,000</u>
Unencumbered cash, June 30	\$ <u><u>1,025,000</u></u>	\$ <u><u>1,144,000</u></u>

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Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
STUDENT MATERIAL REVOLVING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash Receipts		
Local sources		
Rental fees	\$ 109,492	\$ 113,920
Operating transfers		
General	0	121,675
Supplemental general	<u>100,000</u>	<u>140,000</u>
 Total revenue	 <u>209,492</u>	 <u>375,595</u>
 Expenditures		
Instruction		
Textbook purchases	<u>35,821</u>	<u>45,585</u>
 Receipts over (under) expenditures	 173,671	 330,010
 Unencumbered cash, July 1	 <u>55,834</u>	 <u>229,505</u>
 Unencumbered cash, June 30	 <u>\$ 229,505</u>	 <u>\$ 559,515</u>

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Paola, Kansas

Schedule 2

DEBT SERVICE FUND
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)

		2012		Variance
	2011	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash Receipts				
Local sources				
Ad valorem property	\$ 1,702,806	\$ 1,655,880	\$ 1,598,110	\$ 57,770
Delinquent	49,088	39,351	31,651	7,700
County sources				
Motor vehicle	238,048	222,810	228,240	(5,430)
Recreational vehicle	0	0	5,370	(5,370)
In lieu of taxes IRBs	620	0	0	0
State sources				
Equalization aid	430,674	472,034	472,034	0
Machinery & equipment aid	0	0	0	0
Total cash receipts	2,421,236	2,390,075	\$ 2,335,405	\$ 54,670
Expenditures				
Debt service				
Bond principal	1,880,000	2,000,000	\$ 2,000,000	\$ 0
Interest	552,473	484,390	484,390	0
Commissions and postage	0	0	3	3
Total expenditures	2,432,473	2,484,390	\$ 2,484,393	\$ 3
Receipts over (under) expenditures	(11,237)	(94,315)		
Unencumbered cash, July 1,	2,531,535	2,520,298		
Unencumbered cash, June 30,	\$ 2,520,298	\$ 2,425,983		

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Paola, Kansas

Schedule 2

PROPRIETARY TYPE FUNDS
INTERNAL SERVICE FUND
HEALTH INSURANCE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	2011 <u>Actual</u>	2012 <u>Actual</u>
Cash Receipts		
Local sources		
Interest	\$ 8,215	\$ 3,188
Other sources		
Stop/loss reimbursement	129,168	1,187
Miscellaneous income	16	6,944
Reimbursements	<u>1,855,439</u>	<u>1,775,603</u>
Total cash receipts	<u>1,992,838</u>	<u>1,786,922</u>
Expenditures		
General		
Claims	1,764,239	1,155,074
Administrative fees	<u>266,207</u>	<u>302,616</u>
Total expenditures	<u>2,030,446</u>	<u>1,457,690</u>
Receipts over (under) expenditures	(37,608)	329,232
Unencumbered cash, July 1	<u>468,233</u>	<u>430,625</u>
Unencumbered cash, June 30	<u>\$ 430,625</u>	<u>\$ 759,857</u>

**Unified School District Number 368
Paola, Kansas**

Schedule 2

FIDUCIARY TYPE FUNDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended June 30, 2012

	Unencumbered Cash Balance July 1, 2011	Cash Receipts	Expenditures	Unencumbered Cash Balance June 30, 2012
<u>Expendable Scholarship Trust Funds</u>				
Greason Scholarship	\$ 1,850	\$ 52	\$ 52	\$ 1,850
Humphrey Scholarship	10,011	219	200	10,030
Darland Scholarship	4,349	250	120	4,479
Hileman Scholarship	2,717	77	80	2,714
Charitable Foundation Scholarship	<u>45,586</u>	<u>44,479</u>	<u>33,798</u>	<u>56,267</u>
 Total Expendable Scholarship Trust Funds	 \$ <u>64,513</u>	 \$ <u>45,077</u>	 \$ <u>34,250</u>	 \$ <u>75,340</u>
	Unencumbered Cash Balance July 1, 2011	Cash Receipts	Expenditures	Unencumbered Cash Balance June 30, 2012
<u>Permanent Trust Funds</u>				
Cook Scholarship	\$ <u>258,094</u>	\$ <u>4,821</u>	\$ <u>4,821</u>	\$ <u>258,094</u>
 Total Permanent Scholarship Trust Funds	 <u>258,094</u>	 <u>4,821</u>	 <u>4,821</u>	 <u>258,094</u>
 Total Trust Funds	 \$ <u>322,607</u>	 \$ <u>49,898</u>	 \$ <u>39,071</u>	 \$ <u>333,434</u>

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Paola, Kansas

Schedule 3

SCHOOL ACTIVITY FUNDS
CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2012

Fund	Unencumbered Cash Balance July 1, 2011	Receipts	Expenditures	Unencumbered Cash Balance June 30, 2012
Sunflower Elementary School				
Fees and User Charges				
Activity	\$ 0	\$ 1,780	\$ 1,780	\$ 0
Sales tax	0	306	306	0
Petty cash	0	980	980	0
	<u>0</u>	<u>3,066</u>	<u>3,066</u>	<u>0</u>
Student Organization Accounts				
Yearbook	139	3,426	3,246	319
Field Trips	0	1,933	1,933	0
Student Council (vending)	1,153	1,248	1,575	826
Endowment Grant-Roman Barn	0	3,200	3,200	0
Miscellaneous	0	700	595	105
PTO	181	3,678	2,542	1,317
Donations	6,496	2,622	2,767	6,351
Watch Dogs	0	186	156	30
Teacher of the Year	1,259	100	1,359	0
Outdoor Education	840	0	671	169
Ag in the Class	500	0	158	342
Library	0	125	125	0
	<u>10,568</u>	<u>17,218</u>	<u>18,327</u>	<u>9,459</u>
Total Sunflower Elementary	<u>10,568</u>	<u>20,284</u>	<u>21,393</u>	<u>9,459</u>
Paola Middle School				
Gate Receipts				
Athletics	<u>2,500</u>	<u>33,369</u>	<u>33,369</u>	<u>2,500</u>
Student Organization Accounts				
Box tops for education	2,134	395	90	2,439
Student council	2,500	2,566	2,566	2,500
Target (rebates)	2,220	1,436	2,596	1,060
Band	117	0	0	117
Drama/Scholarship	2,512	3,412	784	5,140
Donations	617	3,133	1,933	1,817
Teacher of the year	500	500	1,000	0
Promotions	189	2,938	2,870	257
PMS Vocal Music	1	1,168	1,157	12
Magazine Sales	19,736	22,254	17,857	24,133
Miscellaneous	3,792	5,897	5,519	4,170
Roman-B mini-grant	0	1,550	1,550	0
Yearbook	1,042	7,369	7,731	680
School Book Fair	1,566	4,063	4,063	1,566
Love to Learn	472	1,126	1,229	369
Concessions	250	5,954	5,954	250

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Paola, Kansas

Schedule 3

SCHOOL ACTIVITY FUNDS
CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2012

Fund	Unencumbered Cash Balance July 1, 2011	Receipts	Expenditures	Unencumbered Cash Balance June 30, 2012
Paola Middle School (Continued)				
F.I.R.S.T. LEGO	\$ 1,266	\$ 0	\$ 0	\$ 1,266
Kansas Association	1,269	3,257	3,129	1,397
Cheerleaders	0	4,015	3,909	106
Athletic donatons	0	10,000	0	10,000
	<u>40,183</u>	<u>81,033</u>	<u>63,937</u>	<u>57,279</u>
Fees and User Charges				
Vending	0	1,484	1,484	0
Activities	0	3,580	3,580	0
Petty cash	0	500	500	0
Pay to participate	0	10,400	10,400	0
Sales Tax	0	1,837	1,837	0
	<u>0</u>	<u>17,801</u>	<u>17,801</u>	<u>0</u>
Total Paola Middle School	<u>42,683</u>	<u>132,203</u>	<u>115,107</u>	<u>59,779</u>
Paola High School				
Fees and User Charges				
Art	0	4,829	4,829	0
Book	0	14,039	14,039	0
Drivers education	0	16,320	16,320	0
Pay to participate fees	0	13,922	13,922	0
Lab	0	300	300	0
Vocational agriculture	0	680	680	0
Woodworking	0	12,834	12,834	0
Sales Tax	0	7,490	7,490	0
Petty cash	0	1,000	1,000	0
	<u>0</u>	<u>71,414</u>	<u>71,414</u>	<u>0</u>
Gate Receipts				
Athletics	<u>6,000</u>	<u>55,920</u>	<u>55,920</u>	<u>6,000</u>
Student Organization Accounts				
Athletic donation	6,362	29,379	22,637	13,104
F.B.L.A	560	0	0	560
Band	760	3,213	1,331	2,642
Class of 2010	432	0	0	432
Class of 2011	4,652	14	993	3,673
Class of 2012	2,932	15	1,763	1,184
Class of 2013	1,449	8,727	7,937	2,239
Class of 2014	1,085	1,017	1,960	142
Class of 2015	0	1,008	14	994
F.C.A.	67	0	0	67
F.F.A.	8,865	38,759	41,161	6,463
FCCLA	1,544	1,454	1,664	1,334
Kayettes	228	608	591	245
Madrigals	618	9,851	10,469	0
National honor society	128	441	483	86

Unified School District Number 368
Paola, Kansas

Schedule 3

SCHOOL ACTIVITY FUNDS
CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2012

Fund	Unencumbered Cash Balance July 1, 2011	Receipts	Expenditures	Unencumbered Cash Balance June 30, 2012
Paola High School (Continued)				
Student Organization Accounts (Continued)				
Rat pack	\$ 0	\$ 2,786	\$ 2,711	\$ 75
Robotics	6,275	16,124	17,376	5,023
Scholar bowl	645	629	363	911
Scholarships	0	1,600	1,100	500
Spirit squad	1,548	8,461	9,974	35
S.A.D.D.	509	0	0	509
Student council	174	11,879	11,807	246
Counseling donations	0	611	415	196
Drama club	1,280	5,402	5,624	1,058
Strength club	326	2,665	2,004	987
Flag team club	257	0	0	257
Strength-ace	1,292	16,817	11,529	6,580
Thespian Club	844	8,213	8,410	647
Drill team	845	10,297	8,622	2,520
Leadership Class	910	6,684	7,455	139
Athletics	2	7,545	7,547	0
IHT	142	1,230	1,140	232
Reporter	943	4,699	4,142	1,500
Yearbook Fees	1,059	29,573	30,632	0
Grant/Ward	180	251	131	300
Drama / play	356	6,928	7,244	40
Photography	(6)	60	0	54
Miscellaneous	1,093	1,468	2,486	75
Media center	0	164	164	0
Culinary arts	1,264	0	0	1,264
Donations	7,522	3,165	8,024	2,663
	<u>57,142</u>	<u>241,737</u>	<u>239,903</u>	<u>58,976</u>
Total Paola High School	<u>63,142</u>	<u>369,071</u>	<u>367,237</u>	<u>64,976</u>
Cottonwood Elementary School				
Fees and Users Charges				
Petty cash	0	200	200	0
Sales tax	0	316	316	0
Activity	0	2,105	2,105	0
	<u>0</u>	<u>2,621</u>	<u>2,621</u>	<u>0</u>
Student Organization Accounts				
Target	228	205	394	39
Field Trips	0	5,448	5,448	0
PTO	3,125	9,070	10,466	1,729
ECSE Preschool	1,491	277	1,768	0
Roman-B mini-grant	0	3,200	3,200	0
Recycling	523	0	523	0
Library	0	140	140	0
Yearbook	0	3,589	3,589	0

Unified School District Number 368
Paola, Kansas

Schedule 3

SCHOOL ACTIVITY FUNDS
CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
For the Year Ended June 30, 2012

Fund	Unencumbered Cash Balance July 1, 2011	Receipts	Expenditures	Unencumbered Cash Balance June 30, 2012
Cottonwood Elementary School (Continued)				
Student Organization Accounts				
Miscellaneous	822	8,198	9,020	0
Grant-Koechner	0	500	500	0
Grant-Ludwick	0	1,000	945	55
	<u>6,189</u>	<u>31,627</u>	<u>35,993</u>	<u>1,823</u>
Total Cottonwood Elementary	<u>6,189</u>	<u>34,248</u>	<u>38,614</u>	<u>1,823</u>
Adult Education Center				
Student organization accounts				
Miscellaneous account	259	1,707	1,594	372
Sales tax	127	0	127	0
Total Adult Education Center	<u>386</u>	<u>1,707</u>	<u>1,721</u>	<u>372</u>
 Panther Robotics	 <u>1,702</u>	 <u>2,830</u>	 <u>2,832</u>	 <u>1,700</u>
 Total all schools	 \$ <u><u>124,670</u></u>	 \$ <u><u>560,343</u></u>	 \$ <u><u>546,904</u></u>	 \$ <u><u>138,109</u></u>
Totals By Groups				
Fees and user charges	\$ 0	\$ 94,902	\$ 94,902	\$ 0
Gate receipts	8,500	89,289	89,289	8,500
Student organization accounts	<u>116,170</u>	<u>376,152</u>	<u>362,713</u>	<u>129,609</u>
 Total all groups	 \$ <u><u>124,670</u></u>	 \$ <u><u>560,343</u></u>	 \$ <u><u>546,904</u></u>	 \$ <u><u>138,109</u></u>

Unified School District Number 368

Paola, Kansas

Schedule 4

COMPONENT UNIT
ENDOWMENT TRUSTS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012

	Unencumbered Cash Balance	Cash Receipts	Expenditures	Unencumbered Cash Balance
<u>Endowment Fund Scholarships</u>	<u>July 1, 2011</u>			<u>June 30, 2012</u>
Bea Mount	\$ 76,220	\$ 3,750	\$ 1,500	\$ 78,470
Carl Gump	130,038	28,750	12,470	146,318
William & Carol Young	207,458	0	0	207,458
Derek Leis	7,627	2,500	0	10,127
Edna Patterson	225,428	0	0	225,428
McLachlin/Boyd/Emery	39,370	0	0	39,370
Myrtle Haug	27,035	0	0	27,035
Evening Lyons	17,970	0	0	17,970
Rotary Scholars	19,764	1,000	0	20,764
McNelly Scholars	4,300	0	0	4,300
Nettie Hook	84,650	6	9,312	75,344
Walter and Lucille Smith	16,683	0	0	16,683
Danny Locke	1,996	0	0	1,996
Schwartz Family	51,031	0	0	51,031
Vivian Kircher	8,799	0	0	8,799
Hillsdale Elementary	9,775	0	0	9,775
USD #368 Endowment	12,606	33,155	1,450	44,311
Jesse Barker	26,606	0	0	26,606
Quincy Hipp	7,784	0	0	7,784
Tracy Kohl	5,187	0	0	5,187
Stockwell	17,420	0	0	17,420
Frances Balocca	0	2,000	0	2,000
Roman/Barnard	110,083	34,013	7,950	136,146
Ralph and Ersa Wilcox Rossman	33,770	0	2,400	31,370
Ellyn Reynolds	279,765	0	0	279,765
Chloe Hays	4,801	0	0	4,801
Darrel Hurlbut	13,864	0	0	13,864
Kevin Armstrong	5,850	0	0	5,850
Diana Green	4,960	0	0	4,960
Lyman & Ingram	3,392	0	0	3,392
Teacher of the Year	1,000	1,000	2,000	0
Kirk Wilson	11,203	500	0	11,703
W.C. Hartley	14,992	0	0	14,992
Carl Buchman	15,311	4,893	0	20,204
Interest	4,179	5,831	7,464	2,546
Dividends	21,001	58,393	50,510	28,884
Stock Gains/Losses	11,434	45,594	0	57,028
Administration	1,877	1,000	1,320	1,557
Total Endowment Scholarships	\$ 1,535,229	\$ 222,385	\$ 96,376	\$ 1,661,238

Unified School District Number 368, Paola, Kansas

Paola, Kansas

Schedule 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2012

<u>Federal Grant Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Revenues</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>				
<u>Pass Through Kansas Department of Education</u>				
National School Breakfast Program	10.553	N/A	\$ 90,603	\$ 90,603
National School Lunch Program	10.555	N/A	307,426	307,426
Cash for commodities	10.555	N/A	52,820	52,820
Food Service	10.560	N/A	100	100
 TOTAL DEPARTMENT OF AGRICULTURE			 450,949	 450,949
<u>U.S. Department of Education</u>				
<u>Pass Through Kansas Department of Education</u>				
Title I	84.010	DO368	363,672	363,672
Special Education	84.027	N/A	1,738,891	1,738,891
Vocational Education	84.048	N/A	34,718	34,718
Special Education - Preschool	84.173	N/A	53,194	53,194
Education Jobs Fund	84.410	N/A	5,227	5,227
Title II A	84.367	DO368	47,897	47,897
Title V State Assessments	84.369	N/A	172	172
			<u>2,243,771</u>	<u>2,243,771</u>
<u>Pass Through Kansas Board of Regents</u>				
Adult Education	84.002	N/A	197,226	197,226
 TOTAL DEPARTMENT OF EDUCATION			 2,440,997	 2,440,997
 TOTAL REVENUES AND EXPENDITURES OF FEDERAL AWARDS			 \$ 2,891,946	 \$ 2,891,946

The above schedule was prepared using the regulatory basis of accounting which demonstrates compliance with cash basis and budget laws of Kansas except the above schedule does not include encumbrances.

SPECIAL REPORTS

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

Board Members
Unified School District Number 368
Paola, Kansas

We have audited the financial statements of Unified School District Number 368 as of and for the year ended June 30, 2012, and have issued our report thereon dated October 1, 2012. The District prepares its financial statements on a basis of accounting which demonstrates compliance with 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Unified School District Number 368 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the District's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agler & Gaeddert, Chartered

October 17, 2012
Ottawa, Kansas



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board Members
Unified School District Number 368
Paola, Kansas

Compliance

We have audited the compliance of Unified School District Number 368 with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB-Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Agler & Haehlert, Chartered

October 17, 2012
Ottawa, Kansas

**UNIFIED SCHOOL DISTRICT NUMBER 368
PAOLA, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2012**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
84.027	Special Education	1,738,891
84.173	Special Education Preschool	53,194
84.010	Title I	363,672

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as a low-risk auditee? Yes

SCHEDULE OF FINDINGS AND RESPONSES – GOVERNMENT AUDITING STANDARDS

NO FINDINGS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CIRCULAR A-133

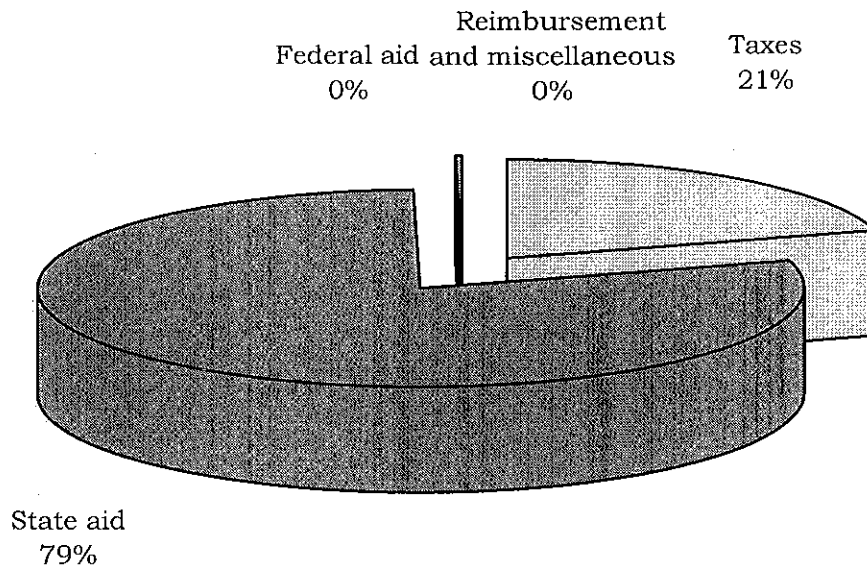
NO FINDINGS

GRAPHS

Unified School District Number 368
Paola, Kansas

GENERAL FUND CASH RECEIPTS
Year ended June 30, 2012

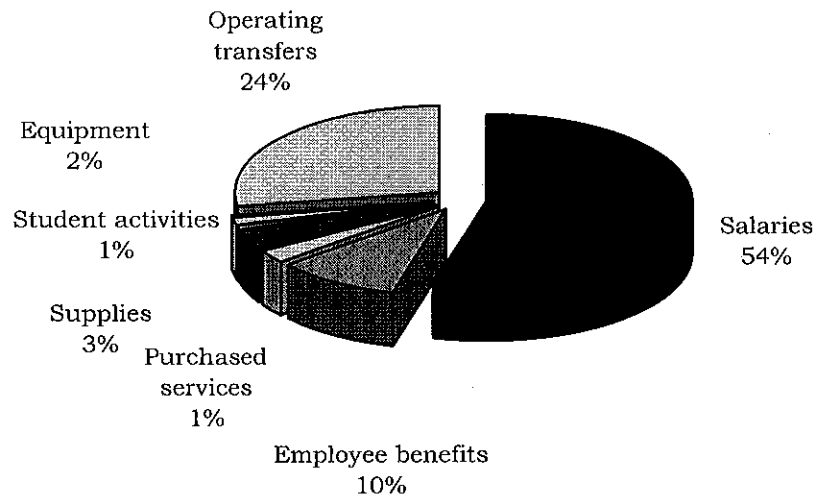
Taxes	\$	2,354,002
State aid		9,082,159
Federal aid		5,227
Reimbursement and miscellaneous		17,711
		<hr/>
Total revenues	\$	<u>11,459,099</u>



Unified School District Number 368
Paola, Kansas

GENERAL FUND EXPENDITURES BY TYPE
Year ended June 30, 2011

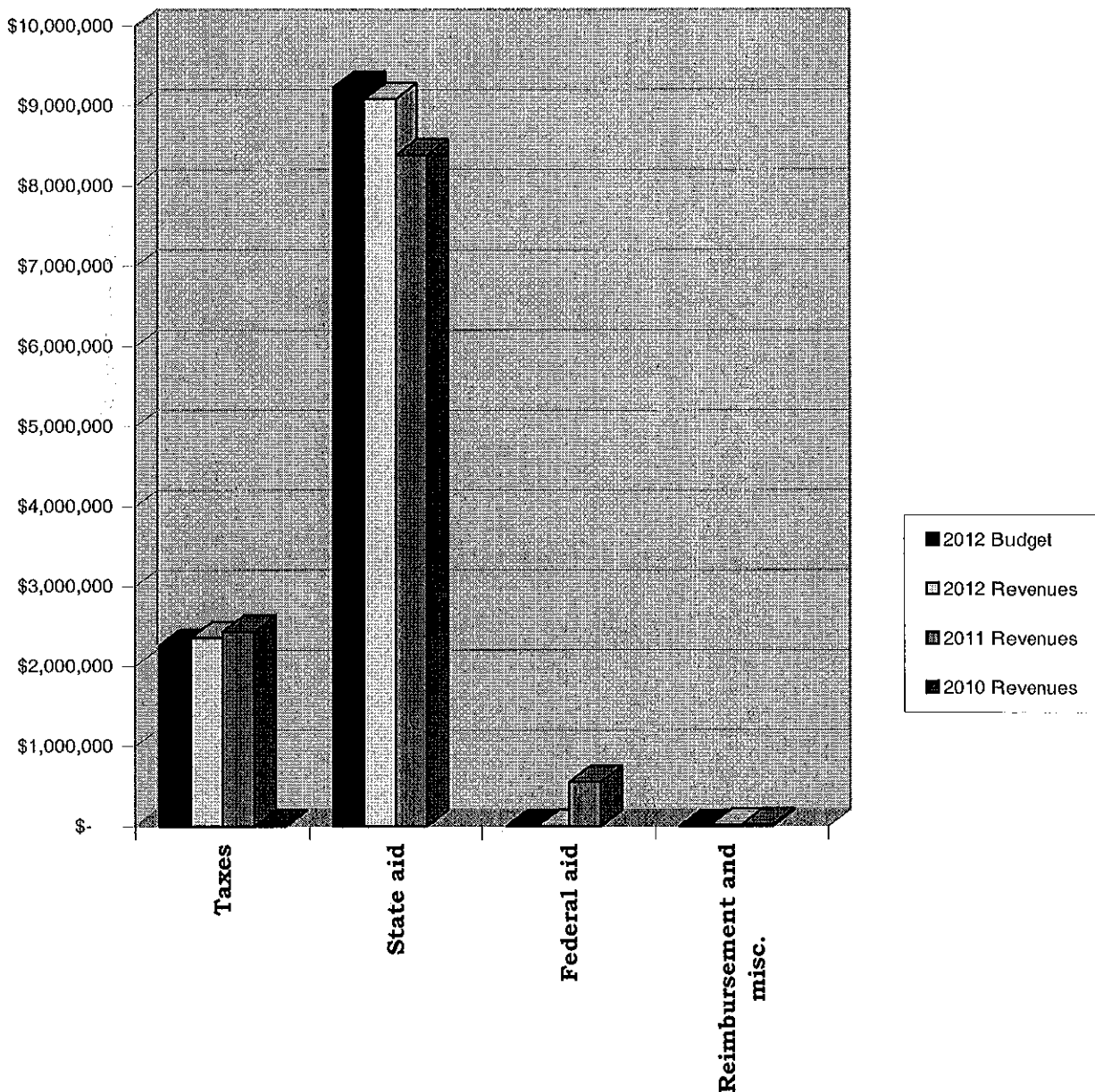
Salaries	\$ 6,203,856
Employee benefits	1,110,334
Purchased services	308,847
Supplies	385,344
Student activities	92,613
Equipment	173,150
Other	39,370
Operating transfers	<u>3,145,585</u>
Total expenditures	<u><u>\$ 11,459,099</u></u>



Unified School District Number 368
Paola, Kansas

GENERAL FUND CASH RECEIPTS AND BUDGET
Year ended June 30, 2012, 2011 and 2010

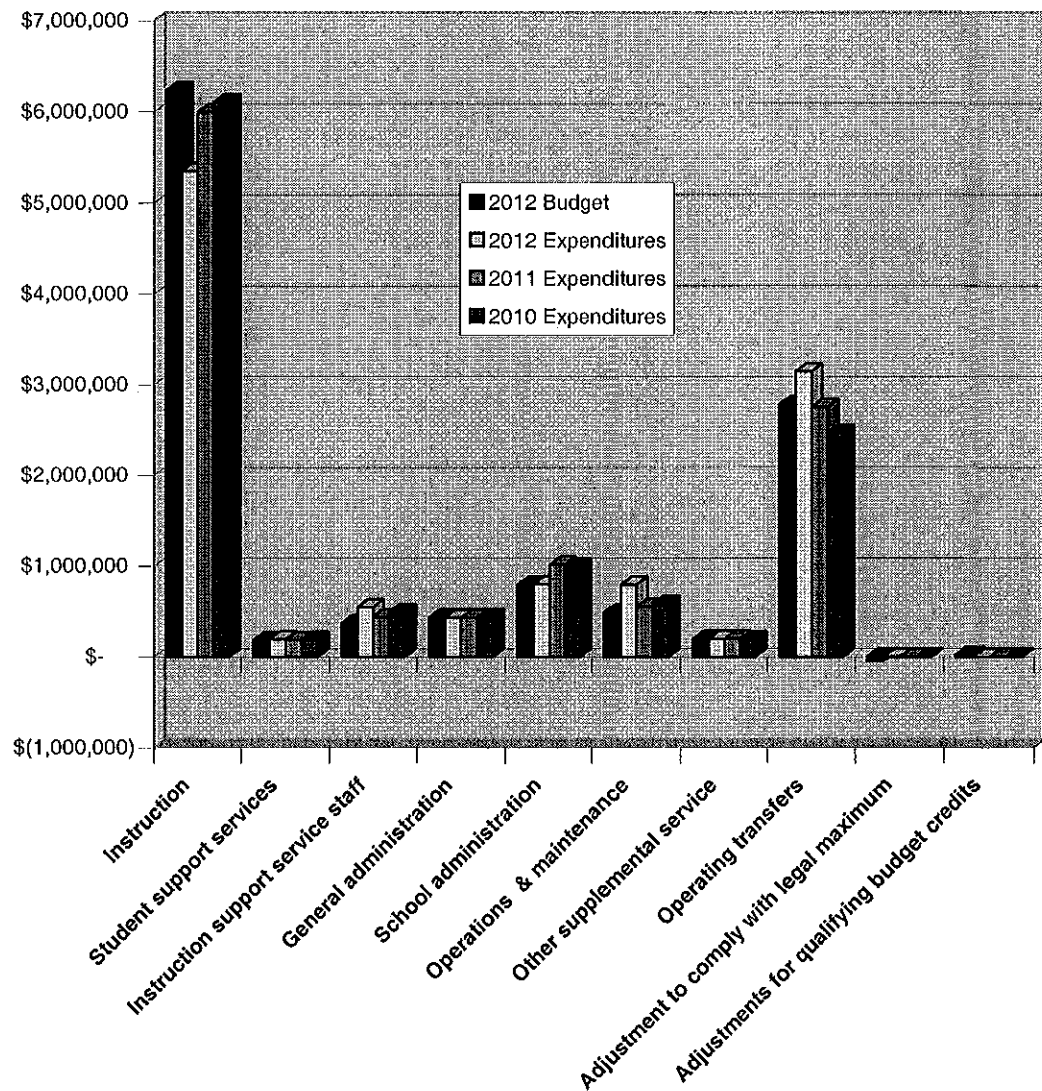
	2012 Budget	2012 Revenues	2011 Revenues	2010 Revenues
Taxes	\$ 2,260,471	\$ 2,354,002	\$ 2,408,274	\$ 2,431,940
State aid	9,229,595	9,082,159	8,964,225	8,380,724
Federal aid	-	5,227	565,014	551,898
Reimbursement and misc.	0	17,711	23,078	19,275
Total revenues	\$ 11,490,066	\$ 11,459,099	\$ 11,960,591	\$ 11,383,837



Unified School District Number 368
Paola, Kansas

GENERAL FUND EXPENDITURES AND BUDGET
Year ended June 30, 2012, 2011 and 2010

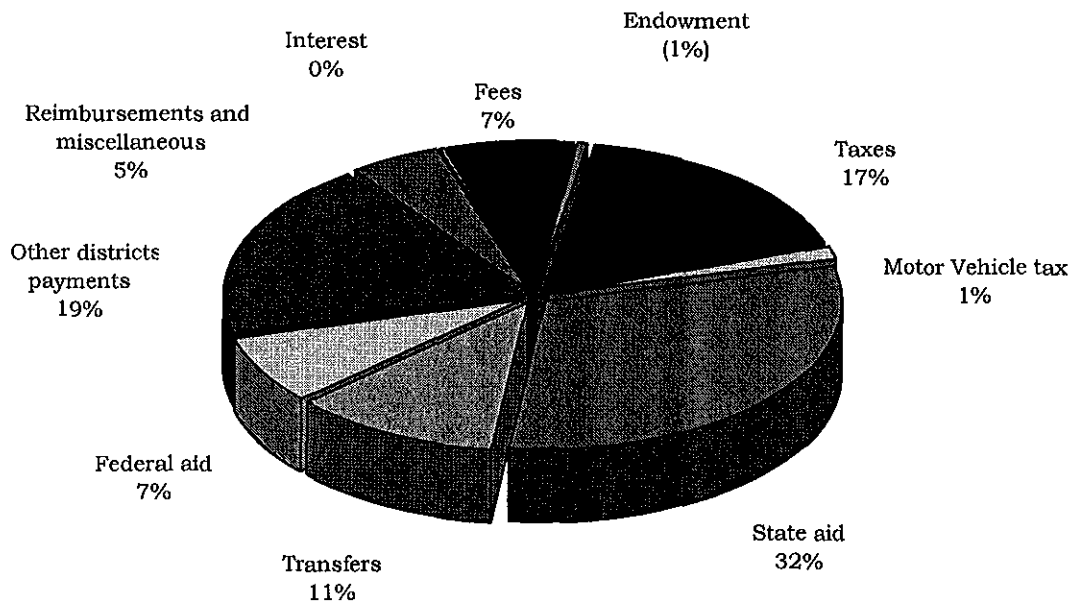
	2012 Budget	2012 Expenditures	2011 Expenditures	2010 Expenditures
Instruction	\$ 6,236,528	5,350,855	5,996,461	6,104,936
Student support services	183,393	193,584	184,963	186,353
Instruction support service staff	370,165	545,826	437,928	491,065
General administration	433,358	430,610	430,960	429,046
School administration	792,386	799,080	1,013,485	993,892
Operations & maintenance	491,279	796,246	549,364	584,270
Other supplemental service	197,500	197,313	197,006	193,197
Operating transfers	2,785,457	3,145,585	2,753,439	2,463,760
Adjustment to comply with legal maximum	(45,738)	0	0	0
Adjustments for qualifying budget credits	17,711	0	0	0
Total expenditures	\$ 11,462,039	\$ 11,459,099	\$ 11,563,606	\$ 11,446,519



Unified School District Number 368
Paola, Kansas

CASH RECEIPTS FOR ALL FUNDS
Year ended June 30, 2012

Taxes	\$ 7,239,548
Motor Vehicle tax	567,112
State aid	13,311,740
Transfers	4,883,727
Federal aid	3,167,758
Other districts payments	8,236,102
Reimbursements and miscellaneous	2,147,814
Interest	65,377
Fees	2,973,694
Endowment	272,283
	<hr/>
Total revenues	<u><u>\$ 42,865,155</u></u>



Unified School District Number 368
Paola, Kansas

EXPENDITURES FOR ALL FUNDS
Year ended June 30, 2012

Instruction	1	\$	23,405,190
Student support services	2		1,130,566
Instruction support service staff	3		586,155
General administration	4		2,438,360
School administration	5		899,521
Special area administration	6		198,128
Operations & maintenance	7		2,086,353
Other supplemental services	8		320,154
Operating transfers	9		4,883,727
Vehicle operation	10		830,349
Facility acquisition & construction	11		84,947
Food service operation	12		1,071,755
Debt service	13		2,484,390
Trust Fund	14		39,071
Endowment Trust	15		96,376
District activity at building level	16		184,190
Total expenditures		\$	<u>40,739,232</u>

