

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORTS

For the Year Ended June 30, 2012

Unified School District No. 407, Russell, Kansas

FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

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# GUDENKAUF & MALONE, INC.

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James Malone, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Unified School District No. 407  
Russell, Kansas

We have audited the accompanying financial statements of Unified School District No. 407, Russell, Kansas, as of and for the year ended June 30, 2012. These financial statements are the responsibility of Unified School District No. 407's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year (partial or summarized) comparative information has been derived from the District's June 30, 2011 financial statements and, in our report dated January 4, 2012, we expressed an unqualified opinion on the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 the 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, Unified School District No. 407, has prepared these financial statements using accounting practices prescribed or permitted by 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, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 407, 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. 407 as of June 30, 2012, and its cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013 on our consideration of Unified School District No. 407's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Unified School District No 407, Russell, Kansas' financial statements as a whole. The information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Gudenkauf & Malone, Inc

Russell, Kansas  
January 8, 2013

# GUDENKAUF & MALONE, INC.

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

Board of Education  
Unified School District No. 407  
Russell, Kansas

We have audited the financial statements of Unified School District No. 407, Russell, Kansas, as of and for the year ended June 30, 2012, which collectively comprise the Unified School District No. 407's basic financial statements and have issued our report thereon dated January 8, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*.

### Internal Control Over Financial Reporting

Management of Unified School District No. 407 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Unified School District No. 407's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 407's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 407's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 407's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Unified School District No. 407, Russell, Kansas, in a separate letter dated January 8, 2013.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Gudenkauf & Malone, Inc.

Russell, Kansas  
January 8, 2013

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

Board of Education

Unified School District No. 407

Russell, Kansas

Compliance

We have audited Unified School District No. 407, Russell, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 407's major federal programs for the year ended June 30, 2012. Unified School District No. 407's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 407's management. Our responsibility is to express an opinion on Unified School District No. 407's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Kansas Municipal Audit Guide*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 407's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Unified School District No. 407's compliance with those requirements.

In our opinion, Unified School District No. 407, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

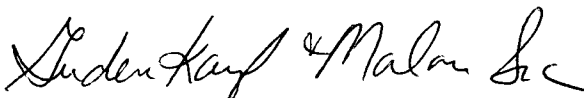
### Internal Control over Compliance

Management of Unified School District No. 407 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 407's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District 407's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Gudenkauf & Malone, Inc.

Russell, Kansas  
January 8, 2013

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH**  
For the Year Ended June 30, 2012

Statement 1  
1 of 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental type Funds:</b>							
General	\$ (298,410)	\$ -	\$ 5,763,778	\$ 5,598,611	\$ (133,243)	\$ 999,936	\$ 866,693
Local option	53,248	-	2,093,133	2,016,048	130,333	95,422	225,755
Special revenue							
Capital outlay	1,776,320	7	590,241	1,251,241	1,115,327	429,204	1,544,531
Driver training	53,763	-	8,103	6,883	54,983	7,571	62,554
Food service	138,211	-	443,354	434,740	146,825	1,705	148,530
Professional Development	46,527	-	25,000	13,969	57,558	13,269	70,827
Special education	538,190	144	1,534,193	1,305,352	767,175	123,556	890,731
Vocational education	113,315	-	160,732	226,725	47,322	30,802	78,124
Textbook rental	160,001	-	66,564	26,565	200,000	4,824	204,824
Contingency reserve	630,967	-	-	-	630,967	-	630,967
At Risk (K-12)	213,091	-	663,656	876,747	-	6,904	6,904
KPERS	-	-	585,195	585,195	-	-	-
District activity	193,851	-	323,733	336,544	181,040	-	181,040
<b>Fiduciary, expendable trust</b>							
Title I	-	-	173,841	173,841	-	5,588	5,588
Title II - A staff	-	-	50,187	50,187	-	3,425	3,425
Title II - D technology	-	-	24,937	24,937	-	9,027	9,027
<b>Trust</b>							
Gift Fund	23,772	-	63,667	23,772	63,667	500	64,167
Payroll clearing	6,225	-	55,237	59,428	2,034	-	2,034
Insurance Pool	24,860	-	837,308	832,319	29,849	92,490	122,339
Scholarship accounts	9,419	-	538	533	9,424	-	9,424
<b>Total (Excluding Agency Funds)</b>	<b>\$ 3,683,350</b>	<b>\$ 151</b>	<b>\$ 13,463,397</b>	<b>\$ 13,843,637</b>	<b>\$ 3,303,261</b>	<b>\$ 1,824,223</b>	<b>\$ 5,127,484</b>

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH**

**For the Year Ended June 30, 2012**

**Statement 1  
2 of 2**

**Composition of cash**

**Checking accounts**

Sunflower Bank, No. 03-136433		\$ 3,284
Sunflower Bank, No. 300-137898	774	
Add deposits in transit	466	
Less outstanding checks	<u>(40)</u>	1,200
Sunflower Bank, No. 03-175978		1
United National Bank, No. 100-17259		2,467,087
United National Bank, No. 100-17267	1,041,409	
Less outstanding checks	<u>(98,233)</u>	943,176
Wilson State Bank, No. 7600243		1,521,954
United National Bank, No. 100-16686		1
United National Bank, No. 100-17356		1
United National Bank, No. 100-16619		1
United National Bank, No. 100-17267	895	
Less outstanding checks	<u>(885)</u>	10
United National Bank, No. 100-16597		7,165
United National Bank, No. 100-16678		12,068
United National Bank, No. 100-17348	63,228	
Less outstanding checks	<u>(335)</u>	62,893
United National Bank, No. 100-17089	141,082	
Less outstanding checks	<u>(911)</u>	140,171

**Savings Account**

United National Bank, No. 10016589	1,823
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**Certificates of Deposit**

United National Bank, No. 13545	7,600
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**Petty Cash**

Central Office	<u>300</u>
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Total Cash	5,168,735
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Agency Funds Per Statement 4	<u>(41,251)</u>
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Total Reporting Entity (excluding agency funds)	<u><u>\$ 5,127,484</u></u>
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The notes to these financial statements are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
(BUDGETED FUNDS ONLY)**

**For the Year Ended June 30, 2012**

**Statement 2**

<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 Under (Over)</u>
Governmental Type Funds:						
General	\$ 5,730,480	\$ (138,726)	\$ 6,857	\$ 5,598,611	\$ 5,598,611	\$ -
Local option	2,037,486	(21,438)	-	2,016,048	2,016,048	-
Special revenue						
Capital outlay	2,285,625	-	-	2,285,625	1,251,241	1,034,384
Driver training	6,883	-	-	6,883	6,883	-
Food service	499,814	-	-	499,814	434,740	65,074
Professional development	71,527	-	-	71,527	13,969	57,558
Special education	1,385,214	-	-	1,385,214	1,305,352	79,862
Vocational education	287,580	-	-	287,580	226,725	60,855
At risk (K-12)	886,999	-	-	886,999	876,747	10,252
KPERs Fund	649,602	-	-	649,602	585,195	64,407
Totals	<u>\$ 13,841,210</u>	<u>\$ (160,164)</u>	<u>\$ 6,857</u>	<u>\$ 13,687,903</u>	<u>\$ 12,315,511</u>	<u>\$ 1,372,392</u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**GENERAL FUND**

**Statement 3  
1 of 17**

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Cash receipts				
Taxes and shared revenue				
Ad valorem property tax	\$ 1,263,825	\$ 1,476,467	\$ 1,392,751	\$ 83,716
Delinquent tax	44,507	16,210	19,779	(3,569)
Mineral production tax	41,606	60,701	29,800	30,901
Misc Tax Distribution	596	-	-	-
State aid				
Equalization aid	4,080,740	3,443,866	3,439,681	4,185
ARRA Education Job Fund	207,454	2,904	-	2,904
ARRA Stabilization Fund	118,478	-	-	-
Special education	721,034	756,686	836,570	(79,884)
Other receipts				
Other revenue	6,764	6,944	-	6,944
Total cash receipts	<u>6,485,004</u>	<u>5,763,778</u>	<u>\$ 5,718,581</u>	<u>\$ 45,197</u>
Expenditures and transfers subject to legal max budget				
Instruction				
Certified salaries	1,464,107	1,724,509	1,697,660	(26,849)
Salaries - ARRA Stabilization Funds	118,478	-	-	-
Salaries - ARRA Ed Job	207,454	2,904	2,900	(4)
Substitute teacher salaries	62,140	52,390	135,000	82,610
Extra Duty Salary	135	-	-	-
Health Insurance	4,106	13,085	13,108	23
Social security	136,013	132,434	136,669	4,235
Teaching supplies	25,416	25,418	20,000	(5,418)
Textbooks	7,930	-	8,000	8,000
Property	-	43,907	-	(43,907)
At-risk certified salaries	70,926	185,449	-	(185,449)
Purchased Professional & Technical Svcs	-	-	7,000	7,000
Total instruction	<u>2,096,705</u>	<u>2,180,096</u>	<u>2,020,337</u>	<u>(159,759)</u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**GENERAL FUND - Continued**

**Statement 3  
1 of 17**

	2011 Actual	2012		Variance Under (Over)
		Actual	Budget	
Expenditures and transfers - continued				
Student/instruction support services				
Library salaries	84,511	90,074	89,600	(474)
Library secretary	24,751	25,038	30,286	5,248
Counselor salaries	167,684	161,194	185,181	23,987
Health nurse salaries	12,275	12,422	12,422	-
Health Insurance	-	210	1,396	1,186
Social security	20,172	19,953	24,288	4,335
Health services supplies	1,554	980	-	(980)
Teacher travel and expense	90	120	-	(120)
Total student/instruction support services	311,037	309,991	343,173	33,182
General administration				
Administrative supplies	20,921	28,141	55,000	26,859
Computer supplies and maintenance	12,784	12,993	-	(12,993)
School board expense-postage, etc.	12,215	17,853	1,500	(16,353)
Other board expense	7,124	9,704	-	(9,704)
Board clerk salary	57,743	57,743	57,743	-
Contracted services - central office	59,795	11,457	59,329	47,872
Superintendent salary	108,531	108,531	108,531	-
Central office staff salaries	36,234	34,395	38,484	4,089
Social security	14,901	15,333	15,664	331
Health insurance	-	-	901	901
Telephone	2,727	3,732	4,000	268
Total general administration	332,975	299,882	341,152	41,270

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**GENERAL FUND - Continued**

**Statement 3  
1 of 17**

	2011 Actual	2012		Variance Under (Over)
		Actual	Budget	
Expenditures and transfers - continued				
School administration				
Principal salaries	282,874	281,067	282,900	1,833
Non-certified salaries	104,892	97,034	106,801	9,767
Social security	29,013	28,277	29,812	1,535
Health Insurance	-	-	1,715	1,715
Telephone, postage	11,965	11,670	15,000	3,330
Total school administration	428,744	418,048	436,228	18,180
Operations and maintenance				
Custodial salaries	287,239	286,133	305,163	19,030
Water/sewer	26,204	19,699	37,400	17,701
Contracted service - maintenance	33,650	32,487	75,000	42,513
Maintenance materials	113,088	134,958	108,530	(26,428)
Health Insurance	5,917	433	7,343	6,910
Electricity	116,983	119,502	120,000	498
Heat	83,340	68,807	90,000	21,193
Replacement of equipment	202,209	10,978	64,594	53,616
New equipment	57,628	70,624	65,000	(5,624)
Social security	21,492	21,234	23,345	2,111
Total operations and maintenance	947,750	764,855	896,375	131,520
Transfers				
Capital outlay	420,405	-	-	-
Food service	-	-	41,470	41,470
Vocational education	130,000	47,322	49,265	1,943
At Risk (K-12)	745,000	373,908	523,908	150,000
Special education	721,034	1,007,803	836,570	(171,233)
Total transfers	2,016,439	1,429,033	1,451,213	22,180

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**GENERAL FUND - Continued**

**Statement 3  
1 of 17**

		<u>2012</u>		
	2011	Actual	Budget	Variance Under (Over)
	<u>Actual</u>			
Expenditures and transfers - continued				
Transportation				
Fuel - car	20,046	27,271	30,000	2,729
Contracted services - car	4,016	1,218	-	(1,218)
Garage supplies	<u>1,656</u>	<u>397</u>	<u>15,000</u>	<u>14,603</u>
Total transportation	25,718	28,886	45,000	16,114
Vehicle operating services				
Salaries	58,115	61,979	84,720	22,741
Health Insurance	-	-	538	538
Social security	5,417	5,776	9,336	3,560
Bus motor fuel	32,888	25,839	30,000	4,161
Repairs	132	7,443	-	(7,443)
Supplies	9,923	6,024	13,000	6,976
Contracted services - bus	15,333	35,324	22,000	(13,324)
Activity drivers	<u>22,426</u>	<u>25,435</u>	<u>37,408</u>	<u>11,973</u>
Total vehicle operating services	<u>144,234</u>	<u>167,820</u>	<u>197,002</u>	<u>29,182</u>
Total expenditures	<u>6,303,602</u>	<u>5,598,611</u>	<u>5,730,480</u>	<u>131,869</u>
Adjustment for qualifying budget credits	-	-	6,857	6,857
Adjustment to comply with legal max	<u>-</u>	<u>-</u>	<u>(138,726)</u>	<u>(138,726)</u>
Total expenditures and transfers subject to legal max budget	<u>6,303,602</u>	<u>5,598,611</u>	<u>\$ 5,598,611</u>	<u>\$ -</u>
Receipts over (under) expenditures	181,402	165,167		
Unencumbered cash, beginning	(479,812)	(298,410)		
Unencumbered cash, ending	<u>\$ (298,410)</u>	<u>\$ (133,243)</u>	*	

\* See Note R (Statutory Presentation)

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**LOCAL OPTION FUND**

**Statement 3  
2 of 17**

		<u>2012</u>		
	2011			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Under (Over)</u>
<b>Receipts</b>				
Intergovernmental revenues				
State aid	\$ 424,698	\$ 315,475	\$ 303,555	\$ 11,920
Taxes and shared revenue				
Ad valorem property tax	1,524,602	1,589,503	1,651,725	(62,222)
Delinquent tax	41,799	17,245	23,819	(6,574)
Motor vehicle tax	138,309	168,204	158,066	10,138
Recreational vehicle tax	2,188	2,464	2,420	44
Other revenue	<u>-</u>	<u>242</u>	<u>-</u>	<u>242</u>
 Total receipts	 <u>2,131,596</u>	 <u>2,093,133</u>	 <u>\$ 2,139,585</u>	 <u>\$ (46,452)</u>
 <b>Expenditures and transfers subject to legal max budget</b>				
Health insurance	505,215	602,278	637,405	35,127
Salaries	151,766	-	125,000	125,000
Extra Duty Salaries	157,160	12,906	-	(12,906)
Social security	27,181	4,565	13,803	9,238
Teaching supplies	226,539	241,034	356,000	114,966
Tech coordinator	47,859	47,994	55,430	7,436
District insurance	122,283	136,972	125,000	(11,972)
Travel expense	2,619	2,994	-	(2,994)
Miscellaneous	2,500	5,872	15,000	9,128
Office supplies	12,380	10,099	14,348	4,249
Professional technical services	147,000	96,532	1,500	(95,032)
Equipment replacement	3,684	19,848	-	(19,848)
Transfers				
Food service	54,514	116,163	169,000	52,837
Special education	175,909	245,545	175,000	(70,545)
Vocational education	113,762	113,410	125,000	11,590
Textbooks	61,736	45,088	50,000	4,912
At Risk	206,256	289,748	150,000	(139,748)
Professional development	<u>29,037</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
 Total expenditures	 <u>2,047,400</u>	 <u>2,016,048</u>	 <u>\$ 2,037,486</u>	 <u>\$ 21,438</u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**LOCAL OPTION FUND**

**Statement 3**  
**2 of 17**

		<u>2012</u>		
	2011	Actual	Budget	Variance Under (Over)
	<u>Actual</u>			
Adjustment to comply with legal max	<u>-</u>	<u>-</u>	<u>(21,438)</u>	<u>(21,438)</u>
 Total expenditures and transfers subject to legal max budget	 <u>2,047,400</u>	 <u>2,016,048</u>	 <u>\$ 2,016,048</u>	 <u>\$ -</u>
 Receipts over (under) expenditures	 84,196	 77,085		
 Unencumbered cash, beginning	 (32,551)	 53,248		
 Adjustment to unencumbered cash for prior year canceled encumbrances	 <u>1,603</u>	 <u>-</u>		
 Unencumbered cash, ending	 <u>\$ 53,248</u>	 <u>\$ 130,333</u>	 *	

\* See Note R (Statutory Presentation)

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**CAPITAL OUTLAY FUND**

**Statement 3  
3 of 17**

		2012		Variance Under (Over)	
	2011 Actual	Actual	Budget		
<b>Receipts</b>					
Taxes and shared revenue					
Ad valorem property tax	\$ 412,029	\$ 476,412	\$ 451,733	\$ 24,679	
Delinquent tax	10,321	4,994	6,445	(1,451)	
Motor vehicle tax	34,534	45,855	42,464	3,391	
Other	549	-	651	(651)	
Other receipts					
Interest on investments	16,644	17,368	-	17,368	
Miscellaneous reimbursements	73,793	45,612	-	45,612	
Transfers					
General	420,405	-	-	-	
<b>Total receipts</b>	<u>968,275</u>	<u>590,241</u>	<u>\$ 501,293</u>	<u>\$ 88,948</u>	
<b>Expenditures subject to budget</b>					
Property and equipment					
Property-Student Support Services	-	-	15,000	15,000	
Property-Instructional Support Staff	-	-	75,000	75,000	
Property-General Administration	-	-	15,000	15,000	
Property-School Administration	-	-	5,220	5,220	
Operations and maintenance	10,306	-	30,000	30,000	
Transportation-new busses	-	81,587	175,000	93,413	
Property-Instruction	89,226	103,631	100,000	(3,631)	
<b>Total property and equipment</b>	99,532	185,218	415,220	230,002	
Facility acquisition and construction services					
Architectural & Engineering Services	-	4,085	50,000	45,915	
Repair and remodeling	221,756	1,061,938	1,820,405	758,467	
<b>Total facility acquisition/construction</b>	<u>221,756</u>	<u>1,066,023</u>	<u>1,870,405</u>	<u>804,382</u>	
<b>Total expenditures subject to budget</b>	<u>321,288</u>	<u>1,251,241</u>	<u>\$ 2,285,625</u>	<u>\$ 1,034,384</u>	
Receipts over (under) expenditures	646,987	(661,000)			
Unencumbered cash, beginning	1,129,333	1,776,320			
Adjustment to unencumbered cash for prior year canceled encumbrances	-	7			
<b>Unencumbered cash, ending</b>	<u>\$ 1,776,320</u>	<u>\$ 1,115,327</u>			

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**DRIVER TRAINING FUND**

**Statement 3**

**4 of 17**

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Receipts				
Intergovernmental revenues				
State aid	\$ 4,440	\$ 3,008	\$ 2,442	\$ 566
Other				
Miscellaneous	3,619	5,095	2,475	2,620
Total receipts	<u>8,059</u>	<u>8,103</u>	<u>\$ 4,917</u>	<u>\$ 3,186</u>
Expenditures subject to budget				
Instruction				
Teacher salaries	4,620	5,496	5,000	(496)
Social security	347	482	383	(99)
Supplies	-	116	500	384
Motor Fuel - non school bus	<u>174</u>	<u>789</u>	<u>1,000</u>	<u>211</u>
Total expenditures subject to budget	<u>5,141</u>	<u>6,883</u>	<u>\$ 6,883</u>	<u>\$ -</u>
Receipts over (under) expenditures	2,918	1,220		
Unencumbered cash, beginning	<u>50,845</u>	<u>53,763</u>		
Unencumbered cash, ending	<u>\$ 53,763</u>	<u>\$ 54,983</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**FOOD SERVICE FUND**

**Statement 3**

**5 of 17**

		<u>2012</u>		Variance Under (Over)	
	2011 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>		
<b>Receipts</b>					
Intergovernmental revenues					
State aid	\$ 4,128	\$ 3,937	\$ 3,255	\$ 682	
Federal aid	193,933	186,526	186,349	177	
Other receipts					
Lunch/breakfast	133,272	136,688	127,984	8,704	
Miscellaneous	157	40	150	(110)	
Transfers					
General	-	-	41,470	(41,470)	
Local option	<u>54,514</u>	<u>116,163</u>	<u>169,000</u>	<u>(52,837)</u>	
Total receipts	<u>386,004</u>	<u>443,354</u>	<u>\$ 528,208</u>	<u>\$ (84,854)</u>	
<b>Expenditures</b>					
General administration					
Director's salary	18,142	18,069	18,142	73	
Social security	1,355	1,344	-	(1,344)	
Operations and maintenance					
Telephone	2,620	2,600	5,000	2,400	
Electricity	9,000	8,000	10,000	2,000	
Contracted services	823	574	6,620	6,046	
Supplies	-	-	10,500	10,500	
Food service operation					
Cook salaries	154,631	154,213	172,724	18,511	
Substitute cooks	2,647	6,748	-	(6,748)	
Health Insurance	941	941	941	-	
Social security	11,732	12,085	15,887	3,802	
Supplies	6,053	11,802	20,000	8,198	
Food and milk	193,261	206,052	210,000	3,948	
Miscellaneous	2,826	5,025	-	(5,025)	
Equipment	<u>10,602</u>	<u>7,287</u>	<u>30,000</u>	<u>22,713</u>	
Total expenditures subject to budget	<u>414,633</u>	<u>434,740</u>	<u>\$ 499,814</u>	<u>\$ 65,074</u>	
Receipts over (under) expenditures	(28,629)	8,614			
Unencumbered cash, beginning	<u>166,840</u>	<u>138,211</u>			
Unencumbered cash, ending	<u>\$ 138,211</u>	<u>\$ 146,825</u>			

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**PROFESSIONAL DEVELOPMENT FUND**

**Statement 3  
6 of 17**

		<u>2012</u>		
	<u>2011</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Under</u>
				<u>(Over)</u>
Receipts				
Transfers				
Local option	\$ 29,037	\$ 25,000	\$ 25,000	\$ -
Total receipts	<u>29,037</u>	<u>25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>
Expenditures subject to budget				
Instruction				
Technology Supplies	-	10,000	26,527	16,527
Instruction support staff				
Inservice	<u>25,543</u>	<u>3,969</u>	<u>45,000</u>	<u>41,031</u>
Total expenditures subject to budget	<u>25,543</u>	<u>13,969</u>	<u>\$ 71,527</u>	<u>\$ 57,558</u>
Receipts over (under) expenditures	3,494	11,031		
Unencumbered cash, beginning	43,033	46,527		
Adjustment to unencumbered cash for prior year canceled encumbrances	<u>-</u>	<u>-</u>		
Unencumbered cash, ending	<u>\$ 46,527</u>	<u>\$ 57,558</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**SPECIAL EDUCATION FUND**

**Statement 3**

**7 of 17**

	2011 Actual	2012		Variance Under (Over)
		Actual	Budget	
<b>Receipts</b>				
Other receipts				
SRS Medicaid	\$ 77,903	\$ 49,422	\$ 60,000	\$ (10,578)
Reimbursements	5,632	13,067	17,193	(4,126)
Aid Regular	346,902	218,356	220,000	(1,644)
Transfers				
General	721,034	1,007,803	836,570	171,233
Local option	175,909	245,545	175,000	70,545
Total receipts	<u>1,327,380</u>	<u>1,534,193</u>	<u>\$ 1,308,763</u>	<u>\$ 225,430</u>
<b>Expenditures subject to budget</b>				
Instruction				
Teacher salaries	419,935	410,868	450,697	39,829
Non Certified	-	-	278,559	278,559
Substitute teacher salaries	7,950	6,308	-	(6,308)
Gifted salaries	7,705	11,585	-	(11,585)
Health insurance	111,420	146,735	146,735	-
Social security	32,164	31,517	55,788	24,271
Contracted services	10,055	30,566	15,000	(15,566)
Teaching supplies	13,451	18,252	18,811	559
Textbooks	771	-	2,500	2,500
Equipment	736	106	5,000	4,894
Total instruction	604,187	655,937	973,090	317,153
Student support services				
Teacher salaries	180,547	186,755	183,437	(3,318)
Social security	13,452	13,924	14,033	109
Health insurance	23,367	30,807	30,807	-
Purchased Professional & Technical Svcs	-	-	20,575	20,575
Total student support	217,366	231,486	248,852	17,366
Instruction support staff				
In-district travel	11,420	2,470	-	(2,470)
Paraprofessionals	244,163	228,901	-	(228,901)
Substitute para salaries	3,285	11,507	-	(11,507)
Inservice	2,962	8,328	-	(8,328)

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**SPECIAL EDUCATION FUND - Continued**

**Statement 3  
7 of 17**

		2012		
	2011 Actual	Actual	Budget	Variance Under (Over)
Expenditures - Continued				
Instruction support staff - Continued				
Social security	18,477	17,861	-	(17,861)
Purchased Professional & Technical Svcs	-	-	10,000	10,000
Total instruction support staff	280,307	269,067	10,000	(259,067)
General administration				
Administrative travel and expense	741	727	-	(727)
Administrative supplies	5,216	3,060	5,000	1,940
Total general administration	5,957	3,787	5,000	1,213
School administration				
Director's salary	69,738	69,738	70,535	797
Secretary salary	34,943	34,554	33,792	(762)
Social security	7,177	7,271	7,981	710
Health insurance	10,560	15,069	15,069	-
Purchased services	49,034	240	-	(240)
Total school administration	171,452	126,872	127,377	505
Operations and maintenance				
Custodial salaries	10,200	10,200	10,200	-
Health insurance	1,712	2,415	2,415	-
Social security	773	780	780	-
Contracted services	6,289	3,273	-	(3,273)
Telephone	2,182	1,535	2,500	965
Motor Fuel	-	-	5,000	5,000
Total operations and maintenance	21,156	18,203	20,895	2,692
Total expenditures subject to budget	1,300,425	1,305,352	\$ 1,385,214	\$ 79,862
Receipts over (under) expenditures	26,955	228,841		
Unencumbered cash, beginning	511,208	538,190		
Adjustment to unencumbered cash for prior year canceled encumbrances	27	144		
Unencumbered cash, ending	\$ 538,190	\$ 767,175		

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**VOCATIONAL EDUCATION FUND**

**Statement 3  
8 of 17**

		<u>2012</u>		
	2011 Actual	Actual	Budget	Variance Under (Over)
Receipts				
Transfers				
General	\$ 130,000	\$ 47,322	\$ 49,265	\$ (1,943)
Local option	113,762	113,410	125,000	(11,590)
Total Receipts	<u>243,762</u>	<u>160,732</u>	<u>\$ 174,265</u>	<u>\$ (13,533)</u>
Expenditures subject to budget				
Instruction				
Certified salaries	99,122	140,344	142,298	1,954
Health insurance	668	634	634	-
Social security	7,400	10,533	10,886	353
Supplies	45,682	28,523	48,762	20,239
Property and equipment	<u>12,575</u>	<u>46,691</u>	<u>85,000</u>	<u>38,309</u>
Total expenditures subject to budget	<u>165,447</u>	<u>226,725</u>	<u>\$ 287,580</u>	<u>\$ 60,855</u>
Receipts over (under) expenditures	78,315	(65,993)		
Unencumbered cash, beginning	35,000	113,315		
Adjustment to unencumbered cash for prior year canceled encumbrances	<u>-</u>	<u>-</u>		
Unencumbered cash, ending	<u>\$ 113,315</u>	<u>\$ 47,322</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**TEXTBOOK RENTAL FUND**

**Statement 3  
9 of 17**

	<u>2011 Actual</u>	<u>2012 Actual</u>
Receipts		
Rental fees	\$ 18,131	\$ 21,476
Transfer from Local option	<u>61,736</u>	<u>45,088</u>
Total Receipts	<u>79,867</u>	<u>66,564</u>
Expenditures		
Textbooks	<u>24,241</u>	<u>26,565</u>
Receipts over (under) expenditures	55,626	39,999
Unencumbered cash, beginning	104,195	160,001
Adjustment to unencumbered cash for prior year canceled encumbrances	<u>180</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ 160,001</u></u>	<u><u>\$ 200,000</u></u>

**CONTINGENCY RESERVE FUND**

Transfer from general	\$ -	\$ -
Expenditures		
Certified salaries	-	-
Social security	-	-
Non-certified salaries	-	-
Social security	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	<u>630,967</u>	<u>630,967</u>
Unencumbered cash, ending	<u><u>\$ 630,967</u></u>	<u><u>\$ 630,967</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**AT RISK FUND (K - 12)**

**Statement 3  
10 of 17**

		<u>2012</u>		
	<u>2011</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Under</u>
				<u>(Over)</u>
Receipts				
Transfers				
General	\$ 745,000	\$ 373,908	\$ 523,908	\$ (150,000)
Local option	206,256	289,748	150,000	139,748
	<u>951,256</u>	<u>663,656</u>	<u>\$ 673,908</u>	<u>\$ (10,252)</u>
Total receipts				
Expenditures				
Certified salaries	692,062	771,224	771,224	-
Non-certified	33,033	33,167	41,776	8,609
Benefit pool	-	7,500	7,500	-
Social security	55,437	61,508	58,999	(2,509)
Teaching supplies	<u>5,024</u>	<u>3,348</u>	<u>7,500</u>	<u>4,152</u>
	<u>785,556</u>	<u>876,747</u>	<u>\$ 886,999</u>	<u>\$ 10,252</u>
Total expenditures				
Receipts over (under) expenditures	165,700	(213,091)		
Unencumbered cash, beginning	47,391	213,091		
Adjustment to unencumbered cash for prior year canceled encumbrances	<u>-</u>	<u>-</u>		
Unencumbered cash, ending	<u>\$ 213,091</u>	<u>\$ -</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**KPERS FUND**

**Statement 3  
11 of 17**

		<u>2012</u>		
	2011 Actual	Actual	Budget	Variance Under (Over)
Receipts				
Intergovernmental revenue				
State aid	\$ 360,890	\$ 585,195	\$ 649,602	\$ (64,407)
Expenditures subject to budget				
Teachers salaries	215,951	413,732	478,139	64,407
At risk salaries	17,916	34,192	34,192	-
Health nurse salaries	27,527	21,349	21,349	-
General administration	18,917	22,478	22,478	-
School administration	38,138	42,757	42,757	-
Custodial salaries	14,522	17,413	17,413	-
Transportation salaries	11,003	12,248	12,248	-
Food service salaries	16,916	21,026	21,026	-
Total expenditures subject to budget	<u>360,890</u>	<u>585,195</u>	<u>\$ 649,602</u>	<u>\$ 64,407</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	<u>\$ -</u>	<u>\$ -</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**TITLE I FUND**

**Statement 3  
12 of 17**

	2011 Actual	2012 Actual
<b>Receipts</b>		
Intergovernmental revenue		
Federal aid	\$ 157,442	\$ 173,841
Federal aid - ARRA	<u>58,030</u>	<u>-</u>
Total receipts	<u>215,472</u>	<u>173,841</u>
<b>Expenditures</b>		
Instruction		
Teacher salaries	49,726	51,118
Paraprofessionals salaries	55,652	68,990
Health insurance	11,436	27,860
Social security	6,104	9,038
Paraprofessionals salaries - ARRA	47,738	-
Health insurance - ARRA	5,566	-
Social security - ARRA	4,726	-
Inservice	170	30
Teaching supplies	<u>22,608</u>	<u>4,605</u>
Total instruction	203,726	161,641
General administration		
Director's salary	10,911	11,333
Social security	<u>835</u>	<u>867</u>
Total general administration	<u>11,746</u>	<u>12,200</u>
Total expenditures	<u>215,472</u>	<u>173,841</u>
Receipts (under) expenditures	-	-
Unencumbered cash, beginning	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**For the Year Ended June 30, 2012**  
**(With comparative actual totals for the prior year ended June 30, 2011)**

**TITLE II - A STAFF FUND**

**Statement 3**  
**13 of 17**

	2011 Actual	2012 Actual
Receipts		
Intergovernmental revenue		
Federal aid	\$ 56,324	\$ 50,187
Expenditures		
Administrative salaries	5,554	6,103
Social security	425	467
Consultants	-	3,088
Inservice	19,480	12,744
Materials	2,703	2,848
Transfer to Title - II D	28,162	24,937
Total expenditures	56,324	50,187
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	\$ -	\$ -

**TITLE II - D TECHNOLOGY**

Receipts		
Intergovernmental revenues		
Federal aid - ARRA	\$ 532	\$ -
Transfers		
Title II - A Staff	28,162	24,937
Total receipts	28,694	24,937
Expenditures		
Administrative salaries	4,458	4,331
Social security	341	331
Materials	13,033	5,549
Equipment	9,668	7,634
Inservice	1,194	7,092
Total expenditures	28,694	24,937
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. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**GIFTS AND GRANTS FUND**

**Statement 3  
15 of 17**

		<u>2012</u>		
	<u>2011 Actual</u>	<u>Actual</u>	<u>*Budget</u>	<u>Variance Under (Over)</u>
Receipts				
Donations	\$ 126,232	\$ 63,667	\$ -	\$ 63,667
Expenditures				
Certified Salaries	-	4,986	-	(4,986)
Social Security	-	1,204	-	(1,204)
Supplies	20,279	17,582	23,772	6,190
Gym Floor	101,460	-	-	-
Scoreboard	10,660	-	-	-
Total Expenditures	<u>132,399</u>	<u>23,772</u>	<u>\$ 23,772</u>	<u>\$ -</u>
Receipts over (under) expenditures	(6,167)	39,895		
Unencumbered cash, beginning	29,939	23,772		
Adjustment to unencumbered cash for prior year canceled encumbrances	<u>-</u>	<u>-</u>		
Unencumbered cash, ending	<u>\$ 23,772</u>	<u>\$ 63,667</u>		

\* Budget for informational purposes only.

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**PAYROLL CLEARING FUND**

**Statement 3  
16 of 17**

	<u>2011 Actual</u>	<u>2012 Actual</u>
Receipts	\$ 69,472	\$ 55,237
Expenditures	<u>71,580</u>	<u>59,428</u>
Receipts over (under) expenditures	(2,108)	(4,191)
Unencumbered cash, beginning	<u>8,333</u>	<u>6,225</u>
Unencumbered cash, ending	<u><u>\$ 6,225</u></u>	<u><u>\$ 2,034</u></u>

**INSURANCE POOL FUND**

Receipts	\$ 664,359	\$ 837,308
Expenditures	<u>658,336</u>	<u>832,319</u>
Receipts over (under) expenditures	6,023	4,989
Unencumbered cash, beginning	<u>18,837</u>	<u>24,860</u>
Unencumbered cash, ending	<u><u>\$ 24,860</u></u>	<u><u>\$ 29,849</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**

**For the Year Ended June 30, 2012**

**(With comparative actual totals for the prior year ended June 30, 2011)**

**SCHOLARSHIP FUND**

**Statement 3  
17 of 17**

	<u>2011 Actual</u>	<u>2012 Actual</u>
<b>Receipts</b>		
Brundage Scholarship	\$ 500	\$ 500
Wesley Maske Memorial	78	-
Flora Bigler Memorial	300	33
Interest Income	<u>11</u>	<u>5</u>
Total receipts	<u>889</u>	<u>538</u>
<b>Expenditures</b>		
Instruction		
Brundage Scholarship	500	500
Wesley Maske Memorial	750	-
Flora Bigler Memorial	300	33
Interest Income	<u>361</u>	<u>-</u>
Total expenditures	<u>1,911</u>	<u>533</u>
Receipts (under) expenditures	(1,022)	5
Unencumbered cash, beginning	<u>10,441</u>	<u>9,419</u>
Unencumbered cash, ending	<u><u>\$ 9,419</u></u>	<u><u>\$ 9,424</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**For the Year Ended June 30, 2012**

**STUDENT ORGANIZATION FUNDS**

**Statement 4**

	Cash balance July 1, 2011	Cash receipts	Cash disbursements	Cash balance June 30, 2012
<u>Ruppenthal Middle School</u>				
Bronco Pride	1,299	9,709	917	10,091
Student council	2,347	2,107	1,983	2,471
Total Ruppenthal Middle School	<u>3,646</u>	<u>11,816</u>	<u>2,900</u>	<u>12,562</u>
<u>Russell High School</u>				
Class of '05 - '10	3,027	429	-	3,456
Class of 1954	569	-	-	569
Class of 2011	535	600	727	408
Class of 2012	403	634	689	348
Class of 2013	988	3,700	3,391	1,297
Class of 2014	480	480	34	926
Explorers club	1,485	-	500	985
F.F.A.	11,393	53,390	58,733	6,050
Kay club	2,768	-	-	2,768
Key Club	3,741	7,359	6,542	4,558
Letterman's club	82	-	-	82
National honor society	654	285	167	772
Pep club	300	-	-	300
Russell wear	349	6,016	5,006	1,359
SADD	144	200	200	144
Spanish club	1,309	166	87	1,388
Student council	2,969	5,658	5,852	2,775
Vocal Music	482	3,823	3,801	504
Total Russell High School	<u>31,678</u>	<u>82,740</u>	<u>85,729</u>	<u>28,689</u>
 Total all funds	 <u>\$ 35,324</u>	 <u>\$ 94,556</u>	 <u>\$ 88,629</u>	 <u>\$ 41,251</u>

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended June 30, 2012**

**DISTRICT ACTIVITY FUNDS**

**Statement 5  
1 of 3**

<u>Funds</u>	<u>Beginning unencumbered cash</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending Cash Balance</u>
<u>Russell High School</u>						
All school play	4,642	3,401	7,034	1,009	-	1,009
Art club	641	1,089	1,463	267	-	267
Athletics	53,657	130,774	114,946	69,485	-	69,485
Band	6,407	438	2,805	4,040	-	4,040
Bob Popp Memorial	4,525	-	500	4,025	-	4,025
Building fund	188	2,021	1,306	903	-	903
Cheerleaders	549	4,569	2,574	2,544	-	2,544
Concessions	5,368	32,686	32,633	5,421	-	5,421
Counselor's Acct	735	1,541	1,376	900	-	900
Courtesy	123	225	301	47	-	47
Dance	359	3,978	2,802	1,535	-	1,535
Faculty	48	250	288	10	-	10
General	1,000	-	-	1,000	-	1,000
Holocaust class	-	1,300	1,300	-	-	-
Library	404	15	154	265	-	265
M. Anderson Scholarship	1,110	-	500	610	-	610
McDonald's grant	507	-	-	507	-	507
Power lifting	2,324	-	1,398	926	-	926
R. Tribble Memorial	15,960	125	16,085	-	-	-
Regional music	25	-	-	25	-	25
Resale	10	-	-	10	-	10
RHS natural helpers	3	-	-	3	-	3
Scholars bowl	561	1,862	1,648	775	-	775
Scholarships	5,345	5,500	4,662	6,183	-	6,183
Science Club	-	8,560	8,560	-	-	-
Senior Women's Tea	15	84	84	15	-	15
Softball	33	7,243	6,400	876	-	876
Spirit clinic	1,461	1,778	1,479	1,760	-	1,760
Theater - ITS	70	3,873	3,876	67	-	67
Theatre	-	247	211	36	-	36
Vocational agriculture	2,534	3,701	4,652	1,583	-	1,583
Wood shop	2,420	3,668	5,069	1,019	-	1,019
In House Training	628	552	110	1,070	-	1,070
Yearbook/journalism	3,980	8,130	7,550	4,560	-	4,560
 Total Russell H.S.	 115,632	 227,610	 231,766	 111,476	 -	 111,476

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES AND UNENCUMBERED CASH**  
**For the Year Ended June 30, 2012**

**DISTRICT ACTIVITY FUNDS**

**Statement 5**  
**2 of 3**

<u>Funds</u>	Beginning unencumbered cash	Cash receipts	Expenditures	Ending unencumbered cash balance	Add outstanding encumbrances and accounts payable	Ending Cash Balance
<u>Ruppenthal Middle School</u>						
A La Carte	339	-	-	339	-	339
Art	264	1,890	2,154	-	-	-
Athletics	37,323	37,020	49,120	25,223	-	25,223
Box Tops for Education	639	374	420	593	-	593
Builders club	135	81	193	23	-	23
Builders fund	1,388	992	281	2,099	-	2,099
Business & Computer Ed.	1,030	238	170	1,098	-	1,098
Concessions	1,911	9,442	10,753	600	-	600
Gifts	13,283	1,800	1,200	13,883	-	13,883
Library	202	2,444	2,489	157	-	157
Life management	1,482	24	1,506	-	-	-
McDonalds Grant	51	-	-	51	-	51
Music	2,677	7,380	7,230	2,827	-	2,827
OWLS	10	1,400	1,400	10	-	10
Principal's Council	100	100	-	200	-	200
Quiz bowl	869	625	411	1,083	-	1,083
Science Olympiad	13	63	76	-	-	-
Student activity	914	1,945	2,707	152	-	152
Technology	44	1,161	7	1,198	-	1,198
Yearbook	-	795	-	795	-	795
 Total Ruppenthal M.S.	 62,674	 67,774	 80,117	 50,331	 -	 50,331

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

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended June 30, 2012**

**DISTRICT ACTIVITY FUNDS**

**Statement 5  
3 of 3**

<u>Funds</u>	Beginning unencumbered cash	Cash receipts	Expenditures	Ending unencumbered cash balance	Add outstanding encumbrances and accounts payable	Ending Cash Balance
<u>Bickerdyke Elementary</u>						
Tutoring	\$ -	\$ 1,000	\$ 210	\$ 790	\$ -	\$ 790
Pop	731	-	731	-	-	-
Book Fees	60	4,820	4,880	-	-	-
Pictures	1,703	1,293	1,683	1,313	-	1,313
Library	1,682	3,614	3,577	1,719	-	1,719
Owls	155	-	-	155	-	155
BES bunch	123	577	652	48	-	48
Donations/grants	2,935	6,770	1,662	8,043	-	8,043
Total Bickerdyke Elem.	7,389	18,074	13,395	12,068	-	12,068
<u>Simpson Elementary</u>						
Pictures	3,339	124	1,608	1,855	-	1,855
School supplies	207	100	100	207	-	207
Book Rent	-	4,150	4,150	-	-	-
Building Fund	1,534	-	234	1,300	-	1,300
Pop	283	986	975	294	-	294
Donations/grants	1,727	1,000	285	2,442	-	2,442
Library	745	3,621	3,620	746	-	746
School activities	321	294	294	321	-	321
Total Simpson Elem.	8,156	10,275	11,266	7,165	-	7,165
Total all funds	\$ 193,851	\$ 323,733	\$ 336,544	\$ 181,040	\$ -	\$ 181,040

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

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 407 is a municipal corporation governed by an elected seven-member board. The District operates four public schools with attendance centers in the City of Russell within the County of Russell, Kansas. The District's central office is located at 802 Main, Russell, Kansas. These financial statements present USD No. 407.

BASIS OF PRESENTATION—FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into two categories: governmental and fiduciary. Within each of these categories there are one or more fund types. The District uses the following fund types:

Governmental Funds:

1. General Fund

The general fund is used to account for all activities of the general government for which a separate fund has not been established.

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 are used to account for all financial resources used for the acquisition or construction of major capital assets.

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Fiduciary Funds:

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 organizations, and other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Reimbursements

Unified School District No. 407 records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursement.

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 School District has approved a resolution that is in compliance with K.S.A. 75-1120 a(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 expenditures compared to budget. Balance sheets that would have shown noncash assets

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED

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 budget amendments for this year.

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

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, permanent funds, and the following special revenues funds:

Textbook Rental, 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.

NOTE B—DEPOSITS AND INVESTMENTS

Deposits

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

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE B—DEPOSITS AND INVESTMENTS—CONTINUED

the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

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

*Custodial Credit Risk—Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District had no designated peak periods. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the Unified School District No. 407's carrying amount of deposits, including certificates of deposits, was \$5,168,735 and the bank balance was \$5,268,373. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$587,418 was covered by federal depository insurance, and \$4,680,955 was collateralized with securities held by the pledging financial institutions' agents in the District's name. The third-party bank holding the pledged securities is 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.

*Custodial Credit Risk—Investment.* 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

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE C-PROPERTY TAXES-CONTINUED

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 20<sup>th</sup> and one-half the following May 10<sup>th</sup>. 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 are not available as a source that can be used to finance the current operation of the school district.

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.

NOTE D-DEFINED BENEFIT PENSION PLAN

*Plan Description.* The Unified School District No. 407 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.

*Fund 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 on or 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 is required to contribute the remaining amount necessary to achieve the

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE D-DEFINED BENEFIT PENSION PLAN-CONTINUED

actuarially determined contribution rate. Kansas currently contributes 9.77% of covered payroll.

These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the year 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 E-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 of 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 F-INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>Statutory Authority</u>	<u>To</u>	<u>Amount</u>
Supplemental General	K.S.A. 72-6421	Vocational Education	\$113,410
General	K.S.A. 72-6420	Special Education	1,007,803
Supplemental General	K.S.A. 72-5119	Food Service	116,163
Supplemental General	K.S.A. 72-6420	Special Education	245,545
Supplemental General	K.S.A. 72-6433	Textbook	45,088
General	K.S.A. 72-6414a	At Risk	373,908
Supplemental General	K.S.A. 72-6414a	At Risk	289,748
Title II A	K.S.A. 72-6203	Title II D Technology	24,937
General	K.S.A. 72-6421	Vocational Education	47,322
Supplemental General	K.S.A. 72-9605	Professional Developmt	25,000

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE G—COMPENSATED ABSENCES

1. Sick Leave

In recognition of service rendered, and accumulated sick leave which was unused, the separability pay shall be paid to any qualifying teacher, administrator, or classified employee under the following conditions:

Displacement

Any teacher, administrator, or classified employee with five or more years of service in the school district shall receive 20% of their daily rate for the current standard contract scheduled salary, multiplied by their total number of accumulated, unused sick leave days. Such separability pay shall be subject to payroll taxes. Payment of separability pay will not apply to administrators, teachers, and classified employees whose employment is terminated by the school district for cause, which shall not include reduction in force.

Retirement

Any teacher, administrator, or classified employee with ten or more years of service in this school district achieving retirement requirements, shall receive 35% of their daily rate for the current standard scheduled salary, multiplied by the total number of accumulated, unused sick leave days. Such separability pay shall be subject to payroll taxes.

Unified School District No. 407, Russell, Kansas, has employees eligible for separability pay who have accumulated a total of 5,207 unused sick leave days as of and for the year ended June 30, 2012. The estimated liability for unused sick leave at June 30, 2012 is \$303,294, of which \$181,319 is attributable to 32 employees with ten or more years of service who are eligible for retirement.

NOTE H—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 allowances and similar items incurred in the ordinary course of operations. The following are not required to be reported, but are presented for additional information.

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE H-RELATED PARTY TRANSACTIONS-CONTINUED

	<u>2012</u>
Gorham Telephone	
Tonya Murphy, Board Member	
Tonya & spouse are owners of the company	\$ 800

NOTE I-FEDERAL AND STATE GRANTS

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audits by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the grant of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE J-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. The District carries commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverages in the past three years.

NOTE K-COMPARATIVE DATA

The amounts for 2011 in Statement 3 in the accompanying financial statements are included in order to provide an understanding of changes in the District's cash and unencumbered cash balances. However, complete data (i.e., presentation of prior year totals in Statement 1 and Statement 2) has not been presented since their inclusion would make certain statements unduly complex and difficult to read. Certain amounts for 2011 in Statement 3 may have been restated to conform with the presentation of similar amounts for 2012.

NOTE L-OPERATING LEASE

The District has entered into a lease agreement with North Western Office Supply with non-cancellation provisions. The lease is for a district copier. The lease is for five years beginning August 2009, with monthly payments to Dealers First Financial LLC for \$185, a fiscal yearly total of \$2,220.

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE L-OPERATING LEASE-CONTINUED

The District entered into a lease agreement with Hasler Financial Service LLC with non-cancellation provisions. The lease is for a postage machine. The lease is for four years beginning August 2009, with annual payments of \$5,424.

The District entered into a lease agreement with Dealers First Financial LLC with non-cancellation provisions. The lease is for four district copiers. The lease is for five years beginning July 22, 2010, with monthly payments of \$1,105, a fiscal yearly total of \$13,260.

NOTE M-SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statements of subsequent events occurring through January 8, 2013 which is the date at which the financial statements were available to be issued.

NOTE N-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 result could differ from those estimates.

NOTE O-EARLY RETIREMENT INCENTIVE

A teacher is eligible for early retirement benefits if such teacher is:

1. Currently a full-time employee of the school district;
  2. has at least ten (10) years of eligible service with KPERS and with the school district; and
  3. either qualified under applicable KPERS rules and regulations for full KPERS retirement benefits without reduction or not less than fifty-five (55) years and not more than sixty-four (64) years of age on September 1 of the school year in which the teacher submits application for early retirement benefits.
- Changes in KPERS retirement law will necessitate changes.

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS

June, 30, 2012

NOTE O—EARLY RETIREMENT INCENTIVE—CONTINUED

A teacher taking early retirement benefits shall have the option to maintain health insurance coverage through the school district's health insurance program by agreeing to pay their own monthly premium amounts.

Any teacher wishing to retire early before the normal retirement age of 65, will receive compensation as follows:

1. A benefit of \$9,000 will be paid for retirement at age sixty-two (62) or less. The teacher may receive the \$9,000 in three (3) annual payments consisting of \$5,000 the first year, \$2,500 the second year, and \$1,500 the third year; in two annual payments of \$4,500 each; or in one (1) lump sum payment of \$9,000.
2. A benefit of \$7,500 will be paid for retirement at age sixty-three (63). The teacher may receive the \$7,500 in two (2) annual payments; or in one (1) lump payment of \$7,500;
3. A benefit of \$5,000 will be paid for retirement at age sixty-four (64). If retiring at age sixty-four (64), the teacher must take the \$5,000 in one (1) lump sum payment.

An eligible teacher who takes early retirement which is subject to KPERS reduction will be entitled to receive annually from the school district a sum of money, i.e., early retirement benefits, equal to the difference between the benefit the teacher would receive, through KPERS, if the teacher was at normal retirement age as defined by KPERS. The reduction (difference) will be calculated by the KPERS Board. This benefit will expire when the teacher reaches eligibility for full social security benefits or age sixty-eight (68), whichever occurs first.

In fiscal year 2012, five teachers took early retirement and the District paid \$45,000.

NOTE P—COMPLIANCE WITH KANSAS STATUTES

K.S.A. 72-6760. The District contracted for building repairs for more than \$20,000 but did not obtain bids for the repairs.

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE Q - LONG-TERM DEBT**

Changes in long-term liabilities for the District For the Year Ended June 30, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
Compensated Absences	N/A	N/A	N/A	N/A	\$ 281,874	\$ 21,420	\$ -	\$ 21,420	\$ 303,294	N/A
Total Long-Term Debt					<u>\$ 281,874</u>	<u>\$ 21,420</u>	<u>\$ -</u>	<u>\$ 21,420</u>	<u>\$ 303,294</u>	

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE R - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)**

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2012**

**GENERAL FUND**

	<u>2012</u>		<u>Variance Under (Over)</u>	
	<u>Statutory Transactions</u>	<u>Budget</u>		
Cash receipts				
Taxes and shared revenue				
Ad valorem property tax	1,476,467	1,392,751	83,716	
Delinquent tax	16,210	19,779	(3,569)	
Mineral production tax	60,701	29,800	30,901	
State aid				
Equalization aid	3,267,569	3,439,681	(172,112)	
ARRA Education Job Fund	2,904	-	2,904	
Special education	756,686	836,570	(79,884)	
Other receipts				
Other revenue	<u>6,944</u>	<u>-</u>	<u>6,944</u>	
Total cash receipts	<u>5,587,481</u>	<u>5,718,581</u>	<u>(131,100)</u>	
Expenditures and transfers subject to legal max budget				
Instruction				
Certified salaries	1,724,509	1,697,660	(26,849)	
Salaries - ARRA Ed Job	2,904	2,900	(4)	
Substitute teacher salaries	52,390	135,000	82,610	
Health Insurance	13,085	13,108	23	
Social security	132,434	136,669	4,235	
Teaching supplies	25,418	20,000	(5,418)	
Textbooks	-	8,000	8,000	
Property	43,907	-	(43,907)	
At-risk certified salaries	185,449	-	(185,449)	
Purchased Professional & Technical Svcs	<u>-</u>	<u>7,000</u>	<u>7,000</u>	
Total instruction	2,180,096	2,020,337	(159,759)	

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2012**

**NOTE R - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) - Continued**

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**GENERAL FUND**

	<u>2012</u>		<u>Variance Under (Over)</u>	
	<u>Statutory Transactions</u>	<u>Budget</u>		
Expenditures and transfers - continued				
Student/instruction support services				
Library salaries	90,074	89,600	(474)	
Library secretary	25,038	30,286	5,248	
Counselor salaries	161,194	185,181	23,987	
Health nurse salaries	12,422	12,422	-	
Health Insurance	210	1,396	1,186	
Social security	19,953	24,288	4,335	
Health services supplies	980	-	(980)	
Teacher travel and expense	<u>120</u>	<u>-</u>	<u>(120)</u>	
Total student/instruction support services	309,991	343,173	33,182	
General administration				
Administrative supplies	28,141	55,000	26,859	
Computer supplies and maintenance	12,993	-	(12,993)	
School board expense-postage, etc.	17,853	1,500	(16,353)	
Other board expense	9,704	-	(9,704)	
Board clerk salary	57,743	57,743	-	
Contracted services - central office	11,457	59,329	47,872	
Superintendent salary	108,531	108,531	-	
Central office staff salaries	34,395	38,484	4,089	
Social security	15,333	15,664	331	
Health insurance	-	901	901	
Telephone	<u>3,732</u>	<u>4,000</u>	<u>268</u>	
Total general administration	299,882	341,152	41,270	

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2012**

**NOTE R - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) - Continued**

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**GENERAL FUND**

	<u>2012</u>		<u>Variance Under (Over)</u>	
	<u>Statutory Transactions</u>	<u>Budget</u>		
Expenditures and transfers - continued				
School administration				
Principal salaries	281,067	282,900	1,833	
Non-certified salaries	97,034	106,801	9,767	
Social security	28,277	29,812	1,535	
Health Insurance	-	1,715	1,715	
Telephone, postage	<u>11,670</u>	<u>15,000</u>	<u>3,330</u>	
Total school administration	418,048	436,228	18,180	
Operations and maintenance				
Custodial salaries	286,133	305,163	19,030	
Water/sewer	19,699	37,400	17,701	
Contracted service - maintenance	32,487	75,000	42,513	
Maintenance materials	134,958	108,530	(26,428)	
Health Insurance	433	7,343	6,910	
Electricity	119,502	120,000	498	
Heat	68,807	90,000	21,193	
Replacement of equipment	10,978	64,594	53,616	
New equipment	70,624	65,000	(5,624)	
Social security	<u>21,234</u>	<u>23,345</u>	<u>2,111</u>	
Total operations and maintenance	764,855	896,375	131,520	
Transfers				
Food service	-	41,470	41,470	
Vocational education	47,322	49,265	1,943	
At Risk (K-12)	373,908	523,908	150,000	
Special education	<u>1,007,803</u>	<u>836,570</u>	<u>(171,233)</u>	
Total transfers	1,429,033	1,451,213	22,180	

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2012**

NOTE R - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) - Continued

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**GENERAL FUND**

	2012		Variance Under (Over)	
	Statutory Transactions	Budget		
Expenditures and transfers - continued				
Transportation				
Fuel - car	27,271	30,000	2,729	
Contracted services - car	1,218	-	(1,218)	
Garage supplies	<u>397</u>	<u>15,000</u>	<u>14,603</u>	
Total transportation	28,886	45,000	16,114	
Vehicle operating services				
Salaries	61,979	84,720	22,741	
Health Insurance	-	538	538	
Social security	5,776	9,336	3,560	
Bus motor fuel	25,839	30,000	4,161	
Repairs	7,443	-	(7,443)	
Supplies	6,024	13,000	6,976	
Contracted services - bus	35,324	22,000	(13,324)	
Activity drivers	<u>25,435</u>	<u>37,408</u>	<u>11,973</u>	
Total vehicle operating services	<u>167,820</u>	<u>197,002</u>	<u>29,182</u>	
Total expenditures	<u>5,598,611</u>	<u>5,730,480</u>	<u>131,869</u>	
Adjustment for qualifying budget credits	-	6,857	6,857	
Adjustment to comply with legal max	<u>-</u>	<u>(138,726)</u>	<u>(138,726)</u>	
Total expenditures and transfers subject to legal max budget	<u>5,598,611</u>	<u>\$ 5,598,611</u>	<u>\$ -</u>	
Receipts over (under) expenditures	(11,130)			
Unencumbered cash, beginning	11,899			
Unencumbered cash, ending	<u>\$ 769</u>			

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2012**

**NOTE R - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) - Continued**

**STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**LOCAL OPTION FUND**

	<b>2012</b>		
	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Under (Over)</u>
<b>Receipts</b>			
Intergovernmental revenues			
State aid	\$ 311,361	\$ 303,555	\$ 7,806
Taxes and shared revenue			
Ad valorem property tax	1,589,503	1,651,725	(62,222)
Delinquent tax	17,245	23,819	(6,574)
Motor vehicle tax	168,204	158,066	10,138
Recreational vehicle tax	2,464	2,420	44
Other revenue	<u>242</u>	<u>-</u>	<u>242</u>
 Total receipts	 <u>2,089,019</u>	 <u>\$ 2,139,585</u>	 <u>\$ (50,566)</u>
 <b>Expenditures and transfers subject to legal max budget</b>			
Health insurance	602,278	637,405	35,127
Salaries	-	125,000	125,000
Extra Duty Salaries	12,906	-	(12,906)
Social security	4,565	13,803	9,238
Teaching supplies	241,034	356,000	114,966
Tech coordinator	47,994	55,430	7,436
District insurance	136,972	125,000	(11,972)
Travel expense	2,994	-	(2,994)
Miscellaneous	5,872	15,000	9,128
Office supplies	10,099	14,348	4,249
Professional technical services	96,532	1,500	(95,032)
Equipment replacement	19,848	-	(19,848)
<b>Transfers</b>			
Food service	116,163	169,000	52,837
Special education	245,545	175,000	(70,545)
Vocational education	113,410	125,000	11,590
Textbooks	45,088	50,000	4,912
At Risk	289,748	150,000	(139,748)
Professional development	<u>25,000</u>	<u>25,000</u>	<u>-</u>
 Total expenditures	 <u>2,016,048</u>	 <u>\$ 2,037,486</u>	 <u>\$ 21,438</u>

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

NOTE R - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) - Continued

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

LOCAL OPTION FUND

	2012		Variance
	Statutory Transactions	Budget	Under (Over)
Adjustment to comply with legal max	-	(21,438)	(21,438)
Total expenditures and transfers subject to legal max budget	2,016,048	\$2,016,048	\$ -
Receipts over (under) expenditures	72,971		
Unencumbered cash, beginning	75,082		
Adjustment to unencumbered cash for prior year canceled encumbrances	-		
Unencumbered cash, ending	\$ 148,053		

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

OTHER SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2012

**UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Kansas State			
Board of Education:			
Child Nutrition Cluster			
Cash for Commodities	10.555	3530-3500	154,979
School breakfast program	10.553	3529-3490	<u>31,547</u>
Total Child Nutrition Cluster			186,526
Total U.S. Department of Agriculture			186,526
<u>U.S. Department of Education</u>			
Passed through Kansas State			
Board of Education:			
Special Ed Cluster			
Special education-grants to states	84.027	3234-3050	213,046
Special education-preschool grants	84.173	3535-3550	<u>5,310</u>
Total Special Ed Cluster			218,356
Education Jobs Fund	84.410	3551-3551	2,904
State Personnel Development Grant	84.323	3592-3070	1,495
Title I - Low Income	84.010	3532-3520	173,841
Title II - Improving teacher quality	84.367	3526-3860	<u>50,187</u>
Total Department of Education			446,783
<u>U.S. Department of Health and Human Services</u>			
Medical Assistance Program	93.778		<u>46,436</u>
Total all funds			<u>\$ 679,745</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 407, Russell, Kansas, and is presented using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*.

See Accompanying Independent Auditors' Report.



UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2012

Section II – Financial Statement Finding

- No matters were reported

Section III – Federal Award Findings and Questioned Costs

- No matters were reported

UNIFIED SCHOOL DISTRICT NO. 407, RUSSELL, KANSAS

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2012

General state aid	\$ 3,267,569
KPERS	585,195
Food Service Aid	3,937
Special education services	756,686
Supplemental general state aid	311,361
State Safety	3,008
Teacher & Administrator Fee	<u>292</u>
Total state financial assistance	<u>\$ 4,928,048</u>

See Accompanying Independent Auditors' Report.