

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

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

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Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 477
Ingalls, Kansas

We have audited the accompanying financial statements of Unified School District No. 477, 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. 477 has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 477 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. 477, 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

January 2, 2013

UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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>	<u>Cash receipts</u>
Governmental funds:			
General funds:			
General	\$ -	\$ -	\$ 1,909,658
Supplemental general	10,146	-	634,817
Special revenue funds:			
At-risk (4 year old)	5,864	-	20,832
At-risk (K-12)	10,681	-	150,000
Bilingual education	775	-	69,000
Capital outlay	408,540	-	107,039
Driver training	10,009	-	3,348
Food service	44,281	-	155,511
Special education	88,321	-	242,000
KPERs special retirement contribution	-	-	160,147
Recreation commission	19,830	-	49,293
Recreation commission special	2,577	-	6,463
Title IIA Teacher Quality	-	-	8,205
Title III	3	-	-
Title I Migrant program	265	-	19,440
Contingency reserve	183,705	-	22,434
Student material revolving	17,763	-	16,366
Title I	-	-	31,993
Federal REAP	-	-	23,643
Ingalls Alumni Foundation	14,454	-	7,819
District activity funds	10,647	-	64,271
Total primary government (excluding agency funds)	827,861	-	3,702,279
Component unit:			
Ingalls Recreation Commission	28,022	-	55,067
Total reporting entity (excluding agency funds)	<u>\$ 855,883</u>	<u>\$ -</u>	<u>\$ 3,757,346</u>

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

<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 1,909,656	\$ 2	\$ 10,878	\$ 10,880
607,987	36,976	7,882	44,858
25,862	834	-	834
156,508	4,173	200	4,373
68,864	911	-	911
125,016	390,563	53,356	443,919
5,171	8,186	-	8,186
154,531	45,261	25	45,286
242,058	88,263	30	88,293
160,147	-	-	-
47,432	21,691	-	21,691
6,200	2,840	-	2,840
8,205	-	-	-
-	3	-	3
10,460	9,245	-	9,245
26,434	179,705	-	179,705
9,589	24,540	-	24,540
31,993	-	-	-
23,643	-	1,047	1,047
3,062	19,211	-	19,211
62,701	12,217	-	12,217
3,685,519	844,621	73,418	918,039
49,495	33,594	-	33,594
<u>\$ 3,735,014</u>	<u>\$ 878,215</u>	<u>\$ 73,418</u>	<u>\$ 951,633</u>

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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. 477 accounts:	
Money market accounts	\$ 745,541
Now account	160,727
High School now account	<u>25,440</u>
Total primary government	931,708
Agency funds	<u>(13,669)</u>
Total primary government (excluding agency funds)	918,039
Component unit:	
Ingalls Recreation Commission:	
Checking	28,469
Now Account	<u>5,125</u>
Total component unit	<u>33,594</u>
Total reporting entity (excluding agency funds)	<u><u>\$ 951,633</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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	\$ 1,909,656	\$ -	\$ 1,909,656	\$ 1,909,656	\$ -
Supplemental general	607,987	-	607,987	607,987	-
Special revenue funds:					
At-risk (4 year old)	41,631	-	41,631	25,862	15,769
At-risk (K-12)	172,102	-	172,102	156,508	15,594
Bilingual education	71,327	-	71,327	68,864	2,463
Capital outlay	355,386	-	355,386	125,016	230,370
Driver training	12,637	-	12,637	5,171	7,466
Food service	174,603	-	174,603	154,531	20,072
Special education	256,899	-	256,899	242,058	14,841
KPERS special					
retirement contribution	165,917	-	165,917	160,147	5,770
Recreation commission	47,432	-	47,432	47,432	-
Recreation commission					
special	6,200	-	6,200	6,200	-
	3,821,777	-	3,821,777	3,509,432	312,345
Component unit:					
Ingalls Recreation					
Commission	81,241	-	81,241	49,495	31,746
	<u>\$ 3,903,018</u>	<u>\$ -</u>	<u>\$ 3,903,018</u>	<u>\$ 3,558,927</u>	<u>\$ 344,091</u>

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2012

	<u>Statutory amounts</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad valorem tax	\$ 343,590	\$ 324,398	\$ 19,192
Delinquent tax	4,969	2,498	2,471
Federal sources:			
Education jobs	956	-	956
State sources:			
State aid	1,393,346	1,415,968	(22,622)
Special education aid	161,792	161,792	-
Mineral production tax	5,005	5,000	5
Total cash receipts	<u>1,909,658</u>	<u>\$ 1,909,656</u>	<u>\$ 2</u>
Expenditures subject to legal maximum budget:			
Instruction	1,041,142	\$ 974,301	\$ (66,841)
Support services:			
Student support services	52,529	50,856	(1,673)
Instructional support staff	132,331	58,549	(73,782)
General administration	140,738	132,830	(7,908)
School administration	158,745	236,103	77,358
Other supplemental services	7,121	-	(7,121)
Operations and maintenance	134,543	140,198	5,655
Student transportation services:			
Vehicle operating services	56,086	55,619	(467)
Vehicle and maintenance services	24,411	52,519	28,108
Operating transfers	176,253	208,681	32,428
Reimbursed expenditures	(14,243)	-	14,243
Total expenditures	<u>1,909,656</u>	<u>\$ 1,909,656</u>	<u>\$ -</u>
Receipts over (under) expenditures	2		
Unencumbered cash, beginning of year	<u>-</u>		
Unencumbered cash, end of year	<u>\$ 2</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2012

	<u>Statutory amounts</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes:			
Ad Valorem tax	\$ 449,822	\$ 419,093	\$ 30,729
Delinquent tax	5,146	2,881	2,265
Motor vehicle tax	35,181	36,505	(1,324)
Recreational vehicle tax	502	387	115
State sources:			
State aid	<u>144,166</u>	<u>138,975</u>	<u>5,191</u>
Total cash receipts	<u>634,817</u>	<u>\$ 597,841</u>	<u>\$ 36,976</u>
Expenditures subject to legal maximum budget:			
Instruction	-	\$ 66,500	\$ 66,500
Operations and maintenance	157,739	181,400	23,661
Student transportation services:			
Vehicle operating services	51,898	47,500	(4,398)
Vehicle and maintenance services	25,169	26,500	1,331
Operating transfers	<u>373,181</u>	<u>286,087</u>	<u>(87,094)</u>
Total expenditures	<u>607,987</u>	<u>\$ 607,987</u>	<u>\$ -</u>
Receipts over (under) expenditures	26,830		
Unencumbered cash, beginning of year	<u>10,146</u>		
Unencumbered cash, end of year	<u>\$ 36,976</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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:			
Tuition	\$ 4,048	\$ 6,000	\$ (1,952)
Other	784	-	784
Transfer from general fund	16,000	-	16,000
Transfer from supplemental general fund	<u>-</u>	<u>29,767</u>	<u>(29,767)</u>
Total cash receipts	20,832	<u><u>\$ 35,767</u></u>	<u><u>\$ (14,935)</u></u>
Expenditures:			
Instruction	<u>25,862</u>	<u><u>\$ 41,631</u></u>	<u><u>\$ 15,769</u></u>
Receipts over (under) expenditures	(5,030)		
Unencumbered cash, beginning of year	<u>5,864</u>		
Unencumbered cash, end of year	<u><u>\$ 834</u></u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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 fund	\$ -	\$ 13,880	\$ (13,880)
Transfer from supplemental general fund	<u>150,000</u>	<u>147,541</u>	<u>2,459</u>
Total cash receipts	<u>150,000</u>	<u>\$ 161,421</u>	<u>\$ (11,421)</u>
Expenditures:			
Instruction	142,792	\$ 162,528	\$ 19,736
Support services:			
Student support services	4,906	5,156	250
Instructional support staff	4,833	4,418	(415)
School administration	<u>3,977</u>	<u>-</u>	<u>(3,977)</u>
Total expenditures	<u>156,508</u>	<u>\$ 172,102</u>	<u>\$ 15,594</u>
Receipts over (under) expenditures	(6,508)		
Unencumbered cash, beginning of year	<u>10,681</u>		
Unencumbered cash, end of year	<u>\$ 4,173</u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

BILINGUAL 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 supplemental general fund	\$ 69,000	\$ 70,820	\$ (1,820)
Expenditures:			
Instruction	55,263	\$ 71,327	\$ 16,064
Support services:			
Instructional support staff	13,601	-	(13,601)
Total expenditures	68,864	\$ 71,327	\$ 2,463
Receipts over (under) expenditures	136		
Unencumbered cash, beginning of year	775		
Unencumbered cash, end of year	\$ 911		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

CAPITAL OUTLAY 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 tax	\$ 71,628	\$ 67,695	\$ 3,933
Delinquent tax	1,138	521	617
Motor vehicle tax	6,353	6,593	(240)
Recreational vehicle tax	91	70	21
Interest	-	3,000	(3,000)
Other	27,829	24,000	3,829
Total cash receipts	<u>107,039</u>	<u>\$ 101,879</u>	<u>\$ 5,160</u>
Expenditures:			
Instruction	2,228	\$ 10,000	\$ 7,772
Support services:			
Student support services	-	1,000	1,000
Instructional support staff	-	1,000	1,000
General administration	250	1,000	750
School administration	-	1,000	1,000
Operations and maintenance	84,839	5,000	(79,839)
Student transportation services:			
Vehicle and maintenance services	36,944	50,000	13,056
Facility acquisition and construction	755	-	(755)
Building improvements	-	286,386	286,386
Total expenditures	<u>125,016</u>	<u>\$ 355,386</u>	<u>\$ 230,370</u>
Receipts over (under) expenditures	(17,977)		
Unencumbered cash, beginning of year	<u>408,540</u>		
Unencumbered cash, end of year	<u>\$ 390,563</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

DRIVER TRAINING 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	\$ 846	\$ 1,628	\$ (782)
Interest	1,196	-	1,196
Other	<u>1,306</u>	<u>1,000</u>	<u>306</u>
Total cash receipts	<u>3,348</u>	<u>\$ 2,628</u>	<u>\$ 720</u>
Expenditures:			
Instruction	5,171	\$ 6,489	\$ 1,318
Student transportation services:			
Vehicle and maintenance services	<u>-</u>	<u>6,148</u>	<u>6,148</u>
Total expenditures	<u>5,171</u>	<u>\$ 12,637</u>	<u>\$ 7,466</u>
Receipts over (under) expenditures	(1,823)		
Unencumbered cash, beginning of year	<u>10,009</u>		
Unencumbered cash, end of year	<u>\$ 8,186</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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	\$ 38,660	\$ 39,286	\$ (626)
Federal aid	65,526	61,958	3,568
State aid	1,325	1,099	226
Transfer from general fund	819	-	819
Transfer from supplemental general fund	<u>49,181</u>	<u>30,000</u>	<u>19,181</u>
Total cash receipts	155,511	<u><u>\$ 132,343</u></u>	<u><u>\$ 23,168</u></u>
Expenditures:			
Food service operations	<u>154,531</u>	<u><u>\$ 174,603</u></u>	<u><u>\$ (20,072)</u></u>
Receipts over (under) expenditures	980		
Unencumbered cash, beginning of year	<u>44,281</u>		
Unencumbered cash, end of year	<u><u>\$ 45,261</u></u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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:			
Transfer from general fund	\$ 137,000	\$ 172,821	\$ (35,821)
Transfer from supplemental general fund	<u>105,000</u>	<u>7,959</u>	<u>97,041</u>
Total cash receipts	242,000	<u><u>\$ 180,780</u></u>	<u><u>\$ 61,220</u></u>
Expenditures:			
Instruction	<u>242,058</u>	<u><u>\$ 256,899</u></u>	<u><u>\$ 14,841</u></u>
Receipts over (under) expenditures	(58)		
Unencumbered cash, beginning of year	<u>88,321</u>		
Unencumbered cash, end of year	<u><u>\$ 88,263</u></u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTIONS 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	\$ 160,147	\$ 165,917	\$ (5,770)
Expenditures:			
Instruction	111,604	\$ 100,500	\$ (11,104)
Support services:			
Student support services	5,995	4,957	(1,038)
Instructional support staff	13,535	5,416	(8,119)
General administration	1,835	8,874	7,039
School administration	1,259	18,870	17,611
Operations and maintenance	12,278	11,730	(548)
Student transportation services	7,505	9,384	1,879
Food service	6,136	6,186	50
Total expenditures	<u>160,147</u>	<u>\$ 165,917</u>	<u>\$ 5,770</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. 477
INGALLS, KANSAS**

RECREATION COMMISSION 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 tax	\$ 44,555	\$ 42,310	\$ 2,245
Delinquent tax	711	325	386
Motor vehicle tax	3,970	4,119	(149)
Recreational vehicle tax	<u>57</u>	<u>43</u>	<u>14</u>
Total cash receipts	49,293	<u><u>\$ 46,797</u></u>	<u><u>\$ 2,496</u></u>
Expenditures:			
Transfer to component unit	<u>47,432</u>	<u><u>\$ 47,432</u></u>	<u><u>\$ -</u></u>
Receipts over (under) expenditures	1,861		
Unencumbered cash, beginning of year	<u>19,830</u>		
Unencumbered cash, end of year	<u><u>\$ 21,691</u></u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

RECREATION COMMISSION SPECIAL 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 tax	\$ 5,819	\$ 5,524	\$ 295
Delinquent tax	94	41	53
Motor vehicle tax	542	558	(16)
Recreational vehicle tax	<u>8</u>	<u>6</u>	<u>2</u>
Total cash receipts	6,463	<u><u>\$ 6,129</u></u>	<u><u>\$ 334</u></u>
Expenditures:			
Transfer to component unit	<u>6,200</u>	<u><u>\$ 6,200</u></u>	<u><u>\$ -</u></u>
Receipts over (under) expenditures	263		
Unencumbered cash, beginning of year	<u>2,577</u>		
Unencumbered cash, end of year	<u><u>\$ 2,840</u></u>		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

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

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Appropriation from Unified			
School District No. 477:			
Recreation commission fund	\$ 47,447	\$ 46,840	\$ 607
Recreation commission special fund	6,083	6,200	(117)
Pool admissions	425	-	425
Interest	59	70	(11)
Baseball fees	820	-	820
Miscellaneous	233	500	(267)
Total cash receipts	<u>55,067</u>	<u>\$ 53,610</u>	<u>\$ 1,457</u>
Expenditures:			
Ball field maintenance/improvements	10,057	\$ 5,500	\$ (4,557)
Pool maintenance/improvements	11,881	12,000	119
Payroll and taxes	22,947	26,000	3,053
Utilities	3,309	7,000	3,691
Miscellaneous	1,301	21,816	20,515
Employee benefits	-	8,925	8,925
Total expenditures	<u>49,495</u>	<u>\$ 81,241</u>	<u>\$ 31,746</u>
Receipts over (under) expenditures	5,572		
Unencumbered cash, beginning of year,	<u>28,022</u>		
Unencumbered cash, end of year	<u>\$ 33,594</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ALL NON-BUDGETED FUNDS

Year ended June 30, 2012

	Special revenue funds			
	Title II part A teacher quality	Title III	Title I migrant program	Contingency reserve
Cash receipts:				
Rental fees and books	\$ -	\$ -	\$ -	\$ -
Federal aid	8,205	-	19,440	-
Contributions and donations	-	-	-	-
Transfer from general fund	-	-	-	22,434
	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,434</u>
Total cash receipts	<u>8,205</u>	<u>-</u>	<u>19,440</u>	<u>22,434</u>
Expenditures:				
Instruction	8,205	-	50	25,668
Instructional support staff	-	-	3,764	-
Student support services	-	-	6,381	-
General administration	-	-	-	766
Scholarships	-	-	-	-
Refund to state	-	-	265	-
	<u>-</u>	<u>-</u>	<u>265</u>	<u>-</u>
Total expenditures	<u>8,205</u>	<u>-</u>	<u>10,460</u>	<u>26,434</u>
Receipts over (under) expenditures	-	-	8,980	(4,000)
Unencumbered cash, beginning of year	-	3	265	183,705
	<u>-</u>	<u>3</u>	<u>265</u>	<u>183,705</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 9,245</u>	<u>\$ 179,705</u>

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

Special revenue funds				
Student material revolving	Title I	Federal REAP grant	Ingalls alumni foundation	Total
\$ 16,366	\$ -	\$ -	\$ -	\$ 16,366
-	31,993	23,643	-	83,281
-	-	-	7,819	7,819
-	-	-	-	22,434
16,366	31,993	23,643	7,819	129,900
9,589	31,993	23,643	-	99,148
-	-	-	-	3,764
-	-	-	-	6,381
-	-	-	-	766
-	-	-	3,062	3,062
-	-	-	-	265
9,589	31,993	23,643	3,062	113,386
6,777	-	-	4,757	16,514
17,763	-	-	14,454	216,190
<u>\$ 24,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,211</u>	<u>\$ 232,704</u>

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, 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:						
Activities	\$ 92	\$ 6,962	\$ 6,749	\$ 305	\$ -	\$ 305
Officials & referees	-	10,000	8,660	1,340	-	1,340
Clearing fund	60	2,526	2,586	-	-	-
Total gate receipts	152	19,488	17,995	1,645	-	1,645
Revolving accounts:						
Student supplies	(236)	3,230	2,994	-	-	-
Library	599	3,054	3,096	557	-	557
SADD drug monies	500	-	275	225	-	225
TEAM	143	20,263	20,386	20	-	20
Yearbook	9,363	18,236	17,955	9,644	-	9,644
Literary magazine	126	-	-	126	-	126
Total revolving accounts	10,495	44,783	44,706	10,572	-	10,572
Total district activity funds	<u>\$ 10,647</u>	<u>\$ 64,271</u>	<u>\$ 62,701</u>	<u>\$ 12,217</u>	<u>\$ -</u>	<u>\$ 12,217</u>

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

UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
Music	\$ 136	\$ 790	\$ 721	\$ 205
Cheerleaders	161	3,437	3,410	188
KAY	461	1,664	2,106	19
I-Club	4,399	840	511	4,728
National Honor Society	63	-	-	63
Stuco	819	7,398	8,172	45
Dance team	269	-	-	269
Middle school stuco	-	489	481	8
JH cheerleaders	734	765	648	851
HS golf	-	35	-	35
Junior high	887	4,172	4,637	422
Class of '11	941	-	430	511
Class of '12	2,705	-	1,544	1,161
Class of '13	3,826	16,317	18,277	1,866
Class of '14	-	10,442	8,033	2,409
Class of '15	-	847	403	444
	<u>15,401</u>	<u>47,196</u>	<u>49,373</u>	<u>13,224</u>
Total student organizations				
	<u>15,401</u>	<u>47,196</u>	<u>49,373</u>	<u>13,224</u>
Clearing funds:				
Sales tax	1	5,263	5,264	-
Payroll clearing	-	11,040	10,595	445
	<u>1</u>	<u>16,303</u>	<u>15,859</u>	<u>445</u>
Total clearing funds				
	<u>1</u>	<u>16,303</u>	<u>15,859</u>	<u>445</u>
Total agency funds	<u>\$ 15,402</u>	<u>\$ 63,499</u>	<u>\$ 65,232</u>	<u>\$ 13,669</u>

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

**UNIFIED SCHOOL DISTRICT NO. 477
INGALLS, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A 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. 477 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 477 (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.

Ingalls Recreation Commission. The Commission oversees recreational activities. One of the five members of the governing board is 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. The financial information included in this report is from the latest accounting year of the Commission, December 31, 2011.

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

Ingalls Recreation Commission
100 Bulldog Drive
Ingalls, KS 67853

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, restrictions 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.

Debt Service Funds

Debt service funds are used to account for the financing of long-term debt that is not otherwise financed from other revenue.

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 funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- 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 fund was amended for the year ended June 30, 2012:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 1,898,316	\$ 1,909,656

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

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 and internal service funds:

Contingency Reserve
Student Material Revolving
Ingalls Alumni Foundation
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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Compensated absences

The District's policy grants employees vacation days based on contract for certified personnel. Non-certified personnel receive 10 days of vacation annually after one year of service and 15 days after 10 years of continuous service. Personal leave is granted at three days per year for licensed employees and two days per year for non-licensed employees. Licensed employees are reimbursed for unused personal days at a rate of \$110.00 per day paid at the end of the school year. Non-licensed employees' unused personal days are rolled into sick leave. When certain conditions are met, accumulated vacation time is paid to the employee upon termination, retirement or resignation.

All licensed personnel receive ten days of sick leave annually. Non-licensed personnel receive eight days of sick leave annually. Unused sick days are allowed to accumulate up to ninety days for licensed personnel and 60 for non-licensed personnel. Policies permit unused sick leave to be reimbursed if the employee has been with the District for more than ten years and retires or resigns at the end of the school year. The District pays for accumulated sick leave at a rate of \$10.00 per day, which increases by \$10.00 for every 5 years of service beyond 10 years.

9. Section 125 Plan

The District offers a Section 125 flexible benefit plan to employees electing to participate. It is used for medical reimbursements, health, dental, and dependent care. The plan is administered by an independent company.

10. 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. DEPOSITS AND INVESTMENTS

Policies. The District has no 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 bank provides 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, by a corporate surety bond, 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 Loan Bank of Topeka. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the District may invest in any one issuer. The District has no investment policy that would further limit its investment choices.

B. DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$933,138. The bank balance was \$928,852. Of the bank balance, \$252,930 was covered by FDIC insurance, and the remaining \$675,922 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

C. 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:					
Boilers and equipment					
Issued November 9, 2007					
In the amount of \$86,000					
At interest rate of 4.00%					
Maturing December 1, 2012	<u>\$ 27,677</u>	<u>\$ -</u>	<u>\$ 18,268</u>	<u>\$ 9,409</u>	<u>\$ 926</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>\$ 9,409</u>	<u>\$ 188</u>	<u>\$ 9,597</u>

D. INTERFUND TRANSACTIONS

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	Special education	\$ 137,000
General	Contingency reserve	22,434
General	At-risk (4 year old)	16,000
General	Food service	819
Supplemental general	Food service	49,181
Supplemental general	Special education	105,000
Supplemental general	Bilingual	69,000
Supplemental general	At-risk (K-12)	150,000
		<u>\$ 549,434</u>

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

Recreation commission	Ingalls Recreation Commission	\$ 47,432
Recreation commission special	Ingalls Recreation Commission	<u>6,200</u>
		<u>\$ 53,632</u>

E. 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 for July 1, 2011 through June 30, 2012. 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 \$160,147, \$92,176, and \$105,155, respectively.

F. 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, natural disasters, and medical needs of employees. The District purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

G. 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.

H. 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.

H. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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.

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 2, 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.