

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

June 30, 2012

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

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September 11, 2013

Board of Education
Unified School District No. 378
Riley, Kansas

Independent Auditors' Report

We have audited the accompanying financial statements of Unified School District No. 378 (the District) as of and for the year ended June 30, 2012, as listed in the table of contents. These statutory 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 our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares these statutory financial statements on a 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 of America. The effect on the financial statements of the variances between these statutory 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, 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, 2011, and the revenues it received and expenditures it paid for the year then ended in conformity with the basis of accounting described in Note 1.

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 the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

September 11, 2013
Unified School District No. 378
(Continued)

This report is intended for the information and use of the District's administration and Board of Education, and for filing with the State of Kansas, and is not intended to be and should not be used by anyone other than these specified parties. Though restricted in use, reports issued in connection with an audit of a local government may be a matter of public record.

Certified Public Accountants
Manhattan, Kansas

Independent Auditors' Report

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances and Audit Adjustments	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Fund	\$ 1,775	\$ -	\$ 5,238,691	\$ 5,236,925	\$ 3,541	\$ 324,563	\$ 328,104
Special Revenue Funds	1,653,654	-	4,448,091	3,983,525	2,118,220	381,925	2,500,145
Debt Service Funds	676,364	-	394,089	423,865	646,588	-	646,588
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,331,793</u>	<u>\$ -</u>	<u>\$ 10,080,871</u>	<u>\$ 9,644,315</u>	<u>\$ 2,768,349</u>	<u>\$ 706,488</u>	<u>\$ 3,474,837</u>
Composition of Cash							
Checking Account - Riley State Bank							\$ 3,452,903
Checking Account - Leonardville State Bank							7,852
Checking Account - Activity Fund - High School							48,954
Checking Account - Activity Fund - Grade School							3,129
Checking Account - Flex Acocunt							12,582
Checking Account - Petty Cash							1,500
Total Cash							<u>\$ 3,526,920</u>
Agency Funds							<u>52,083</u>
Total Reporting Entity (Excluding Agency Funds)							<u>\$ 3,474,837</u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2012

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
Funds						
Governmental Fund Types						
General Funds						
General	\$ 4,919,374	\$ -	\$ 319,067	\$ 5,238,441	\$ 5,236,925	\$ 1,516
Supplemental General	1,603,159	-	-	1,603,159	1,603,159	-
Special Revenue Funds	2,720,157	-	-	2,720,157	2,168,599	551,558
Debt Service Funds	423,866	-	-	423,866	423,865	1
Total Funds	<u><u>\$ 9,666,556</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 319,067</u></u>	<u><u>\$ 9,985,623</u></u>	<u><u>\$ 9,432,548</u></u>	<u><u>\$ 553,075</u></u>

STATEMENT 2

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
	Actual	Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 624,269	\$ 648,687	\$ 617,029	\$ 31,658
Delinquent taxes	9,917	8,309	9,576	(1,267)
State aid				
Equalization aid	3,341,104	3,478,543	3,798,171	(319,628)
Special education aid	693,136	749,748	759,505	(9,757)
Federal aid				
Federal impact aid	17,855	32,113	-	32,113
ARRA funds	88,776	-	-	-
Education Job Funds aid	155,446	2,224	-	2,224
Reimbursements	357,306	319,067	-	319,067
Total Cash Receipts	\$ 5,287,809	\$ 5,238,691	\$ 5,184,281	\$ 54,410
EXPENDITURES				
Instruction	\$ 2,251,197	2,377,187	\$ 2,160,683	\$ (216,504)
Student support	149,164	147,715	135,015	(12,700)
Instructional support staff	81,477	76,316	83,917	7,601
General administration	308,356	308,449	324,465	16,016
School administration	424,756	358,010	300,403	(57,607)
Operations and maintenance	1,067,364	1,101,685	978,068	(123,617)
Other supplemental service	2,007	2,815	2,450	(365)
Operating transfers	1,035,625	864,748	934,373	69,625
Total Expenditures	\$ 5,319,946	\$ 5,236,925 *	\$ 4,919,374	\$ (317,551)
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ (32,137)	\$ 1,766	\$ 264,907	\$ (263,141)
UNENCUMBERED CASH - BEGINNING				
	33,912	1,775		
Prior year cancelled encumbrances	-	-		
UNENCUMBERED CASH - ENDING	\$ 1,775	\$ 3,541		

*Total expenditures of \$5,236,925 less allowable budget credits of \$319,067, for a total of \$4,917,858.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2012
With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 767,532	\$ 831,004	\$ 820,341	\$ 10,663
Delinquent taxes	11,022	11,569	11,875	(306)
Motor vehicle tax	112,612	92,859	118,777	(25,918)
State aid				
Equalization aid	765,865	685,328	660,654	24,674
Total Cash Receipts	<u>\$ 1,657,031</u>	<u>\$ 1,620,760</u>	<u>\$ 1,611,647</u>	<u>\$ 9,113</u>
EXPENDITURES				
Instruction	\$ 22,175	122,433	\$ 116,858	\$ (5,575)
Instructional support staff	223,769	299,138	176,354	(122,784)
General administration	24,755	-	-	-
School administration	38,722	20,844	36,000	15,156
Operations and maintenance	90,284	361,176	150,000	(211,176)
Operating transfers	1,246,928	799,568	1,123,947	324,379
Total Expenditures	<u>\$ 1,646,633</u>	<u>\$ 1,603,159</u>	<u>\$ 1,603,159</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 10,398	\$ 17,601	<u>\$ 8,488</u>	<u>\$ 9,113</u>
UNENCUMBERED CASH - BEGINNING	36,602	47,000		
Prior year cancelled encumbrances	-	-		
UNENCUMBERED CASH - ENDING	<u>\$ 47,000</u>	<u>\$ 64,601</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

AT RISK

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfer	\$ 180,000	\$ 155,274	\$ 180,000	\$ (24,726)
EXPENDITURES				
Instruction	\$ 128,733	\$ 103,285	\$ 180,000	\$ 76,715
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 51,267	\$ 51,989	\$ -	\$ 51,989
UNENCUMBERED CASH - BEGINNING	17,366	68,633		
Prior year cancelled encumbrances	-	-		
UNENCUMBERED CASH - ENDING	\$ 68,633	\$ 120,622		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
	Actual	Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 205,156	\$ 215,133	\$ 223,757	\$ (8,624)
Delinquent taxes	2,864	2,599	4,743	(2,144)
Motor vehicle tax	14,792	29,369	48,735	(19,366)
Other county revenue	874	2,155	-	2,155
Interest income	4,775	3,493	-	3,493
Reimbursements	461.00	2,252	-	2,252
Transfers in	138,798	50,000	37,445	12,555
Other	-	5,214	-	5,214
Total Cash Receipts	<u>\$ 367,720</u>	<u>\$ 310,215</u>	<u>\$ 314,680</u>	<u>\$ (9,679)</u>
EXPENDITURES				
Instruction - property purchases	\$ 56,399	10,213	\$ 100,000	89,787
Land improvement	64,132	199,400	120,000	(79,400)
New building acquisition	75,469	37,892	75,000	37,108
Repair and remodel buildings	20,000.00	6,314	60,000	53,686
Total Expenditures	<u>\$ 216,000</u>	<u>\$ 253,819</u>	<u>\$ 355,000</u>	<u>\$ 101,181</u>
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ 151,720	\$ 56,396	<u>\$ (40,320)</u>	<u>\$ 91,502</u>
UNENCUMBERED CASH - BEGINNING				
	<u>284,051</u>	<u>435,771</u>		
UNENCUMBERED CASH - ENDING				
	<u>\$ 435,771</u>	<u>\$ 492,167</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

DRIVERS EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
State aid	\$ 3,108	\$ 5,546	\$ 4,070	\$ 1,476
Transfers	20,000	20,000	20,000	-
Fees	8,070	4,900	-	4,900
Total Cash Receipts	<u>\$ 31,178</u>	<u>\$ 30,446</u>	<u>\$ 24,070</u>	<u>\$ 1,476</u>
EXPENDITURES				
Salaries	\$ 14,333	\$ 14,232	\$ 15,000	\$ 768
Employee benefits	1,137	1,543	1,550	7
Supplies	4	35	950	915
Vehicle operation	1,490	3,991	2,300	(1,691)
Total Expenditures	<u>\$ 16,964</u>	<u>\$ 19,801</u>	<u>\$ 19,800</u>	<u>\$ (1)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 14,214	\$ 10,645	<u>\$ 4,270</u>	<u>\$ 1,475</u>
UNENCUMBERED CASH - BEGINNING	<u>5,506</u>	<u>19,720</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 19,720</u>	<u>\$ 30,365</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Sales	\$ 174,826	\$ 193,516	\$ 377,876	\$ (184,360)
State aid	3,644	3,822	4,015	(193)
Federal aid	140,853	144,803	151,251	(6,448)
Other	16,644	9,778	-	9,778
Transfers	322,168	150,000	369,168	(219,168)
Total Cash Receipts	<u>\$ 658,135</u>	<u>\$ 501,919</u>	<u>\$ 902,310</u>	<u>\$ (400,391)</u>
EXPENDITURES				
Salaries	\$ 130,275	\$ 118,537	\$ 150,000	\$ 31,463
Employee benefits	28,255	28,945	28,500	(445)
Food	232,005	245,566	308,300	62,734
Supplies	12,346	18,418	25,000	6,582
Property	403	1,014	10,000	8,986
Other	10,759	11,531	1,500	(10,031)
Total Expenditures	<u>\$ 414,043</u>	<u>\$ 424,011</u>	<u>\$ 523,300</u>	<u>\$ 99,289</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 244,092	\$ 77,908	<u>\$ 379,010</u>	<u>\$ (301,102)</u>
UNENCUMBERED CASH - BEGINNING	83,226	327,318		
Prior year cancelled encumbrances	-	-		
UNENCUMBERED CASH - ENDING	<u>\$ 327,318</u>	<u>\$ 405,226</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
PROFESSIONAL DEVELOPMENT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012
 With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Inservice CPSI	\$ -	\$ -	\$ -	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -
UNENCUMBERED CASH - BEGINNING	1,657	1,657		
UNENCUMBERED CASH - ENDING	\$ 1,657	\$ 1,657		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
SPECIAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012
 With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ 1,173,669	\$ 874,042	\$ 1,014,284	\$ (140,242)
Federal aid				
Federal impact aid	7,652	13,763	-	13,763
Total Cash Receipts	<u>\$ 1,181,321</u>	<u>\$ 887,805</u>	<u>\$ 1,014,284</u>	<u>\$ (126,479)</u>
EXPENDITURES				
Instruction	\$ 977,029	\$ 817,740	\$ 923,741	\$ 106,001
Operations and maintenance	5,406	20,887	35,000	14,113
Student transportation	29,183	19,748	28,300	8,552
Total Expenditures	<u>\$ 1,011,618</u>	<u>\$ 858,375</u>	<u>\$ 987,041</u>	<u>\$ 128,666</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 169,703	\$ 29,430	<u>\$ 27,243</u>	<u>\$ 2,187</u>
UNENCUMBERED CASH - BEGINNING	<u>77,193</u>	<u>246,896</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 246,896</u>	<u>\$ 276,326</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
VOCATIONAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012
 With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ 383,332	\$ 350,000	\$ 383,332	\$ (33,332)
EXPENDITURES				
Salaries and benefits	\$ 236,174	\$ 191,584	\$ 247,545	\$ 55,961
Teaching supplies	6,501	5,485	8,400	2,915
Textbooks	1,821	1,510	2,125	615
Miscellaneous supplies	-	526	1,250	724
Equipment	102	722	1,500	778
Other	788	131	2,600	2,469
Total Expenditures	<u>\$ 245,386</u>	<u>\$ 199,958</u>	<u>\$ 263,420</u>	<u>\$ 63,462</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 137,946	\$ 150,042	<u>\$ 119,912</u>	<u>\$ 30,130</u>
UNENCUMBERED CASH - BEGINNING	15,150	153,096		
Prior year cancelled encumbrances	<u>-</u>	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 153,096</u>	<u>\$ 303,138</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
PARENTS' EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012
 With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ 19,586	\$ 15,000	\$ 15,000	\$ -
EXPENDITURES				
Instruction	\$ 15,000	\$ 13,688	\$ 15,000	\$ 1,312
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 4,586	\$ 1,312	\$ -	\$ 1,312
UNENCUMBERED CASH - BEGINNING	-	4,586		
UNENCUMBERED CASH - ENDING	\$ 4,586	\$ 5,898		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 221,401	\$ 225,501	\$ 228,154	\$ (2,653)
Delinquent taxes	4,081	3,467	5,146	(1,679)
Other county revenue	2,440	2,359	-	2,359
Motor vehicle tax	31,006	31,364	52,469	(21,105)
State aid	137,594	131,398	131,398	-
Total Cash Receipts	<u>\$ 396,522</u>	<u>\$ 394,089</u>	<u>\$ 417,167</u>	<u>\$ (23,078)</u>
EXPENDITURES				
Bond principal	\$ 320,000	\$ 350,000	\$ 350,000	\$ -
Interest	84,780	73,865	73,866	1
Total Expenditures	<u>\$ 404,780</u>	<u>\$ 423,865</u>	<u>\$ 423,866</u>	<u>\$ 1</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (8,258)	\$ (29,776)		
UNENCUMBERED CASH - BEGINNING	<u>684,622</u>	<u>676,364</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 676,364</u>	<u>\$ 646,588</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012
 With Comparative Actual Totals for the Prior Year Ended June 30, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Intergovernmental	\$ 205,490	\$ 295,662	\$ 376,596	\$ (80,934)
Total Cash Receipts	<u>\$ 205,490</u>	<u>\$ 295,662</u>	<u>\$ 376,596</u>	<u>\$ (80,934)</u>
EXPENDITURES				
Employer contributions	\$ 205,490	295,662	\$ 376,596	\$ 80,934
Total Expenditures	<u>\$ 205,490</u>	<u>295,662</u>	<u>\$ 376,596</u>	<u>\$ 80,934</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -	<u>\$ -</u>	<u>\$ -</u>
UNENCUMBERED CASH - BEGINNING	<u>-</u>	<u>-</u>		
Prior year cancelled encumbrances	<u>-</u>	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ -</u>	<u>\$ -</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
STUDENT ORGANIZATION FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2012

STATEMENT 4

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
High School				
AD Athletic Fund	\$ 1,829	\$ 4,845	\$ 3,905	\$ 2,769
AD BB Fund	2,419	-	2,419	-
Ad Fundraiser - Pop	41	42	83	-
Art Club	1,872	3,056	2,153	2,775
Band Miscellaneous	137	77	101	113
Baseball - Misc	-	4,650	4,351	299
Bill Greene Fund	-	-	-	-
Boys Basketball Misc	411	3,150	2,751	810
Cheerleaders	(953)	29,514	22,277	6,284
Class of 2015	-	2,565	-	2,565
Class of 2017	765	835	1,600	-
Class of 2013	522	4,254	3,451	1,325
Class of 2014	935	1,249	470	1,714
Community Leadership	411	-	-	411
Concessions	-	795	795	-
Culture Club	1,370	1,650	2,644	376
Debate	274	-	-	274
Ecology Club	165	410	291	284
Future Business Leaders America	3,536	241	543	3,234
FCCLA	819	2,748	2,776	791
FFA	7,917	29,480	27,784	9,613
Football - Misc	1,483	100	833	750
Forensics	411	-	-	411
Girls Basketball Ad Sales	590	6,228	6,263	555
Golf - Misc	1,197	2,593	2,862	928
Kolton Range	-	2,576	-	2,576
Key Club - Admin	475	2,800	4,261	(986)
Mass Media III - Digital Video	297	-	40	257
National Honor Society	563	2,951	2,432	1,082
Patch Fund	53	169	159	63
Pepclub	619	233	518	334
Renaissance	2,007	3,090	869	4,228
Musical Theatre	1,749	4,563	2,724	3,588
SADD	433	-	350	83
Softball - Misc	79	1,784	1,840	23
Senior Sitting Fee	574	550	580	544
Subtotal	<u>\$ 33,000</u>	<u>\$ 117,198</u>	<u>\$ 102,125</u>	<u>\$ 48,073</u>

(Continued)

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
STUDENT ORGANIZATION FUNDS (CONTINUED)
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2012

STATEMENT 4

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Subtotal from previous page	\$ 33,101	\$ -	\$ -	\$ 48,073
Student Council	1,337	2,578	3,185	730
Tri-M	932	813	940	805
Vocal Music	303	9,468	7,754	2,017
Volleyball - Misc	947	500	324	1,123
Wrestling	411	4,784	4,627	568
Yearbook	(594)	14,225	17,993	(4,362)
Total High School	<u>\$ 36,437</u>	<u>\$ 32,368</u>	<u>\$ 34,823</u>	<u>\$ 48,954</u>
Grade School				
Athletics	\$ (578)	\$ 5,217	\$ 5,362	\$ (723)
Band	(7)	-	-	(7)
Class of 2015	2,642	-	2,642	-
Class of 2016	1,838	15,863	17,489	212
Class of 2017	-	1,052	-	1,052
Falcon Day Fund	250	-	140	110
Flowers	982	440	574	848
Math Camp	-	150	85	65
Pep Club	1,825	9,917	11,998	(256)
Recorders	624	344	330	638
School Events	(1,265)	4,995	5,322	(1,592)
Social	(137)	303	-	166
Student Council	149	4,587	4,297	439
Yearbook	(858)	9,704	6,689	2,157
KYLA Sponsorship	20	-	-	20
Total Grade School	<u>\$ 5,485</u>	<u>\$ 52,572</u>	<u>\$ 54,928</u>	<u>\$ 3,129</u>
TOTAL ACTIVITY FUNDS	<u><u>\$ 41,922</u></u>	<u><u>\$ 84,940</u></u>	<u><u>\$ 89,751</u></u>	<u><u>\$ 52,083</u></u>

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Manhattan, Kansas
SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL BUDGETED
 For the Year Ended June 30, 2012

	Supplemental General	At Risk	Capital Outlay	Drivers Education	Food Service	Professional Development
RECEIPTS						
Taxes	\$ 842,573	\$ -	\$ 217,732	\$ -	\$ -	\$ -
Intergovernmental	778,187	-	31,524	5,546	148,625	-
Fees and charges	-	-	-	-	193,516	-
Interest	-	-	3,493	-	-	-
Other	-	-	7,466	4,900	9,778	-
Transfers in	-	155,274	50,000	20,000	150,000	-
Total Receipts	\$ 1,620,760	\$ 155,274	\$ 310,215	\$ 30,446	\$ 501,919	\$ -
EXPENDITURES						
Instruction	\$ 122,433	\$ 103,285	\$ -	\$ 15,775	\$ -	\$ -
Instructional support staff	299,138	-	-	-	-	-
School administration	20,844	-	-	-	-	-
Operation and maintenance	361,176	-	-	3,991	-	-
Food service	-	-	-	-	411,466	-
New building acquisition	-	-	37,892	-	-	-
Capital outlay	-	-	215,927	-	1,014	-
Other	-	-	-	35	11,531	-
Operating transfers	799,568	-	-	-	-	-
Total Expenditures	\$ 1,603,159	\$ 103,285	\$ 253,819	\$ 19,801	\$ 424,011	\$ -
RECEIPTS OVER (UNDER)						
EXPENDITURES	\$ 17,601	\$ 51,989	\$ 56,396	\$ 10,645	\$ 77,908	\$ -
UNENCUMBERED CASH - BEGINNING	47,000	68,633	435,771	19,720	327,318	1,657
UNENCUMBERED CASH - ENDING	\$ 64,601	\$ 120,622	\$ 492,167	\$ 30,365	\$ 405,226	\$ 1,657

The accompanying notes are an integral part of these financial statements.
 See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Manhattan, Kansas
SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL BUDGETED (CONTINUED)
For the Year Ended June 30, 2012

	Special Education	Vocational Education	Parents' Education	KPERS	Totals
RECEIPTS					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,060,305
Intergovernmental	13,763	-	-	295,662	1,273,307
Fees and charges	-	-	-	-	193,516
Interest	-	-	-	-	3,493
Other	-	-	-	-	22,144
Transfers in	874,042	350,000	15,000	-	1,614,316
Total Receipts	<u>\$ 887,805</u>	<u>\$ 350,000</u>	<u>\$ 15,000</u>	<u>\$ 295,662</u>	<u>\$ 4,167,081</u>
EXPENDITURES					
Instruction	\$ 817,740	\$ 199,105	\$ 13,688	\$ -	\$ 1,272,026
Instructional support staff	-	-	-	-	299,138
School administration	-	-	-	-	20,844
Operation and maintenance	20,887	722	-	-	386,776
Student transportation	19,748	-	-	-	19,748
Food service	-	-	-	-	411,466
New Building Acquisition	-	-	-	-	37,892
Capital outlay	-	-	-	-	216,941
Other	-	131	-	-	11,697
Operating transfers	-	-	-	-	799,568
Employer contributions	-	-	-	295,662	295,662
Total Expenditures	<u>\$ 858,375</u>	<u>\$ 199,958</u>	<u>\$ 13,688</u>	<u>\$ 295,662</u>	<u>\$ 3,771,758</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 29,430	\$ 150,042	\$ 1,312	\$ -	\$ 395,323
UNENCUMBERED CASH - BEGINNING	246,896	153,096	4,586	-	1,304,677
Prior year cancelled encumbrance:	-	-	-	-	-
UNENCUMBERED CASH - ENDING	<u>\$ 276,326</u>	<u>\$ 303,138</u>	<u>\$ 5,898</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>

STATEMENT 5

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL NON-BUDGETED
For the Year Ended June 30, 2012

	Textbook and Student Revolving	Title II-A Teacher Quality	Contingency Reserve	Title I	Activity Fund
RECEIPTS					
Intergovernmental	\$ -	\$ 14,130	\$ -	\$ 94,474	\$ -
Other	26,933	-	-	-	54,719
Transfers in	-	-	50,000	-	-
Total Receipts	<u>\$ 26,933</u>	<u>\$ 14,130</u>	<u>\$ 50,000</u>	<u>\$ 94,474</u>	<u>\$ 54,719</u>
EXPENDITURES					
Salaries and benefits	\$ -	\$ 2,796	\$ -	\$ 91,601	\$ -
Purchased services	26,351	14,155	-	-	52,618
Supplies	-	-	-	52.00	-
Total Expenditures	<u>\$ 26,351</u>	<u>\$ 16,951</u>	<u>\$ -</u>	<u>\$ 91,653</u>	<u>\$ 52,618</u>
RECEIPTS OVER (UNDER)					
EXPENDITURES	\$ 582	\$ (2,821)	\$ 50,000	\$ 2,821	\$ 2,101
UNENCUMBERED CASH - BEGINNING	<u>48,004</u>	<u>-</u>	<u>298,282</u>	<u>-</u>	<u>4,541</u>
Prior year cancelled encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 48,586</u></u>	<u><u>\$ (2,821)</u></u>	<u><u>\$ 348,282</u></u>	<u><u>\$ 2,821</u></u>	<u><u>\$ 6,642</u></u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ALL NON-BUDGETED (CONTINUED)
For the Year Ended June 30, 2012

	Title IV Safe & Drug Free	Gift and Grants	Total
RECEIPTS			
Intergovernmental	\$ -	\$ -	\$ 108,604
Other	-	40,754	122,406
Transfers in	-	-	50,000
Total Receipts	<u>\$ -</u>	<u>\$ 40,754</u>	<u>\$ 281,010</u>
EXPENDITURES			
Salaries and benefits	\$ -	\$ -	\$ 94,397
Purchased services	-	-	93,124
Other	-	24,194	24,246
Total Expenditures	<u>\$ -</u>	<u>\$ 24,194</u>	<u>\$ 211,767</u>
RECEIPTS OVER (UNDER)			
EXPENDITURES	\$ -	\$ 16,560	\$ 69,243
UNENCUMBERED CASH - BEGINNING	<u>(1,850)</u>	<u>-</u>	<u>348,977</u>
Prior year cancelled encumbrances	-	-	-
UNENCUMBERED CASH - ENDING	<u><u>\$ (1,850)</u></u>	<u><u>\$ 16,560</u></u>	<u><u>\$ 418,220</u></u>

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended June 30, 2012

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2003	1.45%/3.55%	8/15/03	2,030,000	12/1/13	\$ 560,000	\$ 215,000	\$ (215,000)	\$ 345,000	\$ 15,358
Series 2007A	3.5%/3.8%	4/1/07	1,780,000	9/1/19	<u>1,660,000</u>	<u>135,000</u>	<u>(135,000)</u>	<u>1,525,000</u>	<u>58,508</u>
TOTAL LONG-TERM DEBT					<u>\$ 2,220,000</u>	<u>\$ 350,000</u>	<u>\$ (350,000)</u>	<u>\$ 1,870,000</u>	<u>\$ 73,865</u>

STATEMENT 7

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SCHEDULE OF MATURITY OF LONG-TERM DEBT
For the Year Ended June 30, 2012

	Year						
	2013	2014	2015	2016	2017	2018 - 2021	Total
Principal							
General obligations bonds	\$ 365,000	\$ 280,000	\$ 170,000	\$ 180,000	\$ 195,000	\$ 680,000	\$ 1,870,000
Interest							
General obligation bonds	\$ 61,749	\$ 50,425	\$ 42,358	\$ 36,013	\$ 29,120	\$ 39,434	\$ 259,099
TOTAL PRINCIPAL AND INTEREST	<u>\$ 426,749</u>	<u>\$ 330,425</u>	<u>\$ 212,358</u>	<u>\$ 216,013</u>	<u>\$ 224,120</u>	<u>\$ 719,434</u>	<u>\$ 2,129,099</u>

STATEMENT 8

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Unified School District No. 378 (the District) has established a system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented after applying memorandum adjustments, where applicable, to record accrued revenues, expenses and inventories, resulting in financial statements presented on a modified accrual basis of accounting. The District has no component units.

Basis of Presentation

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.

Departure from Generally Accepted Accounting Principles - 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 would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under U.S. generally accepted accounting principles, encumbrances are only recognized as 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 U.S. generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Property taxes recognized as revenue for the year ended June 30, 2012 represent the tax in process from the previous year which is collected plus the taxes collected from the 2011 levy by June 30, 2012. The remaining taxes from the 2011 levy are measurable but are not available to finance June 30, 2012 expenditures and are considered to be budgeted to finance June 30, 2013 expenditures. Deferred revenues in the governmental fund types represent taxes in process at June 30, 2012 from the 2011 tax levy which will be used to finance June 30, 2013 expenditures.

Fund Descriptions

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

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Descriptions (Continued)

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

Governmental Funds

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

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

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

Fiduciary Funds

Trust and Agency Funds are used 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. Those include expendable trust funds and agency funds. The activity funds are considered an agency fund and the balance on hand is payable to student organizations.

Waiver of Financial Reporting Requirements

The District's Board of Education has determined by resolution that financial statements prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Board, the Unified School District or the members of the general public of the District. The District passed a resolution in accordance with the Division of Accounts and Reports of the State of Kansas which served as notice of the Board's election to waive the requirements for reporting of its financial data in conformity with generally accepted accounting principles, as provided for and authorized by K.S.A. 75-1120a(c).

Ad Valorem Tax Revenue

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

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

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.

Principles Used in Determining Scope of Entity for Financial Reporting Purposes

The scope of the entity for financial reporting purposes is defined as those funds for which the School District Board has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursements of funds. These financial statements include all funds included in the District's legally adopted budget and trust and agency funds controlled or administered by district employees in their capacity as district employees.

Budget and Tax Cycle

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 twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and this 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.

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

The 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 District 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.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

Budget and Tax Cycle (Continued)

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

Contingency Reserve	Title II A Teacher Quality	Title I
Textbook & Student Revolving	Activity Fund	Title IV Safe & Drug Free
Gifts & Grants		

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.

Vacation, Sick Leave and Other Compensated Absences

The District's policy regarding vacation permits employees to use their vacation no later than six months after the year in which it is earned. If it is not used within six months after year end, it is lost. All employees who receive vacation pay are entitled to payment for all accrued vacation earned prior to termination or resignation. All other compensated absences do not vest or accumulate and the vacation pay does not accumulate; therefore, all compensated absences are recorded as expenditures when they are paid.

Note 2: Deposits and Investments

Kansas State Statutes authorize the District, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements and U.S. Treasury Bills and Notes. Statutes also require that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the District.

At June 30, 2012, the carrying amount of the District's deposits was \$3,526,920. The bank balance was \$3,311,670. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$257,852 was insured by FDIC insurance and \$3,053,818 was collateralized by pledge securities held under joint custody receipts issued by a third-party bank in the school district's name. The third-party bank holding the pledged securities is independent of the pledging bank.

Note 3: Defined Benefit Pension Plan

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

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

Notes to Financial Statements

Note 3: Defined Benefit Pension Plan (Continued)

Funding policy: K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% 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 currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all public school municipality employees for the years ending June 30, 2012, 2011 and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year.

Note 4: Transfers

The District made the following operating transfers during the fiscal year 2012. The transfers were approved by the Board of Education.

	<u>From</u>	<u>To</u>
General fund	\$ 864,748	\$ -
Supplemental general	799,568	-
Special revenue funds		
Capital outlay	-	50,000
Contingency reserve	-	50,000
At risk fund	-	155,274
Food service fund	-	150,000
Special education fund	-	874,042
Vocational education fund	-	350,000
Parents' education fund	-	15,000
Drivers education fund	-	20,000
TOTALS	<u><u>\$ 1,664,316</u></u>	<u><u>\$ 1,664,316</u></u>

Note 5: Litigation

The District's attorney advises us that as of this date, he is aware of no material pending or threatened litigation or unasserted claims against the District that would require disclosure.

Note 6: General Long-Term Debt

Kansas Statute Annotated 72-6761 restricts the level of authorized and outstanding bond indebtedness of the District to not more than 14% of the assessed valuation of tangible taxable property within the District. At June 30, 2012, based on the assessed valuation as of that date of \$38,113,515, the general obligation debt limit was \$5,335,892; after reduction for the outstanding eligible general obligation bonds total of \$1,870,000 plus the \$646,588 available for general obligation debt in the Debt Service Fund, provides a general obligation debt margin of \$4,112,480.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

Note 7: Contingencies

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

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

Note 9: Comparative Prior Year Amounts

The 2011 actual amounts presented in the financial statements have been taken from the audit report for the year ended June 30, 2011 and are presented for comparative purposes only.

Note 10: Other Employee Benefits

Non-Certified: Sick Leave, Bereavement Leave and Personal Leave

Sick leave will be credited 1 day for each 20 working days, not to exceed 12 days per year, and may accumulate to a maximum of 70 days. Only regular full-time and regular part-time employees will be allowed sick leave. A maximum of 5 days bereavement leave per year may be taken in the event of the death of certain relatives. Two days of personal leave per year will be granted to cooks, custodians and clerical help who work 25 or more hours per week on a regular basis. The same classification of employees who work less than 25 hours per week on a regular basis, and regularly employed bus drivers, will be granted 1 day of personal leave per year. Full-time employees of the District will be entitled to 2 weeks vacation with pay after 1 year of continuous employment.

Certified: Sick Leave, Bereavement Leave and Personal Leave

Sick leave will be credited 1 day for each 20 working days, not to exceed 10 days per year, and may accumulate to a maximum of 75 days. A maximum of 5 days bereavement leave per year may be taken in the event of the death of certain relatives. Two days of personal leave per year will be granted, but will not be accumulated.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2011

Note 10: Other Employee Benefits (Continued)

All Employees

On September 1, 1987, the District adopted the U.S.D. No. 378 Riley County Schools Flexible Benefit Plan. Each eligible employee may participate in the plan on the enrollment date coincidental with or next following the date on which he or she attains age 18 and completes his or her first day of employment. Employees not eligible to participate are: 1) those who normally work less than 30 hours per week; 2) employees who normally work less than 6 months during any plan year; 3) employees other than teachers who are covered by a collective bargaining agreement; and 4) non-resident aliens who have no earned income from the employer.

The purpose of the plan is to permit participating employees to convert a portion of their taxable compensation into nontaxable fringe benefits on an annual basis. This amount may not exceed the amount of compensation of the lowest paid employee who is eligible to participate in the plan. Benefits available to participants are the provision for reimbursement of medical expenses or medical insurance premiums, payment of premiums on group term life or disability insurance, or payment of or reimbursement of dependent care expenses.