

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376

STERLING, KANSAS

JUNE 30, 2012

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

TABLE OF CONTENTS
June 30, 2012

INDEPENDENT AUDITORS' REPORT.....	1-2
FINANCIAL STATEMENTS	
STATEMENT 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis.....	3-4
STATEMENT 2	
Summary of Expenditures - Regulatory Basis (Actual and Budget).....	5
STATEMENT 3	
Statement of Cash Receipts and Expenditures - Regulatory Basis (Actual and Budget)	
General Fund.....	6-9
Supplemental General Fund.....	10-11
Capital Outlay Fund.....	12
Driver Training Fund.....	13
Food Service Fund.....	14
Professional Development Fund.....	15
Special Education Fund.....	16
Vocational Education Fund.....	17
Recreation Commission Fund.....	18
Federal Funds.....	19
KPERs Special Retirement Contribution Fund.....	20
At Risk Fund (4 Year Old).....	21
At Risk Fund (K-12).....	22
Bond and Interest Fund.....	23
Statement of Cash Receipts and Expenditures - Regulatory Basis	
Nonbudgeted Funds.....	24
Capital Projects Nonbudgeted Funds.....	25
STATEMENT 4	
Statement of Cash Receipts and Disbursements - Regulatory Basis	
Agency Funds.....	26
STATEMENT 5	
Statement of Cash Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis	
District Activity Funds.....	27
STATEMENT 6	
Statement of Cash Receipts and Expenditures - Regulatory Basis	
Rice County Unified School District No. 376 Recreation Commission - Component Unit.....	28
NOTES TO THE FINANCIAL STATEMENTS.....	29-36
GOVERNMENT AUDIT REPORT REQUIREMENTS	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	37-38
SINGLE AUDIT SECTION	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS (THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON) EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	39-40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	41
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	42
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	43-44
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	45

INDEPENDENT AUDITORS' REPORT

Edward C. Michel, CPA

Michael E. Evans, CPA

Roger W. Field, CPA

Gregory D. Daughettee, CPA

Clark R. Cowl, CPA

Todd V. Pflughoeft, CPA

Robert D. Schraeder, CPA

Steven R. Stoecklein, CPA

Kenneth D. Hamby, CPA

John W. Denney, CPA

Michael R. Meisenheimer, CPA

Nick L. Muetting, CPA

Board of Education
Rice County Unified School District No. 376
Sterling, Kansas

We have audited the accompanying financial statements of Rice County Unified School District No. 376 (the District), Sterling, 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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 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 the District, as of June 30, 2012, the changes in its financial position, or where applicable, its cash flows for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District, as of June 30, 2012, and its cash receipts, expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, Audits of States, Local governments, and Non-Profit Organizations, and is not a required part of the financial statements of the District. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in note 1.

A handwritten signature in cursive script, reading "Lindburg Vogel Pierce Laris".

Certified Public Accountants

Hutchinson, Kansas
December 4, 2012

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 1
Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General	\$ -	\$ -	\$ 4,160,011	\$ 4,160,011	\$ -	\$ 393,773	\$ 393,773
Supplemental general	6,817	-	1,233,728	1,211,759	28,786	20,957	49,743
Special revenue funds							
Capital outlay	160,589	-	57,066	-	217,655	-	217,655
Driver training	11,574	-	7,254	9,625	9,203	30,631	39,834
Food service	35,012	-	313,161	303,173	45,000	4,429	49,429
Professional development	2,499	-	9,299	11,798	-	21,310	21,310
Special education	190,977	-	843,154	829,827	204,304	3,652	207,956
Vocational education	-	-	250,396	250,396	-	36,766	36,766
Recreation Commission	-	-	76,583	76,583	-	-	-
Federal	699	-	96,243	96,942	-	4,061	4,061
KPERS special retirement contribution	-	-	351,208	351,208	-	-	-
At risk (4 year old)	-	-	210	210	-	-	-
At risk (K-12)	-	-	204,215	204,215	-	-	-
Contingency reserve	42,498	-	-	-	42,498	1,606	44,104
Memorial scholarship	166,916	-	9,077	8,479	167,514	-	167,514
Uniform replacement	32,532	-	6,260	-	38,792	-	38,792
Other grants	2,934	-	12,759	13,871	1,822	-	1,822
Textbook rental	10,276	-	10,463	12,196	8,543	-	8,543
District activity (statement 5)	6,549	-	64,443	64,291	6,701	-	6,701
Debt service							
Bond and interest	360,599	-	1,046,460	1,060,651	346,408	-	346,408
Capital projects	3,988,622	-	380,577	3,939,198	430,001	-	430,001
TOTAL PRIMARY GOVERNMENT	5,019,093	-	9,132,567	12,604,433	1,547,227	517,185	2,064,412
COMPONENT UNIT							
Recreation Commission	68,036	-	141,130	136,284	72,882	4,252	77,134
TOTAL REPORTING ENTITY (excluding agency funds)	\$ 5,087,129	\$ -	\$ 9,273,697	\$ 12,740,717	\$ 1,620,109	\$ 521,437	\$ 2,141,546

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 1
Page 2 of 2

COMPOSITION OF CASH

Checking accounts	
First Bank, Sterling, Kansas	\$ 40,483
Alden State Bank, Alden, Kansas	6,810
Money market and savings accounts	
First Bank, Sterling, Kansas	1,717,965
Alden State Bank, Alden, Kansas	186,987
Certificates of deposit - First Bank, Sterling, Kansas	
First Bank, Sterling, Kansas	145,931
Total component unit	<u>77,134</u>
 TOTAL CASH	 2,175,310
AGENCY FUNDS PER STATEMENT 4	<u>(33,764)</u>
 TOTAL REPORTING ENTITY (excluding agency funds)	 <u>\$ 2,141,546</u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
(BUDGETED FUNDS ONLY)
For the Fiscal Year Ended June 30, 2012

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Statement 2 Variance Over (Under)
General	\$ 4,143,636	\$ (50,268)	\$ 66,643	\$ 4,160,011	\$ 4,160,011	\$ -
Supplemental general	1,211,600	-	160	1,211,760	1,211,759	(1)
Special revenue funds						
Capital outlay	180,000	-	-	180,000	-	(180,000)
Driver training	7,700	-	3,776	11,476	9,625	(1,851)
Food service	335,800	-	-	335,800	303,173	(32,627)
Professional development	11,900	-	-	11,900	11,798	(102)
Special education	850,000	-	-	850,000	829,827	(20,173)
Vocational education	233,550	16,846	-	250,396	250,396	-
Recreation Commission	77,000	-	-	77,000	76,583	(417)
Federal	118,008	-	-	118,008	96,942	(21,066)
KPERS special retirement contribution	378,704	-	-	378,704	351,208	(27,496)
At risk (4 year old)	13,000	-	-	13,000	210	(12,790)
At risk (K-12)	200,000	-	-	200,000	204,215	4,215
Debt service						
Bond and interest	1,060,650	-	-	1,060,650	1,060,651	1

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 1 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Current tax	\$ 390,798	\$ 401,654	\$ (10,856)
Delinquent tax	9,969	3,440	6,529
In lieu tax	968	-	968
Tax in process	12,646	-	12,646
General state aid	3,049,980	3,081,866	(31,886)
General state special education aid	627,129	656,676	(29,547)
Federal aid	1,878	-	1,878
Miscellaneous	66,643	-	66,643
TOTAL CASH RECEIPTS	<u>4,160,011</u>	<u>\$ 4,143,636</u>	<u>\$ 16,375</u>
EXPENDITURES			
Instruction			
Salaries			
ARRA wages and salaries	-	\$ -	\$ -
ELL salary	-	-	-
Certified	1,544,625	1,553,900	(9,275)
Noncertified	49,908	48,050	1,858
Employee benefits			
ARRA wages and salaries	-	-	-
Insurance	144,750	149,700	(4,950)
Social Security	111,464	112,235	(771)
Other	37,287	40,200	(2,913)
Other purchased services			
Tuition	3,780	13,400	(9,620)
Other	101,553	-	101,553
Supplies			
General supplemental (teaching)	76,867	134,750	(57,883)
Textbooks	169	-	169
Support services			
Student support services			
Salaries			
Certified	101,086	101,000	86
Insurance	23,426	21,597	1,829
Social Security	9,106	9,010	96
Other	606	115	491
Purchased professional services	-	2,555	(2,555)

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 2 of 20

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
EXPENDITURES (continued)			
Instructional support staff			
Salaries			
Certified	\$ 48,604	\$ 48,650	\$ (46)
Noncertified	17,784	13,373	4,411
Employee benefits			
Insurance	5,328	5,400	(72)
Social Security	4,964	4,950	14
Other	62	65	(3)
Supplies			
General supplemental (teaching)	7,137	-	7,137
Supplies (technology related)	-	-	-
General administration			
Salaries			
Certified	94,266	94,500	(234)
Noncertified	14,033	16,700	(2,667)
Employee benefits			
Insurance	8,952	8,850	102
Social Security	7,590	7,800	(210)
Other expense	-	100	(100)
Other	3,393	-	3,393
Purchased property services	6,968	8,500	(1,532)
Other purchased services			
Other	12,256	10,900	1,356
Other	19,396	76,850	(57,454)
School administration			
Salaries			
Certified	143,420	143,500	(80)
Noncertified	80,455	75,310	5,145
Employee benefits			
Insurance	11,640	12,300	(660)
Social Security	15,864	15,200	664
Other	198	200	(2)
Purchased professional services	-	12,500	(12,500)
Supplies	2,119	3,000	(881)

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 3 of 20

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Operations and maintenance			
Salaries			
Noncertified	\$ 226,755	\$ 240,000	\$ (13,245)
Employee benefits			
Insurance	20,454	22,000	(1,546)
Social Security	16,858	17,500	(642)
Other	210	250	(40)
Purchased property services	4,516	-	4,516
Other purchased services			
Communications	1,118	-	1,118
Insurance	33,533	-	33,533
Other	-	-	-
Property	21,319	-	21,319
Vehicle operating services			
Salaries			
Noncertified	73,890	82,000	(8,110)
Employee benefits			
Social Security	4,723	5,700	(977)
Other	5,268	4,600	668
Purchased property services	29,318	-	29,318
Other purchased services			
Mileage In lieu of transportation	-	7,200	(7,200)
Insurance	9,117	7,500	1,617
Motor fuel	82,723	60,000	22,723
Other	-	60,000	(60,000)

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 4 of 20

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Other supplemental service			
Salaries			
Noncertified	\$ 39,601	\$ 36,300	\$ 3,301
Employee benefits			
Insurance	4,836	2,200	2,636
Social Security	2,199	5,000	(2,801)
Purchased professional services	27	3,000	(2,973)
Fund transfers			
Transfer to food service	50,000	40,000	10,000
Transfer to professional development	9,299	12,000	(2,701)
Transfer to special education	381,642	656,676	(275,034)
Transfer to vocational education	213,142	33,550	179,592
Transfer to capital outlay	49,783	-	49,783
Transfer to at risk (4 year old)	210	3,000	(2,790)
Transfer to at risk (K-12)	170,414	100,000	70,414
General fund adopted budget	4,160,011	4,143,636	16,375
Adjustment to comply with legal max	-	(50,268)	50,268
Adjustment for qualifying budget credits	-	66,643	(66,643)
TOTAL EXPENDITURES	4,160,011	<u>\$ 4,160,011</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 5 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Current tax	\$ 528,257	\$ 577,732	\$ (49,475)
Delinquent tax	15,130	4,612	10,518
Motor vehicle tax	60,585	65,322	(4,737)
Recreational vehicle tax	1,494	1,600	(106)
In lieu of taxes	1,146	-	1,146
State aid	626,956	604,382	22,574
Reimbursed expense	160	-	160
TOTAL CASH RECEIPTS	<u>1,233,728</u>	<u>\$ 1,253,648</u>	<u>\$ (19,920)</u>
EXPENDITURES			
Instruction			
Employee benefits			
Other	-	\$ -	\$ -
Purchased professional services	-	-	-
Supplies			
Supplies (technology related)	28,951	280,000	(251,049)
Miscellaneous supplies	20,261	-	20,261
Other expense	10,104	-	10,104
General administration			
Salaries			
Noncertified	24,700	21,000	3,700
Operations and maintenance			
Salaries			
Noncertified	100,250	-	100,250
Employee benefits			
Insurance	9,672	-	9,672
Social Security	6,803	-	6,803
Other	85	-	85
Energy			
Heating	22,257	40,000	(17,743)
Electricity	124,070	115,000	9,070
Miscellaneous supplies	20,609	49,315	(28,706)
Purchased property services			
Water/sewer	9,671	9,682	(11)
Property	175,353	40,000	135,353
Other purchased services	76,664	68,000	8,664

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 6 of 20

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Other supplemental services			
Other purchased services	\$ 51,903	\$ 50,000	\$ 1,903
Fund transfers			
Transfer to professional development	-	-	-
Transfer to special education	447,742	208,603	239,139
Transfer to food service	11,609	20,000	(8,391)
Transfer to vocational education	37,254	200,000	(162,746)
Transfer to at risk (4 year old)	-	10,000	(10,000)
Transfer to at risk (K-12)	33,801	100,000	(66,199)
Supplemental fund adopted budget	1,211,759	1,211,600	159
Adjustment for qualifying budget credits	-	160	(160)
TOTAL EXPENDITURES	<u>1,211,759</u>	<u>\$ 1,211,760</u>	<u>\$ (1)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	21,969		
UNENCUMBERED CASH, BEGINNING	<u>6,817</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 28,786</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

CAPITAL OUTLAY FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 7 of 20

	Actual	Budget	Variance Over (Under)
	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
CASH RECEIPTS			
Current tax	\$ 2	\$ -	\$ 2
Delinquent tax	191	-	191
Motor vehicle tax	397	527	(130)
Recreational vehicle tax	9	14	(5)
Transfer from general fund	49,783	-	49,783
Interest on idle funds	2,160	3,500	(1,340)
Miscellaneous	4,524	20,000	(15,476)
	<u>57,066</u>	<u>\$ 24,041</u>	<u>\$ 33,025</u>
TOTAL CASH RECEIPTS			
EXPENDITURES			
Instruction			
Property	-	\$ 100,000	\$ (100,000)
Support services			
Transportation			
Property	-	80,000	(80,000)
	<u>-</u>	<u>\$ 180,000</u>	<u>\$ (180,000)</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	57,066		
UNENCUMBERED CASH, BEGINNING	<u>160,589</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 217,655</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

DRIVER TRAINING FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 8 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Fees	\$ 3,776	\$ -	\$ 3,776
General state aid	3,478	3,256	222
TOTAL CASH RECEIPTS	<u>7,254</u>	<u>\$ 3,256</u>	<u>\$ 3,998</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	7,789	\$ 6,000	\$ 1,789
Employee benefits			
Social Security	590	400	190
Other	6	-	6
Supplies			
General supplemental (teaching)	1,110	300	810
Property	-	-	-
Operations and maintenance			
Motor fuel	130	1,000	(870)
	9,625	7,700	1,925
Adjustment for qualifying budget credits	<u>-</u>	<u>3,776</u>	<u>(3,776)</u>
TOTAL EXPENDITURES	<u>9,625</u>	<u>\$ 11,476</u>	<u>\$ (1,851)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,371)		
UNENCUMBERED CASH, BEGINNING	<u>11,574</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 9,203</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

FOOD SERVICE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 9 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Federal aid	\$ 139,303	\$ 159,585	\$ (20,282)
State aid	3,205	3,141	64
Student sales	97,079	116,150	(19,071)
Miscellaneous	965	-	965
Adult sales	7,172	17,050	(9,878)
A la carte	3,828	-	3,828
Transfer from supplemental general	11,609	20,000	(8,391)
Transfer from general	50,000	40,000	10,000
TOTAL CASH RECEIPTS	<u>313,161</u>	<u>\$ 355,926</u>	<u>\$ (42,765)</u>
EXPENDITURES			
Operation of noninstructional services			
Food service operation			
Salaries			
Noncertified	114,214	\$ 115,000	\$ (786)
Employee benefits			
Insurance	12,174	12,400	(226)
Social Security	7,814	8,200	(386)
Other	96	200	(104)
Supplies			
Food and milk	144,765	170,000	(25,235)
Miscellaneous supplies	16,050	20,000	(3,950)
Property	6,090	10,000	(3,910)
Other	1,970	-	1,970
TOTAL EXPENDITURES	<u>303,173</u>	<u>\$ 335,800</u>	<u>\$ (32,627)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	9,988		
UNENCUMBERED CASH, BEGINNING	<u>35,012</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 45,000</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

PROFESSIONAL DEVELOPMENT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 10 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from general	\$ 9,299	\$ 12,000	\$ (2,701)
Transfer from supplemental general	-	-	-
TOTAL CASH RECEIPTS	<u>9,299</u>	<u>\$ 12,000</u>	<u>\$ (2,701)</u>
EXPENDITURES			
Support services			
Operations and maintenance			
Salaries			
Noncertified	5,599	\$ 4,000	\$ 1,599
Employee benefits			
Social Security	423	400	23
Other	5	-	5
Purchased property services	-	5,300	(5,300)
Other	5,771	2,200	3,571
TOTAL EXPENDITURES	<u>11,798</u>	<u>\$ 11,900</u>	<u>\$ (102)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,499)		
UNENCUMBERED CASH, BEGINNING	<u>2,499</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SPECIAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 11 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from supplemental general	\$ 447,742	\$ 656,676	\$ (208,934)
Transfer from general	381,642	208,603	173,039
Reimbursements	13,770	-	13,770
TOTAL CASH RECEIPTS	<u>843,154</u>	<u>\$ 865,279</u>	<u>\$ (22,125)</u>
EXPENDITURES			
Instruction			
Other purchased services			
Payments to special education co-op	790,885	\$ 800,000	\$ (9,115)
Supplies			
General supplemental	2,468	-	2,468
Support services			
Vehicle operating services			
Salaries			
Noncertified	26,700	33,000	(6,300)
Employee benefits			
Social Security	2,139	3,000	(861)
Other	27	-	27
Other purchased services			
Mileage in lieu of transportation	219	-	219
Contracted student transportation	6,998	14,000	(7,002)
Insurance	391	-	391
TOTAL EXPENDITURES	<u>829,827</u>	<u>\$ 850,000</u>	<u>\$ (20,173)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	13,327		
UNENCUMBERED CASH, BEGINNING	<u>190,977</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 204,304</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

VOCATIONAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 12 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from general	\$ 213,142	\$ 200,000	\$ 13,142
Transfer from supplemental general	37,254	33,550	3,704
TOTAL CASH RECEIPTS	<u>250,396</u>	<u>\$ 233,550</u>	<u>\$ 16,846</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	190,119	\$ 188,000	\$ 2,119
Employee benefits			
Insurance	13,241	13,100	141
Social Security	13,225	13,250	(25)
Other	225	200	25
Supplies			
General supplemental	27,979	19,000	8,979
Property	5,607	-	5,607
Vocational fund adopted budget	250,396	233,550	16,846
Adjustment for qualifying budget credits	-	16,846	(16,846)
TOTAL EXPENDITURES	<u>250,396</u>	<u>\$ 250,396</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

RECREATION COMMISSION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 13 of 20

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Current tax	\$ 68,809	\$ 73,896	\$ (5,087)
Motor vehicle tax	7,586	12,302	(4,716)
Recreational vehicle tax	188	302	(114)
	<u>76,583</u>	<u>\$ 86,500</u>	<u>\$ (9,917)</u>
TOTAL CASH RECEIPTS			
EXPENDITURES			
Community service operations	<u>76,583</u>	<u>\$ 77,000</u>	<u>\$ (417)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

FEDERAL FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 14 of 20

	Title I - Local Educational Agencies	Title II - Educational Technology	Title II - Improving Teacher Quality	Coordinated School Health Program	Total Federal Funds Actual	Total Federal Funds Budget	Variance Over (Under)
CASH RECEIPTS							
Federal aid	\$ 74,534	\$ -	\$ 21,709	\$ -	\$ 96,243	\$ 114,550	\$ (18,307)
ARRA stabilization funds	-	-	-	-	-	-	-
Other	-	-	-	-	-	2,758	(2,758)
TOTAL CASH RECEIPTS	<u>74,534</u>	<u>-</u>	<u>21,709</u>	<u>-</u>	<u>96,243</u>	<u>\$ 117,308</u>	<u>\$ (21,065)</u>
EXPENDITURES							
Instruction							
Salaries							
ARRA wages and salaries	-	-	-	-	-	\$ -	\$ -
Certified	62,311	-	20,814	-	83,125	98,000	(14,875)
Noncertified	-	-	-	-	-	-	-
Employee benefits							
Insurance	7,254	-	-	-	7,254	7,300	(46)
Social Security	4,886	-	717	-	5,603	5,400	203
Other	61	-	178	-	239	69	170
Other purchased services	-	-	-	-	-	7,239	(7,239)
Supplies							
Miscellaneous supplies	22	-	-	-	22	-	22
School Administration							
Purchased property services	-	-	-	-	-	-	-
Other purchased services	-	-	-	699	699	-	699
TOTAL EXPENDITURES	<u>74,534</u>	<u>-</u>	<u>21,709</u>	<u>699</u>	<u>96,942</u>	<u>\$ 118,008</u>	<u>\$ (21,066)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	-	-	(699)	(699)		
UNENCUMBERED CASH, BEGINNING	-	-	-	699	699		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 15 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
State KPERS	\$ 351,208	\$ 378,704	\$ (27,496)
EXPENDITURES			
Instruction			
Salaries	222,666	\$ 190,000	\$ 32,666
Support services			
School administration			
Salaries	17,209	26,000	(8,791)
Student support			
Salaries	18,614	27,000	(8,386)
Instructional support			
Salaries	-	28,000	(28,000)
General administration			
Salaries	10,887	22,000	(11,113)
Other supplemental services			
Salaries	36,175	26,000	10,175
Operations and maintenance			
Salaries	24,233	31,000	(6,767)
Student transportation services			
Salaries	7,727	11,000	(3,273)
Food service			
Salaries	13,697	17,704	(4,007)
TOTAL EXPENDITURES	<u>351,208</u>	<u>\$ 378,704</u>	<u>\$ (27,496)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

AT RISK FUND (4 YEAR OLD)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 16 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from general	\$ 210	\$ 3,000	\$ (2,790)
Transfer from supplemental general	-	10,000	(10,000)
Miscellaneous	-	-	-
	<u>210</u>	<u>13,000</u>	<u>(12,790)</u>
TOTAL CASH RECEIPTS	<u>210</u>	<u>\$ 13,000</u>	<u>\$ (12,790)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	-	\$ 12,000	\$ (12,000)
Supplies			
Textbooks	210	-	210
Property	-	1,000	(1,000)
	<u>210</u>	<u>\$ 13,000</u>	<u>\$ (12,790)</u>
TOTAL EXPENDITURES	<u>210</u>	<u>\$ 13,000</u>	<u>\$ (12,790)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

AT RISK FUND (K-12)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 17 of 20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Federal aid	\$ -	\$ -	\$ -
Transfer from general	170,414	100,000	70,414
Transfer from supplemental general	33,801	100,000	(66,199)
Miscellaneous	-	-	-
TOTAL CASH RECEIPTS	<u>204,215</u>	<u>\$ 200,000</u>	<u>\$ 4,215</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	143,128	\$ 141,000	\$ 2,128
Noncertified	25,688	29,000	(3,312)
Employee benefits			
Insurance	12,390	12,400	(10)
Social Security	12,122	12,225	(103)
Other	6,331	155	6,176
Supplies			
General supplemental	4,556	-	4,556
Textbooks	-	1,000	(1,000)
Miscellaneous	-	2,220	(2,220)
Other	-	2,000	(2,000)
TOTAL EXPENDITURES	<u>204,215</u>	<u>\$ 200,000</u>	<u>\$ 4,215</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

BOND AND INTEREST FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 18 of 20

	Actual	Budget	Variance Over (Under)
	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
CASH RECEIPTS			
Current tax	\$ 558,515	\$ 566,525	\$ (8,010)
Delinquent tax	10,030	4,880	5,150
In lieu tax	907	-	907
Motor vehicle tax	57,715	67,514	(9,799)
Recreational vehicle tax	1,493	1,654	(161)
State aid	414,446	445,473	(31,027)
Interest	3,354	-	3,354
Miscellaneous	-	-	-
	<u>1,046,460</u>	<u>\$ 1,086,046</u>	<u>\$ (39,586)</u>
EXPENDITURES			
Interest coupons	985,651	\$ 985,650	\$ 1
Commission and postage	75,000	75,000	-
	<u>1,060,651</u>	<u>\$ 1,060,650</u>	<u>\$ 1</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(14,191)		
UNENCUMBERED CASH, BEGINNING	<u>360,599</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 346,408</u>		

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

NONBUDGETED FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 19 of 20

	Contingency Reserve	Memorial Scholarship	Uniform Replacement	Donations and Grants	Textbook Rental
CASH RECEIPTS					
Fees	\$ -	\$ -	\$ 6,260	\$ -	\$ 10,463
Miscellaneous	-	2,934	-	5,769	-
Grant revenue	-	-	-	-	-
Contributions	-	-	-	6,990	-
Interest income	-	6,143	-	-	-
Transfer from supplemental general	-	-	-	-	-
Transfer from general	-	-	-	-	-
TOTAL CASH RECEIPTS	<u>-</u>	<u>9,077</u>	<u>6,260</u>	<u>12,759</u>	<u>10,463</u>
EXPENDITURES					
Instructional					
Textbooks	-	-	-	-	12,196
Other	-	-	-	13,871	-
Support services					
Operational of noninstructional services					
Scholarships	-	8,479	-	-	-
Other	-	-	-	-	-
Operations and maintenance					
Property					
Playground equipment	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>8,479</u>	<u>-</u>	<u>13,871</u>	<u>12,196</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	598	6,260	(1,112)	(1,733)
UNENCUMBERED CASH, BEGINNING	<u>42,498</u>	<u>166,916</u>	<u>32,532</u>	<u>2,934</u>	<u>10,276</u>
UNENCUMBERED CASH, ENDING	<u>\$ 42,498</u>	<u>\$ 167,514</u>	<u>\$ 38,792</u>	<u>\$ 1,822</u>	<u>\$ 8,543</u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

CAPITAL PROJECTS NONBUDGETED FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 3
Page 20 of 20

Facility
Improvements

CASH RECEIPTS - FEMA grant	<u>\$ 380,577</u>
EXPENDITURES	
Grade school improvements	84,904
High school improvements	<u>3,854,294</u>
TOTAL EXPENDITURES	<u>3,939,198</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(3,558,621)
UNENCUMBERED CASH, BEGINNING	<u>3,988,622</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 430,001</u></u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
STERLING HIGH SCHOOL				
N.H.S.	\$ 397	\$ 445	\$ 451	\$ 391
Yearbook	4,265	12,891	15,197	1,959
Student council	2,518	552	2,198	872
Class of 2011	480	-	480	-
Class of 2013	-	5,832	5,647	185
Class of 2015	-	270	-	270
Debate	50	1,152	955	247
American sign language	2,146	3,466	3,029	2,583
F.C.C.L.A.	622	1,371	1,410	583
Scholars bowl	11	420	302	129
S-Club	820	250	424	646
Drama	295	-	-	295
Band	3,493	20,190	10,314	13,369
Sterling Singers	1,486	1,254	1,550	1,190
Concessions	7,717	23,067	22,445	8,339
Class of 2014	37	-	-	37
Class of 2012	262	-	97	165
TOTAL STERLING HIGH SCHOOL	<u>24,599</u>	<u>71,160</u>	<u>64,499</u>	<u>31,260</u>
STERLING JUNIOR HIGH SCHOOL				
J-Teens	1,113	1,859	1,474	1,498
A Few Good Men	123	200	34	289
DFYIT	962	1,298	1,722	538
Science fair	179	-	-	179
Yearbook	220	690	910	-
TOTAL STERLING JUNIOR HIGH SCHOOL	<u>2,597</u>	<u>4,047</u>	<u>4,140</u>	<u>2,504</u>
TOTAL AGENCY FUNDS	<u>\$ 27,196</u>	<u>\$ 75,207</u>	<u>\$ 68,639</u>	<u>\$ 33,764</u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

DISTRICT ACTIVITY FUNDS - NONBUDGETED
STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 5

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
DISTRICT ACTIVITY FUNDS							
Athletics							
Sterling High School	\$ -	\$ -	\$ 43,646	\$ 42,611	\$ 1,035	\$ -	\$ 1,035
School activities							
Sterling Grade School	6,549	-	20,797	21,680	5,666	-	5,666
TOTAL DISTRICT ACTIVITY FUNDS	<u>\$ 6,549</u>	<u>\$ -</u>	<u>\$ 64,443</u>	<u>\$ 64,291</u>	<u>\$ 6,701</u>	<u>\$ -</u>	<u>\$ 6,701</u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376 RECREATION COMMISSION - COMPONENT UNIT
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2012

Statement 6

	<u>Actual</u>
CASH RECEIPTS	
Appropriation U.S.D. No. 376	\$ 76,583
Fees and other	64,514
Interest on idle funds	<u>33</u>
TOTAL CASH RECEIPTS	<u>141,130</u>
EXPENDITURES	
Advertising	1,402
Accounting	1,800
Payroll expenses	7,706
Insurance	2,522
Wages	60,547
Silver threads operating fund	6,600
Future Hoopsters	1,800
Ballpark	2,865
Softball/baseball	3,333
Soccer	225
Football	360
Swimming lessons	1,792
Golf	257
Office expense and miscellaneous	1,388
Open gym	375
Sterling striders	705
Volleyball	1,171
Wellness center	<u>41,436</u>
TOTAL EXPENDITURES	<u>136,284</u>
RECEIPTS OVER (UNDER) EXPENDITURES	4,846
UNENCUMBERED CASH, BEGINNING	<u>68,036</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 72,882</u></u>

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

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Rice County Unified School District No. 376 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the District and its component unit. The component unit is included in the District's reporting entity because of the significance of its operation and financial relationship with the District.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District. The District's Recreation Commission oversees recreational activities. The Recreation Commission (Commission) can sue and be sued, but acquisition of real property by the Commission must be approved by the District. The District levies taxes for the Commission. Bond issuances must be approved by the District.

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures/expenses. The individual funds account for the District resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

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

Governmental funds

General and supplemental general fund—to account for all unrestricted resources except those required to be accounted for in another fund.

Special revenue funds—to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital project funds—to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Debt service funds—to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the District.

Fiduciary funds

Trust and agency funds—to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension funds, and (d) agency 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. Revenues are recognized when received rather than when they are earned and certain expenditures are recorded when paid rather than when they are incurred. 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 basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that include 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, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements.

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 municipality to use the statutory basis of accounting.

Compensated Absences

Certified employees do not earn vacation pay. Accumulated sick leave is compensated as follows:

1. At the conclusion of their current contractual year, the employee will be compensated by the District at the rate of \$45.00 per day for all accumulated, unused sick leave in excess of the carryover maximum of fifty (50) days per year. Said payment will be made in a lump sum payment on June 30.
2. Upon retirement from the District, the employee will be compensated by the District at the rate of \$45.00 per day for all eligible unused sick leave and/or vacation time. Said payment shall be made in a lump sum payment on June 30.

The estimated liability for accumulated sick leave as of June 30, 2012, is \$150,021.

Reimbursed Expenses (Qualifying Budget Credit)

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.

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—BUDGETARY INFORMATION

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

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

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. During the year, budget amendments were adopted for the following funds – general, special education.

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 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 municipality 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, trust funds, and the following special revenue funds:

District activity funds	Other grants fund
Memorial scholarship fund	Uniform replacement fund
Contingency reserve fund	Textbook rental fund

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

The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10.

Taxes levied to finance the budget are made available to the District after January 1 and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

NOTE 3—DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is used by all funds. Each fund's portion of this pool is displayed on the Summary of Cash Receipts, Expenditures, and Unencumbered Cash. The cash balances of certain funds are restricted as to their use.

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 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.

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

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

Deposits

At June 30, 2012, the District's carrying amount of deposits was \$2,098,176, and the bank balance was \$2,044,734. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$31,977 was covered by federal depository insurance for interest bearing, \$500,000 was covered by federal depository insurance for noninterest bearing, and \$1,512,757 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Component Unit

The District's component unit deposits were fully insured at June 30, 2012.

NOTE 4—DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate of 4.00% (Tier 1) and 6.00% (Tier 2) 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. Kansas' average contribution rate for the years ended June 30, 2012, 2011, and 2010, were 9.77%, 9.17%, and 8.57% of covered payroll, respectively. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ended June 30, 2012, 2011, and 2010, were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the statutory required contributions for each year.

NOTE 5—LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Interest Due	Principal Due	Amount of Issue	Date of Final Maturity
General obligation bonds						
Series 2008A	2.50% to 5.00%	12/15/08	03/01, 09/01	09/01	\$ 2,000,000	09/01/28
Series 2009A	3.00% to 5.25%	05/01/09	03/01, 09/01	09/01	18,515,000	09/01/35
Capital leases with First Bank						
EPM Temperature Control	4.47%	11/25/03	07/15	07/15	195,689	07/15/13
Wellness center	3.70%	06/14/04	02/15	02/15	160,000	02/15/14

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds					
Series 2008A	\$ 1,885,000	\$ -	\$ 75,000	\$ 1,810,000	\$ 92,564
Series 2009A	18,515,000	-	-	18,515,000	893,087
Capital leases with First Bank					
EPM Temperature Control	66,746	-	21,263	45,483	3,051
Wellness center	75,409	-	13,173	62,236	2,828
Total indebtedness	20,542,155	-	109,436	20,432,719	991,530
Compensated absences	118,326	31,695	-	150,021	-
	<u>\$ 20,660,481</u>	<u>\$ 31,695</u>	<u>\$ 109,436</u>	<u>\$ 20,582,740</u>	<u>\$ 991,530</u>

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

	Principal		Interest		Total Principal and Interest
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases	
2013	\$ 110,000	\$ 35,896	\$ 982,875	\$ 4,419	\$ 1,133,190
2014	145,000	71,823	979,050	2,884	1,198,757
2015	180,000	-	974,175	-	1,154,175
2016	225,000	-	968,100	-	1,193,100
2017	265,000	-	959,425	-	1,224,425
2018-2022	2,110,000	-	4,570,130	-	6,680,130
2023-2027	3,815,000	-	3,895,802	-	7,710,802
2028-2032	6,210,000	-	2,670,464	-	8,880,464
2033-2037	7,265,000	-	797,807	-	8,062,807
	<u>\$ 20,325,000</u>	<u>\$ 107,719</u>	<u>\$ 16,797,828</u>	<u>\$ 7,303</u>	<u>\$ 37,237,850</u>

NOTE 6—TRANSFERS

Operating transfers were as follows:

Amount	From	To	Authority
\$ 9,299	General	Professional development	K.S.A. 72-6428
381,642	General	Special education	K.S.A. 72-6428
213,142	General	Vocational education	K.S.A. 72-6428
210	General	At risk fund (4 year old)	K.S.A. 72-6428
170,414	General	At risk fund (K-12)	K.S.A. 72-6428
49,783	General	Capital outlay	K.S.A. 72-6433
50,000	General	Food service	K.S.A. 72-6428
447,742	Supplemental general	Special education	K.S.A. 72-6433
11,609	Supplemental general	Food service	K.S.A. 72-6433
37,254	Supplemental general	Vocational education	K.S.A. 72-6433
33,801	Supplemental general	At risk fund (K-12)	K.S.A. 72-6433

NOTE 7—POST EMPLOYMENT BENEFITS

The District has an early retirement incentive program which applies to all eligible certified employees. An employee satisfying the following requirements is eligible for early retirement:

- A. Currently a certified employee who has served a minimum of fifteen (15) consecutive years in the District and,
- B. Is not less than fifty-seven (57) years of age and not more than sixty-four (64) years of age on/or before September 1 of the year in which early retirement is requested; or anyone who meets the KPERS 85 point early retirement plan.

- C. An employee may apply for early retirement by giving written notice to the Superintendent and Board of Education no later than the tenth day of May preceding the anticipated retirement date.

The early retirement benefit shall be computed by the following formula:

- A. Determine the applicant's final salary and benefits as contained in the last contract between the applicant and the District.
- B. Multiply this amount by 15%. This is the maximum allowable early retirement benefit.
- C. Annual payment schedule:
- a. For a person retiring at age 60 or earlier, the maximum annual benefit as computed in "B" shall be allowed and shall be payable over a five year period in five annual installments.
 - b. For a person retiring at age 61, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a four year period in four annual installments.
 - c. For a person retiring at age 62, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a three year period in three equal annual installments.
 - d. For a person retiring at age 63, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a two year period in two equal annual installments.
 - e. For a person retiring at age 64, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable within a one year period in one installment.
- D. All early retirement benefits shall terminate automatically at the time of final payment or upon the death of the retiree, whichever shall come first.

The early retirement incentive program is authorized by K.S.A. 72-5395. The program is funded on a pay-as-you-go basis. During the year ended June 30, 2012, two early retirees were paid \$6,477 under this program.

The following is a schedule by year of future minimum early retirement payments:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 6,477
2014	-
2015	-
2016	-
2017	-
	<u>\$ 6,477</u>

NOTE 8—LEASE AND OTHER COMMITMENTS

The District leases athletic and performing arts facilities from Sterling College and other equipment from other vendors.

The District had rental expenses of \$25,430 for the operating leases for the year ended June 30, 2012.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements with initial terms greater than twelve months:

Year Ending June 30	Amount
2013	\$ 25,000
2014	25,000
2015	25,000
2016	25,000
2017	25,000
2018-2022	25,000
	<u>\$ 150,000</u>

As part of the athletic lease, the District is responsible for one-third of the annual maintenance costs not to exceed \$10,000 which can be paid with in-kind services.

NOTE 9—CAPITAL PROJECTS

At June 30, 2012, capital project authorizations with approved change orders compared with expenditures from inceptions are as follows:

	Expenditures 06/30/12	Project Authorization
Facility improvements	<u>\$ 20,255,794</u>	<u>\$ 20,400,000</u>

NOTE 10—RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and sickness to employees; and natural disasters. The District joined other Kansas school districts to participate in a health insurance public entity risk pool named Educational Services and Staff Development Association of Central Kansas Health Benefit Insurance Group (ESSDACK). The District pays monthly premiums to the pool for its health insurance coverage. ESSDACK is self-sustaining through member premiums and reinsures through commercial insurance companies for individual claims in excess of \$75,000 and aggregate limits dependent on the number of participants. Additional premiums may be due if total losses for the pool are different than what has been anticipated by ESSDACK management. If the pool fails, the District may be required to pay its own obligations.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Edward C. Michel, CPA
Michael E. Evans, CPA
Roger W. Field, CPA
Gregory D. Daughhetee, CPA
Clark R. Cowl, CPA
Todd V. Pflughoeft, CPA
Robert D. Schraeder, CPA
Steven R. Stoecklein, CPA
Kenneth D. Hamby, CPA
John W. Denney, CPA
Michael R. Meisenheimer, CPA
Nick L. Muetting, CPA

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

**Board of Education
Rice County Unified School District No. 376
Sterling, Kansas**

We have audited the financial statements of Rice County Unified School District No. 376 (the District), Sterling, Kansas as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 2012. In our report, our opinion on the financial statements was unqualified based on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. We conducted our audit in accordance with generally accepted auditing standards in the United States, 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

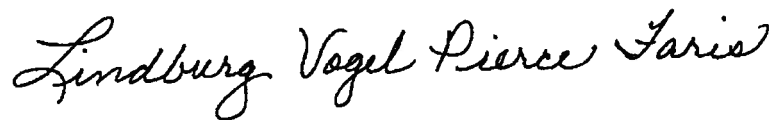
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in the accompanying schedule of findings and questioned costs to be a material weakness, which is identified as item 2012-1.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management of the District, the Board of Education of Rice County Unified School District No. 376, 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.

A handwritten signature in cursive script that reads "Lindburg Vogel Pierce Jarvis".

Certified Public Accountants

Hutchinson, Kansas
December 4, 2012

Edward C. Michel, CPA

Michael E. Evans, CPA

Roger W. Field, CPA

Gregory D. Daughhetee, CPA

Clark R. Cowl, CPA

Todd V. Pflughoeft, CPA

Robert D. Schraeder, CPA

Steven R. Stoecklein, CPA

Kenneth D. Hamby, CPA

John W. Denney, CPA

Michael R. Meisenheimer, CPA

Nick L. Muetting, CPA

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

**Board of Education
Rice County Unified School District No. 376
Sterling, Kansas**

Compliance

We have audited Rice County Unified School District No. 376 (the District), Sterling, Kansas' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-2 to be a material weakness.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the management of the District, the Board of Education of Rice County Unified School District No. 376, 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.



Certified Public Accountants

Hutchinson, Kansas
December 4, 2012

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

Page 1

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>American Recovery and Reinvestment Act of 2009</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
United States Department of Agriculture				
Pass-through from Kansas State Department of Education				
Child nutrition cluster:				
School breakfast program		10.553		\$ 16,174
National school lunch program		10.555		113,889
Total child nutrition cluster				130,063
Other United States Department of Agriculture programs:				
Team nutrition grants		10.574		1,360
Fresh fruit and vegetable program		10.582		9,205
Total United States Department of Agriculture				140,628
United States Department of Education				
Pass-through from Kansas State Department of Education				
Title I, part A cluster:				
Title I grants to local educational agencies		84.010		74,534
Other United States Department of Education programs:				
Title II - improving teacher quality state grants		84.367		21,709
Title IV - state assessments		84.369		344
Education jobs fund - flo-thru		84.410		1,878
Total United States Department of Education				98,465
Department of Homeland Security				
Pass-through from Kansas State Department of Education				
Hazard mitigation grants		97.039		380,578
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 619,671

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rice County Unified School District No. 376 (the District), Sterling, Kansas under programs of the federal government for the year ended June 30, 2012, and is presented on the statutory basis of accounting. Expenditures include disbursements, accounts payable, and encumbrances. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the District, it is not intended to, and does not present the cash and unencumbered cash balances and its cash receipts, expenditures, and budgetary results for the year then ended on the statutory basis of accounting.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the basis of accounting as described in note A. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Rice County Unified School District No. 376 (the District) which are prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas.
2. One material weakness relating to the audit of the financial statements of the District is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. One material weakness in internal control over major federal award programs was disclosed during the audit in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs expressed an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

	<u>CFDA No.</u>
Hazard Mitigation Grant	97.039

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The District was not determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2012-1 Segregation of duties

Condition: There is a lack of appropriate segregation of duties related to all accounting functions.

Criteria: The District is responsible for establishing and maintaining effective internal controls.

Cause: The District has limited funds available to achieve the proper segregation of duties.

Effect: Without the proper segregation of duties, the risk that the District's financial statements may be materially misstated increases and the District's responsibility to prevent and detect fraud and preventing or detecting material noncompliance with laws and regulations may be at risk.

Recommendation: Other procedures need to be implemented to the extent possible to lessen the effect of the lack of segregation of duties.

Grantee Response: The District has limited funds to adequately staff the office to achieve the proper segregation of duties. The District Council does review all nonpayroll expenditures prior to final disbursement and multiple signatures are required on all checks. Additional reviews over purchasing have already been implemented. The District has discussed adding procedures to review payroll expenditures and will discuss other procedures available that would help alleviate control issues that can be accomplished within budget constraints.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Homeland Security

2012-2 Hazard Mitigation Grant – CFDA No. 97.039

Segregation of duties

The material weakness at Finding 2012-1 also applies to this grant.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012

Rice County Unified School District No. 376 did not have a single audit for the year ended June 30, 2011, and accordingly, there are no prior findings.