

**BOARD OF EDUCATION
UNIFIED SCHOOL DISTRICT NO. 463
Udall, Kansas**

**Financial Statements
June 30, 2012**

**with
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 463
Financial Statements
Year Ended June 30, 2012
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INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 463
Udall, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 463, Udall, 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 the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. 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, the District has prepared this financial statement using 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 effects on the financial statement of the variances between these statutory 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, the financial statements referred to above presents fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 463, Udall, Kansas, as of June 30, 2012, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

This report is intended solely for the use of the management of Unified School District No. 463 and the Kansas Department of Education and should not be used for any other purpose.

October 30, 2012

UNIFIED SCHOOL DISTRICT NO. 463
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ 696	\$ -	\$ 2,662,632	\$ 2,662,632	\$ 696	\$ 39,598	\$ 40,294
Supplemental General	-	5,738	814,671	800,000	20,409	21,367	41,776
Special Revenue:							
At Risk (4 yr old)	306	-	6,409	6,715	-	20	20
At Risk (K-12)	136,550	10	163,674	163,824	136,410	150	136,560
Capital Outlay	654,764	-	32,191	90,689	596,266	-	596,266
Contingency Reserve	277,566	-	80,743	127,566	230,743	-	230,743
Driver Training	13,411	-	4,755	4,401	13,765	-	13,765
Food Service	47,515	2,006	154,041	163,469	40,093	19,000	59,093
KPERS Special Retirement Contribution	-	-	237,489	237,489	-	-	-
Professional Development	3,249	-	-	2,000	1,249	-	1,249
Special Education	177,104	-	426,828	454,240	149,692	-	149,692
Vocational Education	3,165	-	37,769	40,934	-	-	-
Textbook Rental	59,049	22	18,034	3,100	74,005	1,928	75,933
Recreation Commission	12,807	-	31,428	30,199	14,036	-	14,036
Rural Ed (Reap) Grant	-	-	7,519	7,519	-	239	239
Kan Ed Grant	5,541	-	-	5,043	498	4,541	5,039
Gate Receipts	2,074	-	28,647	24,918	5,803	-	5,803
School Projects	8,306	-	10,566	8,587	10,285	-	10,285
Federal Projects:							
Title I - Low Income	-	-	52,192	52,192	-	-	-
Title IIA - Improving Teacher Quality	-	-	14,959	14,959	-	-	-
Character Education	-	-	2,000	764	1,236	-	1,236
Debt Service:							
Bond and Interest	171,852	-	222,146	226,003	167,995	-	167,995
Expendable Trust	24,104	-	2,714	4,265	22,553	-	22,553
Total Reporting Entity	<u>\$ 1,598,059</u>	<u>\$ 7,776</u>	<u>\$ 5,011,407</u>	<u>\$ 5,131,508</u>	<u>\$ 1,485,734</u>	<u>\$ 86,843</u>	<u>\$ 1,572,577</u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Summary of Cash Receipts, Cash Expenditures and Unencumbered Cash
Year Ended June 30, 2012

Composition of Cash:

Checking Accounts - Union State Bank	\$ 607,827
Municipal Investment Pool	<u>995,621</u>
Total Cash	<u>1,603,448</u>

Agency Funds per Statement 4	<u>(30,871)</u>
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Total Reporting Entity	<u><u>\$ 1,572,577</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2012

Funds	Certified Budget	Adjustment to Comply With Legal Max	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 2,718,198	\$ (55,566)	\$ 2,662,632	\$ 2,662,632	\$ -
Supplemental General	800,000		800,000	800,000	-
Special Revenue:					
At Risk (4 yr old)	7,560		7,560	6,715	845
At Risk (K - 12)	205,000		205,000	163,824	41,176
Capital Outlay	-		-	-	-
Driver Training	4,700		4,700	4,401	299
Food Service	165,500		165,500	163,469	2,031
KPERS Special Retirement Contribution	237,489		237,489	237,489	-
Professional Development	2,000		2,000	2,000	-
Special Education	529,066		529,066	454,240	74,826
Vocational Education	55,000		55,000	40,934	14,066
Recreation Commission	30,199		30,199	30,199	-
Debt Service:					
Bond and Interest	226,503		226,503	226,003	500

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

UNIFIED SCHOOL DISTRICT NO. 463
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 276,947	\$ 291,277	\$ 14,330
Delinquent tax	2,827	866	(1,961)
Mineral production tax	-	730	730
Federal aid:			
Education jobs fund	-	1,278	1,278
State aid:			
Equalization aid	1,991,699	2,015,536	23,837
Special education aid	391,159	352,945	(38,214)
Total Cash Receipts	<u>2,662,632</u>	<u>2,662,632</u>	<u>-</u>
Expenditures:			
Instruction (contains \$525 in Federal aid)	1,136,179	1,002,530	133,649
Student support services	33,000	14,408	18,592
Instructional support staff	56,300	61,546	(5,246)
General administration	246,000	204,651	41,349
School administration	177,000	201,508	(24,508)
Operation and maintenance	328,000	423,430	(95,430)
Vehicle services and maintenance	113,000	130,439	(17,439)
Transfers to:			
At Risk (4 yr old) Fund	7,560	-	7,560
At Risk (K-12) Fund	200,000	163,674	36,326
Capital Outlay Fund	-	26,758	(26,758)
Special Education Fund	391,159	352,945	38,214
Vocational Education Fund	30,000	-	30,000
Contingency Reserve Fund	-	80,743	(80,743)
Adjustment to comply with legal max	(55,566)	-	(55,566)
Total Expenditures	<u>2,662,632</u>	<u>2,662,632</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>696</u>	<u>696</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ 696</u>

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

UNIFIED SCHOOL DISTRICT NO. 463
 Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 352,097	\$ 370,732	\$ 18,635
Delinquent tax	3,401	1,215	(2,186)
Motor vehicle tax	58,194	58,820	626
State aid	372,172	383,904	11,732
Total Cash Receipts	<u>785,864</u>	<u>814,671</u>	<u>28,807</u>
Expenditures:			
Instruction	460,000	628,569	(168,569)
General administration	125,000	51,979	73,021
Operation and maintenance	50,000	-	50,000
Transfers to:			
Food Service Fund	35,000	10,820	24,180
At Risk (4 yr old) Fund	-	6,409	(6,409)
Special Education Fund	100,000	64,454	35,546
Vocational Education Fund	30,000	37,769	(7,769)
Total Expenditures	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	(14,136)	14,671	28,807
Unencumbered Cash, Beginning	14,136	-	(14,136)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>5,738</u>	<u>5,738</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 20,409</u>	<u>\$ 20,409</u>

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

UNIFIED SCHOOL DISTRICT NO. 463
At Risk (4 yr old) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfer from Supplemental General Fund	\$ 7,560	\$ 6,409	\$ (1,151)
Expenditures:			
Instruction	<u>7,560</u>	<u>6,715</u>	<u>845</u>
Receipts Over (Under) Expenditures	-	(306)	(306)
Unencumbered Cash, Beginning	<u>-</u>	<u>306</u>	<u>306</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfer from General Fund	\$ 200,000	\$ 163,674	\$ (36,326)
Expenditures:			
Instruction	<u>205,000</u>	<u>163,824</u>	<u>41,176</u>
Receipts Over (Under) Expenditures	(5,000)	(150)	4,850
Unencumbered Cash, Beginning	111,290	136,550	25,260
Prior Year Cancelled Encumbrances	<u>-</u>	<u>10</u>	<u>10</u>
Unencumbered Cash, Ending	<u><u>\$ 106,290</u></u>	<u><u>\$ 136,410</u></u>	<u><u>\$ 30,110</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
 Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Interest earnings	\$ -	\$ 1,169	\$ 1,169
Miscellaneous income	-	4,264	4,264
Transfer from General Fund	-	26,758	26,758
Total Cash Receipts	<u>-</u>	<u>32,191</u>	<u>32,191</u>
Expenditures			
Transportation	<u>400,000</u>	<u>90,689</u>	<u>309,311</u>
Receipts Over (Under) Expenditures	(400,000)	(58,498)	(277,120)
Unencumbered Cash, Beginning	<u>657,474</u>	<u>654,764</u>	<u>(2,710)</u>
Unencumbered Cash, Ending	<u><u>\$ 257,474</u></u>	<u><u>\$ 596,266</u></u>	<u><u>\$ (279,830)</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

Cash Receipts:

Transfer from General Fund	\$ 80,743
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Expenditures:

Instruction	<u>127,566</u>
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Receipts Over (Under) Expenditures	(46,823)
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Unencumbered Cash, Beginning	<u>277,566</u>
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Unencumbered Cash, Ending	<u><u>\$ 230,743</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
 Driver Training Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 1,332	\$ 846	\$ (486)
Other	-	3,909	3,909
Total Cash Receipts	1,332	4,755	3,423
Expenditures:			
Instruction	4,700	4,067	633
Vehicle operations	-	334	(334)
Total Expenditures	4,700	4,401	299
Receipts Over (Under) Expenditures	(3,368)	354	3,722
Unencumbered Cash, Beginning	12,363	13,411	1,048
Unencumbered Cash, Ending	\$ 8,995	\$ 13,765	\$ 4,770

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

UNIFIED SCHOOL DISTRICT NO. 463
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 1,331	\$ 10,396	\$ 9,065
Federal aid	76,046	81,303	5,257
Charges for services	57,100	51,522	(5,578)
Transfer from Supplemental General Fund	35,000	10,820	(24,180)
Total Cash Receipts	<u>169,477</u>	<u>154,041</u>	<u>(15,436)</u>
Expenditures:			
Food service operation	<u>165,500</u>	<u>163,469</u>	<u>2,031</u>
Receipts Over (Under) Expenditures	3,977	(9,428)	(13,405)
Unencumbered Cash, Beginning	46,602	47,515	913
Prior Year Cancelled Encumbrances	<u>-</u>	<u>2,006</u>	<u>2,006</u>
Unencumbered Cash, Ending	<u>\$ 50,579</u>	<u>\$ 40,093</u>	<u>\$ (10,486)</u>

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

UNIFIED SCHOOL DISTRICT NO. 463
 KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
State aid	\$ 237,489	\$ 237,489	\$ -
Expenditures:			
Instruction	151,940	169,316	(17,376)
Student support	1,669	490	1,179
Instructional support	3,337	-	3,337
General administration	17,815	14,043	3,772
School administration	24,490	24,522	(32)
Operations and maintenance	17,861	15,812	2,049
Student transportation services	12,527	7,877	4,650
Food service	7,850	5,429	2,421
Total Expenditures	<u>237,489</u>	<u>237,489</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Student support services (contains \$86 in Federal aid)	\$ 2,000	\$ 2,000	\$ -
Receipts Over (Under) Expenditures	(2,000)	(2,000)	-
Unencumbered Cash, Beginning	<u>3,916</u>	<u>3,249</u>	<u>(667)</u>
Unencumbered Cash, Ending	<u><u>\$ 1,916</u></u>	<u><u>\$ 1,249</u></u>	<u><u>\$ (667)</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Miscellaneous	\$ -	\$ 1,860	\$ 1,860
State Aid	-	7,569	7,569
Transfers from:			
General Fund	391,159	352,945	(38,214)
Supplemental General Fund	100,000	64,454	(35,546)
Total Cash Receipts	<u>491,159</u>	<u>426,828</u>	<u>(64,331)</u>
Expenditures:			
Payment to Co-op	479,066	426,130	52,936
Instruction	15,000	-	15,000
Student transportation services	35,000	28,110	6,890
Total Expenditures	<u>529,066</u>	<u>454,240</u>	<u>74,826</u>
Receipts Over (Under) Expenditures	(37,907)	(27,412)	10,495
Unencumbered Cash, Beginning	<u>205,656</u>	<u>177,104</u>	<u>(28,552)</u>
Unencumbered Cash, Ending	<u><u>\$ 167,749</u></u>	<u><u>\$ 149,692</u></u>	<u><u>\$ (18,057)</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Transfers from:			
General Fund	\$ 30,000	\$ -	\$ (30,000)
Supplemental General Fund	<u>30,000</u>	<u>37,769</u>	<u>7,769</u>
Total Cash Receipts	60,000	37,769	(22,231)
 Expenditures:			
Instruction	<u>55,000</u>	<u>40,934</u>	<u>14,066</u>
 Receipts Over (Under) Expenditures	5,000	(3,165)	(8,165)
 Unencumbered Cash, Beginning	<u>43,657</u>	<u>3,165</u>	<u>(40,492)</u>
 Unencumbered Cash, Ending	<u><u>\$ 48,657</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (48,657)</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Textbook Rental Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

Cash Receipts:	
Textbook rental	\$ 18,034
Expenditures:	
Textbook purchases	<u>3,100</u>
Receipts Over (Under) Expenditures	14,934
Unencumbered Cash, Beginning	59,049
Prior Year Cancelled Encumbrances	<u>22</u>
Unencumbered Cash, Ending	<u><u>\$ 74,005</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 28,693	\$ 29,620	\$ 927
Delinquent tax	238	71	(167)
Motor vehicle tax	1,938	1,737	(201)
Total Cash Receipts	<u>30,869</u>	<u>31,428</u>	<u>559</u>
Expenditures:			
Community service operations	<u>30,199</u>	<u>30,199</u>	<u>-</u>
Total Expenditures	<u>30,199</u>	<u>30,199</u>	<u>-</u>
Receipts Over (Under) Expenditures	670	1,229	559
Unencumbered Cash, Beginning	<u>12,807</u>	<u>12,807</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 13,477</u></u>	<u><u>\$ 14,036</u></u>	<u><u>\$ 559</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Rural Ed (Reap) Grant
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

Cash Receipts:	
Rural Ed grant	\$ 7,519
Expenditures:	
Grant expenses	<u>7,519</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Kan Ed Grant
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

Expenditures:

Grant expenses	<u>\$ 5,043</u>
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Receipts Over (Under) Expenditures	(5,043)
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Unencumbered Cash, Beginning	<u>5,541</u>
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Unencumbered Cash, Ending	<u><u>\$ 498</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
Federal Projects Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

	Title I - Low Income	Title II A- Improving Teacher Quality	Character Education
Cash Receipts:			
Federal aid	\$ 52,192	\$ 14,959	\$ 2,000
Expenditures:			
Instruction and supplies	52,192	14,959	764
Receipts Over (Under) Expenditures	-	-	1,236
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ 1,236

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

UNIFIED SCHOOL DISTRICT NO. 463
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 124,665	\$ 128,748	\$ 4,083
Delinquent tax	1,168	422	(746)
Motor vehicle tax	19,324	19,440	116
State aid	88,676	73,536	(15,140)
Total Cash Receipts	<u>233,833</u>	<u>222,146</u>	<u>(11,687)</u>
Expenditures:			
Interest	16,003	16,003	-
Commission and postage	500	-	500
Principal	210,000	210,000	-
Total Expenditures	<u>226,503</u>	<u>226,003</u>	<u>500</u>
Receipts Over (Under) Expenditures	7,330	(3,857)	(11,187)
Unencumbered Cash, Beginning	<u>167,173</u>	<u>171,852</u>	<u>4,679</u>
Unencumbered Cash, Ending	<u><u>\$ 174,503</u></u>	<u><u>\$ 167,995</u></u>	<u><u>\$ (6,508)</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 463
Expendable Trust Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2012

Cash Receipts:

Interest earnings and contributions	\$ 2,714
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Expenditures:

Scholarships	<u>4,265</u>
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Receipts Over (Under) Expenditures	(1,551)
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Unencumbered Cash, Beginning	<u>24,104</u>
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Unencumbered Cash, Ending	<u><u>\$ 22,553</u></u>
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The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463
School Activity Funds
Statement of Cash Receipts and Cash Disbursements - Actual
Year Ended June 30, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
Junior High and High School:				
Band Club	\$ 432	\$ 8,016	\$ 7,755	\$ 693
Softball	1,034	4,236	4,060	1,210
Baseball	-	400	319	81
Football	-	3,406	3,378	28
Basketball	-	429	419	10
Track	-	695	591	104
Choir	281	10	-	291
Class of 2011	521	-	521	-
Class of 2012	553	550	421	682
Class of 2013	2,107	16,364	16,078	2,393
Class of 2014	652	2,871	2,264	1,259
Class of 2015	-	2,921	2,253	668
Cheerleaders	1,958	11,738	12,959	737
Dance Team	849	5,758	6,377	230
Faculty	625	1,421	2,022	24
FCCLA	365	910	824	451
Middle School	4,356	11,992	12,056	4,292
National Honor Society	417	1,039	1,097	359
Student Council	666	6,371	6,242	795
Sr. High GCTL	1,271	85	271	1,085
Technology Club	-	184	-	184
FBLA	13	258	39	232
Total	16,100	79,654	79,946	15,808
Elementary:				
Pencil	440	675	361	754
Children's Theatre	8,616	10,972	9,804	9,784
Pop	1,112	594	46	1,660
Accelerated Reader	514	15	-	529
Field Trip/Class Projects	968	3,395	2,866	1,497
Kids For Voting	648	402	515	535
Faculty	181	140	184	137
Special Education	-	200	107	93
Pennies for Patients	-	1,005	1,005	-
Coffee & Tea	58	115	99	74
Total	12,537	17,513	14,987	15,063
Total Student Organization Funds	\$ 28,637	\$ 97,167	\$ 94,933	\$ 30,871

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

UNIFIED SCHOOL DISTRICT NO. 463
District Activity Funds
Statement of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2012

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances</u>	<u>Ending Cash Balance</u>
Gate Receipts:						
Athletics	\$ 927	\$ 26,328	\$ 22,597	\$ 4,658	\$ -	\$ 4,658
Play Drama	1,147	2,319	2,321	1,145	-	1,145
Total Gate Receipts	2,074	28,647	24,918	5,803	-	5,803
School Projects:						
Yearbook	5,189	7,419	6,402	6,206	-	6,206
Art	1,621	1,062	430	2,253	-	2,253
Other	1,496	2,085	1,755	1,826	-	1,826
Total School Projects	8,306	10,566	8,587	10,285	-	10,285
Total District Activity Funds	<u>\$ 10,380</u>	<u>\$ 39,213</u>	<u>\$ 33,505</u>	<u>\$ 16,088</u>	<u>\$ -</u>	<u>\$ 16,088</u>

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

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 463 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Unified School District No. 463 Board of Education ("Board") is the basic level of government which has financial accountability and control over all activities related to the public school education in the City of Udall, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since the seven Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Basis of Presentation

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

Governmental Funds

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

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Expendable Trust Fund - 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.

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. Encumbrances are commitments related to unperformed (executory) contracts for goods or 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 waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to revert to the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, 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 revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building 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. 463

Notes to Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies (continued)

Risk Management

The District is exposed to various risks for loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss.

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

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

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 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.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2012

2. Budgetary Information (other)

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

Contingency Reserve Fund
Textbook Rental Fund
Rural Ed (Reap) Grant
Kan Ed Grant
Gate Receipts
School Projects
Federal Projects 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.

3. Interfund Transfers

Recurring annual 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 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	\$163,674
General Fund	Special Education Fund	K.S.A. 72-6428	352,945
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	80,743
General Fund	Capital Outlay Fund	K.S.A. 72-6428	26,758
Supplemental General Fund	At Risk (4 yr old) Fund	K.S.A. 72-6428	6,409
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	37,769
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	64,454
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	10,820

4. 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 benefits 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) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2012

4. Defined Benefit Pension Plan (continued)

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) 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 currently contributes 9.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$188,864,532, 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 \$237,489, \$130,569, and \$177,568, respectively.

5. Compensated Absences

Vacation

Twelve-month, non-teacher personnel are provided vacation ranging from 1 to 3 weeks based on years of service. All vacation time is earned from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. All vacation time must be used each year prior to August 1st. The estimated liability for accrued vacation pay at June 30, 2012 is \$3,544.

Sick/Personal Leave

Full-time certified and classified staff contracted for twelve-month positions start each school year with twelve days of sick/personal discretion leave with full pay. Employees may accumulate unused sick leave to a total of 80 days. Classified employees are compensated for unused sick/personal leave upon retirement based on their rate of pay. Certified staff is eligible to receive \$93 per day for unused sick/personal leave upon retirement. The estimated liability for accrued sick/personal leave at June 30, 2012, if all employees were to retire, would be \$127,101.

6. Deposits and Investments

Deposits

At June 30, 2012, the carrying amount of the District's deposits was \$607,827. The bank balance was \$522,078. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was covered by \$250,000 FDIC insurance and the remaining \$272,078 for Union State Bank was collateralized by pledged securities held under joint custody receipts issued by Bankers Bank of Kansas. Bankers Bank of Kansas is independent of the Union State Bank.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2012

6. Deposits and Investments (continued)

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Municipal Investment Pool. All investments must be insured, registered or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. At June 30, 2012, the District held investments in the State Municipal Investment Pool totaling \$995,621, a Category 1 investment.

7. Subsequent Events

Subsequent events have been evaluated through October 30, 2012, which is the date the financial statements were available to be issued. There were no such events identified to be disclosed.

8. Compliance with Kansas Statutes

Compliance with K.S.A. 72-8208a

The District was in violation of K.S.A. 72-8208a, regarding the proper authorization and accounting for school activity funds. The elementary activity funds were not being properly maintained to allow for proper reporting of monies available.

UNIFIED SCHOOL DISTRICT NO. 463
Notes to Financial Statements
Year Ended June 30, 2012

10. Long Term Debt

Changes in long-term debt and future maturities are reflected below.

Issue	Interest Rates	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
General Obligation Bonds:										
Refunding	1.30% to 2.80%	11/1/2010	1,005,000	11/1/2014	\$ 795,000	\$ -	\$ 210,000	\$ -	\$ 585,000	\$ 16,003
Total contractual indebtedness					795,000	-	210,000	-	585,000	16,003
Compensated absences	N/A	N/A	N/A	N/A	146,979	-	-	(16,334)	130,645	-
Total Long-term Debt					\$ 941,979	\$ -	\$ 210,000	\$ (16,334)	\$ 715,645	\$ 16,003

Annual Debt Service Requirements

	2013	2014	2015	Total
Principal:				
General obligation bonds	\$ 220,000	\$ 225,000	\$ 140,000	\$ 585,000
Interest:				
General obligation bonds	11,855	6,733	1,960	20,548
Total Principal and Interest	\$ 231,855	\$ 231,733	\$ 141,960	\$ 605,548

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