

UNIFIED SCHOOL DISTRICT NO. 369

BURRTON, KANSAS

Special Financial Statements

June 30, 2012

Unified School District No. 369

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Knudsen Monroe & Company LLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 369
Burrton, Kansas

We have audited the accompanying primary government financial statements of the individual funds of Unified School District No. 369, Burrton, 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 October 28, 2011 we expressed an unqualified opinion on the financial statements taken as a whole.

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, the District 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, is presumed to be material.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 369, Burrton, Kansas, as of June 30, 2012, or the results of its operations 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 Primary Government of Unified School District No. 369, Burrton, 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 1.

Knudsen, Monroe & Company LLC

Certified Public Accountants

November 8, 2012

STATEMENT 1

Unified School District No. 369

SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended June 30, 2012

| FUNDS | Year ended June 30, 2012 | | | | Unencumbered | | Cash |
|----------------------------|---|--|------------------|------------------|-------------------------|---------------------------------|------------------|
| | Unencumbered Cash Balance 6-30-11 * | Prior Year Canceled Encumbrances | Receipts | Expenditures | Cash Balance 6-30-12 | Liabilities and Encumbrances | |
| General | | | | | | | |
| General | \$ - | - | 2,105,826 | 2,105,826 | - | 156,182 | 156,182 |
| Supplemental general | 47,462 | - | 739,938 | 704,336 | 83,064 | 44,330 | 127,394 |
| Special Revenue | | | | | | | |
| At risk (4 year old) | 33,505 | - | 65,000 | 70,300 | 28,205 | 4,948 | 33,153 |
| At risk (K-12) | 102,186 | - | 259,096 | 278,500 | 82,782 | 28,648 | 111,430 |
| Capital outlay | 438,331 | - | 192,854 | 195,697 | 435,488 | 44,879 | 480,367 |
| Driver training | 15,941 | - | 5,202 | 3,921 | 17,222 | 1,859 | 19,081 |
| Food service | 57,020 | - | 167,049 | 173,630 | 50,439 | 8,255 | 58,694 |
| Professional development | 32,027 | - | 23,947 | 21,194 | 34,780 | 7,912 | 42,692 |
| Special education | 153,700 | - | 338,641 | 334,457 | 157,884 | 3,288 | 161,172 |
| Vocational education | 30,387 | - | 61,638 | 80,000 | 12,025 | 6,083 | 18,108 |
| Gift | 8,646 | - | 4,763 | 3,210 | 10,199 | 705 | 10,904 |
| KPERS retirement | - | - | 172,897 | 172,897 | - | - | - |
| Contingency reserve | 200,000 | - | - | - | 200,000 | - | 200,000 |
| Recreation commission | 6,874 | - | 18,424 | 19,485 | 5,813 | - | 5,813 |
| Textbook revolving fund | 26,461 | - | 6,410 | 8,727 | 24,144 | 2,980 | 27,124 |
| Federal and state programs | 23,463 | - | 95,313 | 110,531 | 8,245 | 2,894 | 11,139 |
| Activity gate receipts | 13,391 | - | 31,112 | 31,784 | 12,719 | - | 12,719 |
| School projects | 3,491 | - | 33,395 | 31,459 | 5,427 | - | 5,427 |
| Debt Service | | | | | | | |
| Bond and interest | 110,023 | - | 133,131 | 115,587 | 127,567 | - | 127,567 |
| Fiduciary | | | | | | | |
| Student organizations | - | - | 26,123 | 26,123 | - | 6,678 | 6,678 |
| Scholarship | 463 | - | - | - | 463 | - | 463 |
| | <u>\$ 1,303,371</u> | <u>-</u> | <u>4,480,759</u> | <u>4,487,664</u> | <u>1,296,466</u> | <u>319,641</u> | <u>1,616,107</u> |

* As Restated - See note 5

See notes to financial statements

Unified School District No. 369

SUMMARY STATEMENT OF EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

| | Certified Budget | Adjustment to Comply with Legal Max | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance Over (Under) |
|--------------------------------------|---------------------|---|-----------------------------------|---|-----------------------------|
| General | | | | | |
| General | \$ 2,154,956 | (49,130) | 2,105,826 | 2,105,826 | - |
| Supplemental general | 704,336 | - | 704,336 | 704,336 | - |
| Special Revenue | | | | | |
| At risk (4 year old) | 70,300 | - | 70,300 | 70,300 | - |
| At risk (K-12) | 278,500 | - | 278,500 | 278,500 | - |
| Capital outlay | 370,000 | - | 370,000 | 195,697 | (174,303) |
| Driver training | 14,942 | - | 14,942 | 3,921 | (11,021) |
| Food service | 181,535 | - | 181,535 | 173,630 | (7,905) |
| Professional development | 36,450 | - | 36,450 | 21,194 | (15,256) |
| Special education | 400,000 | - | 400,000 | 334,457 | (65,543) |
| Vocational education | 80,000 | - | 80,000 | 80,000 | - |
| KPERS retirement | 189,033 | - | 189,033 | 172,897 | (16,136) |
| Recreation commission | 21,000 | - | 21,000 | 19,485 | (1,515) |
| Debt Service | | | | | |
| Bond and interest | 116,000 | - | 116,000 | 115,587 | (413) |
| | <u>\$ 4,617,052</u> | <u>(49,130)</u> | <u>4,567,922</u> | 4,275,830 | <u>(292,092)</u> |
| Add expenditures of unbudgeted funds | | | | | |
| Special revenue | | | | 185,711 | |
| Fiduciary | | | | <u>26,123</u> | |
| Total expenditures, Statement 1 | | | | <u>\$ 4,487,664</u> | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over <u>(Under)</u> |
|--|-----------------------|------------------|------------------|------------------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| GENERAL FUND | | | | |
| Receipts | | | | |
| Taxes | | | | |
| Tax in process | \$ 13,721 | - | 225 | (225) |
| Current tax | 267,191 | 303,194 | 269,850 | 33,344 |
| Delinquent tax | 5,614 | 11,201 | 13,231 | (2,030) |
| Mineral production tax | 5,476 | 8,993 | 5,400 | 3,593 |
| General state aid | 1,503,578 | 1,541,307 | 1,534,708 | 6,599 |
| ARRA stabilization funds | 38,714 | - | - | - |
| Education Jobs Grant stabilization | 67,788 | 990 | - | 990 |
| Special education state aid | 213,268 | 240,141 | 241,600 | (1,459) |
| Operating transfers | - | - | 89,942 | (89,942) |
| | <u>2,115,350</u> | <u>2,105,826</u> | <u>2,154,956</u> | <u>(49,130)</u> |
| Expenditures | | | | |
| Instruction | 925,951 | 910,381 | 952,501 | (42,120) |
| Student support services | 37,414 | 45,329 | 37,755 | 7,574 |
| Instructional support services | 96,158 | 75,071 | 107,500 | (32,429) |
| General administration | 161,258 | 205,629 | 189,300 | 16,329 |
| Salaries and benefits | 140,279 | 163,031 | 144,150 | 18,881 |
| Operations and maintenance | 151,713 | 143,058 | 138,400 | 4,658 |
| Student transportation services | 71,509 | 78,101 | 75,350 | 2,751 |
| Operating transfers | 531,068 | 485,226 | 510,000 | (24,774) |
| | <u>2,115,350</u> | <u>2,105,826</u> | <u>2,154,956</u> | <u>(49,130)</u> |
| Adjustment to comply with legal max | - | - | (49,130) | 49,130 |
| | <u>2,115,350</u> | <u>2,105,826</u> | <u>2,105,826</u> | <u>-</u> |
| Receipts over (under) expenditures | - | - | | |
| Unencumbered cash, beginning - As restated | - | - | | |
| Unencumbered cash, ending | <u>\$ -</u> | <u>-</u> | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over <u>(Under)</u> |
|--|-----------------------|----------------|----------------|------------------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| SUPPLEMENTAL GENERAL FUND | | | | |
| Receipts | | | | |
| Taxes | | | | |
| Tax in process | \$ 20,652 | 32,750 | 3,633 | 29,117 |
| Current tax | 463,942 | 426,515 | 476,974 | (50,459) |
| Delinquent tax | 10,171 | 19,723 | 23,134 | (3,411) |
| Vehicle tax | 41,378 | 39,238 | 44,213 | (4,975) |
| State aid | 214,172 | 221,712 | 213,729 | 7,983 |
| | <u>750,315</u> | <u>739,938</u> | <u>761,683</u> | <u>(21,745)</u> |
| Expenditures | | | | |
| Instruction | 111,558 | 137,311 | 88,136 | 49,175 |
| Student support services | 1,329 | 11,257 | 1,200 | 10,057 |
| Operations and maintenance | 167,663 | 152,672 | 165,000 | (12,328) |
| Operating transfers | 422,723 | 403,096 | 450,000 | (46,904) |
| | <u>703,273</u> | <u>704,336</u> | <u>704,336</u> | <u>-</u> |
| | 47,042 | 35,602 | | |
| Prior year cancelled encumbrances | <u>(211)</u> | <u>-</u> | | |
| | 46,831 | 35,602 | | |
| Unencumbered cash, beginning - As restated | 631 | 47,462 | | |
| Unencumbered cash, ending | <u>\$ 47,462</u> | <u>83,064</u> | | |

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|------------------------------------|-----------------------|---------------|---------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| AT RISK FUND (4 YEAR OLD) | | | | |
| Receipts | | | | |
| Transfers from other funds | \$ 50,000 | 65,000 | 50,000 | 15,000 |
| Expenditures | | | | |
| Instruction | | | | |
| Salaries and benefits | 41,341 | 70,300 | 70,300 | - |
| Receipts over (under) expenditures | 8,659 | (5,300) | | |
| Unencumbered cash, beginning | 24,846 | 33,505 | | |
| Unencumbered cash, ending | \$ 33,505 | 28,205 | | |
| AT RISK FUND (K-12) | | | | |
| Receipts | | | | |
| Transfers from other funds | \$ 235,142 | 259,096 | 210,000 | 49,096 |
| Expenditures | | | | |
| Instruction | | | | |
| Salaries and benefits | 209,261 | 278,500 | 278,500 | - |
| Supplies and other | 230 | - | - | - |
| | 209,491 | 278,500 | 278,500 | - |
| Receipts over (under) expenditures | 25,651 | (19,404) | | |
| Unencumbered cash, beginning | 76,535 | 102,186 | | |
| Unencumbered cash, ending | \$ 102,186 | 82,782 | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|------------------------------------|-----------------------|----------------|----------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| CAPITAL OUTLAY FUND | | | | |
| Receipts | | | | |
| Taxes | | | | |
| Tax in process | \$ 3,179 | - | 452 | (452) |
| Current tax | 57,806 | 81,156 | 73,296 | 7,860 |
| Delinquent tax | 1,550 | 2,935 | 2,883 | 52 |
| Vehicle tax | 6,285 | 5,433 | 5,969 | (536) |
| Interest | 2,584 | 1,514 | 2,500 | (986) |
| Transfers from other funds | 111,037 | 100,000 | 100,000 | - |
| Other | 262 | 1,816 | 500 | 1,316 |
| | <u>182,703</u> | <u>192,854</u> | <u>185,600</u> | <u>7,254</u> |
| Expenditures | | | | |
| Equipment | 56,670 | 103,195 | 108,000 | (4,805) |
| Facilities | 87,871 | 92,502 | 262,000 | (169,498) |
| | <u>144,541</u> | <u>195,697</u> | <u>370,000</u> | <u>(174,303)</u> |
| Receipts over (under) expenditures | 38,162 | (2,843) | | |
| Unencumbered cash, beginning | 400,169 | 438,331 | | |
| Salaries and benefits | <u>\$ 438,331</u> | <u>435,488</u> | | |
| DRIVER TRAINING FUND | | | | |
| Receipts | | | | |
| State aid | \$ 740 | 2,350 | 1,850 | 500 |
| Student fees | 3,452 | 2,852 | - | 2,852 |
| | <u>4,192</u> | <u>5,202</u> | <u>1,850</u> | <u>3,352</u> |
| Expenditures | | | | |
| Salaries and benefits | 4,876 | 3,722 | 5,000 | (1,278) |
| Other | 943 | 199 | - | 199 |
| Transfer to other funds | - | - | 9,942 | (9,942) |
| | <u>5,819</u> | <u>3,921</u> | <u>14,942</u> | <u>(11,021)</u> |
| Receipts over (under) expenditures | (1,627) | 1,281 | | |
| Unencumbered cash, beginning | 17,568 | 15,941 | | |
| Unencumbered cash, ending | <u>\$ 15,941</u> | <u>17,222</u> | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|--------------------------------------|-----------------------|----------------|----------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| FOOD SERVICE FUND | | | | |
| Receipts | | | | |
| Meal sales | \$ 36,301 | 38,250 | 39,545 | (1,295) |
| Federal aid | 81,293 | 87,360 | 78,607 | 8,753 |
| State aid | 1,425 | 1,439 | 1,144 | 295 |
| Transfers from other funds | 50,000 | 40,000 | 50,000 | (10,000) |
| | <u>169,019</u> | <u>167,049</u> | <u>169,296</u> | <u>(2,247)</u> |
| Expenditures | | | | |
| Salaries and benefits | 78,428 | 80,127 | 83,135 | (3,008) |
| Food | 73,488 | 83,100 | 80,000 | 3,100 |
| Other | 13,886 | 10,403 | 18,400 | (7,997) |
| | <u>165,802</u> | <u>173,630</u> | <u>181,535</u> | <u>(7,905)</u> |
| Receipts over (under) expenditures | 3,217 | (6,581) | | |
| Unencumbered cash, beginning | 53,803 | 57,020 | | |
| Unencumbered cash, ending | <u>\$ 57,020</u> | <u>50,439</u> | | |
| PROFESSIONAL DEVELOPMENT FUND | | | | |
| Receipts | | | | |
| Transfers from other funds | \$ 42,000 | 23,947 | 35,000 | (11,053) |
| Expenditures | | | | |
| Instructional support staff | | | | |
| Salaries and benefits | 4,563 | 4,631 | 5,450 | (819) |
| Purchased services | 21,362 | 13,453 | 30,000 | (16,547) |
| Other | 6,936 | 3,110 | 1,000 | 2,110 |
| | <u>32,861</u> | <u>21,194</u> | <u>36,450</u> | <u>(15,256)</u> |
| Receipts over (under) expenditures | 9,139 | 2,753 | | |
| Unencumbered cash, beginning | 22,888 | 32,027 | | |
| Unencumbered cash, ending | <u>\$ 32,027</u> | <u>34,780</u> | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|------------------------------------|-----------------------|----------------|----------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| SPECIAL EDUCATION FUND | | | | |
| Receipts | | | | |
| Transfers from other funds | \$ 363,268 | 338,641 | 375,000 | (36,359) |
| Expenditures | | | | |
| Instruction | | | | |
| Payment to Special Education Coop | 258,028 | 275,182 | 275,000 | 182 |
| Student transportation | | | | |
| Salaries and benefits | 44,547 | 42,899 | 62,500 | (19,601) |
| Supplies and other | 21,895 | 16,376 | 62,500 | (46,124) |
| | <u>324,470</u> | <u>334,457</u> | <u>400,000</u> | <u>(65,543)</u> |
| Receipts over (under) expenditures | 38,798 | 4,184 | | |
| Unencumbered cash, beginning | <u>114,902</u> | <u>153,700</u> | | |
| Unencumbered cash, ending | <u>\$ 153,700</u> | <u>157,884</u> | | |
| VOCATIONAL EDUCATION FUND | | | | |
| Receipts | | | | |
| Transfers from other funds | \$ 85,723 | 61,638 | 125,000 | (63,362) |
| Expenditures | | | | |
| Instruction | | | | |
| Salaries and benefits | 67,265 | 76,375 | 73,000 | 3,375 |
| Supplies and other | 800 | 3,625 | 7,000 | (3,375) |
| | <u>68,065</u> | <u>80,000</u> | <u>80,000</u> | <u>-</u> |
| Receipts over (under) expenditures | 17,658 | (18,362) | | |
| Unencumbered cash, beginning | <u>12,729</u> | <u>30,387</u> | | |
| Unencumbered cash, ending | <u>\$ 30,387</u> | <u>12,025</u> | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|------------------------------------|-----------------------|---------------|----------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| GIFT FUND | | | | |
| Receipts | | | | |
| Donations | \$ 2,636 | 4,763 | | |
| Expenditures | | | | |
| Supplies and other | 1,000 | 3,210 | NOT APPLICABLE | |
| Receipts over (under) expenditures | 1,636 | 1,553 | | |
| Unencumbered cash, beginning | 7,010 | 8,646 | | |
| Unencumbered cash, ending | \$ 8,646 | 10,199 | | |
| KPERS RETIREMENT FUND | | | | |
| Receipts | | | | |
| State aid | \$ 99,491 | 172,897 | 189,033 | (16,136) |
| Expenditures | | | | |
| Employee benefits | 99,491 | 172,897 | 189,033 | (16,136) |
| Receipts over (under) expenditures | - | - | | |
| Unencumbered cash, beginning | - | - | | |
| Unencumbered cash, ending | \$ - | - | | |
| CONTINGENCY RESERVE FUND | | | | |
| Receipts | \$ - | - | | |
| Expenditures | - | - | NOT APPLICABLE | |
| Receipts over (under) expenditures | - | - | | |
| Unencumbered cash, beginning | 200,000 | 200,000 | | |
| Unencumbered cash, ending | \$ 200,000 | 200,000 | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|--|-----------------------|---------------|----------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| RECREATION COMMISSION | | | | |
| Receipts | | | | |
| Tax in process | \$ 795 | - | 113 | (113) |
| Current taxes | 14,452 | 16,402 | 14,659 | 1,743 |
| Delinquent taxes | 297 | 664 | 720 | (56) |
| Motor vehicle tax | 1,570 | 1,358 | 1,493 | (135) |
| | <u>17,114</u> | <u>18,424</u> | <u>16,985</u> | <u>1,439</u> |
| Expenditures | | | | |
| Appropriation to recreation commission | <u>10,240</u> | <u>19,485</u> | <u>21,000</u> | <u>(1,515)</u> |
| Receipts over (under) expenditures | 6,874 | (1,061) | | |
| Unencumbered cash, beginning | - | 6,874 | | |
| Unencumbered cash, ending | <u>\$ 6,874</u> | <u>5,813</u> | | |
| TEXTBOOK REVOLVING FUND | | | | |
| Receipts | | | | |
| Student fees | \$ 7,417 | 6,410 | | |
| Transfers from other funds | 16,621 | - | | |
| | 24,038 | 6,410 | | |
| Expenditures | <u>26,785</u> | <u>8,727</u> | | |
| Receipts over (under) expenditures | (2,747) | (2,317) | | |
| Unencumbered cash, beginning | 29,208 | 26,461 | | |
| Unencumbered cash, ending | <u>\$ 26,461</u> | <u>24,144</u> | | |
| | | | NOT APPLICABLE | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET*

Year ended June 30, 2012
(With comparable actual totals for the prior year ended June 30, 2011)

| | 2012 | | | | | | | 2011 Total | |
|------------------------------------|-----------|----------------------------------|---------------|---|-----------------|----------|-------------------|---------------|---------|
| | Title I | Title II A Teacher Quality | REAP Grant | Advanced Placement Learning Grant | Kan-Ed Grant | EETT | Charter School | | |
| Federal and state aid | \$ 62,635 | 13,519 | 19,159 | - | - | - | - | 95,313 | 151,020 |
| Expenditures | | | | | | | | | |
| Salaries and benefits | 62,635 | 13,519 | 19,159 | - | 2,468 | 12,750 | - | 110,531 | 108,511 |
| Supplies and other | - | - | - | - | - | - | - | - | 5,689 |
| Equipment | - | - | - | - | - | - | - | - | 11,262 |
| | 62,635 | 13,519 | 19,159 | - | 2,468 | 12,750 | - | 110,531 | 125,462 |
| Receipts over (under) expenditures | - | - | - | - | (2,468) | (12,750) | - | (15,218) | 25,558 |
| Unencumbered cash, beginning | 1 | - | 10,574 | (2,371) | 2,468 | 12,750 | 41 | 23,463 | (2,095) |
| Canceled encumbrances | - | - | - | - | - | - | - | - | - |
| Unencumbered cash, ending | \$ 1 | - | 10,574 | (2,371) | - | - | 41 | 8,245 | 23,463 |

FEDERAL GOVERNMENT PROGRAMS

Receipts

| | | | | | | | | | |
|------------------------------------|-----------|--------|--------|---------|---------|----------|----|----------|---------|
| Federal and state aid | \$ 62,635 | 13,519 | 19,159 | - | - | - | - | 95,313 | 151,020 |
| Expenditures | | | | | | | | | |
| Salaries and benefits | 62,635 | 13,519 | 19,159 | - | 2,468 | 12,750 | - | 110,531 | 108,511 |
| Supplies and other | - | - | - | - | - | - | - | - | 5,689 |
| Equipment | - | - | - | - | - | - | - | - | 11,262 |
| | 62,635 | 13,519 | 19,159 | - | 2,468 | 12,750 | - | 110,531 | 125,462 |
| Receipts over (under) expenditures | - | - | - | - | (2,468) | (12,750) | - | (15,218) | 25,558 |
| Unencumbered cash, beginning | 1 | - | 10,574 | (2,371) | 2,468 | 12,750 | 41 | 23,463 | (2,095) |
| Canceled encumbrances | - | - | - | - | - | - | - | - | - |
| Unencumbered cash, ending | \$ 1 | - | 10,574 | (2,371) | - | - | 41 | 8,245 | 23,463 |

*Legally adopted budget not applicable

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

Year ended June 30, 2012

(With comparable actual totals for the prior year ended June 30, 2011)

| | 2011 <u>Actual</u> | 2012 | | Variance Over (Under) |
|------------------------------------|-----------------------|----------------|----------------|-----------------------------|
| | | <u>Actual</u> | <u>Budget</u> | |
| BOND AND INTEREST FUND | | | | |
| Receipts | | | | |
| Taxes | | | | |
| Tax in process | \$ 5,039 | - | 644 | (644) |
| Current tax | 82,211 | 99,923 | 89,512 | 10,411 |
| Delinquent tax | 2,258 | 4,114 | 4,099 | 15 |
| Motor vehicle tax | 9,346 | 8,288 | 9,151 | (863) |
| State aid | 19,046 | 20,806 | 20,806 | - |
| | <u>117,900</u> | <u>133,131</u> | <u>124,212</u> | <u>8,919</u> |
| Expenditures | | | | |
| Principal | 100,000 | 100,000 | 100,000 | - |
| Interest | 19,038 | 15,587 | 15,588 | (1) |
| Other | - | - | 412 | (412) |
| | <u>119,038</u> | <u>115,587</u> | <u>116,000</u> | <u>(413)</u> |
| Receipts over (under) expenditures | (1,138) | 17,544 | | |
| Unencumbered cash, beginning | <u>111,161</u> | <u>110,023</u> | | |
| Unencumbered cash, ending | <u>\$ 110,023</u> | <u>127,567</u> | | |

See notes to financial statements

Unified School District No. 369

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES

Fiduciary Funds

Year ended June 30, 2012

| | Beginning Balance | Receipts | Disbursements | Ending Balance |
|--|----------------------|---------------|---------------|-------------------|
| SCHOOL ACTIVITY FUND | | | | |
| ACTIVITY GATE RECEIPTS | | | | |
| Athletics | \$ 9,285 | 27,862 | 28,739 | 8,408 |
| Shop activity | 3,182 | 200 | 674 | 2,708 |
| Drama | 924 | 3,050 | 2,371 | 1,603 |
| Totals to Statement 1 | <u>\$ 13,391</u> | <u>31,112</u> | <u>31,784</u> | <u>12,719</u> |
| SCHOOL PROJECTS | | | | |
| Playground equipment | \$ 505 | 2,391 | 2,057 | 839 |
| Flowers | 316 | 9 | 325 | - |
| Yearbook | 1,039 | 2,139 | 866 | 2,312 |
| Book fair | 290 | 1,871 | 1,876 | 285 |
| Concessions | 1,381 | 23,898 | 24,131 | 1,148 |
| Art fund | - | 912 | 201 | 711 |
| Other | (40) | 2,175 | 2,003 | 132 |
| Totals to Statement 1 | <u>\$ 3,491</u> | <u>33,395</u> | <u>31,459</u> | <u>5,427</u> |
| STUDENT ORGANIZATIONS | | | | |
| Band | \$ 2,157 | 2,763 | 2,890 | 2,030 |
| Class of 2014 | 510 | 430 | 280 | 660 |
| Class of 2015 | - | 156 | - | 156 |
| Class of 2012 | 1,750 | 5,275 | 7,025 | - |
| Class of 2013 | 416 | 3,048 | 2,691 | 773 |
| High school cheerleaders | 515 | 4,266 | 4,345 | 436 |
| Scholars Bowl | 10 | 371 | 381 | - |
| Kays | 757 | 2,249 | 2,274 | 732 |
| Stuco | 1,621 | 3,570 | 5,190 | 1 |
| FCCLA | 572 | 2,681 | 1,520 | 1,733 |
| Other | 142 | 1,314 | 1,299 | 157 |
| Total cash basis activity | 8,450 | 26,123 | 27,895 | 6,678 |
| Adjustments for encumbrances and payables | (8,450) | - | (1,772) | (6,678) |
| Totals to Statement 1 | <u>\$ -</u> | <u>26,123</u> | <u>26,123</u> | <u>-</u> |
| OTHER | | | | |
| SCHOLARSHIP FUND | <u>\$ 463</u> | <u>-</u> | <u>-</u> | <u>463</u> |
| Totals to Statement 1 | <u>\$ 463</u> | <u>-</u> | <u>-</u> | <u>463</u> |

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Unified School District No. 369, Burrton, Kansas, is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 369 (the primary government) as the only component unit.

The Burrton Recreation Commission which operates recreational programs within the District is a jointly governed organization. The District and the City of Burrton each appoint two members of the recreation commission board. Property taxes for the Burrton Recreation Commission are levied by the District.

Fund Descriptions

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

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

Governmental Funds

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

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

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

Fiduciary 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.

Statutory Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statutory Basis of Accounting (Continued)

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

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

The basis of accounting described above results in a financial statement presentation that 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 generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Activity Funds

Under provisions of K.S.A. 72-8208a, the Board of Education has adopted a resolution relating to the school activity fund which results in the activity funds being accounted for under policies and procedures of the Board. In these financial statements, all school activity funds of the District are classified as fiduciary funds.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. BUDGETARY INFORMATION

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

2. BUDGETARY INFORMATION (Continued)

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 budget of the general fund of a unified school district is based on estimated enrollment for the district. After the school year has begun, the enrollment for each district is audited by the Kansas Department of Education. This enrollment will determine the legal maximum budget for the district, and if this "legal max" budget is less than the adopted budget, the general fund budget of the district is automatically reduced to the computed amount. If this "legal max" budget is greater than the adopted budget, the District must amend the budget (see prior paragraph) to the "legal max" amount to have the additional budget authority. The District's general fund budget for the year ended June 30, 2012, was reduced to the "legal max" of \$2,105,826.

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. Encumbrances are commitments by the district for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

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

- Contingency reserve fund
- Textbook revolving fund
- Federal and state programs
- Activity fund accounts

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

3. DEPOSITS AND INVESTMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2012, the District’s investments included the following:

| <u>Investment type</u> | <u>Fair Value</u> | <u>Rating</u> |
|----------------------------------|---------------------|---------------|
| Bank time deposits | \$ 270,463 | N/A |
| Kansas municipal investment pool | <u>1,189,228</u> | S&P AAAf/SI+ |
| Total fair value | <u>\$ 1,459,691</u> | |

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

At June 30, 2012, the carrying amount of the District’s deposits was \$426,879. The bank balance totaled \$434,233. The balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$413,770 was covered by FDIC insurance and any balance over that amount 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.

At June 30, 2012, the District had invested \$1,189,228 in the State’s municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

3. DEPOSITS AND INVESTMENTS (Continued)

Composition of Cash and Investment Balances

| | | | |
|------------------------------------|--|----------------|---------------------|
| State Bank of Burrton | | | |
| Demand deposits | | | |
| District checking | | \$ 129,342 | |
| High school activity fund checking | | 24,824 | |
| Superintendent's petty cash | | 1,500 | |
| Principal's petty cash | | 750 | |
| | | <u>750</u> | 156,416 |
| Time deposits | | | |
| Memorial and scholarship accounts | | 463 | |
| Certificates of deposit | | 270,000 | |
| | | <u>270,000</u> | 270,463 |
| Total deposits with bank | | | <u>426,879</u> |
| Kansas Municipal Investment Pool | | | <u>1,189,228</u> |
| Total deposits | | | <u>\$ 1,616,107</u> |

4. LONG-TERM DEBT

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

| Issue | Interest Rates | Date of Issue | Amount of Issue | Maturity Date | Balance 6-30-11 | Additions | Deletions | Balance 6-30-12 | Interest Paid |
|---------------------------------|----------------|---------------|-----------------|---------------|-------------------|-----------|----------------|-----------------|---------------|
| General Obligation Bonds | | | | | | | | | |
| Refunding - Series 2003 | 2.00-4.20% | 10/1/2003 | \$ 1,020,000 | 9/1/2015 | \$ 450,000 | - | 100,000 | 350,000 | 15,587 |
| Capital Lease Obligation | | | | | | | | | |
| Vocational Bldg Imp | 4.50% | 7/7/2008 | 530,000 | 7/3/2016 | 353,112 | - | 69,889 | 283,223 | 15,699 |
| | | | | | <u>\$ 803,112</u> | <u>-</u> | <u>169,889</u> | <u>633,223</u> | <u>31,286</u> |

Current maturities of long-term debt and interest through maturity are as follows:

| | Year ended June 30 | | | | |
|--------------------------|--------------------|----------------|----------------|---------------|----------------|
| | 2013 | 2014 | 2015 | 2016 | Total |
| Principal | | | | | |
| General Obligation Bonds | \$ 105,000 | 110,000 | 110,000 | 25,000 | 350,000 |
| Capital Lease Obligaion | <u>67,657</u> | <u>70,751</u> | <u>74,001</u> | <u>70,814</u> | <u>283,223</u> |
| | <u>\$ 172,657</u> | <u>180,751</u> | <u>184,001</u> | <u>95,814</u> | <u>633,223</u> |
| Interest | | | | | |
| General Obligation Bonds | \$ 11,819 | 7,650 | 3,250 | 525 | 23,244 |
| Capital Lease Obligaion | <u>11,348</u> | <u>8,254</u> | <u>5,004</u> | <u>1,607</u> | <u>26,213</u> |
| Total | <u>\$ 23,167</u> | <u>15,904</u> | <u>8,254</u> | <u>2,132</u> | <u>49,457</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

5. PRIOR PERIOD ADJUSTMENT – STATE AID REVENUE RECOGNITION

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require, for budget purposes, that the District record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. For years ending prior to June 30, 2012, these July payments were recognized for financial statement reporting in the following year, when the cash payments were received. This policy was based on guidance from the Kansas Municipal Audit Guide (KMAG).

The proposed 2013 Kansas Municipal Audit and Accounting Guide (KMAAG) considers these payments received subsequent to year-end to be a “receipt in transit”, and therefore should be recognized as a cash receipt and state aid revenue in the fiscal year that matches the budget to which it applies. The District has implemented this change for the year ended June 30, 2012, as allowed by KMAG Technical Amendment 2011-1. Accordingly, beginning fund equity at July 1, 2010 and 2011; as well as state aid revenue in the General and Supplemental General funds for the year ended June 30, 2011, have been restated to reflect this change in accounting policy.

The following schedules summarize the changes to fund equity at July 1, 2010 and 2011:

| | <u>General</u> | <u>Supplemental General</u> |
|--|----------------|---------------------------------|
| Unencumbered Cash, July 1, 2010 | | |
| As originally reported | \$ (255,557) | (39,900) |
| July 2010 payment previously reported as revenue for the year ended June 30, 2011 | <u>255,557</u> | <u>40,531</u> |
| As restated | <u>\$ -</u> | <u>631</u> |
| Unencumbered Cash, July 1, 2011 | | |
| As originally reported | \$ (177,330) | 34,738 |
| July 2011 payment previously reported as revenue for the year ended June 30, 2012 | <u>177,330</u> | <u>12,724</u> |
| As restated | <u>\$ -</u> | <u>47,462</u> |

6. 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 S. Kansas, Topeka, KS 66603) or by calling 1-888-275-5737.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

6. DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

K.S.A. 74-4919 established the KPERS member-employee contribution rate at 4.0% to 6.0% of covered salary. 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. For the year ended June 30, 2012, Kansas contributed 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.

7. COMPENSATED ABSENCES

Vacation

Full-time staff who work all twelve months of the year earn annual vacations of one to four weeks depending upon position and length of employment. Teachers and other staff working for the District less than twelve months each contract year do not receive paid vacations. Unused vacation time has not been recorded as a liability in the accompanying financial statements.

Sick Leave and Personal Leave

Full-time certified and classified personnel earn ten days of sick leave per year cumulative to a maximum of seventy days. At the end of the contract period, a maximum of sixty days may be carried over to the subsequent year with the days in excess of sixty being paid at the rate of \$15 per day. Personnel leaving the District after five years of employment will receive \$15 per day for unused sick leave. Certified personnel are authorized two days of personal leave per year. Unused personal leave at the end of the contract period is paid at the current substitute teacher rate of pay. Unused sick leave and unused personal leave have not been recorded as a liability in the accompanying financial statements.

8. INTERFUND TRANSACTIONS

Operating transfers during the year ended June 30, 2012, were as follows:

| | Transfers to | | Transfers from | |
|--------------------------|--------------|--------------|----------------|--------------------------------|
| | | <u>Total</u> | <u>General</u> | Supplemental <u>General</u> |
| At risk (4 year old) | \$ | 65,000 | 5,000 | 60,000 |
| At risk (K-12) | | 259,096 | 15,000 | 244,096 |
| Capital outlay | | 100,000 | 100,000 | - |
| Food service | | 40,000 | - | 40,000 |
| Professional development | | 23,947 | 3,947 | 20,000 |
| Special education | | 338,641 | 329,641 | 9,000 |
| Vocational education | | 61,638 | 31,638 | 30,000 |
| | \$ | 888,322 | 485,226 | 403,096 |

Transfers from the general fund are authorized by KSA 72-6428 and transfers from the supplemental general fund are authorized by KSA 72-6433.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

9. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2012, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through November 8, 2012, which is the date at which the financial statements were available to be issued.