

**GALENA
UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS**

For the Fiscal Year Ended June 30, 2012

Statutory Basis Financial Statement
Independent Auditors' Report
with Supplemental Information

GALENA UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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GALENA, KANSAS

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Diehl Banwart Bolton

Certified Public Accountants P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Galena Unified School District #499
Galena, Kansas

We have audited the accompanying Summary of the Cash Receipts, Expenditures and Unencumbered Cash of the Unified School District #499, Galena, Kansas, as of June 30, 2012, and for the fiscal year then ended. This financial statement is the responsibility of management. Our responsibility is to express an opinion on this financial statement 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting practices generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the District's policy to prepare its financial statement on the basis of accounting discussed in the preceding paragraph, the financial statement referred to in the first paragraph does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District #499, Galena, Kansas, as of June 30, 2012, the changes in its financial position, or, where applicable, its cash flows for the fiscal year then ended.

Board of Education
Galena Unified School District #499
Galena, Kansas

In our opinion, the financial statement referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District #499, Galena, Kansas, as of June 30, 2012, and its aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

In accordance with **Government Auditing Standards**, we have also issued reports dated October 24, 2012, on our consideration of the District's internal control structure and on its compliance with certain provisions of laws, regulations, contracts and grants. These reports are an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole. The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the financial statement of the District. The supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. This 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 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 taken as a whole.

Diehl Banwart Bolton CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

October 24, 2012
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2012

Funds	Beginning		Cash Receipts	Expenditures	Ending		Cash Balances	
	Unencumbered	Cash Balances			Unencumbered	Plus Encumbrances and Accounts Payable	June 30, 2012	
GOVERNMENTAL TYPE FUNDS								
General Fund	-		\$5,789,886	\$5,789,886	-	\$95,123	\$95,123	
Special Revenue Funds								
Supplemental General	19,538		1,549,685	1,500,000	69,224	376,241	445,465	
4 Yr Old At Risk	-		61,186	61,186	-	-	-	
K -12 At Risk	447,100		922,684	1,069,784	300,000	92	300,092	
Capital Outlay	1,106,977		103,392	28,537	1,181,831	5,334	1,187,165	
Driver Education	51,100		3,076	14,949	39,227	22	39,249	
Food Service	133,700		526,485	546,485	113,700	1,429	115,129	
Inservice Education	72,300		1,091	16,283	57,108	296	57,403	
Special Education	653,800		926,940	1,037,915	542,825	52,625	595,450	
Historical Museum	-		15,914	15,914	-	-	-	
Vocational Education	-		255,141	255,141	-	3,250	3,250	
KPERS Special Retirement	-		519,802	519,802	-	-	-	
Contingency Reserve	385,000		-	65,403	319,597	-	319,597	
Textbook Rental	124,723		6,503	-	131,226	-	131,226	
Cornerston Business Fund	-		543	543	-	-	-	
Retiree's Holding Account	-		100,221	100,221	-	-	-	
Scholarship	31,655		1,784	1,335	32,104	-	32,104	
Dunncliffe Special Projects	8,460		89,417	90,615	7,262	-	7,262	
Mini-Grant	79,974		55,378	57,637	77,715	290	78,005	
Title I	-		291,666	291,666	-	-	-	
21st Century Com Learning	-		59,200	67,373	(8,173)	3,359	(4,815)	
Title II-A Tearcher Quality	-		62,172	62,172	-	318	318	
Title VI	-		23,459	23,459	-	-	-	
District Activity Funds	9,961		46,411	42,747	13,626	-	13,626	
Debt Service Fund								
Bond and Interest	303,501		215,436	264,000	254,937	-	254,937	
Total Reporting Entity	\$3,427,789		\$11,627,471	\$11,923,053	\$3,132,208	\$538,377	\$3,670,584	

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

(Continued)

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Fiscal Year Ended June 30, 2012

	Cash Balances June 30, 2012
Composition of Cash	
General Checking NOW Account.....	\$640,097
Cornerstone Checking.....	\$8,593
Money Market Accounts.....	2,387,742
Activity Checking Accounts.....	95,789
Petty Cash.....	3,000
Certificates of Deposit.....	24,255
Municipal Investment Pool.....	585,423
Total Cash	3,744,899
Agency Funds per Statement 4	(74,315)
Total Reporting Entity.....	\$3,670,584

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

GALENA UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Galena Unified School District #499, Galena, Kansas, has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting policies generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Galena Unified School District #499 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a component unit in this financial statement.

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 Galena Unified School District #499:

GOVERNMENTAL FUNDS

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

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

Debt Service Funds - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the Galena Unified School District #499.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Basis of Presentation - Fund Accounting – (Continued)

FIDUCIARY FUNDS

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

Basis of Presentation - Statutory Basis Financial Statement

This financial statement is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. 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.

The District has obtained a waiver from accounting principles generally accepted in the United States of America, which allows the District to revert to the statutory basis of accounting.

Departures From Accounting Principles Generally Accepted in the United States of America

The basis of presentation 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 non-cash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue, 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 accounting principles generally accepted in the United States of America. General fixed assets that account for the land, building and equipment owned by the District are not recorded in the financial statements.

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 enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Budgetary Information (Continued)

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. On June 25, 2012, the District amended their budget for the General Fund

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 cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of 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 the Contingency Reserve, Textbook Rental, and Cornerstone Business Funds. In addition, legal operating budgets are not required for agency and grant 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.

Cash and Investments

Cash and investments include money market checking accounts, certificates of deposit, and repurchase agreements and holdings in the Kansas Municipal Investments Pool. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, obligations of the U.S. Treasury, and the Kansas Municipal Investment Pool.

Compensated Absences

Full-time non-certified employees are eligible for vacation benefits ranging from 10 to 20 days a year. Employees are not allowed to accumulate and carry forward vacation benefits past their anniversary date and are not paid for them when they terminate employment.

Employees can accrue 10 days of sick leave each year. Up to 70 days of unused sick days that may be accumulated and carried over. However, upon termination no payments are made for accumulated sick days. Each year the amount of accumulated sick days in excess of 70 days are bought back for \$25 per day.

The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to the employee's right to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria the District has not determined a liability for vacation or sick pay.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Compliance with Kansas Statutes

The financial statement has been prepared in order to show compliance with the cash basis and budget laws of Kansas. There were no apparent violations of the cash basis and budget laws of Kansas. The negative encumbered cash balance in the 21st Century Learning Fund is not a violation of Kansas statutes because this amount will be reimbursed by a federal grant.

3. **DEPOSITS AND INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District 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. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. This Government's allocation of investments as of June 30, 2012 is as follows:

<u>INVESTMENTS</u>	<u>PERCENTAGE OF INVESTMENTS</u>
Kansas Municipal Investment Pool	100 %

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2012, as detailed in the table below.

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

At June 30, 2012 the District's carrying amount of deposits was \$3,744,899 and the bank balance was \$3,130,180. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$511,610 was covered by federal depository insurance, and \$2,618,570 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

FINANCIAL INSTITUTIONS

<u>RISK CATEGORIES</u>	<u>AMERICAN BANK</u>	<u>COMMUNITY BANK & TRUST</u>	<u>TOTALS</u>
(1) FDIC Insurance	\$ 250,000	\$ 261,610	\$ 511,610
(1) Collateralized with pledged securities held in the District's account	2,161,998	458,183	2,618,570
(2) Collateralized with pledged securities in Bank's account	-	-	-
(3) Uncollateralized	-	-	-
TOTAL BANK BALANCES	\$ 2,411,998	\$ 719,793	\$ 3,130,180
Total Market Value of Pledged Securities	\$ 2,621,268	\$ 862,836	\$ 3,484,104

At June 30, 2012, the District had the following investments and maturities.

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>Investment Maturities (in Years)</u>			<u>RATING S&P</u>
		<u>LESS THAN 1</u>	<u>1 – 2</u>		
Kansas Municipal Investment Pool	\$ 585,423	\$ 585,423	\$ -		AAAf/S1+
Total Fair Value	\$ 585,423	\$ 585,423	\$ -		

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

4. **PENSION PLAN** (Continued)

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% 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. State law sets a limitation on annual increases in the contribution rates. For fiscal year ended June 30, 2012 the State of Kansas contributes 9.77% of covered payroll. Kansas' contributions to KPERS for school municipality employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the statutory required contributions for each year. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$428,148, \$401,383, and \$369,924.

5. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The District continues to carry commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

6. **CONTINGENCIES**

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

7. **TRANSFERS**

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-6420	\$ 722,819
General	4 Yr Old At Risk	KSA 72-6414b	61,186
General	K-12 At Risk	KSA 72-6414a	631,890
Supplemental General	Food Service	KSA 72-6424	44,409
Supplemental General	Special Education	KSA 72-6420	196,232
Supplemental General	K-12 At Risk	KSA 72-6414b	290,794
Supplemental General	Voc Ed	KSA 72-6421	252,129

8. **POST EMPLOYMENT BENEFITS**

Early Retirement

Only employees that had completed 20 years of employment with the District as of June 30, 2003, are eligible for retirement benefits from the District. The benefit is \$2,000 per year for five years. For the fiscal year ended June 30, 2012, the total early retirement payments were \$12,000. In addition, \$18,000 is owed to former employees that have already retired and there are six eligible employees that have not retired.

8. **POST EMPLOYMENT BENEFITS** (Continued)

Participation in Group Health Insurance Plan

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan until they reach age 65. 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 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.

9. **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the Independent Auditors' Report as shown on page 2 of these financial statements. There are no subsequent events recognized in these financial statements or disclosed in the notes to the financial statements.

10. **AMENDED BUDGET**

On June 25, 2012, the District amended their budget for the General Fund. The original budget and the amended budget are shown below:

	<u>Original Budget</u>	<u>Amount Changed</u>	<u>Amended Budget</u>
General Fund			
Instruction	\$ 2,145,203	\$ 2,268	\$ 2,147,471
Student Support	145,000	-	145,000
Instructional Support	89,700	-	89,700
General Administration	200,700	-	200,700
School Administration	514,950	-	514,950
Operations and Maintenance	749,767	-	749,767
Transportation	125,800	-	125,800
Other Supplemental Services	105,700	-	105,700
Transfers	1,683,900	-	1,683,900
Legal Max Adjustment Total	<u>\$ 5,760,720</u>	<u>\$ 2,268</u>	<u>\$ 5,762,988</u>

11. LONG TERM DEBT OBLIGATIONS

Attached are schedules detailing the long term debt and its maturi

Schedule of Changes in Long-Term Debt

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances		Additions / New Debt	Reductions / Principal Paid	Balances End of Year	Interest Paid
					Beginning of Year					
General Obligation Refunding Bonds Series 2009	3%	12/30/2009	\$1,170,000	10/1/2014	\$ 920,000		\$ -	\$ 240,000	\$ 680,000	\$ 24,000
					<u>\$ 920,000</u>		<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 680,000</u>	<u>\$ 24,000</u>

11. LONG TERM DEBT OBLIGATIONS (Continued)

Schedule of Maturities in Long-Term Debt

	2012	2013	2014	2015	2016	Totals
PRINCIPAL						
General Obligation Bonds Series 2009	\$250,000	\$ 255,000	\$ 175,000	\$ -	\$ -	\$ 680,000
INTEREST						
General Obligation Refunding Series 2009	16,650	9,075	2,625	-	-	28,350
Totals	<u>\$266,650</u>	<u>\$ 264,075</u>	<u>\$ 177,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,350</u>

12. **PRIOR PERIOD ADJUSTMENT**

The beginning unencumbered cash balances of the General and Supplemental General Funds have been restated because of a change in the statutory basis of accounting. State aid payments received in these funds after June 30 are now recorded as additional revenue in the current fiscal year. Accordingly, the Districts total unencumbered cash has also been restated. Details of the adjustments are shown below:

	<u>Original Amount</u>	<u>Change</u>	<u>Restated Amount</u>
General Fund	\$ (724,086)	\$ 724,086	\$ -
Supplemental Fund	(61,732)	81,270	19,538
District Total	2,622,433	805,356	3,427,789

SUPPLEMENTAL INFORMATION

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Summary Schedule of Expenditures - Actual and Budget (Budgeted Funds Only)
 For the Fiscal Year Ended June 30, 2012

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Favorable (Unfavorable)
					Charged to Current Year Budget		
GOVERNMENTAL TYPE FUNDS							
General Fund	\$5,762,988	-	\$26,898	\$5,789,886	\$5,789,886		-
Special Revenue Funds							
Supplemental General	1,500,000	-	-	1,500,000	1,500,000		-
4 Yr Old At Risk	71,900	-	-	71,900	61,186		10,714
K -12 At Risk	1,323,500	-	-	1,323,500	1,069,784		253,716
Capital Outlay	230,000	-	-	230,000	28,537		201,463
Driver Education	18,400	-	-	18,400	14,949		3,451
Food Service	657,558	-	-	657,558	546,485		111,073
Inservice Education	31,600	-	-	31,600	16,283		15,317
Special Education	1,149,200	-	-	1,149,200	1,037,915		111,285
Historical Museum	18,000	-	-	18,000	15,914		2,086
Vocational Education	271,600	-	-	271,600	255,141		16,459
KPERS Special Retirement	603,971	-	-	603,971	519,802		84,169
Virtual Education	-	-	-	-	-		-
Debt Service Funds							
Bond and Interest	264,200	-	-	264,200	264,000		200

\$11,902,917

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance -
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Local Sources			
Ad valorem tax	\$207,110	\$200,590	\$6,520
Delinquent tax	10,117	7,857	2,260
Mineral tax	-	-	-
Other	26,898	-	26,898
State Sources			
General aid	4,820,190	4,831,722	(11,532)
Special ed aid	722,819	722,819	-
Federal Sources			
Education Jobs Fund	2,752	-	2,752
ARRA Stabilization	-	-	-
Total Cash Receipts	<u>5,789,886</u>	<u>\$5,762,988</u>	<u>\$24,146</u>
Expenditures			
Instruction	2,378,857	\$2,147,471	(\$231,386)
Support Services			
Student Support	205,153	145,000	(60,153)
Instructional Support	105,343	89,700	(15,643)
General Administration	152,376	200,700	48,324
School Administration	522,043	514,950	(7,093)
Operations and Maintenance	741,072	749,767	8,695
Transportation	154,847	125,800	(29,047)
Other Supplemental Service	114,300	105,700	(8,600)
Operating transfers to:			
Special Education	722,819	770,000	47,181
Vocational Education	-	-	-
Capital Outlay	-	-	-
Inservice Education	-	-	-
Contingency Reserve	-	-	-
4 Yr Old At Risk	61,186	71,900	10,714
K-12 At Risk	631,890	842,000	210,110
Driver Education	-	-	-
Adjustments to Budget For:			
Legal Max Budget Adjustment	-	-	-
Reimbursed Expenses	-	26,898	26,898
Total Expenditures	<u>5,789,886</u>	<u>\$5,789,886</u>	<u>-</u>
Subject to Budget			
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

UNIFIED SCHOOL DISTRICT #499

GALENA, KANSAS

SUPPLEMENTAL GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad Valorem	\$399,904	\$437,773	(\$37,869)
Delinquent tax	23,087	13,728	9,359
Motor vehicle tax	57,720	60,303	(2,583)
State Sources			
Supplemental aid	1,068,975	1,030,487	38,488
Federal Sources			
ARRA Stabilization	-	-	-
Total Cash Receipts	<u>1,549,685</u>	<u>\$1,542,291</u>	<u>\$7,394</u>
Expenditures			
Instruction	442,696	\$211,000	(\$231,696)
Support Services			
Student Support	3,053	3,000	(53)
Instructional Support	7,433	5,800	(1,633)
General Administration	50,438	52,100	1,662
School Administration	10,963	8,000	(2,963)
Operations & Maintenance	186,995	185,100	(1,895)
Transportation	14,856	40,000	25,144
Other Supplemental Service	-	-	-
Operating Transfers to Other Funds			
Inservice	-	-	-
Food Service	44,409	213,800	169,391
Special Education	196,232	168,100	(28,132)
Virtual Education	-	-	-
Drivers Education	-	-	-
4 Yr Old At Risk	-	-	-
K - 12 At Risk	290,794	341,500	50,706
Vocational Education	252,129	271,600	19,471
Total Expenditures			
Subject to Budget	<u>1,500,000</u>	<u>\$1,500,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	49,685		
Unencumbered Cash, Beginning	<u>19,538</u>		
Unencumbered Cash, Ending	<u>\$69,224</u>		

UNIFIED SCHOOL DISTRICT #499

GALENA, KANSAS

4 YEAR OLD AT RISK FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Interest	-	-	-
Operating Transfers from Other Funds			
General	61,186	71,900	(10,714)
Supplemental General	-	-	-
Total Cash Receipts	61,186	\$71,900	(\$10,714)
Expenditures			
Instruction	61,186	\$71,900	\$10,714
Total Expenditures	61,186	\$71,900	\$10,714
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
K - 12 AT RISK FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Miscellaneous	-	-	-
Operating Transfers from Other Funds			
General	631,890	842,000	(210,110)
Supplemental General	290,794	341,500	(50,706)
Total Cash Receipts	922,684	\$1,183,500	(\$260,816)
Expenditures			
Instruction	1,069,231	\$1,323,500	\$254,269
School Administration	-	-	-
Operations and Maintenance	553	-	(553)
Adjustments to Budget For:			
Reimbursed Expenses	-	-	-
Total Expenditures	1,069,784	\$1,323,500	\$253,716
Receipts Over (Under) Expenditures	(147,100)		
Unencumbered Cash, Beginning	447,100		
Unencumbered Cash, Ending	\$300,000		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CAPITAL OUTLAY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$0	-	\$0
Delinquent tax	598	-	598
Motor vehicle tax	-	-	-
Interest on idle funds	4,015	5,000	(985)
Other	98,778	35,000	63,778
State Sources			
State Aid	-	-	-
Operating Transfer from General Fund	-	-	-
Total Cash Receipts	103,392	\$40,000	\$63,392
Expenditures			
Instruction	21,981	\$25,000	\$3,019
Support Services			
Operations & Maintenance	-	100,000	100,000
Facility Acquisition and Construction Services	6,556	105,000	98,444
Operating Transfers to Transportation Fund	-	-	-
Total Expenditures	28,537	\$230,000	\$201,463
Receipts Over (Under) Expenditures	74,855		
Unencumbered Cash, Beginning	1,106,977		
Unencumbered Cash, Ending	\$1,181,831		

UNIFIED SCHOOL DISTRICT #499

GALENA, KANSAS

DRIVER EDUCATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$68	-	\$68
State Sources			
State aid	3,008	2,220	788
Operating Transfer from			
General Fund	-	-	-
Supplemental General Fund	-	-	-
Total Cash Receipts	3,076	\$2,220	\$856
Expenditures			
Instruction	14,407	\$16,500	\$2,093
Support Services			
Operations and Maintenance	542	1,900	1,358
Student Support Services	-	-	-
Other Support Services	-	-	-
Total Expenditures	14,949	\$18,400	\$3,451
Receipts Over (Under) Expenditures	(11,873)		
Unencumbered Cash, Beginning	51,100		
Unencumbered Cash, Ending	\$39,227		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
FOOD SERVICE FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Food Service Sales	\$131,985	\$134,080	(\$2,095)
Other	4,881	3,000	1,881
State Sources			
Food service aid	4,202	3,287	915
Federal Sources			
Child nutrition aid	341,008	292,691	48,317
Operating Transfer from Other Funds			
Supplemental General	44,409	213,800	(169,391)
Total Cash Receipts	526,485	\$646,858	(\$120,373)
Expenditures			
Support Services			
Operations and Maintenance	36,757	\$47,500	\$10,743
Operation of Non- Instructional Services			
Food Service Operations	509,728	610,058	100,330
Total Expenditures	546,485	\$657,558	\$111,073
Receipts Over (Under) Expenditures	(20,000)		
Unencumbered Cash, Beginning	133,700		
Unencumbered Cash, Ending	\$113,700		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
INSERVICE EDUCATION FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance -
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Local Sources			
Other	\$1,091	-	\$1,091
State Sources			
State Aid	-	-	-
Operating Transfer from			
General Fund	-	-	-
Supplemental General	-	-	-
Total Cash Receipts	<u>1,091</u>	<u>-</u>	<u>\$1,091</u>
Expenditures			
Support Services			
Instructional Support Staff	<u>16,283</u>	<u>\$31,600</u>	<u>\$15,317</u>
Total Expenditures	<u>16,283</u>	<u>\$31,600</u>	<u>\$15,317</u>
Receipts Over (Under) Expenditures	(15,192)		
Unencumbered Cash, Beginning	<u>72,300</u>		
Unencumbered Cash, Ending	<u>\$57,108</u>		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SPECIAL EDUCATION FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$7,889	-	\$7,889
Operating Transfers from Other Funds			
General	722,819	770,000	(47,181)
Supplemental General	196,232	168,100	28,132
Total Cash Receipts	926,940	\$938,100	(\$11,160)
Expenditures			
Instruction	981,110	\$1,084,500	\$103,390
Support Services			
Instruction Support Staff	-	-	-
Transportation	56,804	64,700	7,896
Total Expenditures	1,037,915	\$1,149,200	\$111,285
Receipts Over (Under) Expenditures	(110,975)		
Unencumbered Cash, Beginning	653,800		
Unencumbered Cash, Ending	\$542,825		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
HISTORICAL MUSEUM FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad Valorem Tax	\$13,048	\$13,080	(\$32)
Delinquent Tax	894	469	425
Motor Vehicle Tax	1,972	2,060	(88)
Other	-	2,800	(2,800)
Total Cash Receipts	15,914	\$18,409	(\$2,495)
Expenditures			
Community Service Operations	15,914	\$18,000	\$2,086
Total Expenditures	15,914	\$18,000	\$2,086
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
VOCATIONAL EDUCATION FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Miscellaneous Receipts	-	-	-
Reimbursements	3,012	-	3,012
Operating Transfer from Supplemental General General Fund	252,129	271,600	(19,471)
	-	-	-
Total Cash Receipts	255,141	\$271,600	(\$16,459)
Expenditures			
Instruction	255,141	\$271,600	\$16,459
Total Expenditures	255,141	\$271,600	\$16,459
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
State Sources			
State Aid	\$519,802	\$603,971	(\$84,169)
Total Cash Receipts	519,802	\$603,971	(\$84,169)
Expenditures			
Instruction	359,261	\$416,318	\$57,057
Student Support	13,481	15,808	2,327
Instructional Support	7,269	8,163	894
General Administration	14,114	16,991	2,877
School Administration	49,492	56,236	6,744
Other Supplemental Services	12,173	14,412	2,239
Operations & Maintenance	37,094	43,671	6,577
Transportation	8,680	4,908	(3,772)
Food Service	18,238	27,464	9,226
Total Expenditures	519,802	\$603,971	\$84,169
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	<u>Current Year Actual</u>
Cash Receipts	
Operating Transfer from General Fund	<u>-</u>
Total Cash Receipts	<u>-</u>
Expenditures	
Instruction	60,759
School Administration	<u>4,644</u>
Total Expenditures	<u>65,403</u>
Receipts Over (Under) Expenditures	(65,403)
Unencumbered Cash, Beginning	<u>385,000</u>
Unencumbered Cash, Ending	<u><u>\$319,597</u></u>

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TEXTBOOK RENTAL FUND
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Local Sources	
Textbook rental	\$6,005
Miscellaneous	498
Total Cash Receipts	<u>6,503</u>
Expenditures	
Instruction	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over (Under) Expenditures	6,503
Unencumbered Cash, Beginning	<u>124,723</u>
Unencumbered Cash, Ending	<u><u>\$131,226</u></u>

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CORNERSTONE BUSINESS FUND
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Local Sources	
Miscellaneous	\$543
Total Cash Receipts	543
Expenditures	
Instruction	543
Total Expenditures	543
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
RETIREE'S HOLDING ACCOUNT
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Local Sources	
Reimbursements	\$100,221
Total Cash Receipts	100,221
Expenditures	
Insurance Premiums	100,221
Total Expenditures	100,221
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SCHOLARSHIP FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	<u>Current Year Actual</u>
Cash Receipts	
Local Sources	
Donations	<u>\$1,784</u>
Total Cash Receipts	<u>1,784</u>
Expenditures	
Scholarships	<u>1,335</u>
Total Expenditures	<u>1,335</u>
Receipts Over (Under) Expenditures	448
Unencumbered Cash, Beginning	<u>31,655</u>
Unencumbered Cash, Ending	<u><u>\$32,104</u></u>

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
DUNNICLIFFE SPECIAL PROJECTS
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	<u>Current Year Actual</u>
Cash Receipts	
Local Sources	
Grants	\$56,438
Other	<u>32,978</u>
Total Cash Receipts	<u>89,417</u>
Expenditures	
Grant Expenditures	<u>90,615</u>
Total Expenditures	<u>90,615</u>
Receipts Over (Under) Expenditures	(1,198)
Unencumbered Cash, Beginning	<u>8,460</u>
Unencumbered Cash, Ending	<u><u>\$7,262</u></u>

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
MINI-GRANT

Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	<u>Current Year Actual</u>
Cash Receipts	
Local Sources	
Grants	<u>\$55,378</u>
Total Cash Receipts	<u>55,378</u>
Expenditures	
Grant Expenditures	<u>57,637</u>
Total Expenditures	<u>57,637</u>
Receipts Over (Under) Expenditures	(2,259)
Unencumbered Cash, Beginning	<u>79,974</u>
Unencumbered Cash, Ending	<u><u>\$77,715</u></u>

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE I FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Federal Sources	
Federal aid	\$291,666
Total Cash Receipts	291,666
Expenditures	
Instruction	280,534
General Administration	11,132
Total Expenditures	291,666
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
21ST CENTURY LEARNING CENTER FUND
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	<u>Current Year Actual</u>
Cash Receipts	
Federal Sources	
Federal aid	<u>\$59,200</u>
Total Cash Receipts	<u>59,200</u>
Expenditures	
Instruction	<u>67,373</u>
Total Expenditures	<u>67,373</u>
Receipts Over (Under) Expenditures	(8,173)
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>(\$8,173)</u>

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE II -A TEACHER QUALITY
Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Federal Sources	
Federal aid	\$62,172
Total Cash Receipts	62,172
Expenditures	
Instruction	62,172
Total Expenditures	62,172
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE VI

Schedule of Cash Receipts and Expenditures - Actual
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Federal Sources	
Federal aid	\$23,459
Total Cash Receipts	23,459
Expenditures	
Instruction	23,459
Instructional Support	-
Total Expenditures	23,459
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
BOND AND INTEREST FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Fiscal Year Ended June 30, 2012

	Current Year		Variance -
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Local Sources			
Ad valorem tax	\$33,068	\$33,791	(\$723)
Delinquent tax	4,029	1,289	2,740
Motor vehicle tax	5,351	5,604	(253)
Bond Proceeds	-	-	-
State Sources			
State aid	172,988	173,120	(132)
Total Cash Receipts	215,436	\$213,804	\$1,632
Expenditures			
Debt Service			
Principal	240,000	\$240,000	-
Interest	24,000	24,000	-
Bond issue costs	-	-	-
Other	-	200	200
Adjustments to Budget For:			
Bond Refunding		-	-
Total Expenditures	264,000	\$264,200	\$200
Receipts Over (Under) Expenditures	(48,564)		
Unencumbered Cash, Beginning	303,501		
Unencumbered Cash, Ending	\$254,937		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
AGENCY FUNDS

Summary Schedule of Cash Receipts and Cash Disbursements
For the Fiscal Year Ended June 30, 2012

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations	\$69,245	\$113,440	\$108,369	\$74,315
Totals	\$69,245	\$113,440	\$108,369	\$74,315

UNIFIED SCHOOL DISTRICT #499

GALENA, KANSAS

DISTRICT ACTIVITY FUNDS

Summary Schedule of Cash Receipts, Expenditures, and Unencumbered Cash

For the Fiscal Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June 30, 2012
Gate Receipts						
High School Athletics	\$6,561	\$39,355	\$36,173	\$9,743	-	\$9,743
Middle School Athletics	1,469	7,057	6,574	1,952	-	1,952
Total Gate Receipts	8,031	46,411	42,747	11,695	-	11,695
Special Projects						
District Special Projects	1,930	-	-	1,930	-	1,930
Total Special Projects	1,930	-	-	1,930	-	1,930
Totals	\$9,961	\$46,411	\$42,747	\$13,626	-	\$13,626

UNIFIED SCHOOL DISTRICT #499

GALENA, KANSAS

ACTIVITY FUNDS

Schedule of Cash Receipts, Cash Disbursements and Cash Balances

For the Fiscal Year Ended June 30, 2012

	Beginning Cash Balances	Cash Receipts and Transfers	Cash Disbursements and Transfers	Ending Cash Balances
<u>Student Activity Funds</u>				
Student Organizations				
Yearbook	\$1,368.61	\$2,235.00	\$1,356.62	\$2,246.99
Class of 2012	6,737.91	10,558.41	17,296.32	-
Class of 2013	10,155.34	1,071.79	2,958.86	8,268.27
Class of 2014	4,017.45	9,900.85	3,651.87	10,266.43
Class of 2015	-	3,294.33	484.07	2,810.26
8th Grade Class	2,626.14	7,614.00	7,801.98	2,438.16
High School Student Council	4,429.39	11,623.79	13,129.50	2,923.68
Cheerleaders & Pep Club	928.12	6,196.33	4,955.50	2,168.95
High School Dance Squad	231.77	2,793.05	1,457.59	1,567.23
FCCLA/FHA	449.17	2,874.00	1,754.43	1,568.74
FBLA	105.05	-	-	105.05
Music	1,489.28	3,613.71	4,050.89	1,052.10
Music - Choir	660.00	989.90	1,412.90	237.00
GAA	1,003.48	652.73	1,026.60	629.61
Drama & Language Club	2,944.51	1,149.12	2,552.30	1,541.33
Spanish Club	143.80	176.95	123.65	197.10
High School Pride Fund	730.88	2,611.60	484.50	2,857.98
Cornerstone Yearbook	-	-	-	-
Scholars Bowl	12.92	-	-	12.92
Cornerstone Bear Program	540.24	-	-	540.24
Owls Project	750.00	-	-	750.00
Cartridge Rebate Fund	1,620.91	138.60	-	1,759.51
Alternative Conference	-	-	-	-
Old Library Books Fund	200.10	-	-	200.10
Administrative	9,502.60	4,060.63	5,037.09	8,526.14
Concession	-	15,747.98	15,463.66	284.32
Construction Design	595.04	-	-	595.04
High School Technology	1,713.73	-	492.11	1,221.62
Special Activities	779.15	1,234.00	1,188.00	825.15
Liberty Activity	7,535.97	6,794.36	7,750.20	6,580.13
Liberty AR	0.07	630.55	604.00	26.62
Spring Grove Activity	1,084.53	1,565.33	2,206.36	443.50
Spring Grove AR	0.08	-	-	0.08
Middle School Drama	199.40	-	-	199.40
MS Technology Class	3,874.55	8,721.56	6,944.73	5,651.38
MS Cheerleaders	279.34	2,846.76	1,828.09	1,298.01
MS Dance Squad	34.73	60.00	-	94.73
Middle School Class Activities	2,005.62	4,024.38	2,357.38	3,672.62
Middle School Special Fund	494.79	260.30	-	755.09
Totals - Cash Basis	69,244.67	113,440.01	108,369.20	74,315.48
<u>District Activity Funds</u>				
Gate Receipts				
High School Athletics	6,561.38	39,354.62	36,172.88	9,743.12
Middle School Athletics	1,469.44	7,056.72	6,574.18	1,951.98
Special Projects	1,930.42	-	-	1,930.42
Total - Cash Basis	9,961.24	46,411.34	42,747.06	13,625.52
GRAND TOTALS (MEMORANDUM ONLY)	\$79,205.91	\$159,851.35	\$151,116.26	\$87,941.00

GALENA UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Agriculture</u>			
Passed Through the State of Kansas			
Department of Education:			
Summer Food Service	10.559	\$887	\$887
School Breakfast Program	10.553	89,402	89,402
National School Lunch Program	10.555	250,719	250,719
		<u>341,008</u>	<u>341,008</u>
 <u>U.S. Department of Education</u>			
Foreign Language Assistance	84.293	33,093	33,093
Passed Through the State of Kansas			
Department of Education:			
Title I	84.010	291,666	291,666
Title IV 21st Century Community Learning Center	84.287	59,200	67,373
Title II Improving Teacher Quality	84.367	62,172	62,172
Title VI Rural Low Income Schools	84.358	23,459	23,459
Education Jobs Fund	84.410	2,752	2,752
		<u>472,342</u>	<u>480,515</u>
 TOTALS		<u>\$813,350</u>	<u>\$821,523</u>

Diehl Banwart Bolton

Certified Public Accountants PA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Galena Unified School District #499
Galena, Kansas

Compliance

We have audited the compliance of Galena Unified School District #499 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the compliance of the District based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Galena Unified School District #499 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Galena Unified School District #499 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis, by the entity's internal control.

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

The report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

Diehl Banwart Bolton CPA's PA

DIEHL, BANWART, BOLTON, CPAs PA

October 24, 2012
Pittsburg, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
Galena Unified School District #499
Galena, Kansas

We have audited the financial statements of Galena Unified School District #499 as of the year ended June 30, 2012, and have issued our report thereon dated October 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (2012-1). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is described in the Corrective Action Plan. We did not audit the District's response and accordingly, we express no opinion on it.

We noted certain matters that we reported to Management of the District in a separate letter dated October 24, 2012.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Diehl Banwart Bolton CPA's PA

DIEHL, BANWART, BOLTON, CPAs PA

October 24, 2012
Pittsburg, Kansas

GALENA UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the statutory basis of accounting.
- Unqualified opinion on the statutory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? __ YES X NO
- Significant deficiency(ies) identified that
are not considered to be material weaknesses? NONE
X YES __ REPORTED

Noncompliance material to financial statements noted? __ YES X NO

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? __ YES X NO
- Significant deficiency (ies) identified that
are not considered to be material weaknesses? NONE
__ YES X REPORTED

Type of auditors' report issued on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133? __ YES X NO

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
10.553, 10.555 & 10.559	School Lunch Cluster
84.010	Title I

Auditee qualified as low-risk auditee? __ YES X NO

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2012-1 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, as well as determining which disclosures are required under generally accepted accounting standards and the statutory basis of accounting.

Criteria: Internal controls should be in place that provide a reasonable assurance that the financial statements are appropriate in form and contain the required disclosures.

Cause: Relying upon the independent auditors is a significant deficiency in internal controls as they can not be considered part of the District's internal control.

Effect: The District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures.

Recommendation: None

Response: The District agrees with the finding. The District's response is in the attached Corrective Action Plan.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

GALENA UNIFIED SCHOOL DISTRICT #499

June 30, 2012 Financial Statements

Corrective Action Plan

Audit Finding 2012-1

USD #499 has always relied upon its auditors to provide significant assistance with adjusting entries and with determining which disclosures were required under generally accepted accounting principles and the statutory basis of accounting. While USD #499 understands that this is a significant deficiency in our internal controls, we believe it is the most cost effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management purposes and preparing the required reports for the Kansas Department of Education. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the requirements of GAAP and the statutory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.