

UNIFIED SCHOOL DISTRICT NO. 403, OTIS BISON

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

For the Year Ended June 30, 2012

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

For the Year Ended June 30, 2012

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GUDENKAUF & MALONE, INC.

Shareholder

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Shareholder

James Malone, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 403
Otis, Kansas

We have audited the accompanying financial statements of Unified School District No. 403, Otis, 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. The prior year summarized comparative information has been derived from the District's 2011 financial statements and, in our report dated October 10, 2011, we expressed an unqualified opinion on the respective financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance 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 A, the District has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the

financial position of Unified School District No. 403 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 403, Otis, Kansas, as of June 30, 2012, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note A.

Gudenkauf & Malone Inc
Gudenkauf & Malone, Inc.

Russell, Kansas
October 10, 2012

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH

For the Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Statement 1 Ending Cash Balance
Government Type Funds							
General	\$ (61,832)	\$ -	\$ 1,806,352	\$ 1,744,233	\$ 287	\$ 37,531	\$ 37,818
Local Option	63,355	2,892	480,369	498,148	48,468	18,277	66,745
Special Revenue							
Capital Outlay	403,662	-	97,494	137,190	363,966	28,126	392,092
Driver Training	6,336	-	4,839	5,520	5,655	-	5,655
Food Service	39,318	-	140,657	140,885	39,090	1,625	40,715
Special Education	200,819	-	339,242	340,058	200,003	-	200,003
Vocational Education	92,593	-	40,621	79,682	53,532	-	53,532
Textbook Rental	19,807	-	8,880	1,605	27,082	684	27,766
Contingency Reserve	195,000	-	-	-	195,000	-	195,000
At-Risk	81,625	-	65,194	100,426	46,393	1,950	48,343
KPERS	-	-	140,691	140,691	-	-	-
District Activity	39,246	-	69,017	66,072	42,191	-	42,191
Fiduciary, Expendable Trust							
Title I	5,973	-	38,912	44,885	-	1,956	1,956
Title II A - Teacher Improvement	3,677	-	-	3,677	-	-	-
Title II D - Education Technology	-	-	-	-	-	-	-
Title IV - Safe and Drug Free	498	-	-	498	-	233	233
Trust							
Gifts and Grant	5,241	-	7,740	10,160	2,821	1,500	4,321
Small Rural Schools Grant	-	-	17,571	17,571	-	17,571	17,571
Carl Perkins Grant	-	-	1,742	1,742	-	-	-
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,095,318</u>	<u>\$ 2,892</u>	<u>\$ 3,259,321</u>	<u>\$ 3,333,043</u>	<u>\$ 1,024,488</u>	<u>\$ 109,453</u>	<u>\$ 1,133,941</u>
						Checking	\$ 57,757
						Money Market	305,899
						Savings	7,120
						Certificates of Deposit	800,000
						Total Cash	1,170,776
						Agency Funds Per Statement 4	(36,835)
						Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,133,941</u>

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

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

(Budgeted Funds Only)
For the Year Ended June 30, 2012

Statement 2

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures chargeable to Current Year	Variance Under (Over)
General	\$ 1,824,638	\$ (99,824)	\$ 19,419	\$ 1,744,233	\$ 1,744,233	\$ -
Local Option	520,000	-	-	520,000	498,148	21,852
Capital Outlay	280,000	-	-	280,000	137,190	142,810
Driver Training	7,816	-	-	7,816	5,520	2,296
Food Service	179,363	-	-	179,363	140,885	38,478
Special Education	564,399	-	-	564,399	340,058	224,341
Vocational Education	142,582	-	-	142,582	79,682	62,900
At Risk (K-12)	131,500	-	-	131,500	100,426	31,074
KPERS	152,884	-	-	152,884	140,691	12,193
Total budgeted funds	<u>\$ 3,803,182</u>	<u>\$ (99,824)</u>	<u>\$ 19,419</u>	<u>\$ 3,722,777</u>	<u>\$ 3,186,833</u>	<u>\$ 535,944</u>

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

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

**For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)**

GENERAL FUND

**Statement 3
1 of 18**

		2012		Variance
	2011	Actual	Budget	Under
	Actual			(Over)
Cash receipts				
General property taxes				
Ad valorem property taxes	\$ 426,261	\$ 532,923	\$ 498,738	\$ 34,185
Delinquent tax	4,135	1,577	4,225	(2,648)
Intergovernmental revenues				
State equalization aid	1,058,145	980,520	981,076	(556)
Mineral production tax	14,129	19,750	-	19,750
Special Education Aid	222,480	251,698	248,897	2,801
ARRA Stabilization Aid	85,765	801	-	801
Other Local Sources				
Miscellaneous	5,679	-	-	-
Reimbursements	961	19,083	-	19,083
Transfer from authorized funds	-	-	91,130	(91,130)
Total cash receipts	1,817,555	1,806,352	\$ 1,824,066	\$ (17,714)
Expenditures and transfers subject to legal max				
Instruction				
Certified salaries	479,264	580,938	575,000	(5,938)
Certified salaries - ARRA Stabilization Aid	31,176	-	-	-
Certified salaries - ARRA Jobs Grant	54,589	801	-	(801)
Non-certified salaries	25,170	53,834	30,000	(23,834)
Employee insurance	47,155	50,062	50,000	(62)
Social security	44,001	45,490	45,000	(490)
Other employee benefit	8,811	18,781	25,000	6,219
Purchased professional/technical services	34,487	27,369	20,000	(7,369)
General supplies (teaching)	55,020	58,536	70,000	11,464
Textbooks	898	-	8,000	8,000
Supplies (Technology Related)	1,265	3,564	4,000	436
Miscellaneous Supplies	191	414	1,000	586
Property	17,616	21,953	66,408	44,455
Total instruction	799,643	861,742	894,408	32,666
Student support services				
Certified salaries	62,408	56,034	62,000	5,966
Non-Certified salaries	-	-	2,800	2,800
Employee insurance	5,880	5,040	6,000	960
Social security	3,692	3,666	4,000	334
Other employee benefit	359	282	600	318
Supplies	719	-	-	-
Other	169	182	200	18
Total student support services	73,227	65,204	75,600	10,396

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

GENERAL FUND - CONTINUED

Statement 3
1 of 18

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Expenditures and transfers - continued				
Instruction support staff				
Certified salaries	28,975	30,450	30,000	(450)
Employee insurance	3,066	3,150	3,100	(50)
Social security	2,145	2,250	2,200	(50)
Other employee benefit	259	190	300	110
Purchased professional/technical services	2,981	8,534	-	(8,534)
Books/periodicals	861	324	2,000	1,676
Miscellaneous Supplies	241	4	1,000	996
Other	-	-	2,000	2,000
Total instruction support staff	38,528	44,902	40,600	(4,302)
General administration				
Certified salaries	42,613	43,500	45,000	1,500
Non-certified salaries	40,528	51,702	45,500	(6,202)
Employee insurance	832	840	1,000	160
Social security	6,139	7,137	7,000	(137)
Other employee benefit	922	584	1,400	816
Purchased professional/technical services	21,714	28,744	12,000	(16,744)
Insurance	17,232	20,416	25,000	4,584
Communications	3,564	3,755	4,000	245
Supplies	2,783	2,540	3,000	460
Property	4,857	2,888	10,000	7,112
Other	10,116	11,063	30,000	18,937
Total general administration	151,300	173,169	183,900	10,731
School administration				
Certified salaries	60,108	61,530	63,000	1,470
Non-certified salaries	38,039	49,497	42,000	(7,497)
Employee insurance	4,200	4,200	4,200	-
Social security	7,247	8,248	7,500	(748)
Other employee benefit	14,307	15,897	15,000	(897)
Purchased professional/technical services	47	1,200	200	(1,000)
Communications	4,608	6,808	5,000	(1,808)
Supplies	8,005	9,050	10,000	950
Property	9,591	10,160	15,000	4,840
Total school administration	146,152	166,590	161,900	(4,690)

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

GENERAL FUND - CONTINUED

Statement 3
1 of 18

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Expenditures and transfers - continued				
Other Supplemental Services				
Non-certified salaries	20,317	20,539	22,000	1,461
Employee insurance	3,328	3,360	3,400	40
Social security	1,149	1,257	1,200	(57)
Other employee benefit	92	15	500	485
Total other supplemental services	24,886	25,171	27,100	1,929
Operations and Maintenance				
Supplies	-	8	-	(8)
Social Security	-	1	-	(1)
Property	1,050	-	-	-
Total operations and maintenance	1,050	9	-	(9)
Transfers				
At-Risk fund	119,698	23,801	50,000	26,199
Food Service fund	-	39,000	-	(39,000)
Capital Outlay fund	112,016	-	-	-
Vocational Education fund	-	5,621	50,000	44,379
Special Education fund	300,480	339,024	341,130	2,106
Total transfers	532,194	407,446	441,130	33,684
Adjustment for qualifying budget credits	-	-	19,419	19,419
Adjustment to comply with legal max	-	-	(99,824)	(99,824)
Total expenditures and transfers subject to legal max budget	1,766,980	1,744,233	\$ 1,744,233	\$ -
Receipts over (under) expenditures	50,575	62,119		
Unencumbered cash, beginning	(112,458)	(61,832)		
Prior year cancelled encumbrances	51	-		
Unencumbered cash, ending	\$ (61,832)	\$ 287		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

LOCAL OPTION FUND

Statement 3
2 of 18

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Cash receipts				
General property taxes				
Ad valorem tax	\$ 477,426	\$ 433,985	\$ 434,142	\$ (157)
Delinquent tax	5,146	2,867	4,645	(1,778)
Motor vehicle tax	45,922	41,055	46,084	(5,029)
Recreational vehicle tax	830	625	774	(149)
Other Local Sources				
Miscellaneous	12,902	1,837	-	1,837
Total cash receipts	542,226	480,369	485,645	\$ (5,276)
Expenditures and transfers				
Operations and maintenance				
Non-certified	87,867	95,905	94,600	(1,305)
Insurance	8,320	8,400	8,400	-
Social security	6,465	6,966	8,000	1,034
Other employee benefits	3,359	4,206	10,000	5,794
Purchased professional/technical services	-	-	500	500
Water/sewer/trash	5,929	6,514	4,000	(2,514)
Heating	25,971	18,297	40,000	21,703
Cleaning	-	-	2,800	2,800
Repairs	26,350	28,310	30,000	1,690
Building Repairs	319	322	15,000	14,678
Other	4,176	2,663	1,500	(1,163)
Supplies	15,476	21,020	20,000	(1,020)
Electricity	25,828	29,063	28,000	(1,063)
Other	670	175	500	325
Motor fuel	779	1,160	2,000	840
Total operation and maintenance	211,509	223,001	265,300	42,299
Student Transportation Services				
Non-certified	47,532	48,824	50,000	1,176
Insurance	12,480	12,600	13,000	400
Social security	3,619	3,734	4,000	266
Other employee benefits	2,131	2,488	3,500	1,012
Total student transportation services	65,762	67,646	70,500	2,854
Vehicle Operating Services				
Mileage in Lieu of Transportation	2,861	6,995	5,000	(1,995)
Insurance	5,858	6,676	7,000	324
Motor Fuel	30,498	37,445	35,000	(2,445)
Supplies	52,087	61,477	55,000	(6,477)
Other	4,422	2,024	5,000	2,976
Total vehicle operating services	95,726	114,617	107,000	(7,617)

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

LOCAL OPTION FUND

Statement 3
2 of 18

		2012		
	2011			Variance
	Actual	Actual	Budget	Under (Over)
Other Student Transportation Services				
Non-certified	8,556	8,886	9,000	114
Social security	517	542	700	158
Other	30	7	50	43
Total other student transportation services	9,103	9,435	9,750	315
Transfers				
Food Service fund	44,110	7,056	45,000	37,944
Vocational Education fund	87,500	35,000	-	(35,000)
At-Risk fund	-	41,393	-	(41,393)
Special Education fund	-	-	22,450	22,450
Total transfers	131,610	83,449	67,450	(15,999)
Total expenditures and transfers subject to legal max budget	513,710	498,148	\$ 520,000	\$ 21,852
Receipts over expenditures	28,516	(17,779)		
Unencumbered cash, beginning	34,839	63,355		
Prior year cancelled encumbrances	-	2,892		
Unencumbered cash, ending	\$ 63,355	\$ 48,468		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

CAPITAL OUTLAY FUND

Statement 3
3 of 18

	2011 Actual	2012		Variance Under (Over)
		Actual	Budget	
Cash receipts				
General property tax				
Ad valorem property tax	\$ 68,251	\$ 82,723	\$ 78,725	\$ 3,998
Delinquent tax	462	354	678	(324)
Motor Vehicle Tax	5,195	4,970	5,667	(697)
Recreation Vehicle Tax	94	73	96	(23)
Other				
Interest	4,649	2,762	-	2,762
Miscellaneous	858	6,612	-	6,612
Transfer from General fund	112,016	-	-	-
Total cash receipts	<u>191,525</u>	<u>97,494</u>	<u>85,166</u>	<u>\$ 12,328</u>
Expenditures				
Instruction	-	-	20,000	20,000
Land improvement	-	-	10,000	10,000
Transportation	-	-	150,000	150,000
Other Support Services	24,880	51,378	15,000	(36,378)
Equipment & Buses	18,484	44,372	-	(44,372)
Repair and remodeling building/bldg improvements	28,416	41,440	65,000	23,560
Site Improvement	-	-	10,000	10,000
Architectural & Engineering	-	-	10,000	10,000
Total expenditures	<u>71,780</u>	<u>137,190</u>	<u>\$ 280,000</u>	<u>\$ 142,810</u>
Receipts over (under) expenditures	119,745	(39,696)		
Unencumbered cash, beginning	<u>283,917</u>	<u>403,662</u>		
Unencumbered cash, ending	<u>\$ 403,662</u>	<u>\$ 363,966</u>		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

DRIVER TRAINING FUND

Statement 3
4 of 18

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Cash receipts				
State aid	\$ 814	\$ 1,316	\$ 1,480	\$ (164)
Other Revenue	2,621	3,523	-	3,523
Total cash receipts	3,435	4,839	1,480	\$ 3,359
Expenditures				
Instruction				
Salaries	2,417	3,774	4,000	226
Social security	185	289	500	211
Other employee benefit	44	23	100	77
Supplies	-	-	2,016	2,016
Total instruction	2,646	4,086	6,616	2,530
Support Services				
Salaries	109	490	400	(90)
Social security	8	37	50	13
Other	1	-	50	50
Total support services	118	527	500	(27)
Vehicle operation and maintenance				
Motor fuel	121	907	700	(207)
Total vehicle operation/maintenance	121	907	700	(207)
Total expenditures	2,885	5,520	\$ 7,816	\$ 2,296
Receipts (under) expenditures	550	(681)		
Unencumbered cash, beginning	5,786	6,336		
Unencumbered cash, ending	\$ 6,336	\$ 5,655		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

FOOD SERVICE FUND

Statement 3
5 of 18

		2012		Variance
	2011	Actual	Budget	Under
	Actual			(Over)
Cash receipts				
Intergovernmental revenues				
State aid	\$ 1,152	\$ 1,158	\$ 1,015	\$ 143
Federal aid	46,675	48,816	47,615	1,201
Other revenues				
Lunch/breakfast - students	38,454	39,581	43,465	(3,884)
Adult Lunches	2,565	4,921	2,950	1,971
Miscellaneous	1,031	125	-	125
Transfer from General fund	-	39,000	-	39,000
Transfer from Local Option fund	44,110	7,056	45,000	(37,944)
Total cash receipts	133,987	140,657	\$ 140,045	\$ 612
Expenditures				
Food service operation				
Salaries	45,525	47,617	50,000	2,383
Employee insurance	11,820	12,600	15,000	2,400
Social security	3,083	3,321	5,000	1,679
Other employee benefits	3,161	2,576	5,000	2,424
Other purchased services	1,204	1,390	3,000	1,610
Food and milk	62,978	68,600	73,454	4,854
Miscellaneous supplies	4,140	3,591	4,000	409
Property	640	-	22,909	22,909
Other	592	1,190	1,000	(190)
Total food service operation	133,143	140,885	179,363	38,478
Total expenditures	133,143	140,885	\$ 179,363	\$ 38,478
Receipts over (under) expenditures	844	(228)		
Unencumbered cash, beginning	38,474	39,318		
Unencumbered cash, ending	\$ 39,318	\$ 39,090		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

SPECIAL EDUCATION FUND

Statement 3
6 of 18

		2012		Variance
	2011 Actual	Actual	Budget	Under (Over)
Cash receipts				
Miscellaneous	\$ 9,810	\$ -	\$ -	\$ -
Special Education Aid	1,464	218	-	218
Transfer from Local Option fund	-	-	22,450	(22,450)
Transfer from General fund	300,480	339,024	341,130	(2,106)
Total cash receipts	311,754	339,242	\$ 363,580	\$ (24,338)
Expenditures				
Instruction				
Payment to Special Ed. Co-op	287,340	316,505	441,130	124,625
Total instruction	287,340	316,505	441,130	124,625
Student Transportation Services				
Salaries	13,596	13,294	20,000	6,706
Employee insurance	4,160	4,200	4,200	-
Social security	896	900	1,500	600
Other employee benefits	800	650	1,000	350
Total student transportation services	19,452	19,044	26,700	7,656
Vehicle Operating Services				
Mileage in Lieu of Transportation	-	-	2,000	2,000
Insurance	319	294	1,000	706
Motor fuel	4,472	4,215	11,569	7,354
Supplies	160	-	2,000	2,000
Equipment	-	-	70,000	70,000
Other	-	-	10,000	10,000
Total vehicle operating services	4,951	4,509	96,569	92,060
Total expenditures	311,743	340,058	\$ 564,399	\$ 224,341
Receipts (under) expenditures	11	(816)		
Unencumbered cash, beginning	200,808	200,819		
Unencumbered cash, ending	\$ 200,819	\$ 200,003		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

VOCATIONAL EDUCATION FUND

Statement 3
7 of 18

		2012		Variance
	2011 Actual	Actual	Budget	Under (Over)
Cash receipts				
Other Revenue	\$ 11	\$ -	\$ -	\$ -
Transfer from General fund	-	5,621	-	5,621
Transfer from Local option fund	87,500	35,000	50,000	(15,000)
Total cash receipts	87,511	40,621	\$ 50,000	\$ (9,379)
Expenditures				
Instruction				
Certified salaries	73,311	66,889	75,000	8,111
Employee insurance	7,875	5,250	8,000	2,750
Social security	5,053	4,631	5,500	869
Other employee benefits	609	2,912	700	(2,212)
Textbooks	-	-	1,382	1,382
Purchased prof. & tech. services	570	-	1,000	1,000
Supplies	-	-	1,000	1,000
Property (Equipment & Furnishings)	-	-	50,000	50,000
Total expenditures	87,418	79,682	\$ 142,582	\$ 62,900
Receipts over (under) expenditures	93	(39,061)		
Unencumbered cash, beginning	92,500	92,593		
Unencumbered cash, ending	\$ 92,593	\$ 53,532		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

TEXTBOOK RENTAL FUND

Statement 3
8 of 18

	2011 Actual	2012 Actual
Cash receipts		
Textbook Rental Fees	\$ 8,518	\$ 8,880
Miscellaneous revenue	75	-
Total cash receipts	8,593	8,880
Expenditures		
Textbooks	2,017	1,605
Total expenditures	2,017	1,605
Receipts over (under) expenditures	6,576	7,275
Unencumbered cash, beginning	13,231	19,807
Unencumbered cash, ending	\$ 19,807	\$ 27,082

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

CONTINGENCY RESERVE FUND

Statement 3
9 of 18

	2011 Actual	2012 Actual
Cash receipts		
Operating Transfers	\$ -	\$ -
Total cash receipts	-	-
Expenditures and transfers		
Supplies	-	-
Transfer to General fund	-	-
Other	-	-
Total expenditures and transfers	-	-
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	195,000	195,000
Unencumbered cash, ending	\$ 195,000	\$ 195,000

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

AT RISK FUND (K-12)

Statement 3
10 of 18

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Cash receipts				
Transfer from General fund	\$ 119,698	\$ 23,801	\$ 50,000	\$ (26,199)
Transfer from Local Option fund	-	41,393	-	41,393
Total cash receipts	119,698	65,194	\$ 50,000	\$ 15,194
Expenditures				
Certified salaries	88,102	70,433	94,000	23,567
Non-certified salaries	12,316	12,987	15,000	2,013
Insurance	8,917	6,393	10,000	3,607
Social security	7,673	6,358	9,000	2,642
Other employee benefits	1,269	2,169	1,500	(669)
Other	349	-	-	-
Supplies	839	2,086	2,000	(86)
Total expenditures	119,465	100,426	\$ 131,500	\$ 31,074
Receipts over expenditures	233	(35,232)		
Unencumbered cash, beginning	81,392	81,625		
Unencumbered cash, ending	\$ 81,625	\$ 46,393		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

KPERS

Statement 3
11 of 18

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Cash receipts				
KPERS	<u>84,002</u>	<u>140,691</u>	<u>152,884</u>	<u>(12,193)</u>
Total cash receipts	<u>84,002</u>	<u>140,691</u>	<u>\$ 152,884</u>	<u>\$ (12,193)</u>
Expenditures				
Employee benefits	<u>84,002</u>	<u>140,691</u>	<u>152,884</u>	<u>12,193</u>
Total expenditures	<u>84,002</u>	<u>140,691</u>	<u>\$ 152,884</u>	<u>\$ 12,193</u>
Receipts over expenditures	-	-		
Unencumbered cash, beginning	<u>-</u>	<u>-</u>		
Unencumbered cash, ending	<u>\$ -</u>	<u>\$ -</u>		

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

TITLE I

	Statement 3 12 of 18	
	2011 Actual	2012 Actual
Cash receipts		
Federal aid	\$ 32,382	\$ 38,912
Miscellaneous revenue	<u>9</u>	<u>-</u>
Total cash receipts	<u>32,391</u>	<u>38,912</u>
Expenditures		
Instruction		
Certified salaries	27,311	34,756
Non-certified salaries	456	840
Employee insurance	2,356	3,780
Social security	2,016	2,919
Other employee benefits	218	153
Supplies	3,105	481
Books & Periodicals	<u>-</u>	<u>1,956</u>
Total expenditures	<u>35,462</u>	<u>44,885</u>
Receipts over (under) expenditures	(3,071)	(5,973)
Unencumbered cash, beginning	9,034	5,973
Prior Year Cancelled Encumbrances	<u>10</u>	<u>-</u>
Unencumbered cash, ending	<u>\$ 5,973</u>	<u>\$ -</u>

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

TITLE II A - TEACHER IMPROVEMENT FUND

	Statement 3 13 of 18	
	2011 Actual	2012 Actual
Cash receipts		
Federal Aid	\$ 11,757	\$ -
Total cash receipts	<u>11,757</u>	<u>-</u>
Expenditures		
Instruction		
Other	<u>11,551</u>	<u>3,677</u>
Total expenditures	<u>11,551</u>	<u>3,677</u>
Receipts over (under) expenditures	206	(3,677)
Unencumbered cash, beginning	<u>3,471</u>	<u>3,677</u>
Unencumbered cash, ending	<u>\$ 3,677</u>	<u>\$ -</u>

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

TITLE II D - EDUCATION TECHNOLOGY FUND

	Statement 3	
	14 of 18	
	2011 Actual	2012 Actual
Cash receipts		
Federal Aid	\$ 110	\$ -
Total cash receipts	110	-
Expenditures		
Other		
Other	110	-
Total expenditures	110	-
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	\$ -	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

TITLE IV - SAFE AND DRUG FREE SCHOOLS FUND

	Statement 3 15 of 18	
	2011 Actual	2012 Actual
Cash receipts		
Federal Aid	\$ 452	\$ -
Total cash receipts	452	-
Expenditures		
Other		
Emergency Preparedness Grant	619	498
Total expenditures	619	498
Receipts over (under) expenditures	(167)	(498)
Unencumbered cash, beginning	665	498
Unencumbered cash, ending	\$ 498	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

GIFTS AND GRANTS FUND

Statement 3
16 of 18

	2011 Actual	2012 Actual
Cash receipts		
Federal Source	\$ 630	\$ 740
Revenue from local sources	<u>-</u>	<u>7,000</u>
Total cash receipts	<u>630</u>	<u>7,740</u>
Cash expenditures		
Supplies	443	7,890
Professional & Tech Services	<u>2,840</u>	<u>2,270</u>
Total expenditures	<u>3,283</u>	<u>10,160</u>
Receipts over (under) expenditures	(2,653)	(2,420)
Unencumbered cash, beginning	<u>7,894</u>	<u>5,241</u>
Unencumbered cash, ending	<u>\$ 5,241</u>	<u>\$ 2,821</u>

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

SMALL RURAL SCHOOLS GRANT FUND

Statement 3
17 of 18

	2011 Actual	2012 Actual
Cash receipts		
Federal Aid	\$ 19,061	\$ 17,571
Total cash receipts	19,061	17,571
Cash expenditures		
Equipment	19,363	17,571
Total expenditures	19,363	17,571
Receipts over (under) expenditures	(302)	-
Unencumbered cash, beginning	302	-
Unencumbered cash, ending	\$ -	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended June 30, 2012
(With Comparative Actual Amounts for the Year Ended June 30, 2011)

CARL PERKINS GRANT FUND

Statement 3
18 of 18

	2011 Actual	2012 Actual
Cash receipts		
Misc Revenue	\$ 2,000	\$ 1,742
Total cash receipts	2,000	1,742
Cash expenditures		
Supplies	1,500	1,300
Other	500	442
Total expenditures	2,000	1,742
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	\$ -	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

For the Year Ended June 30, 2012

STUDENT ORGANIZATION FUNDS

Statement 4

	Beginning Cash Balance July 01, 2011	Cash Receipts	Cash Disbursements	Ending Cash Balance June 30, 2012
<u>High School</u>				
Band Club	\$ 798	\$ 1	\$ -	\$ 799
Cheerleaders - High School	104	2,904	2,964	44
Cheerleaders - Junior High	255	-	227	28
Class of 2010	130	-	130	-
Class of 2011	139	-	139	-
Class of 2012	2,863	18,253	21,005	111
Class of 2013	5,705	112	1,122	4,695
Class of 2014	2,115	6,485	4,105	4,495
Class of 2015	-	2,236	142	2,094
Class of 2016	-	300	35	265
Concessions	9,153	27,519	25,667	11,005
Dance Club	572	68	209	431
Kayettes	655	1,211	1,299	567
National Honor Society	169	-	-	169
SADD	1,950	2,955	2,651	2,254
Student Council - High School	1,070	3,272	3,846	496
Student Council - Junior High	339	-	132	207
Yearbook	5,228	2,630	1,725	6,133
	<u>31,245</u>	<u>67,946</u>	<u>65,398</u>	<u>33,793</u>
Total student organization funds				
Revolving Insurance Fund	3,033	19,304	19,295	3,042
	<u>34,278</u>	<u>87,250</u>	<u>84,693</u>	<u>36,835</u>
Total Agency Funds				

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

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

For the Year Ended June 30, 2012

DISTRICT ACTIVITY FUNDS

Statement 5

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Gate Receipts				
High School & Junior High				
Athletics - High School	\$ 19,906	\$ 27,723	\$ 25,541	\$ 22,088
Total Gate Receipts	19,906	27,723	25,541	22,088
School Projects				
High School & Junior High				
Book and Horn Rental	-	4,763	4,763	-
Industrial Arts	5,411	1,549	92	6,868
Joe Peroli Memorial	1,484	2	-	1,486
Library	70	-	-	70
Quiz Bowl - High School	2,109	450	810	1,749
Gerald Bahr Memorial	3,795	-	2,263	1,532
Speech	168	432	430	170
Junior High Assessment	37	350	357	30
Scholarship Science	300	100	100	300
Subtotal High School & Junior High	13,374	7,646	8,815	12,205
Elementary School				
Book Rental	-	3,793	3,793	-
Petty Cash	-	3,160	3,160	-
General/Savings Account	2,590	6,031	1,500	7,121
Trash Bags	2,737	9,133	11,870	-
Accelerated Reader	639	520	710	449
Donations	-	390	62	328
Pre-School	-	10,621	10,621	-
Subtotal Elementary School	5,966	33,648	31,716	7,898
Total School Projects	19,340	41,294	40,531	20,103
Total District Activity Funds	\$ 39,246	\$ 69,017	\$ 66,072	\$ 42,191

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

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

Otis-Bison Unified School District No. 403, Otis, Kansas, is a municipal corporation governed by an elected seven member board. The District receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources.

The financial statements of the District consist of all the funds of the District and governmental entities that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no entities that are controlled or dependent on the District.

FUND ACCOUNTING

The financial transactions and accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately.

Governmental Funds:

1. General Fund

The general fund is the general operating fund of the District. This fund is used to account for all activities of the general government not accounted for in another fund.

2. Special Revenue Funds

Special revenue funds are used to account for the collection and disbursement of moneys designated for a special purpose.

3. Capital Project Funds

Capital project funds account for all financial resources used for the acquisition or construction of major capital assets.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Fiduciary Funds:

1. Trust and Agency Funds

Trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individual, private organization, and other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

2. Student Activity Funds

Student activity funds is an agency fund that accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

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

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

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, 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 budget amendments for this year.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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 statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's 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 capital projects funds, fiduciary funds, and the following special revenue funds:

Textbook Rental Fund, Contingency Reserve Fund, District Activity

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. The following funds do not require a budget:

Title I, Title II, Title IV, Small Rural Schools Grant Fund, Gifts and Grants Fund,
Carl Perkins Grant Fund

Reimbursements

A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and have portions of it reimbursed by other funds. In accounting for such reimbursements, Unified School District No. 403 records an expenditure (or expense) in the reimbursing fund, and a reduction of expenditure (or expense) in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing and Financial Reporting*.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds.

NOTE B – DEPOSITS AND INVESTMENTS

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, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk 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 the designated "peak periods," when required coverage is 50%. The District did not designate any "peak periods." All deposits were legally secured at June 30, 2012.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE B – DEPOSITS AND INVESTMENTS—CONTINUED

At June 30, 2012, the District's carrying amount of deposits was \$1,170,776 and the bank balance was \$1,275,773. The difference between the carrying amount and the bank balance is outstanding checks. Of the bank balance, \$701,246 was covered by federal depository insurance and the remaining \$574,527 was collateralized by pledged securities held under joint custody receipts.

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.

NOTE C – PROPERTY TAXES

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are assessed on a calendar year basis and become a lien on property on November 1 of each year. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current operation of the school district and therefore are not susceptible to accrual.

Undistributed taxes from the prior year levy are recognized as income in the current year. 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 to the financial statements taken as a whole.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
OTIS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE D – INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Food Service	K.S.A. 72-5119	\$ 39,000
General Fund	Special Education	K.S.A. 72-6420	339,024
General Fund	Vocational Education	K.S.A. 72-6421	5,621
General Fund	At Risk (K-12)	K.S.A. 72-6414a	23,801
Local Option	Food Service	K.S.A. 72-5119	7,056
Local Option	Vocational Education	K.S.A. 72-6421	35,000
Local Option	At Risk (K-12)	K.S.A. 72-6414a	41,393

NOTE E – RISK MANAGEMENT

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

NOTE F – DEFINED BENEFIT PENSION PLAN

Plan Description. The Unified School District No. 403, Otis, Kansas 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 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 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for employees hired before July 1, 2009. The member-employee contribution rate is 6% of covered salary for employees hired after July 1, 2009. 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 contributes 9.77%* of covered payroll for the period July 1, 2011 to June 30, 2012. *Included in this rate is the contribution for

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE F – DEFINED BENEFIT PENSION PLAN—CONTINUED

Group Death and Disability Insurance of 1.0%. From April 1, 2012 through June 30, 2012 there was a moratorium on the collection of the premium of 1.0% of the Group Death and Disability Insurance rate. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$188,864,352, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature.

NOTE G – OTHER POST EMPLOYMENT BENEFITS

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

NOTE H – COMPENSATED ABSENCES

The annual amount of sick leave, ten days, is credited to the employee each September 1st. At the same time all prior unused sick leave is credited to the employee, to a maximum of 85 days for the certified employee and 60 days for the classified employee. Termination of employment shall automatically void all accumulated days of sick leave. Accumulated vacation time has to be used by June 30th except for the District's custodians. Custodians must utilize vacation time by the second Monday in August or it is forfeited.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE I – FEDERAL AND STATE GRANTS

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds or any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audits, is not believed to material.

NOTE J – RELATED PARTY TRANSACTIONS

In a governmental entity, related parties include members of the governing body, board members, administrative officials, and immediate families of administrative officials, board members, and members of the governing body. Required disclosures on related party transactions do not include compensation arrangements, expense allowance and similar items incurred in the ordinary course of operations. The following are not required, but are presented for information only.

	<u>2012</u>
MAK-D	
Claude Nelson, board member is an owner	\$59,302
Agency One	
Robert Wissman's spouse is an employee	41,932

**NOTE K – USES OF ESTIMATES IN THE PREPARATION OF FINANCIAL
STATEMENTS**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statements of subsequent events occurring through October 10, 2012, which is the date the financial statements were available to be issued.

**UNIFIED SCHOOL DISTRICT NO. 403, OTIS-BISON
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NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

NOTE M--COMPARATIVE DATA

The amounts shown for 2011 in the accompanying financial statements are included only to provide a basis for comparison with 2012 and are not intended to present all information necessary for a fair presentation. Certain amounts for 2011 may have been restated to conform with presentation of similar amounts for 2012.

NOTE N--IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$62,741 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.

NOTE O--COMPLIANCE WITH KANSAS STATUTE

K.S.A. 72-6760. The District purchased a vehicle for more than \$20,000 but did not obtain bids for the purchase.