

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 459
Bucklin, Kansas

We have audited the accompanying financial statements of Unified School District No. 459, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Unified School District No. 459 has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 459 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 each fund of Unified School District No. 459, as of June 30, 2012, and their respective cash receipts and expenditures, and budgetary results, for the year then ended, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

February 6, 2013

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

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

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
Governmental funds:		
General funds:		
General	\$ 5,386	\$ -
Supplemental general	65,257	2,149
Special revenue funds:		
Budgeted:		
At-risk (4 year old)	7,591	-
At-risk (K-12)	47,876	-
Bilingual	-	-
Capital outlay	216,589	666
Driver education	10,621	-
Food service	54,860	-
Special education	139,683	300
KPERS contribution	-	-
Recreation	23,713	2
Non-Budgeted:		
Federal funds	-	-
Contingency	121,792	-
Textbook rental	34,097	9
Playground equipment	10,216	-
Federal REAP grant	-	-
League and grants	109	-
Activities holding	965	-
District activity funds	1,266	-
	<hr/>	<hr/>
Total primary government (excluding agency funds)	740,021	3,126
Component unit:		
Bucklin Recreation Commission:	63,592	-
	<hr/>	<hr/>
Total reporting entity (excluding agency funds)	<u>\$ 803,613</u>	<u>\$ 3,126</u>

The accompanying notes are an integral
part of the financial statements.

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 2,044,226	\$ 2,044,224	\$ 5,388	\$ 23	\$ 5,411
529,216	528,242	68,380	87,206	155,586
21,965	29,556	-	-	-
223,712	260,278	11,310	33,907	45,217
1,890	1,890	-	-	-
134,888	92,846	259,297	-	259,297
3,750	1,809	12,562	-	12,562
217,726	205,833	66,753	1,343	68,096
198,335	273,106	65,212	83,000	148,212
170,673	170,673	-	-	-
57,342	55,740	25,317	-	25,317
69,786	69,786	-	-	-
20,000	-	141,792	-	141,792
12,591	10,154	36,543	7,381	43,924
120	3,743	6,593	-	6,593
13,752	13,752	-	-	-
5,200	3,052	2,257	1	2,258
1,862	1,232	1,595	88	1,683
9,184	8,067	2,383	-	2,383
3,736,218	3,773,983	705,382	212,949	918,331
72,317	57,756	78,153	9,379	87,532
<u>\$ 3,808,535</u>	<u>\$ 3,831,739</u>	<u>\$ 783,535</u>	<u>\$ 222,328</u>	<u>\$ 1,005,863</u>

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (CONTINUED)**

Year ended June 30, 2012

<u>Fund</u>	<u>Ending cash balance</u>
Composition of cash balance:	
U.S.D. No. 459 accounts:	
Checking accounts	\$ 617,440
Saving accounts	299,161
High School account	36,203
Total component unit	<u>87,532</u>
	1,040,336
Agency funds	<u>(34,473)</u>
Total reporting entity - excluding agency funds	<u><u>\$ 1,005,863</u></u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
Governmental funds:					
General funds:					
General	\$ 2,108,862	\$ (64,638)	\$ 2,044,224	\$ 2,044,224	\$ -
Supplemental general	530,040	-	530,040	528,242	1,798
Special revenue funds:					
At-risk (4 year old)	33,500	-	33,500	29,556	3,944
At-risk (K-12)	260,278	-	260,278	260,278	-
Bilingual	1,890	-	1,890	1,890	-
Capital outlay	290,000	-	290,000	92,846	197,154
Driver education	10,621	-	10,621	1,809	8,812
Food service	226,610	-	226,610	205,833	20,777
Special education	250,000	-	250,000	273,106	(23,106)
KPERS contribution	177,201	-	177,201	170,673	6,528
Recreation	55,740	-	55,740	55,740	-
	3,944,742	(64,638)	3,880,104	3,664,197	215,907
Component unit:					
Bucklin Recreation Commission	71,550	-	71,550	57,756	13,794
	<u>\$ 4,016,292</u>	<u>\$ (64,638)</u>	<u>\$ 3,951,654</u>	<u>\$ 3,721,953</u>	<u>\$ 229,701</u>

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2012

	Statutory amounts	Budget	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property:			
Tax in process	\$ 2,182	\$ 1,986	\$ 196
Current	574,245	502,366	71,879
Delinquent	2,359	2,716	(357)
Federal sources:			
Education jobs	1,006	-	1,006
State sources:			
State aid	1,252,536	1,336,794	(84,258)
Special education aid	185,385	250,000	(64,615)
Mineral production tax	26,513	15,000	11,513
Total cash receipts	<u>2,044,226</u>	<u>\$ 2,108,862</u>	<u>\$ (64,636)</u>
Expenditures subject to legal maximum budget:			
Instruction	1,015,181	\$ 1,001,369	\$ (13,812)
Support services:			
Student support services	34,776	54,440	19,664
Instructional support staff	20,657	21,718	1,061
General administration	131,156	134,100	2,944
School administration	201,441	199,200	(2,241)
Other supplemental services	10,198	-	(10,198)
Operations and maintenance	131,957	137,759	5,802
Student transportation services:			
Supervision	1,799	1,756	(43)
Vehicle operating services	58,756	59,660	904
Other supplemental services	-	10,720	10,720
Operating transfers	438,303	488,140	49,837
Adjustment to comply with legal maximum budget	<u>-</u>	<u>(64,638)</u>	<u>(64,638)</u>
Total expenditures	<u>2,044,224</u>	<u>\$ 2,044,224</u>	<u>\$ -</u>
Receipts over (under) expenditures	2		
Unencumbered cash, beginning of year	<u>5,386</u>		
Unencumbered cash, end of year	<u>\$ 5,388</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance favorable (unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property:			
Tax in process	\$ 2,643	\$ 1,629	\$ 1,014
Current	495,797	428,478	67,319
Delinquent	3,120	2,339	781
Motor vehicle	27,318	32,009	(4,691)
Recreational vehicle	338	329	9
	<u>529,216</u>	<u>\$ 464,784</u>	<u>\$ 64,432</u>
Total cash receipts			
Expenditures subject to legal maximum budget:			
Instruction	191,166	\$ 173,000	\$ (18,166)
Support services:			
Student support services	1,246	1,250	4
Instructional support staff	3,533	2,000	(1,533)
General administration	86,757	74,500	(12,257)
School administration	9,690	3,780	(5,910)
Operations and maintenance	88,193	103,260	15,067
Student transportation services:			
Vehicle operating services	33,738	21,000	(12,738)
Vehicle and maintenance services	35,966	16,250	(19,716)
Operating transfers	77,953	135,000	57,047
	<u>528,242</u>	<u>\$ 530,040</u>	<u>\$ 1,798</u>
Total expenditures			
Receipts over (under) expenditures	974		
Unencumbered cash, beginning of year	65,257		
Prior year canceled encumbrances	2,149		
	<u>68,380</u>		
Unencumbered cash, end of year	<u>\$ 68,380</u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

AT-RISK (4 YEAR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Private pay daycare	\$ 10,625	\$ 15,000	\$ (4,375)
Transfer from general	<u>11,340</u>	<u>15,120</u>	<u>(3,780)</u>
Total cash receipts	21,965	<u><u>\$ 30,120</u></u>	<u><u>\$ (8,155)</u></u>
Expenditures:			
Instruction	<u>29,556</u>	<u><u>\$ 33,500</u></u>	<u><u>\$ 3,944</u></u>
Receipts over (under) expenditures	(7,591)		
Unencumbered cash, beginning of year	<u>7,591</u>		
Unencumbered cash, end of year	<u><u>\$ -</u></u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

AT-RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Transfer from general	\$ 219,688	\$ 224,910	\$ (5,222)
Transfer from supplemental general	<u>4,024</u>	<u>-</u>	<u>4,024</u>
Total cash receipts	<u>223,712</u>	<u>\$ 224,910</u>	<u>\$ (1,198)</u>
Expenditures:			
Instruction	258,518	\$ 260,278	\$ 1,760
Student transportation services:			
Vehicle operating services	<u>1,760</u>	<u>-</u>	<u>(1,760)</u>
Total expenditures	<u>260,278</u>	<u>\$ 260,278</u>	<u>\$ -</u>
Receipts over (under) expenditures	(36,566)		
Unencumbered cash, beginning of year	<u>47,876</u>		
Unencumbered cash, end of year	<u>\$ 11,310</u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance favorable (unfavorable)
Cash receipts:			
Transfer from general	\$ 1,890	<u>\$ 1,890</u>	<u>\$ -</u>
Expenditures:			
Instruction	<u>1,890</u>	<u>\$ 1,890</u>	<u>\$ -</u>
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad valorem property:			
Tax in process	\$ 645	\$ 356	\$ 289
Current	120,426	105,136	15,290
Delinquent	736	570	166
Motor vehicle	6,982	8,166	(1,184)
Recreational vehicle	86	84	2
Interest	1,613	2,500	(887)
Other	4,400	4,800	(400)
Total cash receipts	<u>134,888</u>	<u>\$ 121,612</u>	<u>\$ 13,276</u>
Expenditures:			
Instruction	20,902	\$ 30,000	\$ 9,098
Support services:			
Student support services	-	5,000	5,000
General administration	-	10,000	10,000
School administration	2,136	15,000	12,864
Operations and maintenance	2,150	20,000	17,850
Transportation	16,673	80,000	63,327
Facility acquisition and construction services:			
Site improvement	78	5,000	4,922
Building improvements	50,505	65,000	14,495
Other	402	60,000	59,598
Total expenditures	<u>92,846</u>	<u>\$ 290,000</u>	<u>\$ 197,154</u>
Receipts over (under) expenditures	42,042		
Unencumbered cash, beginning of year	216,589		
Prior year canceled encumbrances	<u>666</u>		
Unencumbered cash, end of year	<u>\$ 259,297</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

DRIVER EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Other	\$ 3,750	\$ -	\$ 3,750
Expenditures:			
Instruction	1,753	\$ 10,621	\$ 8,868
Vehicle operations and maintenance services	56	-	(56)
Total expenditures	<u>1,809</u>	<u>\$ 10,621</u>	<u>\$ 8,812</u>
Receipts over (under) expenditures	1,941		
Unencumbered cash, beginning of year	<u>10,621</u>		
Unencumbered cash, end of year	<u>\$ 12,562</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Charges for services	\$ 52,569	\$ 45,988	\$ 6,581
Federal aid	92,743	87,720	5,023
State aid	1,485	1,238	247
Transfer from supplemental general	<u>70,929</u>	<u>60,000</u>	<u>10,929</u>
Total cash receipts	<u>217,726</u>	<u>\$ 194,946</u>	<u>\$ 22,780</u>
Expenditures:			
Operations and maintenance	7,278	\$ 12,310	\$ 5,032
Food service operation	<u>198,555</u>	<u>214,300</u>	<u>15,745</u>
Total expenditures	<u>205,833</u>	<u>\$ 226,610</u>	<u>\$ 20,777</u>
Receipts over (under) expenditures	11,893		
Unencumbered cash, beginning of year	<u>54,860</u>		
Unencumbered cash, end of year	<u>\$ 66,753</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Federal aid	\$ 9,950	\$ -	\$ 9,950
Transfer from general	185,385	250,000	(64,615)
Transfer from supplemental general	<u>3,000</u>	<u>75,000</u>	<u>(72,000)</u>
Total cash receipts	<u>198,335</u>	<u>\$ 325,000</u>	<u>\$ (126,665)</u>
Expenditures:			
Instruction	265,345	\$ 236,400	\$ (28,945)
Student transportation services:			
Vehicle operating services	<u>7,761</u>	<u>13,600</u>	<u>5,839</u>
Total expenditures	<u>273,106</u>	<u>\$ 250,000</u>	<u>\$ (23,106)</u>
Receipts over (under) expenditures	(74,771)		
Unencumbered cash, beginning of year	139,683		
Prior year canceled encumbrances	<u>300</u>		
Unencumbered cash, end of year	<u>\$ 65,212</u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

KPERS CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
State aid	\$ 170,673	\$ 177,201	\$ (6,528)
Expenditures:			
Instruction	114,672	\$ 106,770	\$ (7,902)
Support services:			
Student support services	2,560	6,000	3,440
Instructional support staff	1,597	6,000	4,403
General administration	9,647	12,000	2,353
School administration	17,002	21,000	3,998
Other supplemental services	960	2,000	1,040
Operations and maintenance	11,173	14,176	3,003
Student transportation services	5,923	1,750	(4,173)
Food service	7,139	7,505	366
Total expenditures	<u>170,673</u>	<u>\$ 177,201</u>	<u>\$ 6,528</u>
Receipts over (under) expenditures	-		
Unencumbered cash, beginning of year	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

RECREATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad valorem property:			
Tax in process	\$ 287	\$ 159	\$ 128
Current	53,589	46,791	6,798
Delinquent	320	254	66
Motor vehicle	3,108	3,636	(528)
Recreational vehicle	<u>38</u>	<u>37</u>	<u>1</u>
Total cash receipts	57,342	<u>\$ 50,877</u>	<u>\$ 6,465</u>
Expenditures:			
Transfer to component unit	<u>55,740</u>	<u>\$ 55,740</u>	<u>\$ -</u>
Receipts over (under) expenditures	1,602		
Unencumbered cash, beginning of year	23,713		
Prior year canceled encumbrances	<u>2</u>		
Unencumbered cash, end of year	<u>\$ 25,317</u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

**BUCKLIN RECREATION COMMISSION
(A COMPONENT UNIT)**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Appropriation from Unified School District No. 459	\$ 55,740	\$ 54,358	\$ 1,382
Interest	219	-	219
Fees	16,353	11,250	5,103
Miscellaneous	<u>5</u>	<u>-</u>	<u>5</u>
Total cash receipts	<u>72,317</u>	<u>\$ 65,608</u>	<u>\$ 6,709</u>
Expenditures:			
Activity expenses and fees	23,814	\$ 25,000	\$ 1,186
Advertising	297	500	203
Utilities	3,697	5,000	1,303
Charitable contributions	500	500	-
Equipment	16,405	10,000	(6,405)
Insurance	3,350	5,000	1,650
Maintenance	5,138	6,000	862
Miscellaneous	98	-	(98)
Postage	44	350	306
Prizes	-	1,500	1,500
Capital improvements	-	10,000	10,000
Rent	3,600	5,200	1,600
Supplies	<u>813</u>	<u>2,500</u>	<u>1,687</u>
Total expenditures	<u>57,756</u>	<u>\$ 71,550</u>	<u>\$ 13,794</u>
Receipts over (under) expenditures	14,561		
Unencumbered cash, beginning of year,	<u>63,592</u>		
Unencumbered cash, end of year	<u>\$ 78,153</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	Special revenue funds			
	Title I Title IIA	Contingency	Textbook rental	Playground equipment
Cash receipts:				
Rental fees and books	\$ -	\$ -	\$ 12,591	\$ -
Federal aid	69,786	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	120
Transfer from general fund	-	20,000	-	-
Total cash receipts	69,786	20,000	12,591	120
Expenditures:				
Instruction	69,786	-	10,154	3,743
Receipts over (under) expenditures	-	20,000	2,437	(3,623)
Unencumbered cash beginning of year	-	121,792	34,097	10,216
Prior year canceled encumbrances	-	-	9	-
Unencumbered cash, end of year	\$ -	\$ 141,792	\$ 36,543	\$ 6,593

The accompanying notes are an integral
part of the financial statements.

Special revenue funds			
Federal REAP	League and grants	Activities holding	Total
\$ -	\$ -	\$ -	\$ 12,591
13,752	-	-	83,538
-	530	-	530
-	4,670	1,862	6,652
-	-	-	20,000
13,752	5,200	1,862	123,311
13,752	3,052	1,232	101,719
-	2,148	630	21,592
-	109	965	167,179
-	-	-	9
<u>\$ -</u>	<u>\$ 2,257</u>	<u>\$ 1,595</u>	<u>\$ 188,780</u>

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

DISTRICT ACTIVITY FUNDS

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

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
Clearing	\$ -	\$ 8,684	\$ 8,031	\$ 653	\$ -	\$ 653
School projects:						
Concession expense	<u>1,266</u>	<u>500</u>	<u>36</u>	<u>1,730</u>	<u>-</u>	<u>1,730</u>
Total district activity funds	<u>\$ 1,266</u>	<u>\$ 9,184</u>	<u>\$ 8,067</u>	<u>\$ 2,383</u>	<u>\$ -</u>	<u>\$ 2,383</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance (deficit)</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
Band parent account	\$ 2,000	\$ 9,456	\$ 5,567	\$ 5,889
Debate/Forensics	(1)	269	268	-
FCA	430	1,887	2,114	203
Freshman class	8	25	30	3
Junior class	6,130	6,116	6,134	6,112
JH team leaders	2,413	1,171	1,096	2,488
Senior class	318	5,742	5,511	549
Sophomore class	12,210	18,285	18,549	11,946
SMILE	588	3,704	3,189	1,103
STUCO	2,059	6,029	5,244	2,844
Student band cards	97	197	255	39
Student band trip	368	3,608	2,926	1,050
Student cheerleader hs club	321	5,014	4,925	410
Student cheerleader jh club	544	4,261	4,805	-
Student SADD club	1,523	2,970	3,440	1,053
Subtotal student organizations	<u>29,008</u>	<u>68,734</u>	<u>64,053</u>	<u>33,689</u>
Clearing funds:				
District sales tax	522	4,635	4,373	784
Student clearing account	-	8,931	8,931	-
Subtotal clearing funds	<u>522</u>	<u>13,566</u>	<u>13,304</u>	<u>784</u>
Total agency funds	<u>\$ 29,530</u>	<u>\$ 82,300</u>	<u>\$ 77,357</u>	<u>\$ 34,473</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 459
BUCKLIN, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity.

1. Reporting entity

Unified School District No. 459 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 459 (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

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

Bucklin Recreation Commission. The Commission oversees recreational activities. Four of the five members of the governing board are appointed by the Board of Education. The Commission operates as a separate governing body but the District levies the taxes for the Commission and the Commission has only the powers granted by statute K.S.A. 12-1928. The Commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Bucklin Recreation Commission may be obtained as follows:

Bucklin Recreation Commission
PO Box 582
Bucklin, Kansas 67834

2. Fund accounting

The accounts of the District are organized on the basis of funds. In governmental accounting, a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction or limitations and constituting an independent fiscal and accounting entity. District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

The following funds comprise the financial activities of the District for the year ended June 30, 2012:

GOVERNMENTAL FUNDS

General Funds

General funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities than any other fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulations.

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations and other governmental units.

3. Basis of accounting

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

K.S.A. 72-6417 and K.S.A. 72-6434 require that districts receiving state aid in July for the previous fiscal year ended in June to record and account for these funds as receipts for the previous fiscal year ending on the preceding June 30.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of accounting (continued)

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

4. Budgetary information

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

- a. Preparation of the budget for the succeeding year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. 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 following funds were amended:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
General Fund	\$ 2,029,860	\$ 2,108,862
Special Education Fund	308,231	250,000
Food Service Fund	206,610	226,610
At-Risk (K-12) Fund	240,278	260,278

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

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

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for state and federal grant funds, capital projects funds, permanent funds, agency funds, and the following special revenue funds:

Contingency
Textbook Rental
Playground Equipment
League and Grants
Activities Holding
District Activity Funds

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.

5. Cash and investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's cash balances. Unless specifically designated, all investment income is credited to funds designated by K.S.A. 72-6427.

6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20, and the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the District's share of all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

8. Compensated absences

The District's policy grants employees on twelve-month contracts ten vacation days per year. Vacation time is non-cumulative and will be lost if not used within a year. Sick leave of fifteen days is credited annually to each full-time employee who have worked at the District for at least nine months. Sick days not used may accumulate to a total of seventy days for certified employees and sixty days for classified employees. Part-time classified employee are given ten days sick leave accumulative to forty days in proportion to the amount of time scheduled. When an employee reaches their maximum days of sick leave, they are eligible for a payment of \$20 for up to five days over the maximum. Personal leave is granted at two days per year. One personal day can be carried over to the next school year with maximum accumulation not to exceed three days. Sick leave, personal leave and vacation are not paid upon employee termination.

9. Voluntary early retirement

Certified employees of the District with ten or more continuous years of service that are eligible to receive KPERs retirement benefits may elect to take early retirement. Retired employees receive 15% of the District's current base salary of the year when the application for the retirement is made and shall be payable for a maximum of five consecutive years. All benefits shall terminate when retiree reaches age 65.

10. Section 125 plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expenses, other various insurance premiums, dependent care, and annuities. The plan is administered by an independent company.

11. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, the State Kansas Department of Education and legal representatives of the District.

The budget law provided by K.S.A. 79-2935 prohibits the creation of indebtedness in any fund in excess of the amount allowed by budget. At year end, the Special Education Fund had expenditures in excess of budget in the amount of \$23,106.

C. DEPOSITS AND INVESTMENTS

Policies. The District has a formal deposit and investment policies; however it does follow state statutes. 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 to have a main or branch bank in the county in which the District is located, or in an adjoining county if such an institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires 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.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. 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. At year-end the carrying amount of the District's deposits was \$952,804 and the bank balance was \$1,142,135. Of the bank balance, \$641,230 was covered by FDIC insurance and \$500,905 was collateralized with securities held by pledging financial institutions' agents in the District's name.

D. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
Lighting equipment					
Issued November 9, 2007					
In the amount of \$59,085					
At interest rate of 4.00%					
Maturing November 1, 2012	\$ 18,953	\$ -	\$ 12,510	\$ 6,443	\$ 634
Early retirement	<u>19,307</u>	<u>-</u>	<u>4,827</u>	<u>14,480</u>	<u>-</u>
Total long-term debt	<u>\$ 38,260</u>	<u>\$ -</u>	<u>\$ 17,337</u>	<u>\$ 20,923</u>	<u>\$ 634</u>

Current maturities of capital leases and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2013	<u>\$ 6,443</u>	<u>\$ 129</u>	<u>\$ 6,572</u>

E. INTERFUND TRANSFERS

Recurring annual operating transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. These transfers, authorized by K.S.A. 72-6428 and K.S.A. 72-6433, are as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General	At-risk (4 year old)	\$ 11,340
General	At-risk (K-12)	219,688
General	Bilingual	1,890
General	Special education	185,385
General	Contingency	<u>20,000</u>
Total general		438,303
Supplemental general	At-risk (K-12)	4,024
Supplemental general	Food service	70,929
Supplemental general	Special education	<u>3,000</u>
Total supplemental general		<u>77,953</u>
		<u>\$ 516,256</u>

F. DEFINED BENEFIT PENSION PLAN

Plan description. The District 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, Suite 100; Topeka, KS 66603-3869), at the following website: www.kpers.org or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and 74-49,210 establish the KPERS member-employee contribution rates at 4% and 6%, respectively of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$170,673, \$96,831, and \$112,645, respectively.

G. RISK MANAGEMENT

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

H. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2012.

I. OTHER POST EMPLOYMENT BENEFITS

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

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

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 6, 2013, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.