

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, KANSAS**

For the Fiscal Year Ended June 30, 2012

Statutory Basis Financial Statement  
Independent Auditors' Report  
with Supplemental Information

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, KANSAS**

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*Diehl  
Banwart  
Bolton*

*Certified Public Accountants PA*

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Unified School District #506  
Altamont, Kansas

We have audited the accompanying financial statement of the Unified School District #506, Altamont, Kansas, as of June 30, 2012, and for the year then ended. This financial statement is the responsibility of Unified School District #506 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 the Unified School District #506, Altamont, 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  
Unified School District #506  
Altamont, Kansas

Also, in our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District #506, 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 15, 2012, on our consideration of the District's internal control structure and on its compliance with certain provisions of laws, regulations, contracts and grants. Those 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 statement of the District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 statements 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 CPA's PA*

DIEHL, BANWART, BOLTON, CPAs PA

October 15, 2012  
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, KANSAS**

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

Funds	Beginning	Prior Year	Cash	Expenditures	Ending	Plus Encumbrances and Accounts Payable	Cash Balances
	Unencumbered Cash Balances	Cancelled Encumbrances			Receipts		Unencumbered Cash Balances
<b>GOVERNMENTAL TYPE FUNDS</b>							
General Fund	\$69	-	\$10,046,708	\$10,046,778	-	\$33,279	\$33,279
Special Revenue Funds							
Supplemental General	75,263	371	3,530,431	3,418,550	187,515	41,199	228,714
4 Yr Old At Risk	-	-	32,130	32,130	-	-	-
K -12 At Risk	-	-	917,795	917,795	-	65	65
Capital Outlay	1,689,605	-	479,344	974,340	1,194,609	252,931	1,447,540
Driver Education	71,255	-	21,823	21,196	71,882	400	72,282
Food Service	239,116	-	902,262	868,627	272,751	124	272,874
Inservice Education	83,507	-	110,456	120,433	73,530	1,067	74,597
Special Education	280,813	-	2,164,885	2,131,911	313,786	-	313,786
Parent Education	-	-	40,918	40,918	-	13,933	13,933
Vocational Education	217,082	46	854,640	816,891	254,876	19,811	274,687
KPERS Special Retirement	-	-	854,960	854,960	-	-	-
Contingency Reserve	604,001	-	-	85,808	518,193	-	518,193
Textbook Rental	134,743	-	36,431	41,302	129,872	38	129,910
Title I	-	-	348,394	348,394	-	7,501	7,501
Title II-A Teacher Quality	-	-	68,737	68,737	-	462	462
Title II-D Education Technology	-	-	-	-	-	-	-
Title VII Indian Education	-	-	156,281	156,280	1	281	281
Secondary Program Improvements	-	-	11,800	11,800	-	3,514	3,514
District Activity Funds	1,896	-	40,867	42,205	558	-	558
Debt Service Fund							
Bond and Interest	316,224	-	578,165	549,405	344,984	-	344,984
Total Reporting Entity	<u>\$3,713,575</u>	<u>\$416</u>	<u>\$21,197,027</u>	<u>\$21,548,460</u>	<u>\$2,362,557</u>	<u>\$374,604</u>	<u>\$3,737,161</u>

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

(Continued)

UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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 Account.....	\$3,736,604
Activity Checking Accounts.....	53,293
Total Cash	3,789,897
Agency Funds per Statement 4	(52,736)
Total Reporting Entity.....	<u>\$3,737,161</u>

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

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, KANSAS**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement of Unified School District #506, Altamont, 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 Unified School District #506 (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 these financial statements.

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 Unified School District #506:

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 Unified School District #506.

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 Statements

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 and include cash received as well as state aid for current fiscal year received in the subsequent fiscal year. 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 statement.

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. The General Fund budget was reduced to the legal maximum budget after the determination of final enrollment figures.

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 Contingency Reserve and Textbook Rental funds as well as grant and fiduciary 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. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury.

**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.

Employees can accrue from 8 to 12 days of sick leave each year. Up to 70 days of unused sick time may be accumulated and carried over. Upon termination employees with a minimum of ten years of service with the District are paid for accumulated sick leave.

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. As detailed in the supplemental schedules the District's expenditures exceeded the budget authority in the Inservice Education and Parent Education funds. This was in violation of K.S.A. 79-2934 and 79-2935. There were no other apparent violations of the cash basis and budget laws of Kansas.

3. **CASH IN BANK AND DEPOSITORY SECURITY**

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.

*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 \$3,789,897 and the bank balance was \$3,833,286. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, \$3,583,286 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>LABETTE BANK</u>	<u>TOTALS</u>
(1)FDIC Insurance	\$ 250,000	\$ 250,000
(1)Collateralized with pledged securities held in the District's account	3,583,286	3,583,286
(2) Collateralized with pledged securities in Bank's account	-	-
(3) Uncollateralized	-	-
<b>TOTAL BANK BALANCES</b>	<b>\$ 3,833,286</b>	<b>\$ 3,833,286</b>
<b>Total Pledged Securities</b>	<b>\$ 4,607,328</b>	<b>\$ 4,607,328</b>

**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.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary form employees hired before July 1, 2009, and 6% for those hired after that date. 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 \$709,329, \$653,984, and \$613,939.

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**

The District routinely transfers amounts between funds. Detailed below are those transfers for the fiscal year ending June 30, 2012:

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-6420	\$ 1,700,045
General	4 Yr Old At Risk	KSA 72-6414b	32,130
General	K-12 At Risk	KSA 72-6414a	701,081
General	Inservice Education	KSA 72-9609	110,456
Supplemental General	Special Education	KSA 72-6420	421,041
Supplemental General	Vocational Ed	KSA 72-6421	769,715
Supplemental General	Parent Education	KSA 72-6423	16,119
Supplemental General	K-12 At Risk	KSA 72-6414a	216,714
Supplemental General	Food Service	KSA 72-5119	5,000

8. **POST EMPLOYMENT BENEFITS**

Participation in Group Health Insurance Plan

As provided by K.S.A. 12-5060, 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. 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 for the current fiscal year received after June 30 are now recorded as additional revenue in current fiscal year. Accordingly, the District's total unencumbered cash has also been restated. Details of the adjustment are shown below:

	<u>Original Amount</u>	<u>Change</u>	<u>Restated Amount</u>
General Fund	\$ (870,132)	\$ 870,201	\$ 69
Supplemental General Fund	(46,445)	121,708	75,263
District Total	2,721,666	991,909	3,713,575

11. LONG TERM DEBT OBLIGATIONS

On March 1, 2012, the District issued \$6,415,000 of refunding general obligation bonds. The proceeds of these bonds have been escrowed and will be used to call a portion of the series 2004 bonds. The escrowed amounts will be used to call bonds with a face value of \$5,765,000 on September 1, 2014. The costs of issuing these bonds was \$105,868. The expected savings from the refunding issue is \$503,683 and the present value of that savings is \$442,356. The attached long-term debt schedules have been prepared based on the amounts the District expects to pay. The District is contingently liable for bonds which will be called. Listed below are the details of long-term debt and its maturity.

**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	
					Beginning of Year	End of Year			Year	Year
General Obligation Refunding Bonds										
Series 2004	3.6-4.45%	12/1/2004	\$7,785,000	9/1/2025	\$ 6,985,000	\$ 950,000	\$ 6,035,000	\$ 950,000	\$ 279,405	
Series 2012	0.45-2.30%	3/1/2012	6,415,000	9/1/2025	-	6,415,000	-	6,415,000	-	
Capital Leases										
Apple Computer Inc.	2.90%	7/6/2010	145,287	8/6/2013	109,298	-	35,396	73,902	3,170	
Apple Computer Inc.	1.90%	1/15/2009	189,961	1/15/2012	47,929	-	47,929	-	910	
Apple Computer Inc.	2.90%	8/24/2009	115,398	8/24/2012	57,676	-	28,426	29,250	1,673	
Labette Bank Computer Equipment	3.80%	7/31/2010	281,573	12/31/2020	261,839	-	-	261,839	-	
Labette Bank Computer Equipment	3.21%	12/5/2011	125,473	12/5/2014	-	125,473	-	125,473	-	
Labette Bank Computer Equipment	3.26%	10/4/2011	85,909	10/4/2018	-	85,909	-	85,909	-	
					<u>\$ 7,461,742</u>	<u>\$ 6,626,382</u>	<u>\$ 6,146,751</u>	<u>\$ 7,941,373</u>	<u>\$ 285,158</u>	

11. **LONG TERM DEBT OBLIGATIONS** (Continued)

**Schedule of Maturities in Long-Term Debt**

	2013	2014	2015	2016	2017	2018 - 2022	2023	Totals
<b>PRINCIPAL</b>								
General Obligation Bonds								
Series 2004	\$295,000	\$ 315,000	\$ 340,000	\$ -	\$ -	\$ -	\$ -	\$ 950,000
Series 2012	25,000	90,000	90,000	455,000	480,000	2,680,000	2,595,000	6,415,000
Capital Leases								
Apple Computer Inc.	36,423	37,479	-	-	-	-	-	73,902
Apple Computer Inc.	29,250	-	-	-	-	-	-	29,250
Labette Bank Computer Equipment	24,956	25,901	26,883	27,902	28,959	127,238	-	261,839
Labette Bank Computer Equipment	40,490	41,810	43,173	-	-	-	-	125,473
Labette Bank Computer Equipment	11,123	11,486	11,860	12,247	12,647	26,546	-	85,909
<b>Total Principal</b>	<u>462,242</u>	<u>521,676</u>	<u>511,916</u>	<u>495,149</u>	<u>521,606</u>	<u>2,833,784</u>	<u>2,595,000</u>	<u>7,941,373</u>
<b>INTEREST</b>								
General Obligation Refunding								
Series 2004	18,575	25,350	12,750	-	-	-	-	56,675
Series 2012	55,328	110,542	110,003	109,327	104,778	423,957	146,545	1,060,480
Capital Leases								
Apple Computer Inc.	2,143	1,087	-	-	-	-	-	3,230
Apple Computer Inc.	848	-	-	-	-	-	-	848
Labette Bank Computer Equipment	-	9,924	8,978	7,996	6,977	18,200	-	52,075
Labette Bank Computer Equipment	4,089	2,769	1,407	-	-	-	-	8,265
Labette Bank Computer Equipment	2,803	2,440	2,066	1,679	1,279	1,306	-	11,573
<b>Total Interest</b>	<u>83,786</u>	<u>152,112</u>	<u>135,204</u>	<u>119,002</u>	<u>113,034</u>	<u>443,463</u>	<u>146,545</u>	<u>1,193,146</u>
<b>Total Principal and Interest</b>	<u>\$546,028</u>	<u>\$ 673,788</u>	<u>\$ 647,120</u>	<u>\$ 614,151</u>	<u>\$ 634,640</u>	<u>\$3,277,247</u>	<u>\$2,741,545</u>	<u>\$ 9,134,519</u>

## **SUPPLEMENTAL INFORMATION**

UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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	Current Year Budget	
<b>GOVERNMENTAL TYPE FUNDS</b>							
General Fund	\$10,285,380	(\$243,432)	\$4,830	\$10,046,778	\$10,046,778		-
Special Revenue Funds							
Supplemental General	3,447,409	(28,859)	-	3,418,550	3,418,550		-
4 Yr Old At Risk	45,360	-	-	45,360	32,130		13,230
K -12 At Risk	1,050,000	-	-	1,050,000	917,795		132,205
Capital Outlay	1,821,261	-	-	1,821,261	974,340		846,921
Driver Education	94,913	-	-	94,913	21,196		73,717
Food Service	917,500	-	-	917,500	868,627		48,873
Inservice Education	83,507	-	-	83,507	120,433		(36,926)
Special Education	2,455,214	-	-	2,455,214	2,131,911		323,303
Parent Education	36,645	-	-	36,645	40,918		(4,273)
Vocational Education	1,173,500	-	-	1,173,500	816,891		356,609
KPERS Special Retirement	925,204	-	-	925,204	854,960		70,244
Debt Service Funds							
Bond and Interest	549,406	-	-	549,406	549,405		1
	<u>\$22,885,299</u>						

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, KANSAS**  
**GENERAL FUND**

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

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
<b>Cash Receipts</b>			
<b>Local Sources</b>			
Ad valorem tax	\$828,921	\$768,486	\$60,435
Delinquent tax	14,950	12,450	2,500
Mineral tax	9,938	-	9,938
Other	4,830	-	4,830
<b>State Sources</b>			
General aid	7,617,855	7,777,421	(159,566)
Special ed aid	1,565,647	1,726,954	(161,307)
<b>Federal Sources</b>			
Education Jobs Fund	4,568	-	4,568
ARRA Stabilization	-	-	-
<b>Total Cash Receipts</b>	<u>10,046,708</u>	<u>\$10,285,311</u>	<u>(\$243,171)</u>
<b>Expenditures</b>			
Instruction	4,324,600	\$4,288,266	(\$36,334)
<b>Support Services</b>			
Student Support	297,913	296,500	(1,413)
Instructional Support	165,740	197,000	31,260
General Administration	310,990	320,000	9,010
School Administration	611,634	776,900	165,266
Operations and Maintenance	1,155,206	962,200	(193,006)
Transportation	636,984	622,200	(14,784)
Other Supplemental Service	-	-	-
<b>Operating transfers to:</b>			
Special Education	1,700,045	1,726,954	26,909
Capital Outlay	-	-	-
4 Yr Old At Risk	32,130	45,360	13,230
K-12 At Risk	701,081	1,050,000	348,919
Parent Education	-	-	-
Inservice Education	110,456	-	(110,456)
<b>Adjustments to Budget For:</b>			
Legal Max Budget Adjustment	-	(243,432)	(243,432)
Reimbursed Expenses	-	4,830	4,830
<b>Total Expenditures</b>	<u>10,046,778</u>	<u>\$10,046,778</u>	<u>-</u>
<b>Subject to Budget</b>	<u>10,046,778</u>	<u>\$10,046,778</u>	<u>-</u>
Receipts Over (Under) Expenditures	(69)		
Unencumbered Cash, Beginning	69		
Prior year canceled encumbrances	-		
<b>Unencumbered Cash, Ending</b>	<u>-</u>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$1,233,094	\$1,118,736	\$114,358
Delinquent tax	20,184	17,141	3,043
Motor vehicle tax	187,098	204,424	(17,326)
State Sources			
Supplemental aid	2,090,056	2,031,844	58,212
Federal Sources			
ARRA Stabilization	-	-	-
<b>Total Cash Receipts</b>	<b>3,530,431</b>	<b>\$3,372,145</b>	<b>\$158,286</b>
Expenditures			
Instruction	556,623	\$596,500	\$39,877
Support Services			
Student Support	-	-	-
Instructional Support	11,680	-	(11,680)
General Administration	62,001	-	(62,001)
School Administration	-	-	-
Operations & Maintenance	983,325	877,909	(105,416)
Transportation	376,332	335,000	(41,332)
Other Supplemental Services	-	125,000	125,000
Operating Transfers to Other Funds			
Food Service	5,000	100,000	95,000
Special Education	421,041	500,000	78,959
Parent Education	16,119	13,000	(3,119)
K - 12 At Risk	216,714	-	(216,714)
Vocational Education	769,715	900,000	130,285
Adjustments to Budget For:			
Legal max Budget Adjustment		(28,859)	(28,859)
<b>Total Expenditures</b>			
Subject to Budget	<b>3,418,550</b>	<b>\$3,418,550</b>	<b>-</b>
Receipts Over (Under) Expenditures	111,881		
Unencumbered Cash, Beginning	75,263		
Prior Year Cancelled Encumbrance	371		
<b>Unencumbered Cash, Ending</b>	<b>\$187,515</b>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	32,130	45,360	(13,230)
Supplemental General	-	-	-
<b>Total Cash Receipts</b>	<b>32,130</b>	<b>\$45,360</b>	<b>(\$13,230)</b>
Expenditures			
Instruction	32,130	\$45,360	\$13,230
<b>Total Expenditures</b>	<b>32,130</b>	<b>\$45,360</b>	<b>\$13,230</b>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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			
Reimbursements	-	-	-
Operating Transfers from Other Funds			
General	701,081	1,050,000	(348,919)
Supplemental General	216,714	-	216,714
<b>Total Cash Receipts</b>	<b>917,795</b>	<b>\$1,050,000</b>	<b>(\$132,205)</b>
Expenditures			
Instruction	917,795	\$1,050,000	\$132,205
Student Support Services	-	-	-
Operations and Maintenance	-	-	-
<b>Total Expenditures</b>	<b>917,795</b>	<b>\$1,050,000</b>	<b>\$132,205</b>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	
<b>Cash Receipts</b>			
<b>Local Sources</b>			
Ad valorem tax	\$51,375	\$47,992	\$3,383
Delinquent tax	6,725	2,056	4,669
Motor vehicle tax	60,479	61,608	(1,129)
Interest on idle funds	13,624	15,000	(1,376)
Other	347,141	5,000	342,141
<b>State Sources</b>			
State Aid	-	-	-
Operating Transfer from General Fund	-	-	-
<b>Total Cash Receipts</b>	<u>479,344</u>	<u>\$131,656</u>	<u>\$347,688</u>
<b>Expenditures</b>			
Instruction	407,154	\$350,000	(\$57,154)
Support Services	36,534	590,000	553,466
Facility Acquisition and Construction Services	530,652	881,261	350,609
Operating Transfers to Transportation Fund	-	-	-
<b>Total Expenditures</b>	<u>974,340</u>	<u>\$1,821,261</u>	<u>\$846,921</u>
Receipts Over (Under) Expenditures	(494,996)		
Unencumbered Cash, Beginning	<u>1,689,605</u>		
Unencumbered Cash, Ending	<u>\$1,194,609</u>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$10,825	\$15,000	(\$4,175)
State Sources			
State aid	10,998	8,658	2,340
Operating Transfer from Supplemental General Fund	-	-	-
<b>Total Cash Receipts</b>	<u>21,823</u>	<u>\$23,658</u>	<u>(\$1,835)</u>
Expenditures			
Instruction	21,196	\$35,050	\$13,854
Support Services			
Operations and Maintenance	-	59,863	59,863
Student Support Services	-	-	-
Instructional Support	-	-	-
<b>Total Expenditures</b>	<u>21,196</u>	<u>\$94,913</u>	<u>\$73,717</u>
Receipts Over (Under) Expenditures	627		
Unencumbered Cash, Beginning	<u>71,255</u>		
Unencumbered Cash, Ending	<u>\$71,882</u>		

UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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			
Student Sales	\$254,167	\$245,120	\$9,047
Adult Sales	23,582	41,856	(18,274)
Other	7,606	261	7,345
State Sources			
Food service aid	9,063	7,253	1,810
Federal Sources			
Child nutrition aid	602,845	495,300	107,545
Operating Transfer from Other Funds			
General	-	-	-
Supplemental General	5,000	100,000	(95,000)
Total Cash Receipts	<u>902,262</u>	<u>\$889,790</u>	<u>\$12,472</u>
Expenditures			
Support Services			
Operations and Maintenance	-	\$7,500	\$7,500
Operation of Non- Instructional Services			
Food Service Operations	<u>868,627</u>	<u>910,000</u>	<u>41,373</u>
Total Expenditures	<u>868,627</u>	<u>\$917,500</u>	<u>\$48,873</u>
Receipts Over (Under) Expenditures	33,635		
Unencumbered Cash, Beginning	<u>239,116</u>		
Unencumbered Cash, Ending	<u>\$272,751</u>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, KANSAS**  
**INSERVICE 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	-	-	-
State Sources			
State Aid	-	-	-
Operating Transfer from			
General Fund	110,456	-	110,456
Supplemental General	-	-	-
<b>Total Cash Receipts</b>	<b>110,456</b>	<b>-</b>	<b>\$110,456</b>
Expenditures			
Support Services			
Instructional Support Staff	120,433	\$83,507	(\$36,926)
<b>Total Expenditures</b>	<b>120,433</b>	<b>\$83,507</b>	<b>(\$36,926)</b>
Receipts Over (Under) Expenditures	(9,977)		
Unencumbered Cash, Beginning	83,507		
Unencumbered Cash, Ending	<b>\$73,530</b>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$12,616	\$1,000	\$11,616
Medicaid	31,182	27,000	4,182
Operating Transfers from Other Funds			
General	1,700,045	1,726,954	(26,909)
Supplemental General	421,041	500,000	(78,959)
<b>Total Cash Receipts</b>	<b>2,164,885</b>	<b>\$2,254,954</b>	<b>(\$90,069)</b>
Expenditures			
Instruction	1,862,922	\$1,999,714	\$136,792
Support Services			
General Administrative			
School Administrative	-	-	-
Transportation	268,990	455,500	186,510
<b>Total Expenditures</b>	<b>2,131,911</b>	<b>\$2,455,214</b>	<b>\$323,303</b>
Receipts Over (Under) Expenditures	32,973		
Unencumbered Cash, Beginning	280,813		
Prior Year Canceled Encumbrances	-		
<b>Unencumbered Cash, Ending</b>	<b>\$313,786</b>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, KANSAS**  
**PARENT 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	-	\$5,000	(\$5,000)
State Sources			
State Aid	24,799	18,645	6,154
Operating Transfer from General	-	-	-
Supplemental General	16,119	13,000	3,119
<b>Total Cash Receipts</b>	<b>40,918</b>	<b>\$36,645</b>	<b>\$1,154</b>
Expenditures			
Student Support Services	40,918	\$36,645	(\$4,273)
<b>Total Expenditures</b>	<b>40,918</b>	<b>\$36,645</b>	<b>(\$4,273)</b>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$550	-	\$550
Reimbursements	84,375	100,000	(15,625)
Operating Transfer from Supplemental General General Fund	769,715	900,000	(130,285)
	-	-	-
<b>Total Cash Receipts</b>	<b>854,640</b>	<b>\$1,000,000</b>	<b>(\$145,360)</b>
Expenditures			
Instruction	770,509	\$1,043,000	\$272,491
Support Services			
Student Support	-	-	-
Instructional Support Staff	-	1,000	1,000
School Administration	-	-	-
Operations and Maintenance	46,383	129,500	83,117
<b>Total Expenditures</b>	<b>816,891</b>	<b>\$1,173,500</b>	<b>\$356,609</b>
Receipts Over (Under) Expenditures	37,748		
Unencumbered Cash, Beginning	217,082		
Prior Year Canceled Encumbrances	46		
<b>Unencumbered Cash, Ending</b>	<b>\$254,876</b>		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$854,960	\$925,204	(\$70,244)
<b>Total Cash Receipts</b>	<b>854,960</b>	<b>\$925,204</b>	<b>(\$70,244)</b>
Expenditures			
Instruction	554,269	\$508,612	(\$45,657)
Student Support	20,619	40,000	19,381
Instructional Support	16,088	45,000	28,912
General Administration	25,610	50,000	24,390
School Administration	70,063	100,000	29,937
Other Supplemental Services	12,030	11,989	(41)
Operations & Maintenance	68,439	80,000	11,561
Transportation	60,426	60,603	177
Food Service	27,415	29,000	1,585
<b>Total Expenditures</b>	<b>854,960</b>	<b>\$925,204</b>	<b>\$70,244</b>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	-		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	<u>85,808</u>
Total Expenditures	<u>85,808</u>
Receipts Over (Under) Expenditures	(85,808)
Unencumbered Cash, Beginning	<u>604,001</u>
Unencumbered Cash, Ending	<u><u>\$518,193</u></u>

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$36,431
Miscellaneous	-
Operating Transfer from Supplemental General	-
<b>Total Cash Receipts</b>	<b>36,431</b>
Expenditures	
Instruction	41,302
<b>Total Expenditures</b>	<b>41,302</b>
Receipts Over (Under) Expenditures	(4,871)
Unencumbered Cash, Beginning	134,743
Unencumbered Cash, Ending	<b>\$129,872</b>

UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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	\$348,394
Total Cash Receipts	348,394
Expenditures	
Instruction	348,394
General Administration	-
Total Expenditures	348,394
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$68,737
Total Cash Receipts	68,737
Expenditures	
Instruction	68,737
Total Expenditures	68,737
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	-

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, KANSAS**  
**TITLE VII INDIAN EDUCATION**  
Schedule of Cash Receipts and Expenditures - Actual  
For the Fiscal Year Ended June 30, 2012

	Current Year Actual
Cash Receipts	
Federal Sources	
Federal aid	\$156,281
Total Cash Receipts	156,281
Expenditures	
Instruction	156,280
Instructional Support	-
Total Expenditures	156,280
Receipts Over (Under) Expenditures	1
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$1

UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, KANSAS  
SECONDARY PROGRAM IMPROVEMENTS  
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	-
Local Sources	
Other	<u>11,800</u>
Total Cash Receipts	<u>11,800</u>
Expenditures	
Instruction	-
Instructional Support	<u>11,800</u>
Total Expenditures	<u>11,800</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>

UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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 - Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$233,275	\$217,665	\$15,610
Delinquent tax	4,623	3,662	961
Motor vehicle tax	36,401	40,147	(3,746)
Other	7,188	211	6,977
State Sources			
State aid	296,679	296,679	-
Total Cash Receipts	578,165	\$558,364	\$19,801
Expenditures			
Debt Service			
Principal	270,000	\$270,000	-
Interest	279,405	279,406	1
Other	-	-	-
Total Expenditures	549,405	\$549,406	\$1
Receipts Over (Under) Expenditures	28,760		
Unencumbered Cash, Beginning	316,224		
Unencumbered Cash, Ending	\$344,984		

**UNIFIED SCHOOL DISTRICT #506**  
**ALTAMONT, 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	\$36,823	\$238,890	\$222,978	\$52,736
Totals	<u>\$36,823</u>	<u>\$238,890</u>	<u>\$222,978</u>	<u>\$52,736</u>

UNIFIED SCHOOL DISTRICT #506  
 ALTAMONT, 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	\$1,896	\$40,867	\$42,205	\$558	-	\$558
Total Gate Receipts	1,896	40,867	42,205	558	-	558
Totals	\$1,896	\$40,867	\$42,205	\$558	-	\$558

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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
<b>Student Activity Funds</b>				
<b>Student Organizations</b>				
Yearbook	\$1,956.68	\$6,813.06	\$6,474.49	\$2,295.25
Band	364.73	5,334.50	5,346.17	353.06
Chess Club	801.76	87.77	-	889.53
FBLA	4,739.79	21,332.85	14,039.01	12,033.63
Fellowship of Christian Athletes	2,643.80	868.80	1,515.62	1,996.98
FFA	1,907.85	43,537.24	34,936.13	10,508.96
FCCLA	2,025.84	13,153.52	13,955.31	1,224.05
LC Flag Corp	114.61	381.49	-	496.10
L- Club	192.35	104.65	297.00	-
Language Master	1,070.89	147.84	170.75	1,047.98
Library Club	1,549.18	14,345.80	13,939.18	1,955.80
Music Chorus	-	5,088.42	4,247.13	841.29
HOSA	2,540.74	17,628.35	19,419.10	749.99
SADD	75.71	78.25	150.00	3.96
Seniors 2013	-	1,311.80	1,021.03	290.77
Seniors 2012	2.07	50,944.58	50,946.65	-
Seniors 2009	-	1,833.50	1,833.50	-
Sigma Mu	342.33	1,155.51	1,374.96	122.88
LC Cheerleaders	4,749.06	15,371.79	12,919.08	7,201.77
Student Council	141.79	6,123.15	5,491.86	773.08
Moon Buggy Fund	90.08	250.00	-	340.08
Teacher's Activity	721.40	1,416.67	1,050.24	1,087.83
VICA	152.91	6,672.38	6,189.08	636.21
Weight Lifting	38.34	-	-	38.34
Kays	390.81	1,759.15	1,824.34	325.62
International Thespian	6,910.33	10,783.18	13,230.23	4,463.28
Honor Society	223.73	320.40	194.45	349.68
Renaissance Program	178.74	-	-	178.74
LCHS Dance Team	1,067.54	520.00	456.00	1,131.54
Science Club	864.31	-	-	864.31
Forensics	-	-	-	-
LCHS Activities	176.63	4,350.00	4,401.63	125.00
Vic George MEMR	400.22	-	-	400.22
Sales Tax	389.04	7,175.69	7,555.01	9.72
<b>Totals - Cash Basis</b>	<b>36,823.26</b>	<b>238,890.34</b>	<b>222,977.95</b>	<b>52,735.65</b>
<b>District Activity Funds</b>				
<b>Gate Receipts</b>				
High School Athletics	1,896.15	40,867.05	42,205.42	557.78
<b>Total - Cash Basis</b>	<b>1,896.15</b>	<b>40,867.05</b>	<b>42,205.42</b>	<b>557.78</b>
<b>GRAND TOTALS (MEMORANDUM ONLY)</b>	<b>\$38,719.41</b>	<b>\$279,757.39</b>	<b>\$265,183.37</b>	<b>\$53,293.43</b>

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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:			
School Breakfast Program	10.553	\$132,771	\$132,771
National School Lunch Program	10.555	408,293	408,293
Summer Food Service Program	10.559	18,545	18,545
Fresh Fruits & Vegetables Program	10.582	43,236	43,236
		602,845	602,845
 <u>U.S. Department of Education</u>			
Direct Program			
Title VII Indian Education	84.060	156,281	156,280
 Passed Through the State of Kansas			
Department of Education:			
Title I	84.010	348,394	348,394
Title II Improving Teacher Quality	84.367	68,737	68,737
Education Jobs Fund	84.410	4,568	4,568
		577,980	577,979
 <u>U.S. Department of Health and Human Services</u>			
Passed Through the Stat of Kansas			
Department of Education			
Youth Risk Behavior Survey	93.938	400	400
		400	400
 TOTALS		 \$1,181,225	 \$1,181,224

*Diehl  
Banwart  
Bolton*

*Certified Public Accountants PA*

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

Board of Education  
Unified School District #506  
Altamont, Kansas

**Compliance**

We have audited the compliance of Unified School District #506 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 programs 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, Unified School District #506 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 Unified School District #506 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 15, 2012  
Pittsburg, Kansas

*Diehl  
Banwart  
Bolton*

*Certified Public Accountants P.A.*

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

Board of Education  
Unified School District #506  
Altamont, Kansas

We have audited the financial statements of Unified School District #506 as of the year ended June 30, 2012, and have issued our report thereon dated October 15, 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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be 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).

### **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 15, 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 15, 2012  
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #506  
ALTAMONT, 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.

UNIFIED SCHOOL DISTRICT #506

June 30, 2012 Financial Statements

Corrective Action Plan

Audit Finding 2012-1

USD #506 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 #506 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.