

**OSAGE CITY UNIFIED SCHOOL DISTRICT NO. 420**

**STATUTORY BASIS FINANCIAL STATEMENTS**  
For the year ended June 30, 2012

And

**INDEPENDENT AUDITORS' REPORTS**

**Long CPA, PA**  
**A Professional Association**  
**Certified Public Accountants**

# Long CPA, PA

James M. Long, CPA  
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## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of Unified School District No. 420, Osage City, Kansas, as of and for the year ended June 30 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

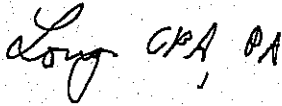
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those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

As described more fully in Note 1, Unified School District No. 420 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The 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 reasonable determinable, are 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. 420 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 the Unified School District No. 420, as of June 30, 2012, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2012, on our consideration of Unified School District No. 420'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 the 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.

A handwritten signature in cursive script that reads "Long CPA, PA".

Long CPA, PA  
A Professional Association  
Certified Public Accountant

September 30, 2012

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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 Funds							
General	\$ (389,801)	\$ 0	\$ 4,791,581	\$ 4,790,172	\$ (388,392)	\$ 3,998	\$ (384,394)
Supplemental General	(4,216)	0	1,102,424	1,078,531	19,677	76,262	95,939
Special Revenue Funds							
Vocational Education	3,652	0	38,972	42,624	0	4,991	4,991
Special Education	44,135	0	1,002,358	1,017,224	29,269		29,269
Food Service	16,437	0	316,421	332,858	0	921	921
Capital Outlay	635,319	0	39,131	93,337	581,113	30,024	611,137
Recreation Commission	0	0	0	0	0	0	0
Professional Development	29,894	0	0	8,888	21,006		21,006
KPERS Special Contribution	0	0	391,418	391,418	0		0
At Risk (K-12)	0	0	412,516	412,516	0	869	869
District Activity Funds	21,580	0	72,430	72,178	21,832		21,832
Contingency Reserve Fund	377,105	0	0	44,137	332,968		332,968
Title I	33,727	0	119,657	136,114	17,270	16,087	33,357
Title IID - Ed Tech	0	0	0	0	0	0	0
Title IIA - Teacher Quality	0	0	25,012	25,012	0	0	0
Learning Tree Grant	2,141	0	0	1,722	419		419
Debt Service Funds							
Bond and Interest Fund	467,077	0	618,402	510,361	575,118		575,118
Capital Projects							
Construction 2012A Bonds	0	0	2,550,188	38,188	2,512,000		2,512,000
Construction 2012B Bonds	0	0	4,099,662	56,559	4,043,103		4,043,103
Total Reporting Entity	\$ 1,237,050	\$ 0	\$ 15,580,172	\$ 9,051,839	\$ 7,765,383	\$ 133,152	\$ 7,898,535
<b>Composition of Cash</b>							
Checking Accounts							\$ (425,079)
Savings Accounts							8,533,073
Petty Cash							950
Municipal Investment Pool							-
Total Cash							8,108,944
Agency Funds per Statement 4							210,409
Total Reporting Entity							\$ 7,898,535

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

**USD #420 OSAGE CITY, KANSAS**  
**Summary of Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

Statement 2

<u>Funds</u>	<u>Certified</u>	<u>Adjustments to</u>	<u>Adjustments</u>	<u>Total</u>	<u>Expenditures</u>	<u>Variance -</u>
<u>Governmental Type Funds</u>	<u>Budget</u>	<u>Comply with</u>	<u>for Qualifying</u>	<u>Budget for</u>	<u>Chargeable to</u>	<u>Favorable</u>
		<u>Legal Max</u>	<u>Budget Credits</u>	<u>Comparison</u>	<u>Current Year</u>	<u>(Unfavorable)</u>
<b>General Funds</b>						
General	\$ 4,800,222	\$ (10,962)	\$ 912	\$ 4,790,172	\$ 4,790,172	\$ 0
Supplemental General	1,078,531	0	0	1,078,531	1,078,531	0
<b>Special Revenue Funds</b>						
Vocational Education	50,652	0	0	50,652	42,624	8,028
Special Education	1,051,458	0	0	1,051,458	1,017,224	34,234
Food Service	353,444	0	0	353,444	332,858	20,586
Capital Outlay	420,000	0	0	420,000	93,337	326,663
Recreation Commission	200	0	0	200	0	200
Professional Development	29,894	0	0	29,894	8,888	21,006
KPERS Special Contribution	404,990	0	0	404,990	391,418	13,572
At-Risk Fund (K-12)	459,064	0	0	459,064	412,516	46,548
<b>Debt Service Funds</b>						
Bond and Interest	498,685	0	0	498,685	510,361	(11,676)

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

USD #420 OSAGE CITY, KANSAS  
GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 442,507	\$ 414,917	\$ 27,590
Delinquent tax	7,668	5,335	2,333
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	2,179	0	2,179
State aid/grants	4,338,315	4,379,970	(41,655)
Charges for services			0
Interest income			0
Miscellaneous revenues	912		912
Operating transfers			0
Total Cash Receipts	<u>4,791,581</u>	<u>4,800,222</u>	<u>(8,641)</u>
<b>EXPENDITURES</b>			
Instruction	2,047,381	2,154,335	106,954
Student support services	153,749	143,342	(10,407)
Instruction support staff	197,855	182,743	(15,112)
General administration	153,150	126,800	(26,350)
School administration	340,175	319,200	(20,975)
Operations and maintenance	753,063	636,300	(116,763)
Student transportation services	132,269	122,057	(10,212)
Central support services			0
Other support services	120,322	115,262	(5,060)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	892,208	1,000,183	107,975
Adjustment to comply with legal max		(10,962)	(10,962)
Adjustment for qualifying budget credits		912	912
Total Expenditures	<u>4,790,172</u>	<u>\$ 4,790,172</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	1,409		
Unencumbered Cash, Beginning	(389,801)		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ (388,392)</u>		

See Note 11 (cash basis exception)

See Note 12 (statutory presentation)

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

USD #420 OSAGE CITY, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 494,400	\$ 542,937	\$ (48,537)
Delinquent tax	5,530	3,879	1,651
Motor vehicle tax	35,487	41,369	(5,882)
RV tax	686	696	(10)
Mineral production tax			0
Federal grants	0		0
State aid/grants	566,321	556,802	9,519
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>1,102,424</u>	<u>1,145,683</u>	<u>(43,259)</u>
<b>EXPENDITURES</b>			
Instruction	499,270	530,327	31,057
Student support services		0	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance		0	0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	579,261	548,204	(31,057)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>1,078,531</u>	<u>\$ 1,078,531</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	23,893		
Unencumbered Cash, Beginning	(4,216)		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 19,677</u>		

See Note 11 (cash basis exception)

See Note 12 (statutory presentation)

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

USD #420 OSAGE CITY, KANSAS  
 VOCATIONAL EDUCATION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>38,972</u>	<u>47,000</u>	<u>(8,028)</u>
Total Cash Receipts	<u>38,972</u>	<u>47,000</u>	<u>(8,028)</u>
<b>EXPENDITURES</b>			
Instruction	42,624	50,652	8,028
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>42,624</u>	<u>\$ 50,652</u>	<u>\$ 8,028</u>
Receipts Over (Under) Expenditures	(3,652)		
Unencumbered Cash, Beginning	3,652		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #420 OSAGE CITY, KANSAS  
SPECIAL EDUCATION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	12,440		12,440
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>989,918</u>	<u>1,007,323</u>	<u>(17,405)</u>
Total Cash Receipts	<u>1,002,358</u>	<u>1,007,323</u>	<u>(4,965)</u>
<b>EXPENDITURES</b>			
Instruction	1,010,644	1,029,101	18,457
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	6,580	22,357	15,777
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with			
legal max			0
Adjustment for qualifying			
budget credits			0
Total Expenditures	<u>1,017,224</u>	<u>\$ 1,051,458</u>	<u>\$ 34,234</u>
Receipts Over (Under) Expenditures	(14,866)		
Unencumbered Cash, Beginning	44,135		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 29,269</u>		

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

USD #420 OSAGE CITY, KANSAS  
 FOOD SERVICE FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	173,718	175,053	(1,335)
State aid/grants	3,444	2,833	611
Charges for services	103,313	94,121	9,192
Interest income			0
Miscellaneous revenues	5,883	20,000	(14,117)
Operating transfers	30,063	45,000	(14,937)
Total Cash Receipts	<u>316,421</u>	<u>337,007</u>	<u>(20,586)</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	472	563	91
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	332,386	352,881	20,495
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>332,858</u>	<u>\$ 353,444</u>	<u>\$ 20,586</u>
Receipts Over (Under) Expenditures	(16,437)		
Unencumbered Cash, Beginning	16,437		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #420 OSAGE CITY, KANSAS  
CAPITAL OUTLAY FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 6,234	\$ 13,544	\$ (7,310)
Delinquent tax	2,051	1,233	818
Motor vehicle tax	13,084	15,081	(1,997)
RV tax	248	254	(6)
Flood control	432		
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	3,932		3,932
Miscellaneous revenues	13,150	15,282	(2,132)
Operating transfers			0
Total Cash Receipts	<u>39,131</u>	<u>45,394</u>	<u>(6,695)</u>
<b>EXPENDITURES</b>			
Instruction	50,314	150,000	99,686
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services		70,000	70,000
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	43,023	200,000	156,977
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>93,337</u>	<u>\$ 420,000</u>	<u>\$ 326,663</u>
Receipts Over (Under) Expenditures	(54,206)		
Unencumbered Cash, Beginning	635,319		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 581,113</u>		

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

USD #420 OSAGE CITY, KANSAS  
RECREATION COMMISSION FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax		200	(200)
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>200</u>	<u>(200)</u>
<b>EXPENDITURES</b>			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Community service operations		200	200
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>0</u>	<u>200</u>	<u>200</u>
<b>Total Expenditures</b>	<u>0</u>	<u>\$ 200</u>	<u>\$ 200</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

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

USD #420 OSAGE CITY, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff	8,888	29,894	21,006
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with			
legal max			0
Adjustment for qualifying			
budget credits			0
	<u>8,888</u>	<u>\$ 29,894</u>	<u>\$ 21,006</u>
Total Expenditures			
	<u>8,888</u>	<u>\$ 29,894</u>	<u>\$ 21,006</u>
Receipts Over (Under) Expenditures	(8,888)		
Unencumbered Cash, Beginning	29,894		
Prior Year Cancelled Encumbrances			
	<u>21,006</u>		
Unencumbered Cash, Ending	\$ 21,006		

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

USD #420 OSAGE CITY, KANSAS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	391,418	404,990	(13,572)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>391,418</u>	<u>404,990</u>	<u>(13,572)</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	260,801	277,612	16,811
Student support services	8,568	9,000	432
Instruction support staff	21,524	29,000	7,476
General administration	11,550	13,319	1,769
School administration	32,769	30,000	(2,769)
Operations and maintenance	26,069	20,000	(6,069)
Student transportation services	7,249	6,443	(806)
Central support services			0
Other support services	11,408	9,616	(1,792)
Food service operations	11,480	10,000	(1,480)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>391,418</u>	<u>\$ 404,990</u>	<u>\$ 13,572</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

USD #420 OSAGE CITY, KANSAS  
 AT RISK FUND (K-12)  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income		10,000	(10,000)
Miscellaneous revenues			0
Operating transfers	<u>412,516</u>	<u>449,064</u>	<u>(36,548)</u>
Total Cash Receipts	<u>412,516</u>	<u>459,064</u>	<u>(46,548)</u>
<b>EXPENDITURES</b>			
Instruction	411,439	457,987	46,548
Student support services	1,077	1,077	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>412,516</u>	<u>\$ 459,064</u>	<u>\$ 46,548</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #420 OSAGE CITY, KANSAS  
BOND AND INTEREST FUND  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 222,421	\$ 211,873	\$ 10,548
Delinquent tax	4,167	2,572	1,595
Motor vehicle tax	26,590	30,707	(4,117)
RV tax	506	517	(11)
Federal grants			0
State aid/grants	224,366	224,408	(42)
Charges for services			0
Interest income	9		9
Miscellaneous revenues	140,343		140,343
Operating transfers			0
Total Cash Receipts	<u>618,402</u>	<u>470,077</u>	<u>148,325</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	510,361	498,685	(11,676)
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>510,361</u>	<u>\$ 498,685</u>	<u>\$ (11,676)</u>
Receipts Over (Under) Expenditures	108,041		
Unencumbered Cash, Beginning	467,077		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 575,118</u>		

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

USD #420 OSAGE CITY, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2012

	Title II-D Ed Tech	Contingency Reserve	Title I
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants			119,657
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>0</u>	<u>0</u>	<u>119,657</u>
<b>EXPENDITURES</b>			
Instruction		44,137	128,038
Student support services			8,076
Instruction support staff			
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>0</u>	<u>44,137</u>	<u>136,114</u>
<b>Total Expenditures</b>	<u>0</u>	<u>44,137</u>	<u>136,114</u>
Receipts Over (Under) Expenditures	0	(44,137)	(16,457)
Unencumbered Cash, Beginning	0	377,105	33,727
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>332,968</u>	\$ <u>17,270</u>

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

USD #420 OSAGE CITY, KANSAS  
 ANY NONBUDGETED FUNDS  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2012

	Title II-A Teacher Quality	Learning Tree Grant
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Federal grants	25,012	
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<hr/>	<hr/>
Total Cash Receipts	25,012	0
	<hr/>	<hr/>
<b>EXPENDITURES</b>		
Instruction	2,480	1,722
Student support services		
Instruction support staff	22,532	
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<hr/>	<hr/>
Total Expenditures	25,012	1,722
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	0	(1,722)
Unencumbered Cash, Beginning	0	2,141
Prior Year Cancelled Encumbrances	0	0
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 0	\$ 419
	<hr/>	<hr/>

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

USD #420 OSAGE CITY, KS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 For the Year Ended June 30, 2012

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll liabilities	\$ 185,724	\$	\$ 4,911	\$ 180,813
Barnes Scholarship	300			300
Gamble Scholarship	5,940		1,000	4,940
Brady Scholarship	1,250		500	750
High School				
Alumni Gifts	206			206
Class of 2012	1,365	140	1,505	0
Class of 2013	245	18,818	18,851	212
Class of 2014	85	120	39	166
Class of 2015	50	95		145
Art Club	1,499	454	284	1,669
Drama Club	0			0
School play	1,708	1,282	1,383	1,607
Fellowship of Christian Athletes	328			328
HS Chorus	868	814	1,554	128
HS Chorus Fundr	274			274
Student Council	723	9,951	7,376	3,298
Music Fund	670	490	777	383
National Forensic League	2,006	3,054	3,944	1,116
Scholars Bowl	221	152	259	114
Spanish Club	704	406	194	916
National Honor Society	2,551	1,447	2,289	1,709
Key Club	1,095	781	517	1,359
Tri M	0			0
Cheerleaders	2,318	7,390	8,945	763
Pep Club	298		70	228
Dance Club	522	5,133	4,472	1,183
Sales Tax	9	59		68
Middle School				
Student Council	102	19,810	16,993	2,919
Middleschool Cheerleaders	371	4,649	4,575	445
Builders' Club	3,344	976	3,999	321
Sales Tax	17	3,060	2,530	547
Elementary School				
Student Council	7,501	1,866	5,865	3,502
Total	\$ 222,294	\$ 80,947	\$ 92,832	\$ 210,409

USD #420 OSAGE CITY, KANSAS  
DISTRICT ACTIVITY FUNDS  
Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2012

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>Gate Receipts</b>							
Elementary School	\$	\$	\$	\$	\$	\$	\$
Kids choir	50				50		50
Middle School							
Athletics	3,179		12,565	12,563	3,181		3,181
High School							
O Club	0				0		0
OC football	4,649		8,662	6,134	7,177		7,177
Athletics	2,470		22,940	23,348	2,062		2,062
Subtotal Gate Receipts	10,348	0	44,167	42,045	12,470	0	12,470
<b>School Projects</b>							
High School							
Color guard	686		599	383	902		902
Industrial technology	0		1,416	1,416	0		-
Weightlifting fund	449		138	120	467		467
Baseball	141		813	565	389		389
Volleyball	492		10,478	10,659	311		311
Track	0				0		-
Library fines	0				0		-
Horticulture	1,041				1,041		1,041
Junior Class Equipment	374		335	124	585		585
OCHS Pride fund	1,981		5	1,986	0		-
Scholarship fund	0				0		-
High School Yearbook	2,045		9,487	9,619	1,913		1,913
High School technology fund	1,937		432	514	1,855		1,855
ACCC fee fund	647		1,853	2,378	122		122
Technology solution	117		247		364		364
Middle School							
Middle School Yearbook	1,322		2,397	2,311	1,408		1,408
Elementary School							
K-Kids	0		63	58	5		5
Subtotal School Projects	11,232	0	28,263	30,133	9,362	0	9,362
<b>Total District Activity Funds</b>	\$ 21,580	\$ 0	\$ 72,430	\$ 72,178	\$ 21,832	\$ 0	\$ 21,832

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

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No. 420 is a municipal corporation governed by an elected seven member board. The District as an entity has been defined to include, on a combined basis, (a) USD No. 420 (b) organizations for which USD No. 420 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No. 420 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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

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

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

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

Debt Service Funds – To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Statutory Basis of Accounting**

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

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 Generally Accepted Accounting Principles (GAAP)**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenues and matured principle and interest payable, and reservations of 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 United States 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, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 912 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

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. 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 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues 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

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

time. There were budget amendments in Bond and Interest Fund during the year 2012.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

Learning Tree Grant Fund	Title IIA Fund
District Activity Funds	Title IID Fund
Title I Fund	Contingency Reserve Fund
State Improvement Grant Fund	

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.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimates.

**NOTE 2 – 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 government is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments 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. The District had no investments during 2012.

**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 K.S.A. 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

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 2 – Deposits and Investments (continued)**

**Custodial Credit Risk – Deposits (continued)**

Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District’s carrying amount of deposits was \$ 7,898,535 and the bank balance was \$ 8,387,717. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions’ agents in the district’s name.

**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 3 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 420 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – Defined Benefit Pension Plan (continued)**

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 statutory required employers share.

**NOTE 4 – Risk Management**

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

**NOTE 5 – Compliance with Kansas Statutes**

We noted a violation K.S.A 79-2935 of The Budget Law, in the Bond and Interest Fund.

**NOTE 6 – Compensated Absences**

Vacation is provided to central office employees and head high school and elementary secretaries (three weeks), custodians (two weeks), principals (one week) and the Superintendent (twenty days). All employees receiving vacation time are encouraged to use it timely. Vacation days not used during the year are not carried forward to the next year.

Employees receive one day per month worked for sick leave. Sick leave can accumulate as long as the employee is employed by the District. Accumulated sick leave will only be paid after the employee has been with the District ten years and leaves or retires, and then one out of each seven days accumulated will be paid up to a maximum of thirty days. An employee can forfeit two days of accumulated sick leave for one day of personal or professional leave. Maximum days that can be forfeited per year is six days.

Each employee receives two days per year for personal leave and two days per year bereavement leave.

The District has not accrued compensated absences because the amount cannot be reasonably estimated.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – Interfund Transactions**

From	To	Statutory Authority	Amount
General Fund	Food Service Fund	K.S.A. 72-6428	\$ 10,000
General Fund	Special Education Fund	K.S.A. 72-6428	842,208
General Fund	Vocational Education Fund	K.S.A. 72-6428	5,000
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	35,000
Supplemental General Fund	At-Risk Fund (K-12)	K.S.A. 72-6425	733,516
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	20,063
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	147,710
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	31,972

**NOTE 8 – 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 local government 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 statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care 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 9 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 420  
Osage City, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – Subsequent Events**

Subsequent events for management's review have been evaluated through September 30, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

**NOTE 11 – Cash Basis Exception**

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

**NOTE 12 – 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:

## NOTE - 12 (continued)

## USD #420 OSAGE CITY, KANSAS

## GENERAL FUND

## STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 442,507	\$ 414,917	\$ 27,590
Delinquent tax	7,668	5,335	2,333
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	2,179		2,179
State aid/grants	4,336,906	4,379,970	(43,064)
Charges for services			0
Interest income			0
Miscellaneous revenues	912		912
Operating transfers			0
Total Cash Receipts	4,790,172	4,800,222	(10,050)
<b>EXPENDITURES</b>			
Instruction	2,047,381	2,154,335	106,954
Student support services	153,749	143,342	(10,407)
Instruction support staff	197,855	182,743	(15,112)
General administration	153,150	126,800	(26,350)
School administration	340,175	319,200	(20,975)
Operations and maintenance	753,063	636,300	(116,763)
Student transportation services	132,269	122,057	(10,212)
Central support services			0
Other support services	120,322	115,262	(5,060)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	892,208	1,000,183	107,975
Adjustment to comply with legal max		(10,962)	(10,962)
Adjustment for qualifying budget credits		912	912
Total Expenditures	4,790,172	\$ 4,790,172	\$ 0
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 0		

## NOTE - 12 (continued)

USD #420 OSAGE CITY, KANSAS  
 SUPPLEMENTAL GENERAL FUND  
 STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 494,400	\$ 542,937	\$ (48,537)
Delinquent tax	5,530	3,879	1,651
Motor vehicle tax	35,487	41,369	(5,882)
RV tax	686	696	(10)
Mineral production tax			0
Federal grants			0
State aid/grants	577,598	556,802	20,796
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>1,113,701</u>	<u>1,145,683</u>	<u>(31,982)</u>
<b>EXPENDITURES</b>			
Instruction	499,270	530,327	31,057
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	579,261	548,204	(31,057)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,078,531</u>	<u>\$ 1,078,531</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	35,170		
Unencumbered Cash, Beginning	18,405		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 53,575</u>		

UNIFIED SCHOOL DISTRICT NO. 420  
Oaage City, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - Long-Term Debt

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
2008 Issue	2.30% - 4.10%	7/23/08	\$ 4,515,000	9/1/19	\$ 3,840,000	\$ 0	\$ 3,840,000	\$ (3,840,000)	\$ 0	\$ 139,685
2010A Issue	2.00% - 2.35%	6/15/12	3,055,000	3/1/25	0	3,055,000		3,055,000	3,055,000	-
2010B Issue	4.35%	6/15/12	4,092,500	3/1/31	0	4,092,500		4,092,500	4,092,500	-
<b>Capital Leases:</b>										
None										
<b>Total Long Term Debt</b>					<u>\$ 3,840,000</u>	<u>\$ 7,147,500</u>	<u>\$ 3,840,000</u>	<u>\$ 3,307,500</u>	<u>\$ 7,147,500</u>	<u>\$ 139,685</u>
Current maturities of long-term debt for the next five year increments through maturity are as follows:										
		2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2031	Total
<b>Principal</b>										
General Obligation Bonds	\$ 375,000	\$	\$	\$ 40,000	\$ 35,000	\$ 40,000	\$ 1,225,000	\$ 2,992,500	\$ 2,440,000	\$ 7,147,500
Special Assessment Bonds										0
Certificates of Participation										0
Capital Leases										0
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
<b>Total Principal</b>	<u>375,000</u>	<u>0</u>	<u>40,000</u>	<u>35,000</u>	<u>40,000</u>	<u>1,225,000</u>	<u>2,992,500</u>	<u>2,440,000</u>	<u>7,147,500</u>	
<b>Interest</b>										
General Obligation Bonds	56,208	58,001	57,601	56,850	56,102	248,659	45,779	7,161	586,361	0
Special Assessment Bonds									0	0
Certificates of Participation									0	0
Capital Leases									0	0
Revenue Bonds									0	0
No-Fund Warrants									0	0
Temporary Notes									0	0
<b>Total Interest</b>	<u>56,208</u>	<u>58,001</u>	<u>57,601</u>	<u>56,850</u>	<u>56,102</u>	<u>248,659</u>	<u>45,779</u>	<u>7,161</u>	<u>586,361</u>	
<b>Total Principal and Interest</b>	<u>\$ 431,208</u>	<u>\$ 58,001</u>	<u>\$ 97,601</u>	<u>\$ 91,850</u>	<u>\$ 96,102</u>	<u>\$ 1,473,659</u>	<u>\$ 3,038,279</u>	<u>\$ 2,447,161</u>	<u>\$ 7,733,861</u>	

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

# Long CPA, PA

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Shareholder

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Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

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

We have audited the financial statements of Unified School District No. 420, Osage City, Kansas as of and for the year ended June 30, 2012, and have issued our report thereon dated September 30, 2012. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 420'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 the Unified School District No. 420's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization'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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

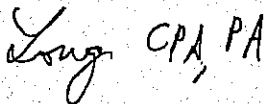
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Board of Education  
Unified School District No. 420  
Osage City, Kansas 66523

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 420's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

A handwritten signature in cursive script that reads "Long CPA, PA".

Long CPA, PA  
A Professional Association  
Certified Public Accountants

September 30, 2012