

**BOARD OF EDUCATION
UNIFIED SCHOOL DISTRICT NO. 396
Douglass, Kansas**

**Financial Statements
June 30, 2012**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 396

Financial Statements

Year Ended June 30, 2012

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report	1
Statement 1:	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2:	
Summary of Expenditures - Actual and Budget	5
Statement 3:	
Statement of Cash Receipts and Expenditures - Actual and Budget:	
General Fund	6
Special Revenue:	
Supplemental General Fund	7
Adult Education Fund	8
At Risk (4 yr old) Fund	9
At Risk (K-12) Fund	10
Bilingual Fund	11
Virtual Fund	12
Capital Outlay Fund	13
Driver Training Fund	14
Food Service Fund	15
Professional Development Fund	16
Special Education Fund	17
Vocational Education Fund	18
KPERS Retirement Contribution Fund	19
Contingency Reserve Fund - Actual	20
Textbook Rental Fund - Actual	21
Recreation Commission Fund	22
Wal-Mart Grant Fund - Actual	23
Contributions and Donations Fund - Actual	24
Other Grants Fund - Actual	25
Federal Projects Fund - Actual	26
Debt Service:	
Bond and Interest Fund	27

UNIFIED SCHOOL DISTRICT NO. 396

Financial Statements

Year Ended June 30, 2012

Table of Contents

	<u>Page Number</u>
Statement 3: (continued)	
Expendable Trust:	
Scholarship Fund - Actual	28
Memorial Fund - Actual	29
Piano Fund - Actual	30
Flexible Spending Account Fund - Actual	31
Component Unit: Recreation Commission - General	32
 Statement 4:	
School Activity Funds - Agency Funds - Statement of Cash Receipts and Cash Disbursements - Actual	33
 Statement 5:	
District Activity Funds - Statement of Cash Receipts, Expenditures and Unencumbered Cash	34
 Notes to Financial Statements	36

PETERSON, PETERSON & GOSS, L.C.

MEMBERS
GREGORY B. SEVIER, C.P.A.
JOHN B. GOSS, C.P.A.

PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.
MATT T. HAASE, C.P.A.
JON W. OETTING, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

417 NORTH TOPEKA AVENUE
P.O. BOX 1259

WICHITA, KANSAS 67201-1259

TELEPHONE 316-262-8371
FAX 316-262-5369
www.ppglc.com

**MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

OF COUNSEL
MARVIN W. NYE, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 396
Douglass, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 396, Douglass, Kansas, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the District has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement 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 presents fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 396, Douglass, Kansas, as of June 30, 2012, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the 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 financial statement as a whole.

This report is intended solely for the use of the management of Unified School District No. 396 and the Kansas Department of Education and should not be used for any other purpose.

December 10, 2012

UNIFIED SCHOOL DISTRICT NO. 396
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ -	\$ 4,994,893	\$ 4,994,892	\$ 1	\$ 28,023	\$ 28,024
Special Revenue:						
Supplemental General	31,202	1,743,976	1,714,365	60,813	4,865	65,678
Adult Education	-	2,253	2,253	-		-
At Risk (4 yr old)	-	27,397	27,397	-		-
At Risk (K - 12)	47,157	268,992	316,149	-		-
Bilingual	-	3,449	3,449	-		-
Virtual	-	63,882	63,882	-		-
Capital Outlay	684,233	52,883	547,015	190,101	538,677	728,778
Driver Training	19,025	8,410	17,596	9,839		9,839
Food Service	78,954	439,095	447,758	70,291	9	70,300
Professional Development	3,532	30,938	34,470	-	439	439
Special Education	194,100	874,136	976,441	91,795	880	92,675
Vocational Education	-	173,224	173,224	-	221	221
KPERS Retirement Contribution	-	474,773	474,773	-		-
Contingency Reserve	541,976	-	-	541,976		541,976
Textbook Rental	27,217	82,879	63,805	46,291		46,291
Recreation Commission	543	27,938	28,481	-		-
Athletic Gate Receipts	697	80,812	76,868	4,641		4,641
School Projects	2,566	7,454	7,818	2,202		2,202
Wal-Mart Grant	552	-	-	552		552
Contributions and Donations	2,781	18,109	9,582	11,308		11,308
Other Grants	3,541	35,309	35,519	3,331		3,331
Federal Projects:						
Title I	-	66,340	66,340	-		-
Title II A Teacher Quality	-	23,971	23,971	-		-
Title II Teacher Quality - Distributive Lead	264	-	-	264		264
Debt Service:						
Bond and Interest	571,412	626,083	653,522	543,973	-	543,973

UNIFIED SCHOOL DISTRICT NO. 396
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Expendable Trust:						
Scholarship	\$ 1,268	\$ -	\$ 1,268	\$ -	\$ -	\$ -
Memorial	22,038	4,891	24,029	2,900	-	2,900
Piano	1,447	-	85	1,362	-	1,362
Flexible Spending Account	6,578	26,792	33,370	-	-	-
Total Primary Government	2,241,083	10,158,879	10,818,322	1,581,640	573,114	2,154,754
Component Unit:						
Recreation Commission:						
General	107,867	60,272	74,164	93,975	-	93,975
Total Reporting Entity	\$ 2,348,950	\$ 10,219,151	\$ 10,892,486	\$ 1,675,615	\$ 573,114	\$ 2,248,729
Composition of Cash:						
Repurchase Agreement						\$ 2,220,405
CornerBank, N.A.:						
Checking Accounts						(72,496)
Checking Account - High School						29,892
Component Unit						93,975
Total cash						2,271,776
Agency Funds per Statement 4						(23,047)
Total Reporting Entity (Excluding Agency Funds)						\$ 2,248,729

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2012

<u>Funds</u>	<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>
General	\$ 5,165,370	\$ (170,478)	\$ -	\$ 4,994,892	\$ 4,994,892	\$ -
Special Revenue:						
Supplemental General	1,714,365			1,714,365	1,714,365	-
Adult Education	2,605			2,605	2,253	352
At Risk (4 yr old)	32,610			32,610	27,397	5,213
At Risk (K - 12)	342,570			342,570	316,149	26,421
Bilingual	5,065			5,065	3,449	1,616
Virtual	75,000			75,000	63,882	11,118
Capital Outlay	614,750			614,750	547,015	67,735
Driver Training	18,995			18,995	17,596	1,399
Food Service	462,350			462,350	447,758	14,592
Professional Development	38,110			38,110	34,470	3,640
Special Education	1,078,435			1,078,435	976,441	101,994
Vocational Education	178,985			178,985	173,224	5,761
KPERs Retirement Contribution	491,648			491,648	474,773	16,875
Recreation Commission	28,535			28,535	28,481	54
Debt Service:						
Bond and Interest	653,622			653,622	653,522	100

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 419,453	\$ 411,382	\$ (8,071)
Delinquent tax	6,597	14,103	7,506
Mineral production tax	1,500	1,159	(341)
Federal aid: Education job funds	-	2,341	2,341
State aid:			
Supplemental state aid	3,710,882	3,807,970	97,088
Special education aid	856,460	757,938	(98,522)
Total Cash Receipts	4,994,892	4,994,893	1
Expenditures:			
Instruction	1,642,375	1,764,183	(121,808)
Student support service	209,885	206,368	3,517
Instructional support service	136,215	131,291	4,924
General administration	179,310	166,140	13,170
School administration	478,490	476,885	1,605
Operation and maintenance	831,625	700,917	130,708
Student transportation	234,105	235,046	(941)
Other support service	111,620	108,573	3,047
Transfers to:			
Adult Education Fund		488	(488)
At Risk (4 yr old) Fund	32,610	27,397	5,213
At Risk (K-12) Fund	302,570	268,992	33,578
Bilingual Fund	5,065	3,449	1,616
Virtual Fund	71,500	63,882	7,618
Special Education Fund	860,000	771,281	88,719
Vocational Education Fund	70,000	70,000	-
Adjustment to comply with legal max	(170,478)	-	(170,478)
Total Expenditures	4,994,892	4,994,892	-
Receipts Over (Under) Expenditures	\$ -	\$ 1	\$ 1
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ 1	\$ 1

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 638,426	\$ 650,155	\$ 11,729
Delinquent tax	8,976	20,779	11,803
Motor vehicle tax	94,629	85,110	(9,519)
State aid:			
Supplemental state aid	941,131	987,932	46,801
Total Cash Receipts	1,683,162	1,743,976	60,814
Expenditures:			
Instruction	1,114,795	1,164,830	(50,035)
Student support service	25,480	14,077	11,403
Instructional support service	75,755	75,329	426
General administration	4,665	4,707	(42)
School administration	28,105	18,986	9,119
Operation and maintenance	58,510	44,115	14,395
Student transportation	3,665	3,707	(42)
Other support service	67,660	67,666	(6)
Transfers to:			
Food Service Fund	115,000	96,464	18,536
Professional Development Fund	34,578	30,938	3,640
Special Education Fund	112,435	94,725	17,710
Vocational Education Fund	98,985	98,821	164
Adjustment to comply with legal max	(25,268)	-	(25,268)
Total Expenditures	1,714,365	1,714,365	-
Receipts Over (Under) Expenditures	(31,203)	29,611	60,814
Unencumbered Cash, Beginning	31,203	31,202	(1)
Unencumbered Cash, Ending	\$ -	\$ 60,813	\$ 60,813

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 Adult Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Tuition	\$ 2,605	\$ 1,765	\$ (840)
Transfer from General Fund	<u>-</u>	<u>488</u>	<u>488</u>
Total Cash Receipts	2,605	2,253	(352)
 Expenditures:			
Instruction	<u>2,605</u>	<u>2,253</u>	<u>352</u>
 Receipts Over (Under) Expenditures	-	-	-
 Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
At Risk (4 yr old) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from General Fund	\$ 32,610	\$ 27,397	\$ (5,213)
Expenditures:			
Instruction	<u>32,610</u>	<u>27,397</u>	<u>5,213</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from General Fund	\$ 302,570	\$ 268,992	\$ (33,578)
Expenditures:			
Instruction	<u>342,570</u>	<u>316,149</u>	<u>26,421</u>
Receipts Over (Under) Expenditures	(40,000)	(47,157)	(7,157)
Unencumbered Cash, Beginning	<u>47,157</u>	<u>47,157</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 7,157</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,157)</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 Bilingual Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from General Fund	\$ 5,065	\$ 3,449	\$ (1,616)
Expenditures:			
Instruction	<u>5,065</u>	<u>3,449</u>	<u>1,616</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Virtual Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Cash Receipts:			
Tuition	\$ 3,500	\$ -	\$ (3,500)
Transfer from General Fund	71,500	63,882	(7,618)
Total Cash Receipts	75,000	63,882	(11,118)
Expenditures:			
Instruction	75,000	63,882	11,118
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Delinquent tax	\$ 2,111	\$ 107	\$ (2,004)
Motor vehicle tax	30,012	25	(29,987)
Interest earnings		6,838	6,838
Other		45,913	45,913
Transfer from General Fund			-
Total Cash Receipts	<u>32,123</u>	<u>52,883</u>	<u>20,760</u>
Expenditures:			
Instruction		262,725	(262,725)
Operation and maintenance	2,500		2,500
Transportation	90,000	8,430	81,570
Facility acquisition and service	522,250	275,860	246,390
Total Expenditures	<u>614,750</u>	<u>547,015</u>	<u>67,735</u>
Receipts Over (Under) Expenditures	(582,627)	(494,132)	88,495
Unencumbered Cash, Beginning	<u>684,232</u>	<u>684,233</u>	<u>1</u>
Unencumbered Cash, Ending	<u>\$ 101,605</u>	<u>\$ 190,101</u>	<u>\$ 88,496</u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Cash Receipts:			
State aid	\$ 4,440	\$ 3,008	\$ (1,432)
Other	12,200	5,402	(6,798)
Total Cash Receipts	16,640	8,410	(8,230)
Expenditures:			
Instruction	12,995	4,813	8,182
Operation and maintenance	6,000	12,783	(6,783)
Total Expenditures	18,995	17,596	1,399
Receipts Over (Under) Expenditures	(2,355)	(9,186)	(6,831)
Unencumbered Cash, Beginning	19,026	19,025	(1)
Unencumbered Cash, Ending	\$ 16,671	\$ 9,839	\$ (6,832)

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Cash Receipts:			
State aid	\$ 3,238	\$ 3,852	\$ 614
Federal aid	150,499	163,357	12,858
Charges for services	194,710	175,422	(19,288)
Transfer from Supplemental General Fund	115,000	96,464	(18,536)
Total Cash Receipts	463,447	439,095	(24,352)
Expenditures:			
Food service operation	462,350	447,758	14,592
Receipts Over (Under) Expenditures	1,097	(8,663)	(9,760)
Unencumbered Cash, Beginning	78,954	78,954	-
Unencumbered Cash, Ending	\$ 80,051	\$ 70,291	\$ (9,760)

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from Supplemental General Fund	\$ 34,578	\$ 30,938	\$ (3,640)
Expenditures:			
Other support service	<u>38,110</u>	<u>34,470</u>	<u>3,640</u>
Receipts Over (Under) Expenditures	(3,532)	(3,532)	-
Unencumbered Cash, Beginning	<u>3,532</u>	<u>3,532</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Other - SDAC	\$ 20,000	\$ 8,130	\$ (11,870)
Transfer from General Fund	860,000	771,281	(88,719)
Transfer from Supplemental General Fund	112,435	94,725	(17,710)
Total Cash Receipts	<u>992,435</u>	<u>874,136</u>	<u>(118,299)</u>
Expenditures:			
Instruction	953,010	879,579	73,431
Vehicle operating service	125,425	96,862	28,563
Total Expenditures	<u>1,078,435</u>	<u>976,441</u>	<u>101,994</u>
Receipts Over (Under) Expenditures	(86,000)	(102,305)	(16,305)
Unencumbered Cash, Beginning	<u>194,100</u>	<u>194,100</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 108,100</u></u>	<u><u>\$ 91,795</u></u>	<u><u>\$ (16,305)</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	Budget	Actual	Variance Over (Under)
Cash Receipts:			
Federal aid	\$ 10,000	\$ 4,403	\$ (5,597)
Transfer from General Fund	70,000	70,000	-
Transfer from Supplemental General Fund	98,985	98,821	(164)
Total Cash Receipts	178,985	173,224	(5,761)
Expenditures:			
Instruction	178,985	173,224	5,761
Total Expenditures	178,985	173,224	5,761
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 KPERS Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
State aid	\$ 491,648	\$ 474,773	\$ (16,875)
Expenditures:			
KPERS contribution	<u>491,648</u>	<u>474,773</u>	<u>16,875</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Unencumbered Cash, Beginning	<u>\$ 541,976</u>
Unencumbered Cash, Ending	<u><u>\$ 541,976</u></u>
See notes to financial statements.	

UNIFIED SCHOOL DISTRICT NO. 396
Textbook Rental Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Cash Receipts:	
Textbook rental	\$ 82,879
Expenditures Not Subject to Budget:	
Textbook purchases	<u>63,805</u>
Receipts Over (Under) Expenditures	19,074
Unencumbered Cash, Beginning	<u>27,217</u>
Unencumbered Cash, Ending	<u><u>\$ 46,291</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 23,883	\$ 23,496	\$ (387)
Delinquent tax	378	875	497
Motor vehicle tax	3,970	3,567	(403)
Total Cash Receipts	<u>28,231</u>	<u>27,938</u>	<u>(293)</u>
Expenditures:			
Community service operations	<u>28,535</u>	<u>28,481</u>	<u>54</u>
Receipts Over (Under) Expenditures	(304)	(543)	(239)
Unencumbered Cash, Beginning	<u>544</u>	<u>543</u>	<u>(1)</u>
Unencumbered Cash, Ending	<u><u>\$ 240</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (240)</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Wal-Mart Grant Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>552</u>
Unencumbered Cash, Ending	<u>\$ 552</u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Contributions and Donations Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Cash Receipts:	
Donations	\$ 18,109
Expenditures Not Subject to Budget:	
Fund expenses	<u>9,582</u>
Receipts Over (Under) Expenditures	8,527
Unencumbered Cash, Beginning	<u>2,781</u>
Unencumbered Cash, Ending	<u><u>\$ 11,308</u></u>
See notes to financial statements.	

UNIFIED SCHOOL DISTRICT NO. 396
Other Grants Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Cash Receipts:	
Grant receipts (includes \$32,589 federal grant)	\$ 35,309
Expenditures Not Subject to Budget:	
Fund expenses	<u>35,519</u>
Receipts Over (Under) Expenditures	(210)
Unencumbered Cash, Beginning	<u>3,541</u>
Unencumbered Cash, Ending	<u><u>\$ 3,331</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Federal Projects Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Title I</u>	<u>Title II A Teacher Quality</u>	<u>Title II Teacher Quality Distributive Lead</u>
Cash Receipts:			
Federal aid	\$ 66,340	\$ 23,971	\$ -
Expenditures Not Subject to Budget:			
Instruction and supplies	<u>66,340</u>	<u>23,971</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>264</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 264</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 Bond and Interest Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 264,902	\$ 260,173	\$ (4,729)
Delinquent tax	4,340	9,492	5,152
Motor vehicle tax	40,789	36,192	(4,597)
State aid	320,226	320,226	-
Total Cash Receipts	<u>630,257</u>	<u>626,083</u>	<u>(4,174)</u>
Expenditures:			
Interest	228,522	228,522	-
Commission and postage	100	-	100
Principal	425,000	425,000	-
Total Expenditures	<u>653,622</u>	<u>653,522</u>	<u>100</u>
Receipts Over (Under) Expenditures	(23,365)	(27,439)	(4,074)
Unencumbered Cash, Beginning	<u>571,412</u>	<u>571,412</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 548,047</u></u>	<u><u>\$ 543,973</u></u>	<u><u>\$ (4,074)</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Expendable Trust-Scholarship Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Expenditures Not Subject to Budget:	
Scholarships	<u>\$ 1,268</u>
Receipts Over (Under) Expenditures	(1,268)
Unencumbered Cash, Beginning	<u>1,268</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>
See notes to financial statements.	

UNIFIED SCHOOL DISTRICT NO. 396
Expendable Trust-Memorial Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Cash Receipts:	
Donations	\$ 4,891
Expenditures Not Subject to Budget:	
Scholarships and memorials	<u>24,029</u>
Receipts Over (Under) Expenditures	(19,138)
Unencumbered Cash, Beginning	<u>22,038</u>
Unencumbered Cash, Ending	<u><u>\$ 2,900</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
Expendable Trust-Piano Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Expenditures Not Subject to Budget:	
Scholarships	<u>\$ 85</u>
Receipts Over (Under) Expenditures	(85)
Unencumbered Cash, Beginning	<u>1,447</u>
Unencumbered Cash, Ending	<u><u>\$ 1,362</u></u>
See notes to financial statements.	

UNIFIED SCHOOL DISTRICT NO. 396
Expendable Trust-Flexible Spending Account Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	<u>Actual</u>
Cash Receipts:	
Contribution	\$ 26,792
Expenditures Not Subject to Budget:	
Reimbursements	<u>33,370</u>
Receipts Over (Under) Expenditures	(6,578)
Unencumbered Cash, Beginning	<u>6,578</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 Component Unit
 Recreation Commission - General
 Statement of Cash Receipts and Expenditures - Actual
 Year Ended June 30, 2012

	<u>Actual</u>
Cash Receipts:	
Appropriation	\$ 28,481
Interest earnings	68
Fees	12,285
Jr. Football and Jr. Cheerleading fees, fundraisers, etc.	<u>19,438</u>
Total Cash Receipts	60,272
 Expenditures:	
Community service operations	48,791
Jr. Football and Jr. Cheerleading operations	<u>25,373</u>
Total Expenditures	<u>74,164</u>
 Receipts Over (Under) Expenditures	(13,892)
 Unencumbered Cash, Beginning	<u>107,867</u>
 Unencumbered Cash, Ending	<u><u>\$ 93,975</u></u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 School Activity Funds - Agency Funds
 Statement of Cash Receipts and Cash Disbursements - Actual
 Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
Art Club	\$ 197	\$ -	\$ -	\$ 197
Band Club	1,731	1,099	1,604	1,226
Baseball Fundraising	485	837	614	708
Basketball Fundraising	232	1,407	951	688
Cheerleaders - Basketball	409	732	1,101	40
Cheerleaders - Football	68	1,796	1,644	220
Cheerleaders - High School	396	5,457	5,817	36
Cheerleaders - Wrestling	305	1,983	1,750	538
Chorus	-	3,852	3,790	62
Class of 2015	-	2,181	992	1,189
Class of 2011	1,469	314	1,412	371
Class of 2012	2,303	12,834	14,473	664
Class of 2013	3,488	5,797	6,681	2,604
Class of 2014	1,057	1,335	210	2,182
Color Guard	3	-	-	3
Creative Writing	26	-	-	26
D - Club	1,584	-	1,259	325
Dance Team	12	-	-	12
Dawg Pound	25	-	-	25
Forensics	172	-	80	92
Educational Technology	301	-	-	301
Entrepreneur Class	491	-	420	71
Environmental Club	395	-	395	-
F.C.C.L.A.	211	1,106	1,287	30
Film Club	35	-	-	35
Football Fundraising	76	2,409	2,482	3
Girls Basketball Fundraising	572	1,001	732	841
Gifted Classes	220	-	-	220
Honor Society	225	115	255	85
Madrigals	179	1,894	1,739	334
Musical	-	6,166	4,437	1,729

UNIFIED SCHOOL DISTRICT NO. 396
School Activity Funds - Agency Funds
Statement of Cash Receipts and Cash Disbursements - Actual
Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
High School:				
S.A.D.D.	\$ 276	\$ 1,458	\$ 1,201	\$ 533
Scholars Bowl	114	-	14	100
Spirit Shirts	224	1,606	1,827	3
Students for the Cure	-	4,481	4,481	-
Student Activities	11	2,726	2,571	166
Student Council	169	2,201	2,319	51
Student Lounge	247	3,361	3,407	201
SWAP	271	526	790	7
Tennis Fundraising	222	481	501	202
Volleyball Fundraising	335	2,764	1,855	1,244
Weightlifting	2,352	2,679	3,805	1,226
Wrestling Fundraising	392	1,121	873	640
Junior High School:				
Cheerleaders	2,455	9,239	11,693	1
Honor Society	613	533	340	806
Junior High Activity	1,797	6,613	6,869	1,541
Elementary School:				
Elementary Activity	552	206	60	698
Elementary PATS	417	849	502	764
Fifth Grade Activity	380	34	407	7
Total	<u>\$ 27,494</u>	<u>\$ 93,193</u>	<u>\$ 97,640</u>	<u>\$ 23,047</u>

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396
 District Activity Funds
 Statement of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Athletic Gate Receipts:						
General athletics	\$ -	\$ 8,759	\$ 8,759	\$ -	\$ -	\$ -
Cross country	-	631	631	-	-	-
Volleyball	-	6,044	6,044	-	-	-
Football	-	6,863	6,863	-	-	-
Basketball	-	15,946	15,946	-	-	-
Wrestling	-	5,843	5,843	-	-	-
Track	-	1,952	1,952	-	-	-
Baseball	-	1,923	1,923	-	-	-
Softball	-	1,000	1,000	-	-	-
Tennis	-	510	510	-	-	-
Other	697	31,341	27,397	4,641	-	4,641
Total Athletic Gate Receipts	697	80,812	76,868	4,641	-	4,641
School Projects:						
Petty cash	-	4,079	4,079	-	-	-
Interest	142	48	56	134	-	134
Staff courtesy fund	165	444	334	275	-	275
Student courtesy fund	1,696	2,483	3,255	924	-	924
Elementary courtesy fund	563	400	94	869	-	869
Total School Projects	2,566	7,454	7,818	2,202	-	2,202
Total District Activity Funds	\$ 3,263	\$ 88,266	\$ 84,686	\$ 6,843	\$ -	\$ 6,843

See notes to financial statements.

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 396 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Unified School District No. 396 is a municipal corporation governed by an elected seven member board. These financial statements present Unified School District No. 396 (the primary government) and its component unit. The component unit is included in the Unified School District's reporting entity because of the significance of its operational and financial relationship with the Unified School District No. 396.

Discretely Presented Component Unit. The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Recreation Commission: The Douglass Recreation Commission oversees recreational activities. The District levies taxes for the recreation commission.

Basis of Presentation

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

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

Governmental Funds

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

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies (continued)

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

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

Fiduciary Funds

Expendable Trust Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these 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 or services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure would be charged in the fund from which the transfer is made.

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash 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 generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building and equipment owned by the District 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.

Risk Management

The District is exposed to various risks for loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss.

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

2. Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
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. There were no such amendments for this year.

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. Any unused budgeted expenditure authority lapses at year-end.

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

- Contingency Reserve
- Textbook Rental
- Athletic Gate Receipts
- Federal Projects
- School Projects
- Wal-Mart Grant
- Contributions and Donations
- Other Grants

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

2. Budgetary Information (continued)

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.

3. Interfund Transfers

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (4 yr old) Fund	K.S.A. 72-6428	\$ 27,397
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	268,992
General Fund	Adult Education Fund	K.S.A. 72-6428	488
General Fund	Bilingual Fund	K.S.A. 72-6428	3,449
General Fund	Special Education Fund	K.S.A. 72-6428	771,281
General Fund	Vocational Education Fund	K.S.A. 72-6428	70,000
General Fund	Virtual Fund	K.S.A. 72-6428	63,882
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	96,464
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6428	30,938
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	94,725
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	98,821

4. Defined Benefit Pension Plan

The District contributes to 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 benefits 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. 396

Notes to Financial Statements

June 30, 2012

4. Defined Benefit Pension Plan (continued)

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011 and 2010 were \$298,635,383, \$188,864,532 and \$248,468,186 respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011 and 2010 were \$474,773, \$270,136, and \$343,885, respectively.

5. Compensated Absences

Vacation

After one year of continuous service, the full-time classified staff shall receive ten working days of vacation with pay. Full-time employees working less than 1,951 hours but more than 1,751 hours will receive vacation days as follows: employees working between 1,751 and 1,850 hours will receive eight days of vacation and employees working between 1,851 and 1,950 hours will receive nine days of vacation. Employees with ten years of service will receive 15 days of vacation. Employees working less than 1,950 hours with ten years of service will earn the pro-rated days plus an additional five days. The maximum vacation carry-over will be limited to 5 days.

Upon leaving the District the employee shall be paid for accumulated vacation time at the employee's regular rate of pay. The estimated liability at June 30, 2012, if all employees were to use their accumulated vacation days, would be \$12,602.

Sick Leave

Full-time employees will be credited with ten days of sick leave on the first day of employment, thereafter employees will receive ten additional days at the beginning of each fiscal year. Twelve month employees will be credited with twelve days of paid leave on the first day of employment, thereafter employees will receive twelve days for each fiscal year. Part-time employees will be credited with a proration of ten days on the first day of employment, thereafter employees will receive a proration of ten additional days. Unused sick leave will be allowed to accumulate to 80 days.

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

5. Compensated Absences (continued)

Upon retirement (at minimum age of 55) the employee shall receive termination pay at the rate of sixty dollars per day for all accumulated sick leave up to a maximum of forty days. The estimated liability at June 30, 2012, if all the employees were to use their accumulated sick leave, would be \$177,555.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid, since the likelihood of ever having to pay these maximum amounts is not anticipated or a probable event.

6. Defined Contribution Retirement Plan

The District sponsors an IRC 403(b) defined contribution retirement plan. The plan covers each administrator, teacher and classified employee. Participants are vested based on years of service and a vested percentage ranging from 0% for 1-5 years of service to 100% after 15 years of service with percentage increase by 10% for each year of service starting with the 6th year of service. The District's contribution is \$500 per contract year for each full time classified employee, \$1,000 per contract year for those employees with a bachelor's degree in the area in which they are employed, a district director, teacher or administrator. Contributions will be prorated for employees who work less than full-time or less than a full contract year. Eligible employees may voluntarily contribute from their salary an amount of their choosing to their employee paid account. Voluntary contributions may not exceed the amount allowed by Federal and State laws.

7. Early Retirement

The District allows employees to take early retirement and collect annual payments subject to certain eligibility requirements. Eligible employees can retire anytime up to age 65 and collect early retirement benefits.

Future early retirement benefits at June 30, 2012 are as follows:

<u>June 30,</u>	<u>Benefits</u>	<u>Cost Savings</u>
2013	70,095	159,838
2014	97,098	195,475
2015	97,959	205,884
2016	122,956	222,231

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

8. Deposits and Investments

Deposits

At June 30, 2012, the carrying amount of the District's deposits, including the repurchase agreement, was \$2,271,776. The bank statement balance was \$2,370,462. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance \$500,000 was covered by FDIC insurance and the remaining \$1,870,462 was collateralized by pledged securities held under joint custody receipts issued by third-party banks in the District's name. The third-party banks holding the pledged securities are independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank and the independent third-party bank holding the pledged securities.

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Municipal Investment Pool. All investments must be insured, registered, or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the District.

	<u>Risk Category</u>			<u>Carrying</u>	<u>Market</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Repurchase					
Agreement	\$ --	\$2,220,405	\$ --	\$2,220,405	\$2,220,405
Total	\$ --	\$2,220,405	\$ --	\$2,220,405	\$2,220,405

UNIFIED SCHOOL DISTRICT NO. 396

Notes to Financial Statements

June 30, 2012

9. Operating Leases

The school has a copier lease with South Central Kansas Education Service Center. This lease calls for an annual payment of \$20,900 with any overages being billed at the end of the year.

10. Subsequent Events

Subsequent events have been evaluated through December 10, 2012, which is the date the financial statements were available to be issued. There were no such events identified to be disclosed.

11. Compliance with Kansas Statutes

Management is aware of no statutory violations for the period covered by the audit.

UNIFIED SCHOOL DISTRICT NO. 396
Notes to Financial Statements
June 30, 2012

13. Long-term Debt

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
General Obligation Refunding - Series 2005	3.00 %-5.00%	7/1/2005	6,405,000	9/1/2020	\$ 5,720,000	\$ -	\$ 425,000	\$ -	\$ 5,295,000	\$ 228,523
Compensated Absences	N/A	N/A	N/A	N/A	190,157	-	-	(12,602)	177,555	-
Total Long-Term Debt					<u>\$ 5,910,157</u>	<u>\$ -</u>	<u>\$ 425,000</u>	<u>\$ (12,602)</u>	<u>\$ 5,472,555</u>	<u>\$ 228,523</u>

Annual Debt Service Requirements

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2022</u>	<u>Total</u>
Principal:							
General obligation bonds	\$ 440,000	\$ 460,000	\$ 500,000	\$ 540,000	\$ 575,000	\$ 2,780,000	\$ 5,295,000
Interest:							
General obligation bonds	214,573	195,922	171,922	145,922	120,203	229,054	1,077,596
Total Principal and Interest	<u>\$ 654,573</u>	<u>\$ 655,922</u>	<u>\$ 671,922</u>	<u>\$ 685,922</u>	<u>\$ 695,203</u>	<u>\$ 3,009,054</u>	<u>\$ 6,372,596</u>