

UNIFIED SCHOOL DISTRICT NO. 389

Financial Statements  
and  
Supplemental Information

with Independent Auditor's Report

For the Year Ended June 30, 2012

Unified School District No. 389  
Eureka, Kansas  
Special Financial Statements  
For the Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS

<u>Item</u>	<u>Page Number</u>
 INTRODUCTORY SECTION	
Title Page	
Table of Contents	
 FINANCIAL SECTION	
Independent Auditor's Report	1-3
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	4
Notes to Financial Statements	5-12
 ADDITIONAL INFORMATION	
Schedule 1	
Summary of Expenditures - Actual and Budget	13
Schedule 2	
Summary of Receipts and Expenditures - Individually Presented by Fund	
General Fund	14-15
Supplemental General Fund	16-17
Special Purpose Funds	
At Risk 4 Year Old	18
At Risk K-12 Fund	19
Capital Outlay Fund	20
Driver Training Fund	21
Food Service Fund	22
Professional Development Fund	23
Special Education Fund	24
Vocational Education Fund	25
Gifts and Grants Fund	26
KPERs Special Retirement Contribution Fund	27
Contingency Reserve Fund	28
Textbook and Student Material Revolving Fund	29
Recreation Commission Fund	30
Rural and Low Income School Grant	31
Title I Fund	32
Title I ARRA Fund	33
Title II Fund	34
Bond and Interest Funds	
Bond and Interest Fund	35

Unified School District No. 389  
Eureka, Kansas  
Special Financial Statements  
For the Fiscal Year Ended June 30, 2012

<u>Item</u>	<u>Page Number</u>
Schedule 3 Summary of Cash Receipts and Disbursements - Fiduciary Funds	36
Schedule 4 Summary of Cash Receipts, Expenditures and Unencumbered Cash - District Activity Funds	37
APPENDIX A	
Auditor's Report on Compliance and Internal Control – Government Auditing Standards	38-39
Auditor's Report on Compliance and Internal Control – OMB Circular A-133	40-41
Schedule of Findings and Questioned Costs	42
Schedule of Expenditures of Federal Awards	43

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Unified School District No. 389  
Eureka, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 389, Eureka, Kansas, as of and for the year ended June 30, 2012, and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement 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 and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the Notes to Financial Statement, the financial statement is prepared by Unified School District No. 389, Eureka, Kansas, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 389, Eureka, Kansas, as of June 30, 2012, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 389, Eureka, Kansas, as of June 30, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2013 on our consideration of Unified School District No. 389, Eureka, Kansas, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 389, Eureka, Kansas, internal control over financial reporting.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents), as required under the provisions of the Kansas Municipal Audit and Accounting Guide, are presented for analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement 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 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Prior Year Comparative Analysis*

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated February 15, 2012. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statement or to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statement as a whole.

*Restricted Use*

This report is intended solely for the information and use of the governing body and management of Unified School District No. 389, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

*Schlottorbeck and Burns, LLC*

March 21, 2013

Unified School District No. 389  
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended June 30, 2012

		Beginning Unencumbered Cash Balance	Beginning Balance Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:								
General		\$		4,792,862	4,792,862			
Supplemental General	(2)	54,008	20,269	1,486,928	1,426,351	134,854	332,100	466,954
Special Revenue:								
At Risk 4 Year Old	(2)	139,000	96	148,685	91,118	196,663	450	197,113
At Risk K-12		206,000		720,728	660,728	266,000		266,000
Capital Outlay		1,006,597		248,755	243,345	1,012,007	56,900	1,068,907
Driver Training		30,074		8,137	7,531	30,680		30,680
Food Service	(2)	126,577	995	386,425	368,899	145,098	25,244	170,342
Professional Development		115,951		24,105	14,105	125,951	525	126,476
Special Education	(2)	383,878	282	991,297	944,784	430,673	18,490	449,163
Vocational Education	(2)	228,000	1,140	289,631	222,008	296,763	13,453	310,216
Gifts and Grants		7,795				7,795		7,795
KPERs Special Retirement Contribution	(	253,833)		512,541	258,708			
Contingency Reserve		515,297			36,512	478,785	14,754	493,539
Textbook and Student Material Revolving		127,011		33,596	16,812	143,795		143,795
Recreation Commission		33,858		100,450	104,000	30,308		30,308
Rural and Low Income School Grant				21,755	21,755		836	836
Title I		10,112		176,933	160,820	26,225	4,111	30,336
Title II		912		38,430	39,342		125	125
Gate Receipts		11,401		56,327	57,198	10,530		10,530
Special Projects		109,230		136,285	131,415	114,100		114,100
Debt Service:								
Bond and Interest		700,839		796,151	786,713	710,277		710,277
Total Primary Government	(1)	<u>3,552,707</u>	<u>22,782</u>	<u>10,970,021</u>	<u>10,385,006</u>	<u>4,160,504</u>	<u>466,988</u>	<u>4,627,492</u>
Composition of Cash:								
Certificates of Deposit								85,665
Demand Deposits								4,178,242
Due from State of Kansas								458,614
Petty Cash Advance								3,300
Less: Agency Funds per Schedule 3								( 98,329)
Total Primary Government	(1)							<u>4,627,492</u>

(1) Excluding Agency Funds

(2) Beg Bal Adjust - Prior Year Encumbrances Cancelled

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

**Note 1 Summary of Significant Accounting Policies**

**A. Reporting Entity**

Principles Used in Determining Scope of Entity

The basic criterion used for including or excluding other governmental organizations as part of the financial statements of the School District is financial accountability. Financial accountability is derived from the District's powers and includes, but is not limited to, appointment of a voting majority of the governing body, imposition of will, financial benefit/burden on primary government and fiscal dependency. The District has waived the application of generally accepted accounting principles and as such, have not included any component units in these financial statements.

**B. Basis of Presentation**

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

The following Regulatory Basis Fund Types comprise the financial activities of the school district for the year ending June 30, 2012:

General Fund -- the chief operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds -- used to account for the proceeds of specific tax levies and other revenue sources that are intended for specific purposes.

Bond and Interest fund -- used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Trust Funds--funds used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Funds -- funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

**C. Basis of Accounting**

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America*

The Kansas Municipal Audit and Accounting Guide regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The Kansas Municipal Audit and Accounting Guide regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The School 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 School to use the regulatory basis of accounting.

**D. Budgets**

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

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

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 ended June 30, 2012, the District amended the budgets of the following funds in the amounts indicated:

	<u>Original</u>	<u>Amended</u>
	<u>Budget</u>	<u>Budget</u>
General Fund	\$ 4,807,782	4,890,564
Special Education Fund	1,339,167	1,387,551

After the above amendments were adopted by the District, the State of Kansas cut the budget of the General Fund to \$4,791,528, which represents the legal maximum budget for the District based on audited FTE enrollment.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

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 schedules 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 regulatory basis of accounting, in which 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

- Gifts and Grants Fund
- Contingency Reserve Fund
- Textbook and Student Material Revolving Fund
- Title I Fund
- Title I ARRA Fund
- Title II Fund
- Gate Receipts Fund
- Special Projects Fund

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

**E. Assets, Liabilities, and Fund Equity**

*Cash*

To facilitate better management of the District's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are credited to the special purpose funds designated by Kansas statutes.

*Property Taxes and Other Receivables*

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

**F. Revenues and Expenditures**

*Property Tax Revenue Recognition*

Property taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at rates established by Kansas Statutes. This interest is retained by the county.

Taxes levied to finance the budget are made available to the school after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January.

*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.

*Interfund Transactions*

Quasi-external transactions are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Note 2 In-Substance Receipt in Transit**

The District received \$458,614 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012. \$417,042 of these receipts were for the General Fund and \$41,572 for the Supplemental General Fund. The total of these amounts is displayed in the "Composition of Cash" as "Due from State of Kansas".

**Note 3 Deposits and Investments**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

K.S.A. 12-1675 allows the District to deposit idle funds in time deposits-open accounts, and certificates of deposit with allowable financial institutions; and to invest idle funds in U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool.

The District held no investments at June 30, 2012 and held no investments throughout the year.

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, except during designated "peak periods" when required coverage is 50%. The District has not designated any peak periods.

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

At June 30, 2012, the carrying amount of the District's deposits was \$4,263,907 and the bank balance was \$4,700,495. Of the bank balance, \$435,585 was covered by federal depository insurance and the remaining \$4,264,910 was collateralized with securities held by the pledging financial institutions' agents in the School's name.

**Note 4** **Long-term Debt**

*General Obligation Bonds*

Kansas schools are limited to aggregate debt not to exceed 14% of assessed valuation of tangible taxable property within the district. The School District's assessed valuation at June 30, 2012 was \$28,749,806. The total general obligation debt outstanding at June 30, 2012 was \$5,830,000. This balance is made up entirely of advance refunding bonds, which are exempt from the debt limitation by Kansas Statute. However, Kansas Statutes require any defeased bonds which are still outstanding to be included in this debt limitation computation. All of the District's defeased bonds were called early and retired by the District's escrow agent during the 2010-11 school year. The resulting legal debt limitation was \$4,024,973.

*Capital Lease Obligation*

At June 30, 2012, the District is committed under a QZAB lease purchase agreement, which provided funds for energy system improvements in the District.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

*Changes in Long-Term Debt*

Changes in long-term debt for the year ending June 30, 2012 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<u>General Obligation Bonds:</u>									
G.O. Advance Refunding Bonds	3.50-5.00%	07/01/05	\$ 6,365,000	10/01/20	6,365,000		535,000	5,830,000	251,712
<u>Capital Lease Obligations:</u>									
QZAB Energy System Improvements	1.75-5.00%	06/03/11	648,000	12/01/26	648,000			648,000	26,642
<u>Contracted Liabilities:</u>									
Early Retirement Program					79,000	4,000	30,000	53,000	0
Total Contractual Indebtedness					<u>7,092,000</u>	<u>4,000</u>	<u>565,000</u>	<u>6,531,000</u>	<u>278,354</u>

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

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18/ 2021-22	2022-23/ 2026-27	Total
<u>Principal</u>								
General Obligation Bonds	\$ 540,000	560,000	585,000	615,000	650,000	2,880,000		5,830,000
Capital Lease Obligations	13,000	25,000	30,000	35,000	35,000	225,000	285,000	648,000
Contracted Liabilities	30,000	18,000	5,000					53,000
Total Principal	<u>583,000</u>	<u>603,000</u>	<u>620,000</u>	<u>650,000</u>	<u>685,000</u>	<u>3,105,000</u>	<u>285,000</u>	<u>6,531,000</u>
<u>Interest</u>								
General Obligation Bonds	232,900	209,450	180,825	151,525	124,825	234,350		1,133,875
Capital Lease Obligations	26,529	26,152	25,530	24,698	23,700	95,692	38,125	260,426
Total Interest	<u>259,429</u>	<u>235,602</u>	<u>206,355</u>	<u>176,223</u>	<u>148,525</u>	<u>330,042</u>	<u>38,125</u>	<u>1,394,301</u>

**Note 5 Claims and Judgments**

The School participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of February 15, 2013, current year grant expenditures have not been audited, but the School believes disallowed expenditures or overpayments, if any, will not have a material effect on individual governmental funds or the overall financial position of the School.

During the course of its operations, the School is a party to various claims, legal actions and complaints. It is the opinion of the School's management that these matters are not anticipated to have a material impact on the School.

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2011 to 2012, and there were no settlements that exceeded insurance coverage in the past three years.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

**Note 6 Interfund Transfers**

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	At Risk 4-Year Old Fund	K.S.A. 72-6428 \$	50,000
General Fund	At Risk K-12 Fund	K.S.A. 72-6428	720,728
General Fund	Capital Outlay Fund	K.S.A. 72-6428	139,386
General Fund	Driver Training Fund	K.S.A. 72-6428	3,327
General Fund	Food Service Fund	K.S.A. 72-6428	79
General Fund	Professional Development Fund	K.S.A. 72-6428	10,000
General Fund	Special Education Fund	K.S.A. 72-6428	733,710
General Fund	Vocational Education Fund	K.S.A. 72-6428	196,862
Supplemental General Fund	At Risk 4-Year Old Fund	K.S.A. 72-6433	98,685
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	14,105
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	44,763
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	90,787

**Note 7 Other Long-Term Obligations from Operations**

*Compensated Absences.*

The School District's policies regarding sick leave permit employees a maximum accumulation of 90 days. At the time of termination, if the employee has been with the District for at least five years, the employee is compensated for unused sick days at the rate of \$25 per day for Certified personnel and \$10 per day for all other personnel. Employees are granted a maximum of three weeks vacation per year after five years service. Unused vacation time is lost at the end of each year. Policies prohibit payment for vacation time in lieu of time off and require the cancellation of unused vacation at the time of employment termination.

*Early Retirement Incentive Plan*

The School District has adopted a local early retirement incentive plan for classified personnel. Under this plan, classified personnel who have 15 or more years service with the District, 20 years of credited service with Kpers, and are between the age of 55 and 65 may retire and receive an annual benefit of \$5,000. Persons who retire under this program between the ages of 55 and 61 will receive this benefit for 4 years. Persons retiring at 62 years of age will receive this benefit for 3 years. Persons retiring at 63 years of age will receive this benefit for 2 years, and persons retiring at 64 years of age will receive this benefit for 1 year.

*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, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Unified School District No. 389  
Eureka, Kansas  
Notes to Financial Statements  
For the Year Ended June 30, 2012

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009, KPER has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is statutorily required to contribute the employer share.

**Note 8 Stewardship, Compliance, and Accountability**

*Compliance with Kansas Cash Basis Law*  
No violations.

*Compliance with Kansas Budget Law*  
No violations.

*Compliance with Kansas Depository Security Law*  
No violations.

**Note 9 Economic Dependency**

The School District is economically dependent on State and Federal financial assistance. The revenue from the State and Federal government in relation to the total revenues of the District are presented below:

	<u>Total</u>	<u>State</u>		<u>Federal</u>	
	<u>Revenue (1)</u>	<u>Aid</u>	<u>%</u>	<u>Aid</u>	<u>%</u>
General Fund	4,792,862	4,322,167	90.2%	13,635	0.3%
Supplemental General Fund	1,486,928	708,361	47.6%	1,622	0.1%
Debt Service Fund	796,151	314,685	39.5%	1,021	0.1%
Other Funds	1,791,648	518,646	28.9%	693,038	38.7%
 Total All Funds (1)	 8,867,589	 5,863,859	 66.1%	 709,316	 8.0%

**Note 10 On Behalf Payments for Fringe Benefits**

The School recognizes as revenues and expenses cash contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERS) on behalf of the School's employees. For the year ended June 30, 2012, the State made cash contributions of \$512,541. These contributions are recorded in the School's KPERS Contribution Fund as receipts and disbursements.

The State of Kansas reports these transactions on the cash basis of accounting and does not recognize encumbrances (i.e. commitments for unpaid contributions) as expenditures. Accordingly, the transactions reported in the School's KPERS Contribution Fund does not recognize any amounts due from the State for committed but unpaid contributions as of June 30, 2012.

Unified School District No. 389  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2012

Schedule 1

	<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>
Governmental Type Funds:						
General	\$ 4,890,564	( 99,036)	1,606	4,793,134	4,792,862	272
Supplemental General	1,426,351			1,426,351	1,426,351	
Special Revenue:						
At Risk 4 Year Old	237,661			237,661	91,118	146,543
At Risk K-12	981,108			981,108	660,728	320,380
Capital Outlay	1,000,000			1,000,000	243,345	756,655
Driver Training	34,663			34,663	7,531	27,132
Food Service	450,793		25,474	476,267	368,899	107,368
Professional Development	115,951			115,951	14,105	101,846
Special Education	1,387,551		13,327	1,400,878	944,784	456,094
Vocational Education	445,929		1,982	447,911	222,008	225,903
KPERs Special Retirement Contribution	540,376			540,376	258,708	281,668
Recreation Commission	104,000			104,000	104,000	
Debt Service:						
Bond and Interest	<u>786,812</u>			<u>786,812</u>	<u>786,713</u>	<u>99</u>
Totals	<u><u>12,401,759</u></u>	<u><u>( 99,036)</u></u>	<u><u>42,389</u></u>	<u><u>12,345,112</u></u>	<u><u>9,921,152</u></u>	<u><u>2,423,960</u></u>

Unified School District No. 389  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
<b>Cash Receipts</b>				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 432,278	449,552	407,829	41,723
Delinquent Taxes	12,671	6,709	13,509	( 6,800)
Reimbursements		79		79
Total Revenue from Local Sources	<u>444,949</u>	<u>456,340</u>	<u>421,338</u>	<u>35,002</u>
Revenue from State Sources				
General State Aid	3,695,929	3,749,142	3,692,949	56,193
State Aid Reimbursement	741	1,527		1,527
Mineral Production Tax	1,026	720	500	220
Special Education Aid	560,917	571,498	670,500	( 99,002)
Total Revenue from State Sources	<u>4,258,613</u>	<u>4,322,887</u>	<u>4,363,949</u>	<u>( 41,062)</u>
Revenue from Federal Sources				
Federal Financial Assistance	85,933			
Federal Ed Jobs Program	150,468	2,289		2,289
P.L. 382	12,831	11,346		11,346
Total Revenue from Federal Sources	<u>249,232</u>	<u>13,635</u>		<u>13,635</u>
Total Cash Receipts	<u>4,952,794</u>	<u>4,792,862</u>	<u>4,785,287</u>	<u>7,575</u>
<b>Expenditures and Transfers</b>				
Instruction				
Certified Salaries	1,459,002	1,466,574	1,506,110	39,536
Non-Certified Salaries	27,879	30,340	35,000	4,660
Social Security	115,503	115,987	120,000	4,013
Other Employee Benefits	2,136	13,448	2,500	( 10,948)
Total Instruction	<u>1,604,520</u>	<u>1,626,349</u>	<u>1,663,610</u>	<u>37,261</u>
Support Services - Students				
Certified Salaries	201,985	204,705	205,500	795
Non-Certified Salaries	8,011		8,500	8,500
Social Security	14,378	14,627	16,000	1,373
Other Employee Benefits	182	1,301	300	( 1,001)
Total Support Services - Students	<u>224,556</u>	<u>220,633</u>	<u>230,300</u>	<u>9,667</u>
Support Services - Instr. Staff				
Certified Salaries	105,190	107,188	107,900	712
Social Security			7,954	7,954
Other Employee Benefits	84	597	100	( 497)
Total Support Services - Instr. Staff	<u>105,274</u>	<u>107,785</u>	<u>115,954</u>	<u>8,169</u>
General Administration				
Certified Salaries	73,641	74,961	77,000	2,039
Non-Certified Salaries	8,967	9,072	9,100	28
Social Security	8,827	9,448	9,000	( 448)
Other Employee Benefits	60	420	170	( 250)
Total General Administration	<u>91,495</u>	<u>93,901</u>	<u>95,270</u>	<u>1,369</u>
School Administration				
Certified Salaries	224,662	217,608	228,000	10,392
Non-Certified Salaries	124,616	124,735	130,000	5,265
Social Security	22,805	22,207	28,000	5,793
Other Employee Benefits	330	2,241	500	( 1,741)
Total School Administration	<u>372,413</u>	<u>366,791</u>	<u>386,500</u>	<u>19,709</u>
Support Services - Business				
Non-Certified Salaries	60,010	64,939	62,000	( 2,939)
Social Security			4,622	4,622
Other Employee Benefits			100	100
Total Support Services - Business	<u>60,010</u>	<u>64,939</u>	<u>66,722</u>	<u>1,783</u>

Unified School District No. 389  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Operations and Maintenance				
Non-Certified Salaries	\$ 236,574	239,919	242,000	2,081
Social Security	15,811	15,917	17,000	1,083
Other Employee Benefits	191	1,343	300	( 1,043)
Total Operations and Maintenance	<u>252,576</u>	<u>257,179</u>	<u>259,300</u>	<u>2,121</u>
Vehicle Operation Services				
Non-Certified Salaries	144,795	150,352	186,398	36,046
Social Security	9,460	10,099	10,350	251
Other Employee Benefits	153	1,016	200	( 816)
Total Vehicle Operation Services	<u>154,408</u>	<u>161,467</u>	<u>196,948</u>	<u>35,481</u>
Vehicle Servicing/Maintenance				
Non-Certified Salaries	48,339	37,174	48,755	11,581
Social Security	3,068	2,332	3,674	1,342
Other Employee Benefits	38	220	60	( 160)
Total Vehicle Servicing/Maintenance	<u>51,445</u>	<u>39,726</u>	<u>52,489</u>	<u>12,763</u>
Fund Transfers				
At Risk 4-Year Old	131,576	50,000	98,661	48,661
At Risk K-12	632,357	720,728	775,108	54,380
Capital Outlay	335,077	139,386		( 139,386)
Driver Training	2,500	3,327		( 3,327)
Food Service		79		( 79)
Professional Development	40,363	10,000		( 10,000)
Special Education	710,402	733,710	770,734	37,024
Vocational Education	186,586	196,862	178,968	( 17,894)
Total Fund Transfers	<u>2,038,861</u>	<u>1,854,092</u>	<u>1,823,471</u>	<u>( 30,621)</u>
Budget Adjustments				
Legal Max Adjustment			( 99,036)	( 99,036)
Budget Credit Adjustment			1,606	1,606
Total Expenditures and Transfers	<u>4,955,558</u>	<u>4,792,862</u>	<u>4,793,134</u>	<u>272</u>
Receipts Over (Under)				
Expenditures and Transfers	( 2,764)			
Unencumbered Cash, Beginning	2,764			
Prior Year Encumbrances Cancelled				
Unencumbered Cash, Ending	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Unified School District No. 389  
Supplemental General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
<b>Cash Receipts</b>				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 646,987	670,831	583,216	87,615
Delinquent Taxes	20,319	13,218	20,452	( 7,234)
Total Revenue from Local Sources	<u>667,306</u>	<u>684,049</u>	<u>603,668</u>	<u>80,381</u>
Revenue from County Sources				
Motor Vehicle Tax	92,632	91,161	84,419	6,742
Recreational Vehicle Tax	1,635	1,735	1,399	336
Revenue in Lieu of Taxes	1,620	1,622		1,622
Total Revenue from County Sources	<u>95,887</u>	<u>94,518</u>	<u>85,818</u>	<u>8,700</u>
Revenue from State Sources				
Supplemental State Aid	769,350	708,361	682,857	25,504
Total Cash Receipts	<u>1,532,543</u>	<u>1,486,928</u>	<u>1,372,343</u>	<u>114,585</u>
<b>Expenditures and Transfers</b>				
Instruction				
Tuition	44,406	44,676	70,000	25,324
Staff Travel	4,721	2,350	5,000	2,650
Supplies and Materials	55,683	72,049	75,000	2,951
Textbooks	23,461	15,031	50,000	34,969
Miscellaneous Supplies	118,794	82,510	60,000	( 22,510)
Property (Equipment & Furnishings)	122,402	88,867	100,000	11,133
Other			80,000	80,000
Total Instruction	<u>369,467</u>	<u>305,483</u>	<u>440,000</u>	<u>134,517</u>
Support Services - Students				
Supplies and Materials	3,470	1,644	5,000	3,356
Support Services - Instr. Staff				
Books and Periodicals	19,460	11,567	20,000	8,433
Audio Visual and Software	325			
Total Support Services - Instr. Staff	<u>19,785</u>	<u>11,567</u>	<u>20,000</u>	<u>8,433</u>
General Administration				
Purchased Professional and Technical Services	47,040	56,896	60,000	3,104
Board of Education Services	3,273	1,711		( 1,711)
Other Official/Administrative Services	4,741	5,622		( 5,622)
Insurance	118,087	139,612	125,000	( 14,612)
Communication Services			29,000	29,000
Supplies and Materials	6,974	9,451	8,000	( 1,451)
Total General Administration	<u>180,115</u>	<u>213,292</u>	<u>222,000</u>	<u>8,708</u>
Support Services - Business				
Postage	3,501	6,717		( 6,717)
Operations and Maintenance				
Water/Sewer Services (Non-Energy)	8,805	16,037	10,000	( 6,037)
Disposal Services	12,617	11,365	15,000	3,635
Repairs and Maintenance	12,454	30,987	30,000	( 987)
Rentals/Leases	32,459	32,779	35,000	2,221
Communication Services	20,344	18,316		( 18,316)
Supplies and Materials	184,864	148,468	150,000	1,532
Heating	36,639	29,043	65,600	36,557
Electricity	162,213	172,981	180,400	7,419
Motor Fuel	908	2,000	1,500	( 500)
Other	39,061	19,727	40,000	20,273
Total Operations and Maintenance	<u>510,364</u>	<u>481,703</u>	<u>527,500</u>	<u>45,797</u>

Unified School District No. 389  
Supplemental General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Vehicle Operation Services				
Supplies and Materials	\$	107		( 107)
Motor Fuel	72,962	70,356	75,000	4,644
Equipment		13,003		( 13,003)
Other	<u>2,087</u>	<u>9,202</u>		<u>( 9,202)</u>
Total Vehicle Operation Services	<u>75,049</u>	<u>92,668</u>	<u>75,000</u>	<u>( 17,668)</u>
Vehicle Servicing/Maintenance				
Supplies and Materials	66,931	64,937	50,000	( 14,937)
Other			3,000	3,000
Total Vehicle Servicing/Maintenance	<u>66,931</u>	<u>64,937</u>	<u>53,000</u>	<u>( 11,937)</u>
Fund Transfers				
At Risk 4-Year Old	49,000	98,685		( 98,685)
At Risk K-12	106,000			
Food Service	15,000			
Professional Development	15,855	14,105		( 14,105)
Special Education		44,763	43,851	( 912)
Vocational Education	<u>128,000</u>	<u>90,787</u>	<u>40,000</u>	<u>( 50,787)</u>
Total Fund Transfers	<u>313,855</u>	<u>248,340</u>	<u>83,851</u>	<u>( 164,489)</u>
Total Expenditures and Transfers	<u>1,542,537</u>	<u>1,426,351</u>	<u>1,426,351</u>	
Receipts Over (Under)				
Expenditures and Transfers	( 9,994)	60,577		
Unencumbered Cash, Beginning	57,456	54,008		
Prior Year Encumbrances Cancelled	<u>6,546</u>	<u>20,269</u>		
Unencumbered Cash, Ending	<u>54,008</u>	<u>134,854</u>		

Unified School District No. 389  
At Risk 4 Year Old Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 131,576	50,000	98,661	( 48,661)
Transfer from Supplemental General Fund	49,000	98,685		98,685
Total Cash Receipts	<u>180,576</u>	<u>148,685</u>	<u>98,661</u>	<u>50,024</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	84,089	85,451	125,429	39,978
Non-Certified Salaries			62,000	62,000
Social Security	5,140	5,114	10,232	5,118
Purchased Professional and Technical Services			20,000	20,000
General Supplies and Materials	607	553	10,000	9,447
Textbooks			10,000	10,000
Total Expenditures and Transfers	<u>89,836</u>	<u>91,118</u>	<u>237,661</u>	<u>146,543</u>
Receipts Over (Under)				
Expenditures and Transfers	90,740	57,567		
Unencumbered Cash, Beginning	48,236	139,000		
Prior Year Encumbrances Cancelled	24	96		
Unencumbered Cash, Ending	<u>139,000</u>	<u>196,663</u>		

Unified School District No. 389  
At Risk K-12 Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 632,357	720,728	775,108	( 54,380)
Transfer from Supplemental General Fund	106,000			
Total Cash Receipts	<u>738,357</u>	<u>720,728</u>	<u>775,108</u>	<u>( 54,380)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	585,176	618,503	620,954	2,451
Non-Certified Salaries		760	26,460	25,700
Social Security	38,761	40,665	47,500	6,835
Other Employee Benefits			600	600
Purchased Professional and Technical Services			15,000	15,000
Supplies and Materials			36,000	36,000
Textbooks			234,594	234,594
Total Instruction	<u>623,937</u>	<u>659,928</u>	<u>981,108</u>	<u>321,180</u>
Support Services - Students				
Purchased Professional and Technical Services	14,000	800		( 800)
Total Expenditures and Transfers	<u>637,937</u>	<u>660,728</u>	<u>981,108</u>	<u>320,380</u>
Receipts Over (Under)				
Expenditures and Transfers	100,420	60,000		
Unencumbered Cash, Beginning	<u>105,580</u>	<u>206,000</u>		
Unencumbered Cash, Ending	<u>206,000</u>	<u>266,000</u>		

Unified School District No. 389  
Capital Outlay Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 29,756	53,057	49,846	3,211
Delinquent Taxes	3,565	2,010	824	1,186
Interest on Investments	29,249	32,342	27,500	4,842
Other Revenue From Local Sources	2,823	1,401	4,000	(2,599)
Total Revenue from Local Sources	<u>65,393</u>	<u>88,810</u>	<u>82,170</u>	<u>6,640</u>
Revenue from County Sources				
Motor Vehicle Tax	16,514	12,971	11,192	1,779
Recreational Vehicle Tax	292	238	185	53
Revenue in Lieu of Taxes	1,708	2,488		2,488
Total Revenue from County Sources	<u>18,514</u>	<u>15,697</u>	<u>11,377</u>	<u>4,320</u>
Revenue from Federal Sources				
Federal Flood Control Allocation	837			
P.L. 382	5,499	4,862		4,862
Total Revenue from Federal Sources	<u>6,336</u>	<u>4,862</u>		<u>4,862</u>
Operating Transfers				
Transfer from General Fund	335,077	139,386		139,386
Total Cash Receipts	<u>425,320</u>	<u>248,755</u>	<u>93,547</u>	<u>155,208</u>
Expenditures and Transfers				
Instruction				
Property (Equipment & Furnishings)	10,835		150,000	150,000
Operations and Maintenance				
Property (Equipment & Furnishings)	33,942	10,774	300,000	289,226
Vehicle Operation Services				
Property (Equipment & Furnishings)	74,300	88,800	200,000	111,200
Facilities Acquisition/Construction				
Site Improvement Services	300,000	143,771	200,000	56,229
Architecture and Engineering Services			100,000	100,000
Other Facilities Acquisition/Construction			50,000	50,000
Total Facilities Acquisition/Construction	<u>300,000</u>	<u>143,771</u>	<u>350,000</u>	<u>206,229</u>
Total Expenditures and Transfers	<u>419,077</u>	<u>243,345</u>	<u>1,000,000</u>	<u>756,655</u>
Receipts Over (Under)				
Expenditures and Transfers	6,243	5,410		
Unencumbered Cash, Beginning	1,000,054	1,006,597		
Prior Year Encumbrances Cancelled	300			
Unencumbered Cash, Ending	<u>1,006,597</u>	<u>1,012,007</u>		

Unified School District No. 389  
Driver Training Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$ 2,157	2,742	2,000	742
Revenue from State Sources				
General State Aid	2,590	2,068	2,590	( 522)
Operating Transfers				
Transfer from General Fund	2,500	3,327		3,327
Total Cash Receipts	<u>7,247</u>	<u>8,137</u>	<u>4,590</u>	<u>3,547</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	6,378	6,937	24,000	17,063
Social Security	489	531	1,836	1,305
Other Employee Benefits	7	63	100	37
Supplies and Materials			4,000	4,000
Total Instruction	<u>6,874</u>	<u>7,531</u>	<u>29,936</u>	<u>22,405</u>
Vehicle Operation/Maintenance				
Motor Fuel	298		4,000	4,000
Other	16		727	727
Total Vehicle Operation/Maintenance	<u>314</u>		<u>4,727</u>	<u>4,727</u>
Total Expenditures and Transfers	<u>7,188</u>	<u>7,531</u>	<u>34,663</u>	<u>27,132</u>
Receipts Over (Under)				
Expenditures and Transfers	59	606		
Unencumbered Cash, Beginning	<u>30,015</u>	<u>30,074</u>		
Unencumbered Cash, Ending	<u>30,074</u>	<u>30,680</u>		

Unified School District No. 389  
Food Service Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
<b>Cash Receipts</b>				
Revenue from Local Sources				
Student Sales	\$ 86,942	92,431	83,230	9,201
Adults and Non-Reimbursable Programs	3,983	5,030	4,191	839
Other Revenue From Local Sources	18,906	25,795	18,000	7,795
Total Revenue from Local Sources	<u>109,831</u>	<u>123,256</u>	<u>105,421</u>	<u>17,835</u>
Revenue from State Sources				
General State Aid	3,992	4,037	3,216	821
Revenue from Federal Sources				
Federal Financial Assistance	243,141	259,053	233,579	25,474
Operating Transfers				
Transfer from General Fund		79		79
Transfer from Supplemental General Fund	15,000			
Total Operating Transfers	<u>15,000</u>	<u>79</u>		<u>79</u>
Total Cash Receipts	<u>371,964</u>	<u>386,425</u>	<u>342,216</u>	<u>44,209</u>
<b>Expenditures and Transfers</b>				
Operations and Maintenance				
Water/Sewer Services (Non-Energy)	2,275	2,515	2,800	285
Food Service Operations				
Non-Certified Salaries	100,930	94,456	115,000	20,544
Social Security	6,056	6,345	8,797	2,452
Other Employee Benefits	83	516	150	( 366)
Food and Milk	222,034	241,310	230,000	( 11,310)
Miscellaneous Supplies	9,040	10,241	13,000	2,759
Property (Equipment & Furnishings)	3,819	5,410	78,046	72,636
Other	2,444	8,106	3,000	( 5,106)
Total Food Service Operations	<u>344,406</u>	<u>366,384</u>	<u>447,993</u>	<u>81,609</u>
Budget Credit Adjustment			25,474	25,474
Total Expenditures and Transfers	<u>346,681</u>	<u>368,899</u>	<u>476,267</u>	<u>107,368</u>
Receipts Over (Under)				
Expenditures and Transfers	25,283	17,526		
Unencumbered Cash, Beginning	101,238	126,577		
Prior Year Encumbrances Cancelled	56	995		
Unencumbered Cash, Ending	<u>126,577</u>	<u>145,098</u>		

Unified School District No. 389  
Professional Development Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 40,363	10,000		10,000
Transfer from Supplemental General Fund	15,855	14,105		14,105
Total Cash Receipts	<u>56,218</u>	<u>24,105</u>		<u>24,105</u>
Expenditures and Transfers				
Support Services - Instr. Staff				
Instructional Program Improvement Services	13,141	14,105	115,951	101,846
Total Expenditures and Transfers	<u>13,141</u>	<u>14,105</u>	<u>115,951</u>	<u>101,846</u>
Receipts Over (Under)				
Expenditures and Transfers	43,077	10,000		
Unencumbered Cash, Beginning	<u>72,874</u>	<u>115,951</u>		
Unencumbered Cash, Ending	<u>115,951</u>	<u>125,951</u>		

Unified School District No. 389  
Special Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$	7,689		7,689
Revenue from Federal Sources				
Federal Financial Assistance	187,724	188,511	175,184	13,327
Federal Financial Assistance ARRA	77,748			
Medicaid Title XIX	30,613	16,624	15,000	1,624
Total Revenue from Federal Sources	296,085	205,135	190,184	14,951
Operating Transfers				
Transfer from General Fund	710,402	733,710	770,734	( 37,024)
Transfer from Supplemental General Fund		44,763	43,851	912
Total Operating Transfers	710,402	778,473	814,585	( 36,112)
Total Cash Receipts	1,006,487	991,297	1,004,769	( 13,472)
Expenditures and Transfers				
Instruction				
Certified Salaries	436,240	424,464	722,985	298,521
Non-Certified Salaries	260,937	311,715	275,752	( 35,963)
Social Security	48,510	50,915	52,264	1,349
Other Employee Benefits	575	4,276	1,000	( 3,276)
Purchased Professional and Technical Services	10,440	13,622	55,000	41,378
Purchased Property Services			5,000	5,000
Tuition	2,467			
Staff Travel	802	32		( 32)
Other Miscellaneous Purchased Services			2,000	2,000
Supplies and Materials	10,620	7,304	12,000	4,696
Textbooks			17,675	17,675
Miscellaneous Supplies	40			
Total Instruction	770,631	812,328	1,143,676	331,348
Support Services - Students				
Certified Salaries	57,400	58,150		( 58,150)
Non-Certified Salaries	22,200	20,504	24,000	3,496
Social Security	5,440	5,274	6,000	726
Other Employee Benefits	68	465	2,000	1,535
Purchased Professional and Technical Services	2,946	9,836		( 9,836)
Total Support Services - Students	88,054	94,229	32,000	( 62,229)
General Administration				
Certified Salaries			65,175	65,175
Vehicle Operation Services				
Non-Certified Salaries	37,042	24,594	39,000	14,406
Social Security	2,534	1,841	2,700	859
Purchased Professional and Technical Services		1,423		( 1,423)
Motor Fuel	6,847	10,369	105,000	94,631
Total Vehicle Operation Services	46,423	38,227	146,700	108,473
Budget Credit Adjustment			13,327	13,327
Total Expenditures and Transfers	905,108	944,784	1,400,878	456,094
Receipts Over (Under)				
Expenditures and Transfers	101,379	46,513		
Unencumbered Cash, Beginning	282,129	383,878		
Prior Year Encumbrances Cancelled	370	282		
Unencumbered Cash, Ending	383,878	430,673		

Unified School District No. 389  
Vocational Education Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Reimbursements	\$	1,982		1,982
Operating Transfers				
Transfer from General Fund	186,586	196,862	178,968	17,894
Transfer from Supplemental General Fund	128,000	90,787	40,000	50,787
Total Operating Transfers	314,586	287,649	218,968	68,681
Total Cash Receipts	314,586	289,631	218,968	70,663
Expenditures and Transfers				
Instruction				
Certified Salaries	195,778	194,452	388,968	194,516
Social Security			20,000	20,000
General Supplies and Materials			20,000	20,000
Miscellaneous Supplies	16,275	22,688	16,961	( 5,727)
Property (Equipment & Furnishings)		4,868		( 4,868)
Total Instruction	212,053	222,008	445,929	223,921
Budget Credit Adjustment			1,982	1,982
Total Expenditures and Transfers	212,053	222,008	447,911	225,903
Receipts Over (Under)				
Expenditures and Transfers	102,533	67,623		
Unencumbered Cash, Beginning	125,000	228,000		
Prior Year Encumbrances Cancelled	467	1,140		
Unencumbered Cash, Ending	228,000	296,763		

Unified School District No. 389  
 Gifts and Grants Fund  
 Summary of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2012  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
None	\$ _____	_____
Expenditures and Transfers		
None	_____	_____
Receipts Over (Under) Expenditures and Transfers		
Unencumbered Cash, Beginning	<u>7,795</u>	<u>7,795</u>
Unencumbered Cash, Ending	<u><u>7,795</u></u>	<u><u>7,795</u></u>

Unified School District No. 389  
 KPERS Special Retirement Contribution Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from State Sources				
General State Aid	\$ 474,220	512,541	540,376	( 27,835)
Total Cash Receipts	<u>474,220</u>	<u>512,541</u>	<u>540,376</u>	<u>( 27,835)</u>
Expenditures and Transfers				
Instruction				
Other Employee Benefits	167,391	159,820	382,235	222,415
Support Services - Students				
Other Employee Benefits	12,306	12,075	30,052	17,977
Support Services - Instr. Staff				
Other Employee Benefits	7,491	7,484	15,026	7,542
General Administration				
Other Employee Benefits	30,940	10,173	9,145	( 1,028)
School Administration				
Other Employee Benefits	65,151	25,639	36,180	10,541
Support Services - Business				
Other Employee Benefits	20,372	6,779	5,615	( 1,164)
Operations and Maintenance				
Other Employee Benefits	56,763	18,791	24,377	5,586
Vehicle Operation Services				
Other Employee Benefits	35,493	13,143	25,616	12,473
Operation of Non-Instruction Services				
Other Employee Benefits	5,023	4,804	12,130	7,326
Total Expenditures and Transfers	<u>400,930</u>	<u>258,708</u>	<u>540,376</u>	<u>281,668</u>
Receipts Over (Under)				
Expenditures and Transfers	73,290	253,833		
Unencumbered Cash, Beginning	( 327,123)	( 253,833)		
Unencumbered Cash, Ending	<u>( 253,833)</u>	<u>          </u>		

Unified School District No. 389  
Contingency Reserve Fund  
Summary of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
None	\$	
Expenditures and Transfers		
General Administration		
Property (Equipment & Furnishings)		<u>36,512</u>
Total Expenditures and Transfers		<u>36,512</u>
Receipts Over (Under)		
Expenditures and Transfers		( 36,512)
Unencumbered Cash, Beginning	<u>515,297</u>	<u>515,297</u>
Unencumbered Cash, Ending	<u>515,297</u>	<u>478,785</u>

Unified School District No. 389  
Textbook and Student Material Revolving Fund  
Summary of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2012

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

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Local Sources		
User Charges and Fines	\$ 15,463	15,782
Textbook Sales and Rentals	<u>20,093</u>	<u>17,814</u>
Total Cash Receipts	<u>35,556</u>	<u>33,596</u>
Expenditures and Transfers		
Instruction		
Supplies and Materials	15,082	16,812
Textbooks	<u>4,690</u>	<u>16,812</u>
Total Expenditures and Transfers	<u>19,772</u>	<u>16,812</u>
Receipts Over (Under)		
Expenditures and Transfers	15,784	16,784
Unencumbered Cash, Beginning	<u>111,227</u>	<u>127,011</u>
Unencumbered Cash, Ending	<u><u>127,011</u></u>	<u><u>143,795</u></u>

Unified School District No. 389  
Recreation Commission Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 82,795	85,347	79,236	6,111
Delinquent Taxes	2,814	1,838	2,602	( 764)
Total Revenue from Local Sources	<u>85,609</u>	<u>87,185</u>	<u>81,838</u>	<u>5,347</u>
Revenue from County Sources				
Motor Vehicle Tax	13,046	12,816	11,766	1,050
Recreational Vehicle Tax	231	243	194	49
Revenue in Lieu of Taxes	225	206		206
Total Revenue from County Sources	<u>13,502</u>	<u>13,265</u>	<u>11,960</u>	<u>1,305</u>
Total Cash Receipts	<u>99,111</u>	<u>100,450</u>	<u>93,798</u>	<u>6,652</u>
Expenditures and Transfers				
Community Services Operations				
Community Service Operations	104,000	104,000	104,000	
Total Expenditures and Transfers	<u>104,000</u>	<u>104,000</u>	<u>104,000</u>	
Receipts Over (Under)				
Expenditures and Transfers	( 4,889)	( 3,550)		
Unencumbered Cash, Beginning	<u>38,747</u>	<u>33,858</u>		
Unencumbered Cash, Ending	<u>33,858</u>	<u>30,308</u>		

Unified School District No. 389  
Rural and Low Income School Grant Fund  
Summary of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2012

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

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Federal Sources		
Federal Financial Assistance	\$ _____	<u>21,755</u>
Total Cash Receipts	<u>                    </u>	<u>21,755</u>
Expenditures and Transfers		
Instruction		
Property (Equipment & Furnishings)	<u>                    </u>	<u>21,755</u>
Total Expenditures and Transfers	<u>                    </u>	<u>21,755</u>
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	<u>                    </u>	<u>                    </u>
Unencumbered Cash, Ending	<u>                    </u>	<u>                    </u>

Unified School District No. 389  
Title I Fund  
Summary of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Federal Sources		
Federal Financial Assistance	\$ 142,038	176,933
Total Cash Receipts	<u>142,038</u>	<u>176,933</u>
 Expenditures and Transfers		
Instruction		
Certified Salaries	117,311	131,198
Social Security	11,602	12,067
Supplies and Materials	757	998
Property (Equipment & Furnishings)	2,700	1,988
Total Instruction	<u>132,370</u>	<u>146,251</u>
Support Services - Students		
Other	<u>282</u>	<u>779</u>
Support Services - Instr. Staff		
Other	<u>5,675</u>	<u>13,790</u>
Total Expenditures and Transfers	<u>138,327</u>	<u>160,820</u>
 Receipts Over (Under)		
Expenditures and Transfers	3,711	16,113
 Unencumbered Cash, Beginning	<u>6,401</u>	<u>10,112</u>
Unencumbered Cash, Ending	<u><u>10,112</u></u>	<u><u>26,225</u></u>

Unified School District No. 389  
Title I ARRA Fund  
Summary of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Federal Sources		
Federal Financial Assistance ARRA	\$ 61,878	
Total Cash Receipts	<u>61,878</u>	
Expenditures and Transfers		
Instruction		
Certified Salaries	54,731	
Other Employee Benefits	2,294	
General Supplies and Materials	<u>4,853</u>	
Total Expenditures and Transfers	<u>61,878</u>	
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	<u>          </u>	<u>          </u>
Unencumbered Cash, Ending	<u>          </u>	<u>          </u>

Unified School District No. 389  
Title II Fund  
Summary of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2012  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Revenue from Federal Sources		
Federal Financial Assistance	\$ 44,237	38,430
Total Cash Receipts	<u>44,237</u>	<u>38,430</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	36,661	38,417
Supplies and Materials	363	
Property (Equipment & Furnishings)	118	
Return of Unexpended Grant Funds		912
Total Instruction	<u>37,142</u>	<u>39,329</u>
Support Services - Instr. Staff		
Instructional Program Improvement Services	<u>7,095</u>	<u>13</u>
Total Expenditures and Transfers	<u>44,237</u>	<u>39,342</u>
Receipts Over (Under)		
Expenditures and Transfers		( 912)
Unencumbered Cash, Beginning	<u>912</u>	<u>912</u>
Unencumbered Cash, Ending	<u><u>912</u></u>	<u><u>912</u></u>

Unified School District No. 389  
Bond and Interest Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

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)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 410,015	404,558	375,143	29,415
Delinquent Taxes	15,262	9,937	12,868	( 2,931)
Total Revenue from Local Sources	<u>425,277</u>	<u>414,495</u>	<u>388,011</u>	<u>26,484</u>
Revenue from County Sources				
Motor Vehicle Tax	70,767	64,725	59,278	5,447
Recreational Vehicle Tax	1,249	1,225	982	243
Revenue in Lieu of Taxes	1,251	1,021		1,021
Total Revenue from County Sources	<u>73,267</u>	<u>66,971</u>	<u>60,260</u>	<u>6,711</u>
Revenue from State Sources				
General State Aid	288,376	314,685	314,725	( 40)
Total Cash Receipts	<u>786,920</u>	<u>796,151</u>	<u>762,996</u>	<u>33,155</u>
Expenditures and Transfers				
Debt Service				
Redemption of Principal	470,000	535,000	535,000	
Interest (Coupons)	309,395	251,713	251,712	( 1)
Commission and Postage			100	100
Total Expenditures and Transfers	<u>779,395</u>	<u>786,713</u>	<u>786,812</u>	<u>99</u>
Receipts Over (Under) Expenditures and Transfers	7,525	9,438		
Unencumbered Cash, Beginning	<u>693,314</u>	<u>700,839</u>		
Unencumbered Cash, Ending	<u>700,839</u>	<u>710,277</u>		

Unified School District No. 389  
Eureka, Kansas  
Summary of Cash Receipts and Disbursements - Fiduciary Funds  
For the Year Ended June 30, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organization Funds:				
High School:				
Band	\$ 324	3,405	3,079	650
Band Fees and Rental	-	105	105	-
Class of '12	903	294	1,197	-
Class of '13	1,211	631	1,755	87
Class of '14	908	819	32	1,695
Class of '15	761	421		1,182
Class of '16	100	247		347
Class of '17	-	405	50	355
Cheerleaders	1,962	3,947	3,936	1,973
E-Club	254			254
Educational Trips	205	1,108	1,289	24
Family & Consumer Science	-	700	700	-
FCA	324			324
FCCLA	478	3,523	2,594	1,407
FFA	12,294	24,198	21,734	14,758
Foreign Language Club	444	1,207	463	1,188
Scholar's Bowl	1,237	1,240	810	1,667
KAYS, Sr.	1,198			1,198
National Honor Society	24	276	256	44
Power Lifting Club	269	97	180	186
SADD	40	5,188	5,017	211
Science Club	671	3,637	3,649	659
Science Fund	-	2,946	2,936	10
Speech and Drama Club	5,106	227	307	5,026
Student Council	845	1,455	1,342	958
Student Council Pop	248	18,159	17,304	1,103
Tornado Cave	4,847	9,883	7,368	7,362
Technology Students Assoc	764			764
Vocal Music	235	320	334	221
Donations- Flint	253		100	153
English Reading	-	3,000	2,850	150
New Science Account	849			849
Pop Chorale	1,205	2,389	658	2,936
Science Trip	1,117	1,338	1,649	806
Testing Fees	20	2,120	1,970	170
Green Team Account	1,771	1,500	2,553	718
GW Foods Donation	313		313	-
Misc Concession Stand	-	394	376	18
Other Agency Funds				
Payroll Clearing	49,754	1,997,227	1,998,107	48,874
Sales Tax	2	5,909	5,909	2
	<u>90,936</u>	<u>2,098,315</u>	<u>2,090,922</u>	<u>98,329</u>
Total Agency Funds	<u>90,936</u>	<u>2,098,315</u>	<u>2,090,922</u>	<u>98,329</u>

Unified School District No. 389  
Eureka, Kansas  
Summary of Receipts, Expenditures and Unencumbered Cash - District Activity Funds  
For the Year Ended June 30, 2012

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
<u>Gate Receipts:</u>						
<u>High School:</u>						
Athletics	\$ 10,293	35,852	36,524	9,621		9,621
Concessions	1,108	20,475	20,674	909		909
Subtotal Gate Receipts	<u>11,401</u>	<u>56,327</u>	<u>57,198</u>	<u>10,530</u>	<u>-</u>	<u>10,530</u>
<u>Special Projects:</u>						
<u>Marshall Elementary:</u>						
General Clearing	916	58,259	58,102	1,073		1,073
Pop Machine	3,026	9,659	6,579	6,106		6,106
Book Fair	3,554	3,630	4,008	3,176		3,176
Student Needs	2,977	2,751	1,147	4,581		4,581
<u>High School:</u>						
Annual (Jr/Sr High)	2,589	6,027	8,056	560		560
Athletic T-Shirts	1,189	2,527	2,654	1,062		1,062
Activities Change Account	890	34,490	34,489	891		891
Dual Credit Scholarship Loans	5,704	1,713	2,013	5,404		5,404
Dual Credit Scholarships	678			678		678
Copy Center Equipment	505	508	7	1,006		1,006
Scholarships	12,731	13,190	12,465	13,456		13,456
Scholarships-ETA	889			889		889
Scholarships-John May	259	7	250	16		16
Scholarships-Larry Shue	640	50	50	640		640
Mentally Handicapped Spec Project	4,536	992	340	5,188		5,188
Lift-a-thon	1,400	1,428	264	2,564		2,564
John May Memorial	3,792	10	7	3,795		3,795
Larry Shue Memorial	3,915	13		3,928		3,928
Scholarships-Jean Gundy	25,025	604	600	25,029		25,029
Scholarships-Ghyneth	34,015	427	384	34,058		34,058
Subtotal Special Projects	<u>109,230</u>	<u>136,285</u>	<u>131,415</u>	<u>114,100</u>	<u>-</u>	<u>114,100</u>
Total District Activity Funds	<u>120,631</u>	<u>192,612</u>	<u>188,613</u>	<u>124,630</u>	<u>-</u>	<u>124,630</u>

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

Board of Education  
Unified School District No. 389  
Eureka, Kansas

We have audited the statutory basis financial statements of Unified School District No. 389, Eureka, Kansas, as of and for the year ended June 30, 2012, and have issued our report thereon dated March 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 389, Eureka, Kansas, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 389, Eureka, Kansas, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 389, Eureka, Kansas internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 389, Eureka, Kansas statutory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body and management of the Unified School District No. 389, Eureka, Kansas, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

*Schlottbeck and Burns, LLC*

March 21, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Unified School District No. 389  
Eureka, Kansas

Compliance

We have audited the compliance of Unified School District No. 389, Eureka, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Unified School District No. 389, Eureka, Kansas, 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 Unified School District No. 389, Eureka, Kansas, management. Our responsibility is to express an opinion on Unified School District No. 389, Eureka, Kansas, compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 389, Eureka, Kansas 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 on Unified School District No. 389, Eureka, Kansas compliance with those requirements.

In our opinion, Unified School District No. 389, Eureka, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Unified School District No. 389, Eureka, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 389, Eureka, Kansas internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Unified School District No. 389, Eureka, Kansas, internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the governing body and management of the Unified School District No. 389, Eureka, Kansas, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

*Schlatterbeck and Burns, LLC*

March 21, 2013

Unified School District No. 389  
Eureka, Kansas  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2012

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the special purpose financial statements of Unified School District No. 389, Eureka, Kansas.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Conducted in Accordance with Government Auditing Standards".
3. No instances of noncompliance material to the financial statements of Unified School District No. 389, Eureka, Kansas were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 389, Eureka, Kansas expresses an unqualified opinion.
6. There were no findings relating to the major federal award programs for Unified School District No. 389, Eureka, Kansas, that are required to be reported in Part C of this Schedule.
7. The programs tested as major programs were the Child Nutrition Cluster: 10.553 – School Breakfast Program and 10.555 – National School Lunch Program.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unified School District No. 389, Eureka, Kansas was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

None.

C. Findings and Questioned Costs – Major Federal Awards Program Audit

None.

Unified School District No. 389  
Eureka, Kansas  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	
U.S. Department of Agriculture			
Passed through State Department of Education			
School Breakfast Program	10.553	\$ 62,894	(1), (2)
National School Lunch Program	10.555	181,111	(1), (2)
Team Nutrition Grants	10.574	800	
Fresh Fruits and Vegetables Grant	10.582	15,048	
Total U.S. Department of Agriculture		<u>259,853</u>	
U.S. Corps of Engineers			
Passed through Greenwood County Treasurer			
Payments to States in Lieu of Real Estate Tax:	12.112	837	
Passed through Woodson County Treasurer			
Payments to States in Lieu of Real Estate Tax:	12.112	4,500	
Total U.S. Corps of Engineers		<u>5,337</u>	
U.S. Department of Education			
Impact Aid	84.041	16,208	
Passed through State Department of Education			
Title I Grants to Local Educational Agencies:	84.010	162,059	
Special Education Grants to States	84.027	181,774	
Special Education Preschool Grants	84.173	6,737	
Rural Education	84.358	20,919	
Improving Teacher Quality	84.367	38,305	
Education Jobs Fund	84.410	2,289	
Total U.S. Department of Education		<u>428,291</u>	
Total Expenditures of Federal Awards:		<u>693,481</u>	

(1) This program was considered a major program

(2) These programs are considered in one cluster

Note - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 389 and is presented on the cash basis of accounting, and accordingly, represents the total cash expended for each program. It does not include transactions that might be included using the modified accrual basis of accounting which is the basis used in the District's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*.

Reconciliation of federal expenditures to the financial statement

	Actual Cash Received	Expenditures per Statement 3	Adjustment for Encumbrances July 1, 2011	June 30, 2012	Unexpended Funds Returned	Expenditures as Presented Above
School Breakfast Program	10.553	\$ 62,894	62,894			62,894
National School Lunch Program	10.555	181,111	181,111			181,111
Team Nutrition Grants	10.574	800	800			800
Fresh Fruits and Vegetables Grant	10.582	15,048	15,048			15,048
Payments to States in Lieu of Real Estate Tax:	12.112	5,337	5,337			5,337
Impact Aid	84.041	16,208	16,208			16,208
Title I Grants to Local Educational Agencies:	84.010	176,933	160,820	5,350	(4,111)	162,059
Special Education Grants to States	84.027	181,774	181,774			181,774
Special Education Preschool Grants	84.173	6,737	6,737			6,737
Rural Education	84.358	21,755	21,755		(836)	20,919
Improving Teacher Quality	84.367	38,430	39,342		(125)	38,305
Education Jobs Fund	84.410	2,289	2,289			2,289
	<u>709,316</u>	<u>694,115</u>	<u>5,350</u>	<u>(5,072)</u>	<u>(912)</u>	<u>693,481</u>