

**SKYLINE SCHOOLS USD 438
PRATT, KANSAS**

**SPECIAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
FOR THE YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

Page

Independent Auditor's Report	1-2
------------------------------------	-----

Statement 1

Summary of Cash Receipts, Expenditures and Unencumbered Cash.	3
---	---

Statement 2

Summary of Expenditures - Actual and Budget.	4
---	---

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget	
General.	5
Supplemental General.	6
Federal Funds.	7
At Risk.	8
Bilingual Education.	9
Virtual Education.	10
Capital Outlay.	11
Driver Training.	12
Food Service.	13
Professional Development.	14
Parent Education Program.	15
Special Education.	16
Vocational Education.	17
KPERs Special Retirement Contribution.	18

Statement 4

Statement of Cash Receipts and Expenditures

Contingency Reserve	19
Textbook Rental	20
OWLS	21
Carl Perkins.	22
Art Fair	23
Scholarships	24
Section 125 Reimbursement Plan	25

Statement 5

Statement of Cash Receipts and Expenditures

District and Activity Accounts	26-27
--	-------

Notes to the Financial Statements	28-33
---	-------

PATTON, CRAMER & LaPRAD, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS
113 E. THIRD STREET, DRAWER H
PRATT, KANSAS 67124-1108
620-672-5533

SHELLEY K. PATTON, C.P.A.
DONA H. CRAMER, C.P.A.
STEPHEN B. LaPRAD, C.P.A.

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

—
JENNIFER L. SLATER, C.P.A.
MICHELLE A. TAYLOR, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Education
Skyline Schools USD 438
Pratt, KS 67124


We have audited the accompanying financial statements of Skyline Schools USD 438, Pratt, Kansas, as of June 30, 2012, and for the year then ended, 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 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 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 in Note 1, the Unified School District prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting 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 Skyline Schools USD 438, Pratt, Kansas, as of June 30, 2012.

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of Skyline Schools USD 438, Pratt, Kansas as of June 30, 2012, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.



Patton, Cramer & LaPrad, Chartered
Certified Public Accountants

August 10, 2012

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2012

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances	Ending Cash Balance
General Funds							
General Fund (Note 12)	\$ 57	\$ -	\$ 2,910,219	\$ 2,910,276	\$ -	\$ -	\$ -
Supplemental General (Note 12)	103,202	-	1,069,980	983,718	189,464	-	189,464
Special Revenue Funds							
Federal Funds	352	-	105,872	106,029	195	-	195
At Risk (K-12)	-	-	108,041	108,041	-	-	-
Bilingual Education	-	-	17,588	17,588	-	-	-
Virtual Education	-	-	22,786	22,786	-	-	-
Capital Outlay	16,247	-	54,714	5,742	65,219	-	65,219
Driver Training	5,000	-	7,976	7,976	5,000	-	5,000
Food Service	11,114	-	179,248	170,363	19,999	-	19,999
Professional Development	11,000	-	16,464	12,464	15,000	-	15,000
Parent Education Program	3,044	-	3,014	2,933	3,125	-	3,125
Special Education	-	-	590,093	590,093	-	-	-
Vocational Education	-	-	194,855	194,855	-	-	-
KPERS Special Retirement	-	-	245,118	245,118	-	-	-
Contingency Reserve	58,915	-	-	-	58,915	-	58,915
Textbook Rental	54,982	-	23,503	9,451	69,034	-	69,034
OWLS	1,844	-	-	174	1,670	-	1,670
Carl Perkins	-	-	2,022	2,022	-	-	-
Art Fair	16	-	-	-	16	-	16
School Projects Account	37,766	-	115,698	112,912	40,552	-	40,552
Fees and User Charges	68	-	2,175	2,206	37	-	37
Gate Receipts	12,233	-	58,829	55,522	15,540	-	15,540
Fiduciary Type Funds							
Scholarships	49,874	-	6,629	4,959	51,544	-	51,544
Section 125 Reimbursement Plan	-	-	69,529	69,529	-	12,339	12,339
Student Organizations Accounts	-	-	51,332	51,332	-	15,463	15,463
Total (Memorandum Only)	<u>\$ 365,714</u>	<u>\$ -</u>	<u>\$ 5,855,685</u>	<u>\$ 5,686,089</u>	<u>\$ 535,310</u>	<u>\$ 27,802</u>	<u>\$ 563,112</u>

Composition of Cash	
Petty Cash	\$ 1,500
Bank Deposits	265,416
Certificates of Deposit and Time Deposits	<u>296,196</u>
Total Cash	<u>\$ 563,112</u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
SUMMARY OF EXPENDITURES- ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

Funds	Certified Budget	Adjustment To Comply With Legal Max	Adjustment for Qualifying Budget Credit	Total Budget for Comparison	Expenditures Chargeable To Current Year	Variance- Favorable (Unfavorable)
General Funds						
General	\$ 3,042,900	\$ (180,684)	\$ 48,060	\$ 2,910,276	\$ 2,910,276	\$ -
Supplemental General	1,041,569	(57,851)	-	983,718	983,718	-
Special Revenue Funds						
Federal Funds	-	-	-	83,813	106,029	(22,216)
At Risk (K-12)	-	-	-	91,000	108,041	(17,041)
Bilingual Education	-	-	-	18,000	17,588	412
Virtual Education	-	-	-	85,000	22,786	62,214
Capital Outlay	-	-	-	34,000	5,742	28,258
Driver Training	-	-	-	17,554	7,976	9,578
Food Service	-	-	-	186,222	170,363	15,859
Professional Development	-	-	-	42,000	12,464	29,536
Parent Education Program	-	-	-	6,044	2,933	3,111
Special Education Program	-	-	-	591,506	590,093	1,413
Vocational Education	-	-	-	189,100	194,855	(5,755)
KPERs Special Retirement	-	-	-	277,185	245,118	32,067

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

	<u>GENERAL FUND</u>			
	2011		2012	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Tax in Process	\$ 5,220	\$ 5,808	\$ 21,238	\$ (15,430)
Current Tax	508,638	513,008	429,724	83,284
Delinquent and Protested Tax	5,038	1,508	13	1,495
Severance Tax	8,710	15,329	7,403	7,926
State Equalization Aid	1,816,967	1,904,638	2,147,443	(242,805)
Federal Aid	136,656	1,298	-	1,298
Special Education Aid	391,441	420,570	437,022	(16,452)
Reimbursements	73,913	48,060	-	48,060
Total Cash Receipts	<u>2,946,583</u>	<u>2,910,219</u>	<u>\$ 3,042,843</u>	<u>\$ (132,624)</u>
Expenditures				
Instruction	1,422,986	1,353,842	\$ 1,425,000	\$ 71,158
Student Support Service	68,318	73,242	69,000	(4,242)
Instructional Support Staff	57,150	50,659	60,000	9,341
General Administration	97,191	96,677	99,000	2,323
School Administration	147,305	118,299	150,000	31,701
Operations and Maintenance	127,061	124,068	128,000	3,932
Transportation Operations And Maintenance	12,350	12,719	13,000	281
Student Transportation Services	85,836	69,107	88,000	18,893
Other Support Services	32,517	35,067	33,000	(2,067)
Transfers				
Bilingual Education	17,575	17,588	18,000	412
Vocational	175,993	185,864	189,100	3,236
Driver Training	5,609	-	6,000	6,000
Food Services	19,252	-	15,000	15,000
Professional Development	24,663	-	20,000	20,000
Special Education	545,872	590,093	557,506	(32,587)
Capital Outlay	-	53,724	63,899	10,175
At Risk (K-12)	90,324	108,041	58,949	(49,092)
Virtual Education	28,550	21,286	29,000	7,714
Contingency Reserve	-	-	20,446	20,446
Total Expenditures	<u>2,958,552</u>	<u>2,910,276</u>	<u>3,042,900</u>	<u>132,624</u>
Adjustment for				
Legal Max Letter	-	-	(180,684)	(180,684)
Budget Credit	-	-	48,060	48,060
Total Expenditures	<u>2,958,552</u>	<u>2,910,276</u>	<u>\$ 2,910,276</u>	<u>\$ -</u>
Receipts over (under) Expenditures	(11,969)	(57)		
Unencumbered Cash, July 1	<u>12,026</u>	<u>57</u>		
Unencumbered Cash, June 30	<u>\$ 57</u>	<u>\$ -</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

SUPPLEMENTAL GENERAL

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Tax in Process	\$ 7,669	\$ 9,361	\$ 10,939	\$ (1,578)
Current Tax	775,582	756,058	760,414	(4,356)
Delinquent and Protested Tax	7,178	3,236	19	3,217
Motor Vehicle Tax	44,052	43,775	48,578	(4,803)
Recreational Vehicle Tax	669	660	692	(32)
Supplemental State Aid	207,242	256,890	262,204	(5,314)
Total Cash Receipts	<u>1,042,392</u>	<u>1,069,980</u>	<u>\$ 1,082,846</u>	<u>\$ (12,866)</u>
Expenditures				
Instruction	351,258	354,653	\$ 376,200	\$ 21,547
Student Support Service	7,958	7,823	8,040	217
Instructional Support Staff	9,842	11,515	9,935	(1,580)
General Administration	43,986	48,745	44,370	(4,375)
School Administration	44,547	27,204	44,900	17,696
Operations and Maintenance	317,111	334,613	297,093	(37,520)
Student Transportation Services	150,542	139,529	152,170	12,641
Other Supplemental Services	11,531	13,894	11,810	(2,084)
Transfers				
Driver Training	5,000	3,926	5,000	1,074
Food Services	11,143	22,426	12,000	(10,426)
Professional Development	11,000	16,376	11,000	(5,376)
Parent Education Program	3,044	3,014	3,000	(14)
Special Education	-	-	34,000	34,000
Vocational Education	-	-	-	-
At Risk (K-12)	-	-	32,051	32,051
Total Expenditures	<u>966,962</u>	<u>983,718</u>	<u>1,041,569</u>	<u>57,851</u>
Adjustment for				
Legal Max Letter	-	-	(57,851)	(57,851)
Total Expenditures	<u>966,962</u>	<u>983,718</u>	<u>\$ 983,718</u>	<u>\$ -</u>
Receipts over (under)				
Expenditures	75,430	86,262		
Unencumbered Cash, July 1	<u>27,772</u>	<u>103,202</u>		
Unencumbered Cash, June 30	<u>\$ 103,202</u>	<u>\$ 189,464</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL FUNDS

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts-Federal Sources				
Title I	\$ 61,713	\$ 60,832	\$ 60,884	\$ (52)
Title III-English Language Acquisition	23,063	21,544	21,557	(13)
Title IV (Drug Free)	873	-	1,000	(1,000)
Title III English Language Acquisition	-	1,504	-	1,504
Other	-	21,992	-	21,992
	<u>85,649</u>	<u>105,872</u>	<u>\$ 83,441</u>	<u>\$ 22,431</u>
Expenditures				
Instruction	<u>98,970</u>	<u>106,029</u>	<u>\$ 83,813</u>	<u>\$ (22,216)</u>
Receipts Over (Under) Expenditures	(13,321)	(157)		
Unencumbered Cash, July 1	<u>13,673</u>	<u>352</u>		
Unencumbered Cash, June 30	<u>\$ 352</u>	<u>\$ 195</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

AT RISK (K-12)

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Transfer from General	\$ 90,324	\$ 108,041	\$ 58,949	\$ 49,092
Transfer from Supplemental General	-	-	32,051	(32,051)
Total Cash Receipts	<u>90,324</u>	<u>108,041</u>	<u>\$ 91,000</u>	<u>\$ 17,041</u>
Expenditures				
Instruction	<u>90,324</u>	<u>108,041</u>	<u>\$ 91,000</u>	<u>\$ (17,041)</u>
Receipts over (under) Expenditures	-	-		
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>		
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

BILINGUAL EDUCATION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Transfer from General	\$ 17,575	\$ 17,588	\$ 18,000	\$ (412)
Expenditures				
Instruction	17,575	17,588	\$ 18,000	\$ 412
Receipts over (under) Expenditures	-	-		
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	\$ -	\$ -		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

VIRTUAL EDUCATION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Tuition & Fees	\$ 1,750	\$ 1,500	\$ -	\$ 1,500
Transfer from General	28,550	21,286	29,000	(7,714)
Total Cash Receipts	<u>30,300</u>	<u>22,786</u>	<u>\$ 29,000</u>	<u>\$ (6,214)</u>
Expenditures				
Instruction	<u>30,300</u>	<u>22,786</u>	<u>\$ 85,000</u>	<u>\$ 62,214</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>		
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

CAPITAL OUTLAY

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Interest	\$ 1,059	\$ 590	\$ -	\$ 590
Insurance Reimbursements and Other	305	400	-	400
Transfer From General	-	53,724	63,899	(10,175)
	<u>1,364</u>	<u>54,714</u>	<u>\$ 63,899</u>	<u>\$ (9,185)</u>
Total Cash Receipts				
Expenditures				
Support Services	13,598	5,742	\$ -	\$ (5,742)
Construction Services	18,859	-	34,000	34,000
	<u>32,457</u>	<u>5,742</u>	<u>\$ 34,000</u>	<u>\$ 28,258</u>
Total Expenditures				
Receipts over (under) Expenditures	(31,093)	48,972		
Unencumbered Cash, July 1	47,340	16,247		
Unencumbered Cash, June 30	<u>\$ 16,247</u>	<u>\$ 65,219</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

DRIVER TRAINING

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
State Aid	\$ 1,332	\$ 2,350	\$ 1,554	\$ 796
Other Revenues	1,970	1,700	-	1,700
Transfer From General Fund	5,609	3,926	6,000	(2,074)
Transfer From Supplemental General	5,000	-	5,000	(5,000)
	<u>13,911</u>	<u>7,976</u>	<u>\$ 12,554</u>	<u>\$ (4,578)</u>
Total Cash Receipts				
Expenditures				
Instruction				
Salaries	5,800	5,000	\$ 6,000	\$ 1,000
Employee Benefits	1,637	1,550	1,900	350
Other	92	-	8,243	8,243
School Administration				
Employee Benefits	61	65	61	(4)
Vehicle Operations	421	399	450	51
Other	900	962	900	(62)
	<u>8,911</u>	<u>7,976</u>	<u>\$ 17,554</u>	<u>\$ 9,578</u>
Total Expenditures				
Receipts Over (Under)				
Expenditures	5,000	-		
Unencumbered Cash, July 1	<u>-</u>	<u>5,000</u>		
Unencumbered Cash, June 30	<u>\$ 5,000</u>	<u>\$ 5,000</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

FOOD SERVICE

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
State Aid	\$ 1,710	\$ 1,812	\$ 1,466	\$ 346
Federal Aid	66,192	72,597	67,412	5,185
Student Meals	59,170	71,327	64,558	6,769
Adult Meals	9,406	9,465	14,672	(5,207)
Other	714	1,621	-	1,621
Transfer From General Fund	19,252	-	15,000	(15,000)
Transfer From Supplemental General	11,143	22,426	12,000	10,426
	<u>167,587</u>	<u>179,248</u>	<u>\$ 175,108</u>	<u>\$ 4,140</u>
Total Cash Receipts				
Expenditures				
Operations and Maintenance				
Supplies and Other	6,967	5,105	\$ 16,647	\$ 11,542
Food Service Operations				
Salaries	61,306	59,826	61,400	1,574
Employee Benefits	4,787	4,678	4,875	197
Other Purchased Services	550	500	600	100
Supplies and Other	82,040	96,510	82,100	(14,410)
Property and Other	5,823	3,744	20,600	16,856
	<u>161,473</u>	<u>170,363</u>	<u>\$ 186,222</u>	<u>\$ 15,859</u>
Total Expenditures				
Receipts Over (Under)				
Expenditures	6,114	8,885		
Unencumbered Cash, July 1	<u>5,000</u>	<u>11,114</u>		
Unencumbered Cash, June 30	<u>\$ 11,114</u>	<u>\$ 19,999</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

PROFESSIONAL DEVELOPMENT

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Other Receipts	\$ -	\$ 88	\$ -	\$ 88
Transfer from General Fund	24,663	-	20,000	(20,000)
Transfer From Supplemental General	11,000	16,376	11,000	5,376
Total Cash Receipts	<u>35,663</u>	<u>16,464</u>	<u>\$ 31,000</u>	<u>\$ (14,536)</u>
Expenditures				
Instructional Support				
Salaries and Benefits	9,840	1,217	\$ 9,975	\$ 8,758
Purchased Professional and				
Technical Services	16,504	10,846	16,700	5,854
Supplies and Other	1,319	401	15,325	14,924
Total Expenditures	<u>27,663</u>	<u>12,464</u>	<u>\$ 42,000</u>	<u>\$ 29,536</u>
Receipts Over (Under)				
Expenditures	8,000	4,000		
Unencumbered Cash, July 1	<u>3,000</u>	<u>11,000</u>		
Unencumbered Cash, June 30	<u>\$ 11,000</u>	<u>\$ 15,000</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

PARENT EDUCATION PROGRAM

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Transfer from Supplemental General	\$ 3,044	\$ 3,014	\$ 3,000	\$ 14
Expenditures				
Payments to Other Districts	2,920	2,933	\$ 3,044	\$ 111
Other	-	-	3,000	3,000
Total Expenditures	2,920	2,933	\$ 6,044	\$ 3,111
Receipts Over (Under) Expenditures	124	81		
Unencumbered Cash, July 1	2,920	3,044		
Unencumbered Cash, June 30	\$ 3,044	\$ 3,125		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

SPECIAL EDUCATION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Transfer From General Fund	\$ 545,872	\$ 590,093	\$ 557,506	\$ 32,587
Transfer From Supplemental General	-	-	34,000	(34,000)
	<u>545,872</u>	<u>590,093</u>	<u>\$ 591,506</u>	<u>\$ (1,413)</u>
Total Cash Receipts				
Expenditures				
Instruction				
Salaries	49,460	50,565	\$ 49,900	\$ (665)
Employee Benefits	8,297	8,592	8,400	(192)
Other Purchased Services	493,046	515,500	511,333	(4,167)
Supplies and Other	164	918	6,633	5,715
Operations and Maintenance	1,440	1,440	1,480	40
Student Transportation	13,465	13,078	13,760	682
	<u>565,872</u>	<u>590,093</u>	<u>\$ 591,506</u>	<u>\$ 1,413</u>
Total Expenditures				
Receipts Over (Under)				
Expenditures	(20,000)	-		
Unencumbered Cash, July 1	<u>20,000</u>	<u>-</u>		
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

VOCATIONAL EDUCATION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
Fees	\$ 12,063	\$ 8,991	\$ -	\$ 8,991
Transfer From General Fund	175,993	185,864	189,100	(3,236)
Total Cash Receipts	<u>188,056</u>	<u>194,855</u>	<u>\$ 189,100</u>	<u>\$ 5,755</u>
Expenditures				
Instructional				
Salaries	165,414	169,715	\$ 166,000	\$ (3,715)
Employee Benefits	11,953	12,308	12,000	(308)
Purchased Professional Services	3,906	4,914	4,100	(814)
Supplies	6,105	7,489	6,300	(1,189)
Property and Other	678	429	700	271
Total Expenditures	<u>188,056</u>	<u>194,855</u>	<u>\$ 189,100</u>	<u>\$ (5,755)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>		
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>		

SKYLINE SCHOOLS USD 438
STATEMENT OF CASH RECEIPTS AND
EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2012

KPERS SPECIAL RETIREMENT CONTRIBUTION

	<u>2011</u>		<u>2012</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Cash Receipts				
State Aid	\$ 153,268	\$ 245,118	\$ 277,185	\$ (32,067)
Expenditures				
Instruction	58,969	128,525	\$ 148,185	\$ 19,660
Student Support	2,258	5,390	4,500	(890)
Instructional Support	2,146	3,906	4,500	594
General Administration	29,504	39,081	35,000	(4,081)
School Administration	5,833	8,572	15,000	6,428
Operations and Maintenance	25,667	30,475	30,000	(475)
Student Transportation Service	10,487	6,168	15,000	8,832
Food Service	11,262	13,108	15,000	1,892
Other Supplemental Services	7,142	9,893	10,000	107
Total Expenditures	153,268	245,118	\$ 277,185	\$ 32,067
Receipts Over (Under)				
Expenditures	-	-		
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	\$ -	\$ -		

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

CONTINGENCY RESERVE

	<u>2011</u>	<u>2012</u>
Cash Receipts	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>58,915</u>	<u>58,915</u>
Unencumbered Cash, June 30	<u><u>\$ 58,915</u></u>	<u><u>\$ 58,915</u></u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

TEXTBOOK RENTAL

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Rental Fees	\$ 21,581	\$ 23,503
Expenditures		
Textbook and Supplies	<u>17,228</u>	<u>9,451</u>
Receipts Over (Under) Expenditures	4,353	14,052
Unencumbered Cash, July 1	<u>50,629</u>	<u>54,982</u>
Unencumbered Cash, June 30	<u>\$ 54,982</u>	<u>\$ 69,034</u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

OWLS

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Donations	\$ 222	\$ -
Expenditures		
Instruction - Other	<u>-</u>	<u>174</u>
Receipts Over (Under) Expenditures	222	(174)
Unencumbered Cash, July 1	<u>1,622</u>	<u>1,844</u>
Unencumbered Cash, June 30	<u><u>\$ 1,844</u></u>	<u><u>\$ 1,670</u></u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

CARL PERKINS

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Private Grants	\$ -	\$ 2,022
Reimbursements	<u>1,658</u>	<u>-</u>
Total Receipts	<u>1,658</u>	<u>2,022</u>
Expenditures		
Student Support Services		
Supplies and Materials	<u>1,658</u>	<u>2,022</u>
Receipts over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

ART FAIR

	<u>2011</u>	<u>2012</u>
Cash Receipts	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>
Receipts over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>16</u>	<u>16</u>
Unencumbered Cash, June 30	<u><u>\$ 16</u></u>	<u><u>\$ 16</u></u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

SCHOLARSHIPS

	Total	Bob & Nancy Howell	Shriver Elevator	Charles B. Cooper	Gary Cromer	Alice & Norma Kennedy	Wanda Reed	Cora Bell Novotny	Charles D. Riffe	Mike Lykins	Mike Venters
Cash Receipts											
Interest	\$ 615	\$ 234	\$ 36	\$ 6	\$ 86	\$ 55	\$ 68	\$ 55	\$ 25	\$ 1	\$ 49
Contributions	<u>6,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>5,964</u>	<u>-</u>
Total Cash Receipts	<u>6,629</u>	<u>234</u>	<u>36</u>	<u>6</u>	<u>86</u>	<u>55</u>	<u>68</u>	<u>55</u>	<u>75</u>	<u>5,965</u>	<u>49</u>
Expenditures											
Scholarships	2,300	500	-	100	300	250	250	250	400	-	250
Donation to Skyline Schools	<u>2,659</u>	<u>-</u>	<u>2,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,959</u>	<u>500</u>	<u>2,659</u>	<u>100</u>	<u>300</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>400</u>	<u>-</u>	<u>250</u>
Receipts Over (Under)											
Expenditures	1,670	(266)	(2,623)	(94)	(214)	(195)	(182)	(195)	(325)	5,965	(201)
Unencumbered Cash, July 1	<u>49,874</u>	<u>17,806</u>	<u>2,623</u>	<u>313</u>	<u>6,800</u>	<u>4,456</u>	<u>7,814</u>	<u>4,457</u>	<u>1,966</u>	<u>-</u>	<u>3,639</u>
Unencumbered Cash, June 30	<u>\$ 51,544</u>	<u>\$ 17,540</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 6,586</u>	<u>\$ 4,261</u>	<u>\$ 7,632</u>	<u>\$ 4,262</u>	<u>\$ 1,641</u>	<u>\$ 5,965</u>	<u>\$ 3,438</u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION 125 REIMBURSEMENT PLAN

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Employee Withholding	\$ 78,592	\$ 69,529
Expenditures		
Benefit Payments	<u>78,592</u>	<u>69,529</u>
Receipts over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS, EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

DISTRICT AND ACTIVITY ACCOUNTS

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Fees and User Charges				
Instrument Rental	\$ 68	\$ 2,175	\$ 2,206	\$ 37
Gate Receipts				
Athletics	\$ 8,509	\$ 47,504	\$ 44,707	\$ 11,306
Volleyball	952	1,661	1,727	886
Football	1,405	6,860	6,207	2,058
Basketball	256	907	922	241
Cross Country	1,111	1,291	1,353	1,049
Track	-	606	606	-
Total Gate Receipts	\$ 12,233	\$ 58,829	\$ 55,522	\$ 15,540
Student Organization Accounts				
Natural Helpers	\$ 104	\$ 3,299	\$ 1,727	\$ 1,676
Blue and White	43	386	429	-
Senior Class	837	716	615	938
Junior Class	34	187	192	29
Student Council	989	413	242	1,160
Pep Club	533	3,420	3,244	709
HS Band	7,596	21,335	27,249	1,682
Cheerleaders	516	15,897	16,001	412
Teachers	844	335	581	598
Musical	3,164	-	-	3,164
M.S. Activities	792	3,197	2,154	1,835
Football Meals	376	1,050	1,222	204
FCA	378	50	-	428
FCCLA	134	702	533	303
Student Medical	2,669	200	566	2,303
Algebra's Kitchen	-	145	123	22
Total Student Organization Accounts	19,009	51,332	54,878	15,463
Encumbrances				
Beginning	(19,009)	-	(19,009)	-
Ending	-	-	15,463	(15,463)
Total	\$ -	\$ 51,332	\$ 51,332	\$ -

UNIFIED SCHOOL DISTRICT 438
PRATT, KANSAS
STATEMENT OF CASH RECEIPTS, EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012

DISTRICT AND ACTIVITY ACCOUNTS

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Balance</u>
School Project Account				
Flowers Toy	\$ 1,271	\$ 519	\$ 937	\$ 853
HE Standard Projects	3	234	237	-
Journalism Class	198	4,041	2,716	1,523
Technology	141	3,084	2,462	763
Vocal Music	1,139	129	-	1,268
General Activities	510	27,987	28,454	43
Reading is Fun	2,200	9,158	5,927	5,431
Book Fair	10,084	4,081	2,434	11,731
Yearbook	282	10,416	9,370	1,328
Vending Machines	1,429	5,093	4,475	2,047
Concessions	9,331	27,290	29,324	7,297
Project Prom	7,671	17,618	20,495	4,794
Target	1,157	1,023	1,472	708
MS Track Uniforms	1,469	1,700	635	2,534
Office Activity	125	3,325	3,372	78
Hospitality Room	756	-	602	154
	<u>756</u>	<u>-</u>	<u>602</u>	<u>154</u>
Total School Project Funds	<u>\$ 37,766</u>	<u>\$ 115,698</u>	<u>\$ 112,912</u>	<u>\$ 40,552</u>

SKYLINE SCHOOLS USD 438
PRATT, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of Significant Accounting Policies

Reporting Entity

The Skyline Schools USD 438, Pratt, Kansas was originally unified in 1966 under the laws of the State of Kansas. The district operates under the direction of an elected seven member Board of Education and provides an education to its students in a single complex situated in rural Pratt County. The district has an enrollment of approximately 400 students ranging from kindergarten through high school.

For financial reporting purposes, there are no appointive boards or commissions that are controlled by or dependent on the district. Control or dependence is determined on the basis of financial accountability, budget adoption, taxing authority, funding and appointment of respective governing boards.

A. FUND ACCOUNTING

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

The following type of funds comprises the financial activities of the Skyline Schools USD 438 for the year ended June 30, 2012.

Governmental Funds

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

Special Revenue Funds - to account for the proceeds for specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expend for specified purposes.

Trust and 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. These include expendable trust funds and agency funds.

B. BASIS OF PRESENTATION

The financial statements are presented to indicate compliance with the cash basis and budget laws of Kansas.

Revenues are recognized when cash is received and also include inter-fund transfers. Expenditures include disbursements, accounts payable, transfers and encumbrances, that is, commitments related to unperformed (executory) contracts for goods or services.

C. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The basis of presentation described above results in a statement of receipts on the cash basis and expenditures on a modified accrual basis further modified by the inclusion of encumbrances. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. An additional departure from generally accepted accounting principles is that inter-fund transfers are treated as receipts and expenditures for purposes of these statements while under generally accepted accounting procedures, transfers are treated as changes in fund balances but not as receipts or expenditures. 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. Also a statement of general fixed assets is not included as a part of these financial statements.

D. BUDGETARY INFORMATION

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are

recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

Textbook Rental, Contingency Reserve, Carl Perkins, School Project Accounts, Fees and User Charges, Gate Receipts, Art Fair, and OWLS.

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

E. USE OF ESTIMATES

The preparation of financial statements in accordance with the cash basis and budget laws of the state of Kansas requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Compliance with Kansas Statutes

Budget & Cash Basis

There were no cash basis violations. Actual expenditures exceeded budget authority in the Federal, At Risk (K-12), and Vocational Education Funds. (KSA.79-2935)

Depository Security

The School District's monies were adequately secured during the year.

3. Compensated Absences

Accumulated Sick Leave

Employees of the district are allowed to accumulate sick leave to a prescribed level which may be used if they remain in the employment of the district. The teachers' contracts require that any accumulated sick leave above their prescribed level be paid at year end at a reduced daily rate. All other employees lose any sick leave remaining above the allowable accumulation level. No payments are made to terminating employees and reduced payments are made to retiring employees for unused sick leave. No amounts have been accrued for accumulated annual sick leave and the amount is not determinable.

Vacation Pay

Full time, twelve month, employees are entitled to two weeks paid vacation per fiscal year. Vacation days are not accumulative from year to year and the District will not pay any unused vacation days.

4. Deposits and Investments

As of June 30, 2012 the District had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-2 Rating</u>
Guaranteed Investment Contracts Secured by U.S. Treasury & Agencies	\$296,196	\$296,196	\$ - N/A

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

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%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$563,112 and the bank balance was \$633,634. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$256,855 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 - 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. The District has no investments subject to custodial credit risk.

5. Defined Benefit Pension Plan

Plan description

The school municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by KSA 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death 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 (400 SW 8th Avenue, Suite 200; Topeka, KS 66603-3925) or by calling 1-800-228-0366.

Funding Policy

KSA 74-4919 establishes the KPERS member-employee contribution rate at 4.0% of covered salary, or 6% of covered salary if hired after July 1, 2009. The contribution rate for licensed employed KPERS retirees who have retired from a different KPERS employer is 18.69%. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. For fiscal year 2012 the State of Kansas contributes 9.77% of covered payroll. Kansas contributions to KPERS for school municipality employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383; \$253,834,044 and \$248,468,166 respectively, equal to the statutory required contributions for each year.

6. Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

7. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, error and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

8. Contingencies and Commitments

In the normal course of operations, the District participates in various federal and state grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

9. Early Retirement Plan

All certified employees of the District are eligible to participate in the District's early retirement program if certain eligibility requirements are met. The employee must have completed fifteen (15) years of service of which the last five (5) years were continuous, and the employee must be retired from the KPERS retirement system. Eligibility continues until their 65th birthday. Notification must be given to the District by April 1 in the year prior to the July 1 retirement date. The amount paid upon early retirement shall be determined by subtracting the base of the salary schedule from the teacher's salary for the year in which application for early retirement is made. The difference in these two figures shall be multiplied by sixty percent (60%) and then divided by twelve (12) to determine the amount that will be paid monthly for five (5) years or until the employee reaches age 65 or is deceased.

10. 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 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.

11. Termination Benefits

The District provides no termination benefits for its employees.

12. Restatement of Beginning Unencumbered Cash Balance

The beginning unencumbered cash balance in the following funds has been restated because the Kansas Municipal Accounting and Auditing Guide (KMAAG) is recommending that certain receipts which are required by Kansas statutes to be recorded as revenue in the current fiscal year, but are not received until the next fiscal year, are an in-substance receipt in transit at fiscal year-end, therefore should be included in the current years cash balance. The balances have been restated as follows:

	<u>General Fund</u>	<u>Supplemental General</u>
Beginning Unencumbered Cash Balance as previously reported	\$(93,652)	\$91,486
Adjust for deposit in transit	<u>93,709</u>	<u>11,716</u>
Beginning Unencumbered Cash Balance as adjusted	<u>\$ 57</u>	<u>\$103,202</u>