

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

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

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA
A Professional Association
Certified Public Accountants

UNIFIED SCHOOL DISTRICT NO. 372

Silver Lake, Kansas

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1-2
Statement 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2	
Summary of Expenditures - Actual and Budget	4
Statement 3	
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	5
Supplemental General Fund	6
Vocational Education Fund	7
Special Education Fund	8
Driver Training Fund	9
Food Service Fund	10
Capital Outlay Fund	11
Professional Development Fund	12
KPERs Contribution Fund	13
At-Risk - K-12 Fund	14
At-Risk – 4 Year Old	15
Bond and Interest	16
Statement of Cash Receipts and Expenditures - Any Nonbudgeted Funds	17-19
Statement 4	
Statement of Cash Receipts and Cash Disbursements - Agency Funds	20
Statement 5	
Statement of Cash Receipts, Expenditures and Unencumbered Cash - District Activity Funds	21
Notes to Financial Statements	22-33
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	34-35

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Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Unified School District No. 372, Silver Lake, Kansas, as of and for the year ended June 30 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

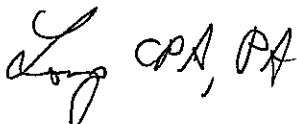
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those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

As described more fully in Note 1, Unified School District No. 372 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 372 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 372, as of June 30, 2012, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2012, on our consideration of Unified School District No. 372's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Long CPA, PA". The signature is stylized, with the first name "Long" being more prominent and the "CPA, PA" part written in a smaller, more compact script.

Long CPA, PA
A Professional Association
Certified Public Accountant

September 1, 2012

USD #372 SILVER LAKE, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General	\$ (359,052)	\$ 0	\$ 4,607,173	\$ 4,614,020	\$ (365,899)	\$ 30,880	\$ (335,019)
Supplemental General	15,692	0	1,670,152	1,616,374	69,470	26,738	96,208
Special Revenue Funds							
Vocational Education	51,828	15	201,708	173,630	79,921		79,921
Special Education	504,185	0	957,721	802,662	659,244	1,867	661,111
Driver Education	30,964	0	10,651	11,483	30,132		30,132
Food Service	50,037	0	317,069	297,365	69,841		69,841
Capital Outlay	848,108	0	225,573	137,543	936,138	29,495	965,633
Professional Development	22,683	0	36,772	14,759	44,696		44,696
KPERS Special Contribution	0	0	479,500	479,500	0		0
At Risk (K-12)	30,000	0	213,353	183,353	60,000		60,000
At Risk (4 year old)	20,319	0	20,000	16,573	23,746		23,746
District Activity Funds	60,456	0	206,762	191,839	75,379		75,379
Textbook Rental Fund	16,276	0	51,516	37,904	29,888	155	30,043
Contingency Reserve Fund	484,000	0	0	0	484,000		484,000
Title I	0	0	45,670	45,670	0		0
Title IV	750	0	0	0	750		750
Carl Perkins	739	0	2,689	1,106	2,322		2,322
Title IIA	0	0	8,839	8,839	0		0
Title VIB	0	0	144,504	144,504	0		0
Early Childhood Fto thru	0	0	7,216	7,216	0		0
Debt Service Funds							
Bond and Interest	288,048	0	677,602	586,940	378,710		378,710
Capital Projects	341,129	0	248	337,003	4,374	6,103	10,477
Total Reporting Entity	\$ 2,406,162	\$ 15	\$ 9,884,718	\$ 9,708,183	\$ 2,582,712	\$ 95,238	\$ 2,677,950

Composition of Cash		
Checking Accounts	\$	(348,626)
Petty Cash		4,500
Savings Accounts		3,250,537
Total Cash		<u>2,906,411</u>
Agency Funds per Statement 4		<u>228,461</u>
Total Reporting Entity	\$	2,677,950

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

USD #372 SILVER LAKE, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Governmental Type Funds</u>						
General Funds						
General	\$ 4,714,416	\$ (118,782)	\$ 18,386	\$ 4,614,020	\$ 4,614,020	\$ 0
Supplemental General	1,600,681	(15,693)	0	1,616,374	1,616,374	0
Special Revenue Funds						
Vocational Education	242,283	0	0	242,283	173,630	68,653
Special Education	1,352,792	0	0	1,352,792	802,662	550,130
Driver Training	10,293	0	0	10,293	11,483	(1,190)
Food Service	322,138	0	0	322,138	297,265	24,873
Capital Outlay	448,524	0	0	448,524	137,543	310,981
Professional Development	32,023	0	0	32,023	14,759	17,264
KPERS Special Contribution	537,088	0	0	537,088	479,500	57,588
At-Risk Fund (K-12)	176,839	0	0	176,839	183,353	(6,514)
At-Risk Fund (4year old)	37,356	0	0	37,356	16,573	20,783
Debt Service Funds						
Bond and Interest	755,240	0	0	755,240	586,940	168,300

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

USD #372 SILVER LAKE, KS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 519,063	\$ 483,944	\$ 35,119
Delinquent tax	5,632	7,788	(2,156)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	2,250	0	2,250
State aid/grants	4,061,842	4,222,045	(160,203)
Charges for services			0
Interest income			0
Miscellaneous revenues	18,386		18,386
Operating transfers			0
Total Cash Receipts	<u>4,607,173</u>	<u>4,713,777</u>	<u>(106,604)</u>
EXPENDITURES			
Instruction	2,655,299	2,528,666	(126,633)
Student support services	108,112	89,681	(18,431)
Instruction support staff	155,106	183,245	28,139
General administration	266,247	405,417	139,170
School administration	268,191	278,329	10,138
Operations and maintenance	336,516	346,594	10,078
Student transportation services	128,546	165,290	36,744
Central support services			0
Other support services	0	0	0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	696,003	717,194	21,191
Adjustment to comply with legal max		(118,782)	(118,782)
Adjustment for qualifying budget credits		18,386	18,386
Total Expenditures	<u>4,614,020</u>	<u>\$ 4,614,020</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(6,847)		
Unencumbered Cash, Beginning	(359,052)		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (365,899)</u>		

See Note 11 (Cash Basis Exception)

See Note 12 (Statutory Presentation)

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

USD #372 SILVER LAKE, KS
SUPPLEMENTAL GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 708,976	\$ 721,751	(12,775)
Delinquent tax	7,191	9,461	(2,270)
Motor vehicle tax	91,933	100,705	(8,772)
RV tax	1,621	1,891	(270)
Mineral production tax			0
Federal grants	0	0	0
State aid/grants	860,431	832,547	27,884
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
 Total Cash Receipts	 <u>1,670,152</u>	 <u>1,666,355</u>	 <u>3,797</u>
 EXPENDITURES			
Instruction	89,292	223,754	134,462
Student support services	2,809	6,455	3,646
Instruction support staff	59,450	47,793	(11,657)
General administration	74,023	56,191	(17,832)
School administration	4,938	53,943	49,005
Operations and maintenance	419,294	519,454	100,160
Student transportation services	143,562	115,423	(28,139)
Central support services			0
Other support services	10,800	12,110	1,310
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	812,206	596,944	(215,262)
Adjustment to comply with legal max		(15,693)	(15,693)
Adjustment for qualifying budget credits			0
 Total Expenditures	 <u>1,616,374</u>	 <u>\$ 1,616,374</u>	 <u>\$ 0</u>
 Receipts Over (Under) Expenditures	 53,778		
Unencumbered Cash, Beginning	15,692		
Prior Year Cancelled Encumbrances	<u>0</u>		

Unencumbered Cash, Ending \$ 69,470

See Note 11 (Cash Basis Exception)

See Note 12 (Statutory Presentaion)

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

USD #372 SILVER LAKE, KS
 VOCATIONAL EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		1,832	(1,832)
Operating transfers	<u>201,708</u>	<u>242,924</u>	<u>(41,216)</u>
Total Cash Receipts	<u>201,708</u>	<u>244,756</u>	<u>(43,048)</u>
EXPENDITURES			
Instruction	173,630	242,283	68,653
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>173,630</u>	<u>\$ 242,283</u>	<u>\$ 68,653</u>
Receipts Over (Under) Expenditures	28,078		
Unencumbered Cash, Beginning	51,828		
Prior Year Cancelled Encumbrances	<u>15</u>		
Unencumbered Cash, Ending	<u>\$ 79,921</u>		

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

USD #372 SILVER LAKE, KS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	26,951	19,724	7,227
Operating transfers	<u>930,770</u>	<u>828,882</u>	<u>101,888</u>
Total Cash Receipts	<u>957,721</u>	<u>848,606</u>	<u>109,115</u>
EXPENDITURES			
Instruction	590,400	1,099,456	509,056
Student support services	168,405	207,980	39,575
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	1,814	142	(1,672)
Student transportation services	42,043	45,214	3,171
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>802,662</u>	<u>\$ 1,352,792</u>	<u>\$ 550,130</u>
Receipts Over (Under) Expenditures	155,059		
Unencumbered Cash, Beginning	504,185		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>659,244</u>		

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

USD #372 SILVER LAKE, KS
 DRIVER TRAINING FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	4,888	4,070	818
Charges for services	5,763	6,375	(612)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>10,651</u>	<u>10,445</u>	<u>206</u>
EXPENDITURES			
Instruction	11,483	10,018	(1,465)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance		275	275
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>11,483</u>	<u>\$ 10,293</u>	<u>\$ (1,190)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(832)		
Unencumbered Cash, Beginning	30,964		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>30,132</u>		

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

USD #372 SILVER LAKE, KS
 FOOD SERVICE FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	86,907	86,542	365
State aid/grants	3,651	3,055	596
Charges for services	206,511	172,430	34,081
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>20,000</u>	<u>12,000</u>	<u>8,000</u>
Total Cash Receipts	<u>317,069</u>	<u>274,027</u>	<u>43,042</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	24,524	13,563	(10,961)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	272,741	308,575	35,834
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>297,265</u>	<u>\$ 322,138</u>	<u>\$ 24,873</u>
Receipts Over (Under) Expenditures	19,804		
Unencumbered Cash, Beginning	50,037		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 69,841</u>		

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

USD #372 SILVER LAKE, KS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 71,884	\$ 66,718	\$ 5,166
Delinquent tax	1,015	1,078	(63)
Motor vehicle tax	13,659	14,581	(922)
RV tax	244	274	(30)
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services		20,000	(20,000)
Interest income	1,583		1,583
Miscellaneous revenues	58,752	80,701	(21,949)
Operating transfers	78,436	46,028	32,408
Total Cash Receipts	<u>225,573</u>	<u>229,380</u>	<u>(3,807)</u>
EXPENDITURES			
Instruction	44,816	335,760	290,944
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	30,830	6,999	(23,831)
Student transportation services		11,802	11,802
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	61,897	93,963	32,066
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>137,543</u>	<u>\$ 448,524</u>	<u>\$ 310,981</u>
Receipts Over (Under) Expenditures	88,030		
Unencumbered Cash, Beginning	848,108		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 936,138</u>		

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

USD #372 SILVER LAKE, KS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	4,801		4,801
Operating transfers	<u>31,971</u>	<u>10,000</u>	<u>21,971</u>
Total Cash Receipts	<u>36,772</u>	<u>10,000</u>	<u>26,772</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	14,759	32,023	17,264
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>14,759</u>	<u>\$ 32,023</u>	<u>\$ 17,264</u>
Receipts Over (Under) Expenditures	22,013		
Unencumbered Cash, Beginning	22,683		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>44,696</u>		

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

USD #372 SILVER LAKE, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	479,500	537,088	(57,588)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>479,500</u>	<u>537,088</u>	<u>(57,588)</u>
Total Cash Receipts	<u>479,500</u>	<u>537,088</u>	<u>(57,588)</u>
EXPENDITURES			
Instruction	306,880	397,473	90,593
Student support services	52,745	62,476	9,731
Instruction support staff	14,385	9,257	(5,128)
General administration	19,180	12,342	(6,838)
School administration	23,975	15,428	(8,547)
Operations and maintenance	19,180	12,342	(6,838)
Student transportation services	9,590	6,171	(3,419)
Central support services			0
Other support services	23,975	15,428	(8,547)
Food service operations	9,590	6,171	(3,419)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>479,500</u>	<u>\$ 537,088</u>	<u>\$ 57,588</u>
Total Expenditures	<u>479,500</u>	<u>\$ 537,088</u>	<u>\$ 57,588</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #372 SILVER LAKE, KS
 AT RISK FUND (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		40,000	(40,000)
Operating transfers	<u>213,353</u>	<u>111,096</u>	<u>102,257</u>
Total Cash Receipts	<u>213,353</u>	<u>151,096</u>	<u>62,257</u>
EXPENDITURES			
Instruction	183,353	176,839	(6,514)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>183,353</u>	<u>\$ 176,839</u>	<u>\$ (6,514)</u>
Receipts Over (Under) Expenditures	30,000		
Unencumbered Cash, Beginning	30,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>60,000</u>		

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

USD #372 SILVER LAKE, KS
 AT RISK FUND (4 Year Old)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>20,000</u>	<u>30,000</u>	<u>(10,000)</u>
Total Cash Receipts	<u>20,000</u>	<u>30,000</u>	<u>(10,000)</u>
EXPENDITURES			
Instruction	16,573	37,356	20,783
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>16,573</u>	<u>\$ 37,356</u>	<u>\$ 20,783</u>
Receipts Over (Under) Expenditures	3,427		
Unencumbered Cash, Beginning	20,319		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>23,746</u>		

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

USD #372 SILVER LAKE, KS
BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 301,991	\$ 280,850	\$ 21,141
Delinquent tax	3,109	4,534	(1,425)
Motor vehicle tax	40,929	45,198	(4,269)
RV tax	719	849	(130)
Federal grants			0
State aid/grants	330,854	259,076	0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers		165,000	(165,000)
	<u>677,602</u>	<u>755,507</u>	<u>(149,683)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	586,940	755,240	168,300
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>586,940</u>	<u>755,240</u>	<u>168,300</u>
Total Expenditures			
Receipts Over (Under) Expenditures	90,662		
Unencumbered Cash, Beginning	288,048		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 378,710</u>		

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

USD #372 SILVER LAKE, KS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			45,670
State aid/grants			
Charges for services	39,335		
Interest income			
Miscellaneous revenues	210		
Operating transfers	<u>11,971</u>		
 Total Cash Receipts	 <u>51,516</u>	 <u>0</u>	 <u>45,670</u>
EXPENDITURES			
Instruction	37,804		45,670
Student support services			
Instruction support staff	100		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
 Total Expenditures	 <u>37,904</u>	 <u>0</u>	 <u>45,670</u>
 Receipts Over (Under) Expenditures	 13,612	 0	 0
Unencumbered Cash, Beginning	16,276	484,000	0
Prior Year Cancelled Encumbrances		<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	 \$ <u>29,888</u>	 \$ <u>484,000</u>	 \$ <u>0</u>

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

USD #372 SILVER LAKE, KS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Drug Free Title IV</u>	<u>Carl Perkins</u>	<u>Title IIA</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			8,839
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues		2,689	
Operating transfers			
	<u>0</u>	<u>2,689</u>	<u>8,839</u>
EXPENDITURES			
Instruction		1,106	8,839
Student support services			
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>0</u>	<u>1,106</u>	<u>8,839</u>
Receipts Over (Under) Expenditures			
	0	1,583	0
Unencumbered Cash, Beginning	750	739	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending			
	\$ <u><u>750</u></u>	\$ <u><u>2,322</u></u>	\$ <u><u>0</u></u>

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

USD #372 SILVER LAKE, KS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Title VIB</u>	<u>Early Childhood Flo-Thru</u>
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	144,504	7,216
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u> </u>	<u> </u>
Total Cash Receipts	<u>144,504</u>	<u>7,216</u>
EXPENDITURES		
Instruction	144,504	
Student support services		7,216
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u> </u>	<u> </u>
Total Expenditures	<u>144,504</u>	<u>7,216</u>
 Receipts Over (Under) Expenditures	 0	 0
Unencumbered Cash, Beginning	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	 \$ <u> 0</u>	 \$ <u> 0</u>

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

USD #372 SILVER LAKE, KS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 For the Year Ended June 30, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll liabilities	\$ 191,391	\$	\$ 2,972	\$ 188,419
High School				
AFS	734	288	318	704
Drama	1,898	5,254	4,697	2,455
Student Council	1,931	1,372	2,643	660
FCCLA	125	90	95	120
FFA	274	13,330	10,938	2,666
JR. High student council	1,469	547	589	1,427
Class of 2010	226		226	0
Class of 2011	950	1	239	712
Class of 2012	3,134	7,026	9,295	865
Class of 2013	874	8,647	8,696	825
Class of 2014	2,951	900	560	3,291
Class of 2015	0	1,515	280	1,235
Kansas Beef Council	80			80
Art Club	653	1,234	1,158	729
National honor society	50	156	53	153
National forensics league	3,551	36,615	33,930	6,236
Band	9,900	9,711	15,409	4,202
Vocal	16	9,480	8,445	1,051
Scholars' bowl	1,375	600	709	1,266
Spanish club	223	0	0	223
Varsity cheerleaders	1,012	15,959	12,296	4,675
JR. High pep club	68		68	0
JR. High locker deposit	0	215	10	205
Pommers	1,235	11,045	10,478	1,802
JR. High cheerleaders	3,392	9,660	8,592	4,460
Total	\$ 227,512	\$ 133,645	\$ 132,696	\$ 228,461

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

USD #373 SILVER LAKE, KS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash and Balance
Gate Receipts	\$ 10,372	\$ 0	\$ 4	\$ 6,804	\$ 3,572	\$ 0	\$ 3,572
High school athletics	0		14,372	14,372	0		-
Basketball	0		32,105	28,545	3,560		3,560
Baseball	0		3,348	3,230	118		118
Softball	22		4,291	4,288	25		25
Volleyball	470		23,477	23,902	45		45
Football	33		3,954	3,986	1		1
Track	91		686	777	0		-
Cross-country	2,758		4,881	7,417	222		222
Wrestling	491		3,991	4,481	1		1
Golf	2,033		13,560	11,532	4,061		4,061
JR. High athletics							
Subtotal Gate Receipts	16,270	0	104,669	109,334	11,605	0	11,605
School Projects							
Grade school							
Courtesy	7,385		5,451	2,783	10,053		10,053
Library	2,045		5		2,050		2,050
Students at-risk	7,025		3,180	3,067	7,138		7,138
Art/Band	1,012				1,012		1,012
Art store	722		4,061	4,086	697		697
ICF	688		385	786	287		287
Kind Fund	0		175		175		175
High School							
Flower fund	0		2,952	2,949	3		3
Student activity	2,366		11,648	10,111	3,903		3,903
After prom	0				0		-
Monthly interest	28		14		42		42
Library supplies	0		262	174	88		88
Yearbook	7,733		16,674	15,818	8,589		8,589
JH Yearbook	0		4,702	3,732	970		970
Journalism	11,870		8		11,878		11,878
A.M. Café	235		1,682	1,917	0		-
HS JH Play	2,198		3,222	3,232	2,188		2,188
Equipment & supplies	729		250	384	595		595
CD	0		15,306	1,200	14,106		14,106
Fall concessions	150		15,288	15,438	0		-
Winter concessions	0		16,828	16,828	0		-
Subtotal School Projects	44,186	0	102,093	82,505	63,774	0	63,774
Total District Activity Funds	\$ 60,456	\$ 0	\$ 206,762	\$ 191,839	\$ 75,379	\$ 0	\$ 75,379

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.372 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.372 (b) organizations for which USD No. 372 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.372 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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

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

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

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

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

Fiduciary Funds

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Statutory Basis of Accounting

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

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

Departure from Generally Accepted Accounting Principles (GAAP)

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 18,386 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

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

Budgetary Information

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

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

Carl Perkins	Title IIA Fund
Title IV Fund	Early Childhood Flo-Thru
Contingency Reserve Fund	District Activity Funds
Title I Fund	Title VI B Fund
Textbook Rental Fund	

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.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Expenses

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

Use of Estimates

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

NOTE 2 – Deposits and Investments

Deposits

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

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

Concentration of Credit Risk

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

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk – Deposits

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

At June 30, 2012, the government's carrying amount of deposits was \$ 2,677,950 and the bank balance was \$ 3,455,300. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 372 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (continued)

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

NOTE 4 – Risk Management

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

NOTE 5 – Compliance with Kansas Statutes

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

NOTE 6 – Compensated Absences

Classified employees and administrators receive one day of sick leave for each full month of contracted employment. They may accumulate an amount of days equal to annual contracted full months multiplied by five. Once a classified employee or administrator has accumulated the maximum number of sick leave days, the employee will be paid at a rate of 56% of his hourly pay for the unused days in June or July of each contract year. Teachers have the option of receiving payment for unused sick leave (maximum of ten days) or transferring one or more days to a special sick leave account.

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Textbook Rental Fund	K.S.A. 72-6428	\$ 11,971
General Fund	Capital Outlay Fund	K.S.A. 72-6428	\$ 78,436
General Fund	Professional Development	K.S.A. 72-6428	\$ 31,971
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 531,770
General Fund	Vocational Education Fund	K.S.A. 72-6428	\$ 42,855
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	\$ 400,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	\$ 158,853
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	\$ 20,000
Supplemental General Fund	At Risk (K-12)	K.S.A. 72-6425	\$ 213,353
Supplemental General Fund	At Risk (4 yr old)	K.S.A. 72-6425	\$ 20,000

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree will still receive a portion paid by the district towards their premium therefore they will pay the difference in amounts, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium until the age of 65. However, the cost of this subsidy has not been quantified in these statements.

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

NOTE 9 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate

UNIFIED SCHOOL DISTRICT NO. 372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Subsequent Events

Subsequent events for management's review have been evaluated through September 1, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

NOTE 11 – Cash Basis Exception

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

NOTE 12 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

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

Note 12

USD #372 SILVER LAKE, KS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 519,063	\$ 483,944	\$ 35,119
Delinquent tax	5,632	7,788	(2,156)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	2,250		2,250
State aid/grants	4,066,933	4,222,045	(155,112)
Charges for services			0
Interest income			0
Miscellaneous revenues	18,386		18,386
Operating transfers			0
Total Cash Receipts	<u>4,612,264</u>	<u>4,713,777</u>	<u>(101,513)</u>
EXPENDITURES			
Instruction	2,655,299	2,528,666	(126,633)
Student support services	108,112	89,681	(18,431)
Instruction support staff	155,106	183,245	28,139
General administration	266,247	405,417	139,170
School administration	268,191	278,329	10,138
Operations and maintenance	336,516	346,594	10,078
Student transportation services	128,546	165,290	36,744
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	696,003	717,194	21,191
Adjustment to comply with legal max		(118,782)	(118,782)
Adjustment for qualifying budget credits		18,386	18,386
Total Expenditures	<u>4,614,020</u>	<u>\$ 4,614,020</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(1,756)		
Unencumbered Cash, Beginning	1,756		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 0</u>		

Note 12

USD #372 SILVER LAKE, KS
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 708,976	\$ 721,751	\$ (12,775)
Delinquent tax	7,191	9,461	(2,270)
Motor vehicle tax	91,933	100,705	(8,772)
RV tax	1,621	1,891	(270)
Mineral production tax			0
Federal grants			0
State aid/grants	855,337	832,547	22,790
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>1,665,058</u>	<u>1,666,355</u>	<u>(1,297)</u>
EXPENDITURES			
Instruction	89,292	223,754	134,462
Student support services	2,809	6,455	3,646
Instruction support staff	59,450	47,793	(11,657)
General administration	74,023	56,191	(17,832)
School administration	4,938	53,943	49,005
Operations and maintenance	419,294	519,454	100,160
Student transportation services	143,562	115,423	(28,139)
Central support services			0
Other support services	10,800	12,110	1,310
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	812,206	596,944	(215,262)
Adjustment to comply with legal max		(15,693)	(15,693)
Adjustment for qualifying budget credits			0
	<u>1,616,374</u>	<u>\$ 1,616,374</u>	<u>\$ 0</u>
Total Expenditures			
	<u>1,616,374</u>	<u>\$ 1,616,374</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	48,684		
Unencumbered Cash, Beginning	69,968		
Prior Year Cancelled Encumbrances			
	<u>118,652</u>		
Unencumbered Cash, Ending	<u>\$ 118,652</u>		

UNIFIED SCHOOL DISTRICT NO.372
Silver Lake, Kansas

NOTES TO FINANCIAL STATEMENTS

Note 13 - Long Term Debt

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2007	4.10-6.25%	6/1/07	\$ 7,900,000	10/1/27	\$ 7,900,000	\$	\$	\$ 0	\$ 7,900,000	\$ 349,040
Series 2005	3.50-4.00%	8/22/05	1,410,000	10/1/12	395,000		230,000	(230,000)	165,000	11,200
Lenses										
Excel Energy	4.70%	4/1/11	157,750	4/1/21	0	157,750	12,686	145,064	145,064	7,267
High School Retrofit	2.78%	4/3/01	1,580,000	3/1/21	1,028,116		86,035	(86,035)	942,081	28,469
Total Long Term Debt					\$ 9,323,116	\$ 157,750	\$ 328,721	\$ (170,971)	\$ 9,152,145	\$ 395,976

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

	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2030	Total
Principal									
General Obligation Bonds	\$ 220,000	\$ 245,000	\$ 275,000	\$ 310,000	\$ 345,000	\$ 2,315,000	\$ 3,485,000	\$ 870,000	\$ 8,065,000
Special Assessment Bonds									0
Certificates of Participation									0
Capital Lenses	106,782	110,032	113,384	116,843	120,412	519,692			1,087,145
Revenue Bonds									0
KDHE Loans									0
Temporary Notes									0
Total Principal	326,782	355,032	388,384	426,843	465,412	2,834,692	3,485,000	870,000	9,152,145
Interest									
General Obligation Bonds	350,621	337,946	321,696	303,415	286,397	1,173,086	570,885	18,270	3,362,316
Special Assessment Bonds									0
Certificates of Participation									0
Capital Lenses	32,209	28,959	25,606	22,147	18,578	36,274			163,773
Revenue Bonds									0
KDHE Loans									0
Temporary Notes									0
Total Interest	382,830	366,905	347,302	335,562	304,975	1,209,360	570,885	18,270	3,526,089
Total Principal and Interest	\$ 709,612	\$ 721,937	\$ 735,686	\$ 762,405	\$ 770,387	\$ 4,044,052	\$ 4,055,885	\$ 888,270	\$ 12,678,234

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Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

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

We have audited the financial statements of Unified School District No. 372, Silver Lake, Kansas as of and for the year ended June 30, 2012, and have issued our report thereon dated September 1, 2012. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 372's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 372's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material

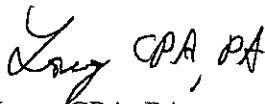
Board of Education
Unified School District No. 372
Silver Lake, Kansas 66539

weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 372's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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



Long CPA, PA
A Professional Association
Certified Public Accountant

September 1, 2012