

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

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

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 507
Satanta, Kansas

We have audited the accompanying financial statements of Unified School District No. 507, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Unified School District No. 507 has prepared these financial statements using the accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 507 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Unified School District No. 507, as of June 30, 2012, and their respective cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

November 27, 2012

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
Governmental funds:		
General funds:		
General	\$ 75,273	\$ -
Supplemental general	218,714	699
Special revenue funds:		
At-Risk (4 year old)	45,006	-
At-Risk (K-12)	135,963	-
Bilingual	79,856	-
Capital outlay	192,002	50,255
Driver training	8,002	-
Food service	59,353	-
Professional development	15,000	-
Parents as teachers program	14,020	-
Special education	200,000	-
Vocational education	65,103	-
KPERS special retirement contribution	-	-
Recreation commission	-	-
Non-budgeted special revenue funds:		
Contingency reserve	128,000	-
Textbook rental - Elementary	10,889	-
Textbook rental - Jr.-Sr. High	3,180	-
Title II-A, teacher quality	-	-
Title III	-	-
Title I	-	-
Migrant	-	-
Small rural school achievement	-	-
District activity funds	<u>11,065</u>	<u>-</u>
Total primary government - excluding agency funds	<u>1,261,426</u>	<u>50,954</u>
Component unit:		
Satanta Recreation Commission	401,812	-
Cimarron Valley Golf Association	<u>25,661</u>	<u>-</u>
Total component unit	<u>427,473</u>	<u>-</u>
Total - excluding agency funds	<u><u>\$ 1,688,899</u></u>	<u><u>\$ 50,954</u></u>

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 3,608,024	\$ 3,623,105	\$ 60,192	\$ -	\$ 60,192
908,355	919,118	208,650	19,997	228,647
48,500	50,159	43,347	-	43,347
420,024	436,349	119,638	-	119,638
210,000	262,452	27,404	-	27,404
1,065,308	488,665	818,900	93,280	912,180
2,617	4,244	6,375	-	6,375
210,355	216,469	53,239	-	53,239
11,000	4,677	21,323	-	21,323
20,289	17,183	17,126	-	17,126
350,510	259,869	290,641	-	290,641
70,000	95,693	39,410	-	39,410
268,107	268,107	-	-	-
239,296	239,296	-	-	-
50,000	-	178,000	-	178,000
4,568	125	15,332	-	15,332
4,120	663	6,637	-	6,637
21,127	21,127	-	-	-
12,650	12,650	-	-	-
76,849	76,849	-	-	-
34,050	34,050	-	-	-
18,032	18,032	-	-	-
64,137	61,581	13,621	-	13,621
<u>7,717,918</u>	<u>7,110,463</u>	<u>1,919,835</u>	<u>113,277</u>	<u>2,033,112</u>
250,651	237,064	415,399	6,216	421,615
133,251	161,529	(2,617)	9,848	7,231
<u>383,902</u>	<u>398,593</u>	<u>412,782</u>	<u>16,064</u>	<u>428,846</u>
<u>\$ 8,101,820</u>	<u>\$ 7,509,056</u>	<u>\$ 2,332,617</u>	<u>\$ 129,341</u>	<u>\$ 2,461,958</u>

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

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

Year ended June 30, 2012

Composition of cash balance:

U.S.D. No. 507 accounts:

Checking account	\$ (361,112)
Money market account	2,380,603
Insurance account - checking	1,500
Activity funds - checking	<u>33,411</u>

Total primary government	2,054,402
Agency funds	<u>(21,290)</u>

Total primary government - excluding agency funds	<u>2,033,112</u>
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Component unit:

Satanta Recreation Commission

Checking account	(48,409)
Money market account	469,024
Petty cash	<u>1,000</u>

Total Satanta Recreation Commission	<u>421,615</u>
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Cimarron Valley Golf Association

Checking account	631
Money market account	<u>6,600</u>

Total Cimarron Valley Golf Association	<u>7,231</u>
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Total component unit	<u>428,846</u>
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Total - excluding agency funds	<u><u>\$ 2,461,958</u></u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
Governmental type funds:					
General funds:					
General	\$ 2,844,072	\$ (114,136)	\$ 2,729,936	\$ 2,729,936	\$ -
Supplemental general	994,640	(36,306)	958,334	919,118	39,216
Special revenue funds:					
At-Risk (4 year old)	51,280	-	51,280	50,159	1,121
At-Risk (K-12)	348,891	-	348,891	436,349	(87,458)
Bilingual	279,857	-	279,857	262,452	17,405
Capital outlay	911,278	-	911,278	488,665	422,613
Driver training	9,852	-	9,852	4,244	5,608
Food service	258,145	-	258,145	216,469	41,676
Professional development	15,000	-	15,000	4,677	10,323
Parents as teachers program	46,308	-	46,308	17,183	29,125
Special education	359,935	-	359,935	259,869	100,066
Vocational education	125,163	-	125,163	95,693	29,470
KPERs special retirement contribution	293,231	-	293,231	268,107	25,124
Recreation commission	250,400	-	250,400	239,296	11,104
Total primary government	6,788,052	(150,442)	6,637,610	5,992,217	645,393
Component unit:					
Satanta Recreation Commission	513,900	-	513,900	237,064	276,836
	<u>\$ 7,301,952</u>	<u>\$ (150,442)</u>	<u>\$ 7,151,510</u>	<u>\$ 6,229,281</u>	<u>\$ 922,229</u>

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET

	Year ended June 30,			
		2012		
	2011	Statutory amounts	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 9,121	\$ 2,718	\$ 18,530	\$ (15,812)
Current tax	3,117,803	3,099,307	2,700,750	398,557
Delinquent tax	18,124	18,187	6,301	11,886
Federal aid:				
ARRA stabilization funds	54,693	-	-	-
Education jobs fund	95,767	1,422	-	1,422
State aid:				
Special education aid	183,019	197,080	209,935	(12,855)
Mineral production tax	233,022	289,310	175,000	114,310
Total cash receipts	<u>3,711,549</u>	<u>3,608,024</u>	<u>\$ 3,110,516</u>	<u>\$ 497,508</u>
Expenditures subject to legal maximum budget:				
Instruction	1,457,891	1,135,793	\$ 1,522,337	\$ 386,544
Student support services	62,336	22,513	57,500	34,987
Instructional support staff	86,243	76,297	93,000	16,703
General administration	188,326	210,169	191,500	(18,669)
School administration	179,176	196,893	182,000	(14,893)
Operations and maintenance	39,002	42,945	44,300	1,355
Student transportation services	108,588	104,067	136,500	32,433
Operating transfers	792,605	941,259	616,935	(324,324)
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(114,136)</u>	<u>(114,136)</u>
Total expenditures and transfers subject to legal maximum budget	<u>2,914,167</u>	<u>2,729,936</u>	<u>\$ 2,729,936</u>	<u>\$ -</u>
Excess revenue to state	<u>722,777</u>	<u>893,169</u>		
Total expenditures	<u>3,636,944</u>	<u>3,623,105</u>		
Receipts over (under) expenditures	74,605	(15,081)		
Unencumbered cash, beginning of year	<u>668</u>	<u>75,273</u>		
Unencumbered cash, end of year	<u>\$ 75,273</u>	<u>\$ 60,192</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 2,553	\$ 1,157	\$ 8,023	\$ (6,866)
Current tax	940,722	889,681	774,945	114,736
Delinquent tax	5,837	6,071	1,906	4,165
Motor vehicle tax	6,199	11,200	12,445	(1,245)
Recreational vehicle tax	1,646	246	244	2
Other taxes	2,864	-	-	-
Total cash receipts	<u>959,821</u>	<u>908,355</u>	<u>\$ 797,563</u>	<u>\$ 110,792</u>
Expenditures subject to legal maximum budget:				
Instruction	25,806	237,323	\$ 113,418	\$ (123,905)
General administration	122,227	119,263	115,000	(4,263)
Operations and maintenance	337,322	301,532	367,900	66,368
Operating transfers	499,962	261,000	398,322	137,322
Adjustment to comply with legal maximum budget	-	-	(36,306)	(36,306)
Total expenditures and transfers subject to legal maximum budget	<u>985,317</u>	<u>919,118</u>	<u>\$ 958,334</u>	<u>\$ 39,216</u>
Receipts over (under) expenditures	(25,496)	(10,763)		
Unencumbered cash, beginning of year	242,300	218,714		
Residual equity transfer in	1,910	-		
Prior year canceled encumbrances	-	699		
Unencumbered cash, end of year	<u>\$ 218,714</u>	<u>\$ 208,650</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

AT-RISK (4 YEAR OLD) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 14,000	\$ 48,500	\$ 15,000	\$ 33,500
Transfer from supplemental general fund	48,786	-	48,322	(48,322)
Total cash receipts	62,786	48,500	<u>\$ 63,322</u>	<u>\$ (14,822)</u>
Expenditures:				
Instruction	40,903	50,159	<u>\$ 51,280</u>	<u>\$ 1,121</u>
Receipts over (under) expenditures	21,883	(1,659)		
Unencumbered cash, beginning of year	23,123	45,006		
Unencumbered cash, end of year	<u>\$ 45,006</u>	<u>\$ 43,347</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

AT-RISK (K-12) FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Other	\$ -	\$ 24	\$ 50,000	\$ (49,976)
Transfer from general fund	317,676	320,000	200,000	120,000
Transfer from supplemental general fund	141,325	100,000	100,000	-
Total cash receipts	459,001	420,024	\$ 350,000	\$ 70,024
Expenditures:				
Instruction	201,508	373,916	\$ 241,017	\$ (132,899)
Student support services	60,235	31,649	37,300	5,651
Instructional support staff	20,326	10,172	23,574	13,402
School administration	48,469	20,612	47,000	26,388
Student transportation services	24	-	-	-
Total expenditures	330,562	436,349	\$ 348,891	\$ (87,458)
Receipts over (under) expenditures	128,439	(16,325)		
Unencumbered cash, beginning of year	7,524	135,963		
Unencumbered cash, end of year	\$ 135,963	\$ 119,638		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

BILINGUAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 188,265	\$ 210,000	\$ 100,000	\$ 110,000
Transfer from supplemental general fund	97,885	-	100,000	(100,000)
Total cash receipts	286,150	210,000	\$ 200,000	\$ 10,000
Expenditures:				
Instruction	203,587	248,105	\$ 261,157	\$ 13,052
Student support services	3,685	-	5,600	5,600
Instructional support staff	3,682	-	5,600	5,600
School administration	6,764	14,347	7,500	(6,847)
Total expenditures	217,718	262,452	\$ 279,857	\$ 17,405
Receipts over (under) expenditures	68,432	(52,452)		
Unencumbered cash, beginning of year	11,424	79,856		
Unencumbered cash, end of year	\$ 79,856	\$ 27,404		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 2,015	\$ 773	\$ 5,978	\$ (5,205)
Current tax	628,209	625,801	544,751	81,050
Delinquent tax	3,852	4,298	1,274	3,024
Motor vehicle tax	6,641	7,020	9,300	(2,280)
Recreational vehicle tax	192	162	183	(21)
Other taxes	2,235	-	-	-
Other	2,500	427,254	-	427,254
Transfer from general fund	1,585	-	-	-
Total cash receipts	<u>647,229</u>	<u>1,065,308</u>	<u>\$ 561,486</u>	<u>\$ 503,822</u>
Expenditures:				
Instruction	134,370	74,612	\$ 125,000	\$ 50,388
Student support services	-	-	10,000	10,000
Instructional support staff	-	-	10,000	10,000
General administration	31,749	-	20,000	20,000
School administration	18,406	861	10,000	9,139
Operations and maintenance	628,329	93,347	538,829	445,482
Student transportation services	119,191	213,024	69,155	(143,869)
Architectural and engineering services	3,183	1,500	-	(1,500)
Site improvement	181,641	105,321	119,600	14,279
Building improvements	8,694	-	8,694	8,694
Total expenditures	<u>1,125,563</u>	<u>488,665</u>	<u>\$ 911,278</u>	<u>\$ 422,613</u>
Receipts over (under) expenditures	(478,334)	576,643		
Unencumbered cash, beginning of year	670,336	192,002		
Prior year canceled encumbrances	-	50,255		
Unencumbered cash, end of year	<u>\$ 192,002</u>	<u>\$ 818,900</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2012			Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
State aid	\$ 1,258	\$ 1,692	\$ 1,850	\$ (158)
Other	601	925	-	925
Transfer from supplemental general fund	1,816	-	-	-
Total cash receipts	3,675	2,617	\$ 1,850	\$ 767
Expenditures:				
Instruction	3,608	4,244	\$ 6,852	\$ 2,608
Vehicle and maintenance services	-	-	3,000	3,000
Total expenditures	3,608	4,244	\$ 9,852	\$ 5,608
Receipts over (under) expenditures	67	(1,627)		
Unencumbered cash, beginning of year	7,935	8,002		
Unencumbered cash, end of year	\$ 8,002	\$ 6,375		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Federal aid	\$ 127,247	\$ 118,422	\$ 122,960	\$ (4,538)
State aid	2,106	1,938	1,803	135
Charges for services	43,514	40,518	56,625	(16,107)
Interest	13,728	8,798	-	8,798
Other	120	5,000	-	5,000
Transfer from general fund	-	35,679	50,000	(14,321)
Transfer from supplemental general fund	37,665	-	40,000	(40,000)
Total cash receipts	224,380	210,355	\$ 271,388	\$ (61,033)
Expenditures:				
Operations and maintenance	15,805	17,612	\$ 18,500	\$ 888
Food service operations	216,449	198,857	239,645	40,788
Total expenditures	232,254	216,469	\$ 258,145	\$ 41,676
Receipts over (under) expenditures	(7,874)	(6,114)		
Unencumbered cash, beginning of year	67,227	59,353		
Unencumbered cash, end of year	\$ 59,353	\$ 53,239		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Transfer from supplemental general fund	\$ 3,555	\$ 11,000	<u>\$ 5,000</u>	<u>\$ 6,000</u>
Expenditures:				
Instructional support staff	<u>3,556</u>	<u>4,677</u>	<u>\$ 15,000</u>	<u>\$ 10,323</u>
Receipts over (under) expenditures	(1)	6,323		
Unencumbered cash, beginning of year	<u>15,001</u>	<u>15,000</u>		
Unencumbered cash, end of year	<u>\$ 15,000</u>	<u>\$ 21,323</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

PARENTS AS TEACHERS PROGRAM

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 10,579	\$ 10,289	\$ 10,289	\$ -
Transfer from general fund	-	10,000	7,000	3,000
Transfer from supplemental general fund	15,622	-	15,000	(15,000)
Total cash receipts	26,201	20,289	\$ 32,289	\$ (12,000)
Expenditures:				
Student support services	20,250	16,990	\$ 46,008	\$ 29,018
Instructional support staff	170	193	300	107
Total expenditures	20,420	17,183	\$ 46,308	\$ 29,125
Receipts over (under) expenditures	5,781	3,106		
Unencumbered cash, beginning of year	8,239	14,020		
Unencumbered cash, end of year	\$ 14,020	\$ 17,126		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2012			Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Other	\$ 1,547	\$ 3,430	\$ -	\$ 3,430
Transfer from general fund	183,019	197,080	209,935	(12,855)
Transfer from supplemental general fund	62,728	150,000	50,000	100,000
Total cash receipts	247,294	350,510	\$ 259,935	\$ 90,575
Expenditures:				
Instruction	247,294	259,869	\$ 359,935	\$ 100,066
Receipts over (under) expenditures	-	90,641		
Unencumbered cash, beginning of year	200,000	200,000		
Unencumbered cash, end of year	\$ 200,000	\$ 290,641		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 88,060	\$ 70,000	\$ 35,000	\$ 35,000
Transfer from supplemental general fund	75,580	-	25,000	(25,000)
Total cash receipts	163,640	70,000	\$ 60,000	\$ 10,000
Expenditures:				
Instruction	119,761	93,333	\$ 125,163	\$ 31,830
Operations and maintenance	98	2,360	-	(2,360)
Total expenditures	119,859	95,693	\$ 125,163	\$ 29,470
Receipts over (under) expenditures	43,781	(25,693)		
Unencumbered cash, beginning of year	21,153	65,103		
Prior year canceled encumbrances	169	-		
Unencumbered cash, end of year	\$ 65,103	\$ 39,410		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
State aid	\$ 161,116	\$ 268,107	\$ 293,231	\$ (25,124)
Expenditures:				
Instruction	113,019	194,975	\$ 208,195	\$ 13,220
Student support services	4,519	6,786	5,865	(921)
Instructional support staff	2,138	7,071	5,865	(1,206)
General administration	7,740	12,941	17,594	4,653
School administration	11,107	20,272	20,527	255
Other supplemental services	-	-	17,594	17,594
Operations and maintenance	10,127	14,036	8,796	(5,240)
Student transportation services	6,771	5,387	8,795	3,408
Food service operations	5,695	6,639	-	(6,639)
Total expenditures	161,116	268,107	\$ 293,231	\$ 25,124
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

RECREATION COMMISSION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 748	\$ 290	\$ 2,125	\$ (1,835)
Current tax	235,625	234,192	204,267	29,925
Delinquent tax	1,427	1,660	478	1,182
Motor vehicle tax	2,251	3,094	3,462	(368)
Recreational vehicle tax	51	60	68	(8)
Other	827	-	40,000	(40,000)
Total cash receipts	240,929	239,296	<u>\$ 250,400</u>	<u>\$ (11,104)</u>
Expenditures:				
Transfer to component unit	240,929	239,296	<u>\$ 250,400</u>	<u>\$ 11,104</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

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

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2012		Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from U.S.D. 507:				
Recreation Commission	\$ 156,997	\$ 163,294	\$ 165,000	\$ (1,706)
Golf Course	78,428	81,286	82,500	(1,214)
Interest	1,948	1,445	1,500	(55)
Donations	1,765	150	1,500	(1,350)
Miscellaneous	9,668	3,476	4,200	(724)
Grants	-	1,000	-	1,000
Total cash receipts	248,806	250,651	\$ 254,700	\$ (4,049)
Expenditures:				
Salaries	65,145	73,832	\$ 86,000	\$ 12,168
Programs	33,435	42,335	114,900	72,565
Equipment and improvements	9,254	3,220	170,000	166,780
Utilities	8,974	8,585	16,000	7,415
Miscellaneous	14,087	13,681	27,000	13,319
Transfer to Cimarron Valley Golf Association	100,000	95,411	100,000	4,589
Total expenditures	230,895	237,064	\$ 513,900	\$ 276,836
Receipts over (under) expenditures	17,911	13,587		
Unencumbered cash, beginning of year	383,901	401,812		
Unencumbered cash, end of year	\$ 401,812	\$ 415,399		

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

**CIMARRON VALLEY GOLF ASSOCIATION
(A COMPONENT UNIT)**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

	Year ended June 30,	
	2011	2012
Cash receipts:		
Transfer from Satanta Recreation Commission	\$ 80,645	\$ 83,274
Charges for services	45,816	44,221
Donations	5,756	5,658
Interest	142	98
Total cash receipts	<u>132,359</u>	<u>133,251</u>
Expenditures:		
Personal services	58,585	45,748
Commodities	21,277	36,752
Contractual services	60,345	76,029
Capital outlay	-	3,000
Total expenditures	<u>140,207</u>	<u>161,529</u>
Receipts over (under) expenditures	(7,848)	(28,278)
Unencumbered cash, beginning of year	<u>33,509</u>	<u>25,661</u>
Unencumbered cash, end of year	<u>\$ 25,661</u>	<u>\$ (2,617)</u>

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

UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ALL NON-BUDGETED SPECIAL REVENUE FUNDS

Year ended June 30, 2012

	<u>Contingency reserve</u>	<u>Textbook rental - elementary</u>	<u>Textbook rental - Jr.-Sr. high</u>	<u>Title II-A teacher quality</u>
Cash receipts:				
Federal aid	\$ -	\$ -	\$ -	\$ 21,127
Fees	-	4,568	4,120	-
Transfer from general fund	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts	<u>50,000</u>	<u>4,568</u>	<u>4,120</u>	<u>21,127</u>
Expenditures:				
Instruction	-	125	663	21,017
Instructional support staff	-	-	-	110
School administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>125</u>	<u>663</u>	<u>21,127</u>
Receipts over (under) expenditures	50,000	4,443	3,457	-
Unencumbered cash, beginning of year	<u>128,000</u>	<u>10,889</u>	<u>3,180</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ 178,000</u></u>	<u><u>\$ 15,332</u></u>	<u><u>\$ 6,637</u></u>	<u><u>\$ -</u></u>

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

<u>Title III</u>	<u>Title I</u>	<u>Migrant</u>	<u>Small rural school achievement</u>	<u>Total</u>
\$ 12,650	\$ 76,849	\$ 34,050	\$ 18,032	\$ 162,708
-	-	-	-	8,688
-	-	-	-	50,000
<u>12,650</u>	<u>76,849</u>	<u>34,050</u>	<u>18,032</u>	<u>221,396</u>
12,650	72,707	18,218	18,032	143,412
-	4,142	8,351	-	12,603
-	-	7,481	-	7,481
<u>12,650</u>	<u>76,849</u>	<u>34,050</u>	<u>18,032</u>	<u>163,496</u>
-	-	-	-	57,900
-	-	-	-	142,069
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,969</u>

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

DISTRICT ACTIVITY FUNDS

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

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school	\$ -	\$ 21,546	\$ 21,546	\$ -	\$ -	\$ -
School projects:						
High school:						
Concession stand	1,503	12,473	11,845	2,131	-	2,131
Scholar's bowl	2,006	466	626	1,846	-	1,846
Student projects	2,566	5,588	6,150	2,004	-	2,004
Journalism	1,872	13,761	14,251	1,382	-	1,382
Weight program	284	-	-	284	-	284
HS boys basketball	146	301	22	425	-	425
HS girls basketball	-	1,094	561	533	-	533
Football	513	-	-	513	-	513
Athletics - general	765	-	-	765	-	765
HS volleyball	-	1,480	295	1,185	-	1,185
JH basketball	-	511	511	-	-	-
JH girls basketball	-	269	185	84	-	84
Elementary school:						
Student activity	809	3,784	2,849	1,744	-	1,744
Book fair	468	2,864	2,712	620	-	620
P.E.	133	-	28	105	-	105
Subtotal school projects	11,065	42,591	40,035	13,621	-	13,621
Total district activity funds	\$ 11,065	\$ 64,137	\$ 61,581	\$ 13,621	\$ -	\$ 13,621

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

AGENCY FUNDS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
High school:				
"S" club	\$ 443	\$ 295	\$ 361	\$ 377
Cheerleaders	1,499	2,533	3,258	774
Kayettes	2,298	2,500	2,672	2,126
Stuco	791	479	1,016	254
Band	1,590	478	757	1,311
FFA	3,012	15,419	18,180	251
FCCLA (home economics)	674	546	441	779
Vocal music	1,562	-	-	1,562
Junior high cheerleaders	801	1,342	2,143	-
FCA	1,868	-	-	1,868
NHS	468	-	99	369
Debate/drama/forensics	1,949	899	784	2,064
Class of 2011	686	-	-	686
Class of 2012	2,715	1,911	4,515	111
Class of 2013	4,726	8,338	10,475	2,589
Class of 2014	893	3,665	1,283	3,275
Class of 2015	-	5,585	5,080	505
FBLA	576	10	101	485
Wood spending	-	265	-	265
Subtotal high school	26,551	44,265	51,165	19,651
Elementary school:				
Music	50	236	155	131
Subtotal student organization funds	26,601	44,501	51,320	19,782
Clearing funds:				
Concessions - clearing	-	2,364	2,356	8
Other agency:				
Insurance account	2,261	4,191	4,952	1,500
Total agency funds	<u>\$ 28,862</u>	<u>\$ 51,056</u>	<u>\$ 58,628</u>	<u>\$ 21,290</u>

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

**UNIFIED SCHOOL DISTRICT NO. 507
SATANTA, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2011 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2012, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below. Certain prior year amounts have been reclassified to result in more comparative statements.

1. Reporting entity

U.S.D. No. 507 Satanta, Kansas is a municipal corporation governed by an elected seven-member board. These financial statements present U.S.D. No. 507 Satanta, Kansas (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

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

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

Cimarron Valley Golf Association. The Association elects all seven of its Board of Directors, but receives a significant portion of its operating revenue from the Recreation Commission. The Association can sue and be sued, and enter into contracts and lease agreements for real and personal property.

Complete financial statements of the Satanta Recreation Commission and Cimarron Valley Golf Association may be obtained as follows:

Satanta Recreation Commission
P.O. Box 506
Satanta, Kansas 67870

2. Fund accounting

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

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

GOVERNMENTAL FUNDS

General Funds

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

Special Revenue Funds

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

FIDUCIARY FUNDS

Agency Funds

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

3. Basis of Accounting

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

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Accounting (continued)

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

4. Budgetary information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments to the budget for the year ended June 30, 2012.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary information (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality 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 capital projects funds, agency funds, and the following special revenue funds:

Contingency Reserve	Federal Grant Funds
Textbook Rental – Elementary	District Activity Funds
Textbook Rental – Jr. – Sr. High	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Cash and investments

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

6. Ad valorem tax revenue

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

7. Pension plan

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Compensated absences

District employees who are entitled to vacation leave receive two weeks paid vacation after completing one year of service and three weeks paid vacation after completing ten years of service. Vacation leave is granted on a fiscal year basis. Employees who join the District after July 1 of any given fiscal year are granted vacation leave on a pro-rata basis. Employees are allowed fourteen or eighteen months in which to take accrued vacation leave depending upon their position. Any unused vacation leave earned in a previous fiscal year is void on September 1 or January 1 of the following fiscal year and is non-reimbursable.

Sick leave of nine to eighteen days is credited annually to each full time employee, other than teachers, and may accumulate to a total of 80 days. Sick leave is credited at the rate of one day per month for an employee's first five years of service and at the rate of 1½ days per month thereafter. Teachers are credited with ten days of sick leave per year which may accumulate to a total of 80 days.

Administrative personnel are allowed four personal days per year and all other District employees are allowed two or three personal days per year which must be used or lost subject to the following exceptions. Teachers are allowed one unused personal day to be (1) carried forward as a sick day (subject to the 80-day limit), or (2) compensated.

District employees are entitled to paid holidays depending upon job classification. No accumulated sick leave or personal leave is paid to an employee upon termination, retirement, or resignation, except teachers. Teachers that have been with the District for ten years of full-time service will receive payment for up to and including forty days at a rate of \$40 per day. However, accumulated vacation leave is paid to an employee upon termination, retirement, or resignation.

9. Section 125 plan

The District offers a Section 125 Flexible Benefit Plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expense, dependent care expense, and other insurance premiums. The plan is administered by an independent company.

10. Estimates

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

11. Other post employment benefits

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Other post employment benefits (continued)

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

12. Voluntary early retirement plan

Certified personnel may voluntarily elect to retire early. Qualifying personnel must have at least seven years of service with the District and must be fully vested in KPERS. The annual rate of retirement compensation is one-third of the District's base salary for the year the individual begins participation. Benefits will end after five years. All benefits terminate when the teacher reaches the age of 65. The District stopped offering the plan after the year ended June 30, 1999, so only teachers during that year remain eligible for the early retirement plan. The future commitment of the District for the voluntary early retirement plan is presented in Note D.

B. COMPLIANCE WITH KANSAS STATUTES

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

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Expenditures exceeded the adopted budget in the At Risk K-12 Fund by \$87,458.

C. DEPOSITS AND INVESTMENTS

Policies. The District has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds to have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the bank provides an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$2,054,402. The bank balance was \$2,524,953. Of the bank balance, \$256,722 was covered by FDIC insurance and \$2,268,231 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

D. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ Net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
District copiers					
Issued May 12, 2009					
In the amount of \$48,000					
At interest rate of 7.50%					
Maturing August 1, 2012	\$ 23,937	\$ -	\$ 11,536	\$ 12,401	\$ 1,795
Skid loader					
Issued November 15, 2010					
In the amount of \$25,181					
Maturing November 15, 2011	21,604	-	21,604	-	1,041
Skid loader					
Issued October 20, 2011					
In the amount of \$25,630					
Maturing November 15, 2012	-	25,630	3,620	22,010	-
Total capital leases	45,541	25,630	36,760	34,411	2,836
Termination benefits:					
Early retirement payable	135,896	33,949	69,131	100,714	-
Total long-term debt	<u>\$ 181,437</u>	<u>\$ 59,579</u>	<u>\$ 105,891</u>	<u>\$ 135,125</u>	<u>\$ 2,836</u>

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

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2013	<u>\$ 34,411</u>	<u>\$ 1,937</u>	<u>\$ 36,348</u>

E. DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

E. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy. K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate at 4% and 6% respectively of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.77% of covered payroll for July 1, 2011 through June 30, 2012. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$268,107, \$161,116, and \$196,271.

F. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The District purchases commercial insurance to cover health, property, liability, and workers' compensation claims. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in any of the past three years.

G. INTERFUND TRANSACTIONS

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

<u>From</u>	<u>To</u>	<u>Amount</u>
General	Bilingual	\$ 210,000
General	Vocational education	70,000
General	Special education	197,080
General	At-Risk (4 year old)	48,500
General	At-Risk (K-12)	320,000
General	Food service	35,679
General	Parents as teachers	10,000
General	Contingency reserve	50,000
Supplemental general	Professional development	11,000
Supplemental general	Special education	150,000
Supplemental general	At-Risk (K-12)	<u>100,000</u>
		<u>\$1,202,259</u>

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

<u>From</u>	<u>To</u>	<u>Amount</u>
Recreation commission fund	Satanta Recreation Commission	<u>\$ 239,296</u>

H. CONTINGENCIES

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

I. SUBSEQUENT EVENT

Management has evaluated subsequent events through November 27, 2012, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.