

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105  
ATWOOD, KANSAS**

Primary Government Financial Statement  
With Independent Auditors' Report

For the Year Ended June 30, 2013

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
 Primary Government Financial Statement With Independent Auditors' Report  
 For the Year Ended June 30, 2013

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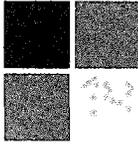
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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
**Rawlins County Unified School District No. 106 Atwood, Kansas**  
Atwood, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **Rawlins County Unified School District No. 105 Atwood, Kansas**, as of and for the year ended June 30, 2013 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statement 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 and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities**

The financial statement referred to above does not include financial data for the District's legally separate related municipal entity. Accounting principles generally accepted in the United States of America require financial data for the related municipal entity to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that

include the financial data for its related municipal entities. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash balance of Atwood Summer Recreation Commission would have been reported as \$44,722.

#### **Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented related municipal entities of **Rawlins County Unified School District No. 105 Atwood, Kansas**, as of June 30, 2013, or the changes in financial position thereof for the year then ended.

#### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statement is prepared by **Rawlins County Unified School District No. 105 Atwood, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

#### **Adverse Opinion on Aggregate Remaining Fund Information**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" and "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statement referred to above does not present fairly, in all material respects, the financial position of the aggregate remaining fund information of **Rawlins County Unified School District No. 105 Atwood, Kansas** as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Rawlins County Unified School District No. 105 Atwood, Kansas** as of June 30, 2013, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the summary statement of receipts, expenditures and unencumbered cash (basic financial statement) as a whole. The summary of expenditures – actual and budget, individual fund schedules of receipts and expenditures, summary of receipts and disbursements, and schedule of receipts, expenditures, and unencumbered cash (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records

used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

*Adams Brown, Beran & Ball, Chtd.*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

October 21, 2013

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
 Summary Statement of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended June 30, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
<b>General Funds</b>							
General Fund	\$ -	-	2,371,875	2,359,803	12,072	-	12,072
Supplemental General Fund	64,569	243	794,379	828,999	30,192	35,934	66,126
<b>Special Purpose Funds</b>							
Capital Outlay Fund	348,720	1,098	405,239	490,745	264,312	58,356	322,668
Driver Training Fund	11,557	-	2,577	3,534	10,600	-	10,600
Food Service Fund	63,171	-	185,849	202,484	46,536	-	46,536
Professional Development Fund	10,000	-	1,800	1,747	10,053	-	10,053
Special Education Fund	191,297	-	291,513	379,835	102,975	10	102,985
Vocational Education Fund	101,717	-	74,691	89,566	86,842	286	87,128
KPERS Special Retirement Contribution Fund	-	-	209,374	209,374	-	-	-
At Risk (K-12) Fund	197,615	-	208,995	293,980	112,630	-	112,630
Contingency Reserve Fund	160,197	-	10,001	-	170,198	-	170,198
Textbook Rental Fund	49,320	101	9,050	15,149	43,322	-	43,322
Recreation Commission Fund	-	-	46,952	46,952	-	-	-
Title I Low Income Fund	-	-	62,514	62,514	-	580	580
Title IV Drug Free Schools Fund	1,035	-	-	1,035	-	-	-
Title II Improving Teacher Quality Fund	-	-	20,033	20,032	1	250	251
Grants Fund	2,109	-	1,500	148	3,461	-	3,461
REAP Grant Fund	-	-	16,635	16,635	-	-	-
District Activity Funds	23,279	-	62,636	64,062	21,853	-	21,853
<b>Private Purpose Trust Funds</b>							
Joan Hale Scholarship Fund	1	-	-	-	1	-	1
Melvin Bray Scholarship Fund	257	-	1	100	158	-	158
Crist Family Scholarship Fund	2,119	-	1,008	1,000	2,127	-	2,127
Friends of USD #105 Fund	(107)	35	21,110	20,106	932	7,500	8,432
Ona Mae Ratcliff Scholarship Fund	599	-	2	100	501	-	501
Ginther Scholarship Fund	250	-	500	250	500	-	500
Versch Scholarship Fund	422	-	601	400	623	-	623
loof Scholarship Fund	-	-	9,178	-	9,178	-	9,178
<b>Total Primary Government (Excluding Agency Funds)</b>	<b>\$ 1,228,127</b>	<b>1,477</b>	<b>4,808,013</b>	<b>5,108,550</b>	<b>929,067</b>	<b>102,916</b>	<b>1,031,983</b>
<b>Composition of Cash</b>							
						Checking Accounts	\$ 1,065,908
						Petty Cash	50
						Total Primary Government	1,065,958
						Agency Funds per Schedule 3	(33,975)
						<b>Total Primary Government (Excluding Agency Funds)</b>	<b>\$ 1,031,983</b>

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

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
Notes to Financial Statement  
June 30, 2013

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Rawlins County Unified School District No. 105 Atwood, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

**Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

**Financial Reporting Entity**

The District is a municipal corporation governed by an elected seven-member board. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the District and/or its constituents.

**Atwood Summer Recreation Commission**

The District's Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. Unaudited financial statements can be obtained by contacting the recreation commission's office.

The District is the primary government as defined in GASB #61. The board of education is elected by the public. The board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

**Basis of Presentation – Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2013.

**Regulatory Basis Fund Types**

**General Fund** – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

**Special Purpose Fund** – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

**Trust Fund** – fund used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit

## RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS

Notes to Financial Statement

June 30, 2013

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the municipal reporting entity, scholarship funds, etc.).

**Agency Fund** – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

### **Basis of Accounting**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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 regulatory basis of accounting.

### **Departure From Accounting Principles Generally Accepted in the United States of America**

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

### **Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

### **Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the District for special purposes.

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Notes to Financial Statement

June 30, 2013

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**Reimbursements**

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

**NOTE 2 – BUDGETARY INFORMATION**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar 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 10 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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 schedules 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 regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Low Income Fund, Title IV Drug Free Schools Fund, Title II Improving Teacher Quality Fund, REAP Grant Fund and District Activity Funds.

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

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Notes to Financial Statement

June 30, 2013

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Rawlins County Unified School District No. 105 Atwood, Kansas** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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, or in an adjoining county if such institution has been designated as an official depository, 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 K.S.A. 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%. The District does not use "peak periods". All deposits were legally secured at June 30, 2013.

At June 30, 2013, the District's carrying amount of deposits was \$1,065,958 and the bank balance was \$1,208,449. The bank balance was held by one banks resulting in a concentration of credit risk. Of the bank balance, \$251,100 was covered by federal depository insurance and \$957,349 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 the 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. The District had no investments at June 30, 2013.

**NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT**

**Rawlins County Unified School District No. 105 Atwood, Kansas** received \$187,083 subsequent to June 30, 2013 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2013.

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Notes to Financial Statement

June 30, 2013

functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Rawlins County Unified School District No. 105 Atwood, Kansas'** interfund transfers and regulatory authority for the year ended June 30, 2013 were as follows:

<u>From</u>	<u>To</u>	Regulatory Authority	<u>Amount</u>
General Fund	At Risk (K-12) Fund	K.S.A. 72-6248	\$ 152,617
General Fund	Vocational Education Fund	K.S.A. 72-6248	68,444
General Fund	Special Education Fund	K.S.A. 72-6248	278,051
General Fund	Contingency Reserve Fund	K.S.A. 72-6248	10,001
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	56,377
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	3,953
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	13,462
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	1,500
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	5,000

**NOTE 6 – CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	Cash Disbursements and Accounts Payable <u>To Date</u>
Track	\$ 403,239	\$ 403,239

**NOTE 7 – LITIGATION**

**Rawlins County Unified School District No. 105 Atwood, Kansas** is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

**NOTE 8 – RISK MANAGEMENT**

**Rawlins County Unified School District No. 105 Atwood, Kansas** carries commercial insurance for risks of loss, including property, general liability, crime, automobile, umbrella, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 9 – GRANTS AND SHARED REVENUES**

**Rawlins County Unified School District No. 105 Atwood, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Notes to Financial Statement

June 30, 2013

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**NOTE 10 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

K.S.A 10-1118 states the treasurer should maintain records to show the amount of money in each fund. For the year ended June 30, 2013 this was not being done.

**NOTE 11 – OPERATING LEASES**

**Rawlins County Unified School District No. 105 Atwood, Kansas** has an automatic renewable lease agreement with Carlson's Rentals dated June 1, 2009, for use of a rental stall. The District agreed to pay the sum of \$540 on the first day of each annual period. The District also paid a security deposit of \$90 to be held by the landlord for damages to the property, if any. The term of the renewal lease is for one year beginning June 1, 2012 and ending May 31, 2013.

The District entered into an automatically renewable lease agreement with Atwood Self Storage dated April 7, 2004, for the use of a storage unit. The District agreed to pay \$50 per month on the first day of each month, with the first month of the contract being prorated to the first day of the following month. The District also paid a lock deposit of \$20, which will be refunded upon the return of the lock when the lease agreement is cancelled. The total lease expense for the year ended June 30, 2013 was \$440.

**NOTE 12 – DEFERRED COMPENSATION PLAN**

**Rawlins County Unified School District No. 105 Atwood, Kansas** sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

Plan Description

**Rawlins County Unified School District No. 105 Atwood, Kansas** 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, etc. 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 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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 statutory required employers share.

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Notes to Financial Statement

June 30, 2013

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**NOTE 14 – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, **Rawlins County Unified School District No. 105 Atwood, Kansas** 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 this financial statement.

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.

**NOTE 15 – TERMINATION BENEFITS**

**Rawlins County Unified School District No. 105 Atwood, Kansas** provides an early retirement program for certain eligible employees. An employee is eligible for early retirement based on the following guidelines.

Age 60 – 64:

- a. Has 20 years of teaching credit in Kansas public schools or 20 years of service credit recognized by the Kansas Public Employees Retirement System (KPERs).
- b. Is currently a full-time professional employee of the school district for 10 or more years of employment service with the District, with credit for years of experience in USD 318 and USD 317.
- c. Is not more than 65 years of age on July 1 of the year that early retirement benefits would begin.

Age 55 – 59:

- a. Is currently a full-time professional employee of the school district for 25 or more years of employment services with USD 105, USD 318 and USD 317 and is at least 55 years of age but less than 60 years of age on July 1 of the year early retirement benefits begin.

Eligibility, as summarized above, will be determined by the Board of Education. An employee applying for early retirement shall have the responsibility to provide all facts and information necessary to prove eligibility for early retirement and to determine benefits to be paid.

Those eligible under this program may receive benefits for up to five years. Payments to retired employees under this plan were \$42,000 for the year ended June 30, 2013.

**NOTE 16 – COMPENSATED ABSENCES**

**Vacation**

**Rawlins County Unified School District No. 105 Atwood, Kansas'** policy with regard to vacation does not provide for accumulation or carryover of benefits from one year to the next.

**Sick Leave**

The District's policy with regards to sick leave allows for the vesting of \$36 for each unused day of sick leave up to 90 days for certified employees leaving service who have 10 years or more of continuous service with the District. The District's policy with regards to sick leave allows for vesting of \$20 for each unused day of sick leave (up to 90 days) for classified employees leaving service who have 10 years or more of continuous service with the District.

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Notes to Financial Statement

June 30, 2013

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The potential liability for sick leave at June 30, 2013 was \$28,040. This is not reflected in the financial statement.

**NOTE 17 – LONG-TERM DEBT**

**Rawlins County Unified School District No. 105 Atwood, Kansas** has the following types of long-term debt.

**Temporary Notes**

On June 17, 2009, the District issued \$300,000 in Temporary Notes – Series 2009 for the purpose of financing the costs of constructing the Rawlins County High School music classroom addition. The notes mature on June 17, 2013 with four equal payments of \$75,000 annually.

**Lease Obligations**

The District entered into a \$438,660 lease agreement with SunTrust Equipment Finance on July 1, 2007 for the purpose of installing certain energy, water or other operating cost saving equipment and providing other services designated to save energy, water, or other operating costs for the property and buildings with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

The District entered into a \$89,820 lease agreement with Eakes, Inc. on July 1, 2010 for used copiers with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

The District entered into a \$8,519 lease agreement with Apple, Inc. on September 26, 2012 for equipment with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

The District entered into a \$379,849 lease agreement with Farmers State Bank on April 23, 2013 for the purpose of redoing the track with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
Notes to Financial Statement  
June 30, 2013

Changes in long-term liabilities for the District for the year ended June 30, 2013, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Temporary Note, Series 2009	3.90%	6/17/2009	\$ 300,000	6/17/2013	\$ 75,000	-	75,000	-	2,885
<b>Capital Leases Payable</b>									
SunTrust Equipment Finance	3.81%	7/1/2007	438,660	7/1/2017	153,739	-	23,290	130,449	5,855
Eakes Inc.	-	7/1/2010	89,820	6/1/2016	53,892	-	17,964	35,928	-
Apple, Inc.	6.91%	9/26/2012	8,519	9/25/2015	-	8,519	3,006	5,513	32
Farmers State Bank	3.00%	4/23/2013	379,849	6/15/2018	-	379,849	-	379,849	-
<b>Total Contractual Indebtedness</b>					<b>\$ 282,631</b>	<b>388,368</b>	<b>119,260</b>	<b>551,739</b>	<b>8,772</b>

Current maturities of long-term debt and interest for the next five years through maturity are as follows:

	YEAR					Total
	2014	2015	2016	2017	2018	
<b>Principal</b>						
SunTrust Equipment Finance	\$ 24,177	25,097	26,053	27,046	28,076	130,449
Eakes, Inc.	17,964	17,964	-	-	-	35,928
Apple, Inc.	2,662	2,851	-	-	-	5,513
Farmers State Bank	70,246	74,008	76,210	78,515	80,870	379,849
<b>Total Principal</b>	<b>115,049</b>	<b>119,920</b>	<b>102,263</b>	<b>105,561</b>	<b>108,946</b>	<b>551,739</b>
<b>Interest</b>						
TAC Americas Capital Lease	4,968	4,048	3,092	2,099	1,069	15,276
Apple Inc Capital Lease	376	185	-	-	-	561
Farmers State Bank Track Capital Lease	13,050	9,288	7,087	4,782	2,426	36,633
<b>Total Interest</b>	<b>18,394</b>	<b>13,521</b>	<b>10,179</b>	<b>6,881</b>	<b>3,495</b>	<b>52,470</b>
<b>Total Principal and Interest</b>	<b>\$ 151,837</b>	<b>146,962</b>	<b>122,621</b>	<b>119,323</b>	<b>115,936</b>	<b>656,679</b>

**UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**

Regulatory-Required Supplementary Information

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Type Funds</b>						
<b>General Funds</b>						
General Fund	\$ 2,571,204	(213,521)	2,120	2,359,803	2,359,803	-
Supplemental General Fund	848,017	(19,018)	-	828,999	828,999	-
<b>Special Purpose Funds</b>						
Capital Outlay Fund	606,974	-	-	606,974	490,745	(116,229)
Driver Training Fund	8,550	-	-	8,550	3,534	(5,016)
Food Service Fund	222,649	-	-	222,649	202,484	(20,165)
Professional Development Fund	10,000	-	-	10,000	1,747	(8,253)
Special Education Fund	433,098	-	-	433,098	379,835	(53,263)
Vocational Education Fund	125,465	-	-	125,465	89,566	(35,899)
KPERs Special Retirement Contribution Fund	210,190	-	-	210,190	209,374	(816)
At Risk (K-12) Fund	386,796	-	-	386,796	293,980	(92,816)
Recreation Commission Fund	81,718	-	-	81,718	46,952	(34,766)
Grants Fund	5,704	-	-	5,704	148	(5,556)

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**General Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 413,337	414,436	400,183	14,253
Delinquent Tax	3,404	-	6,353	(6,353)
Intergovernmental Revenues				
Mineral Severance Tax	1,591	5,628	-	5,628
Federal Aid - Education Jobs	1,123	-	-	-
Equalization Aid	1,681,630	1,695,685	1,768,738	(73,053)
Special Education Aid	250,453	254,006	253,296	710
Reimbursed Expenses	1,045	2,120	-	2,120
Transfers In	40,000	-	141,750	(141,750)
<b>Total Cash Receipts</b>	<b>2,392,583</b>	<b>2,371,875</b>	<b>2,570,320</b>	<b>(198,445)</b>
<b>Expenditures</b>				
Instruction	1,102,549	1,073,670	1,247,750	(174,080)
Student Support Services	40,817	36,675	37,950	(1,275)
Instructional Support Services	57,992	25	59,450	(59,425)
General Administration	93,391	80,854	96,350	(15,496)
School Administration	211,352	213,022	214,050	(1,028)
Operation and Maintenance	267,177	239,038	262,750	(23,712)
Student Transportation Services	179,368	189,361	162,600	26,761
Other Supplemental Services	30,402	18,045	32,250	(14,205)
Transfers Out	409,535	509,113	458,054	51,059
Adjustment to Comply with Legal Max	-	-	(213,521)	213,521
Legal General Fund Budget	2,392,583	2,359,803	2,357,683	2,120
(a) Adjustment for Qualifying Budget Credit	-	-	2,120	(2,120)
<b>Total Expenditures</b>	<b>2,392,583</b>	<b>2,359,803</b>	<b>2,359,803</b>	<b>-</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>-</b>	<b>12,072</b>		
<b>Unencumbered Cash - Beginning</b>	<b>-</b>	<b>-</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ -</b>	<b>12,072</b>		
<b>(a) Adjustment for Qualifying Budget Credit</b>				
Reimbursed Expense Over Amount Budgeted			\$ 2,120	

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Supplemental General Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 584,464	497,062	474,008	23,054
Motor Vehicle Tax	73,811	80,874	78,076	2,798
Delinquent Tax	4,944	-	9,073	(9,073)
Recreational Vehicle Tax	768	713	891	(178)
Intergovernmental Revenue				
State Aid	202,448	214,810	222,520	(7,710)
Other Revenue	100	920	-	920
<b>Total Cash Receipts</b>	<u>866,535</u>	<u>794,379</u>	<u>784,568</u>	<u>9,811</u>
<b>Expenditures</b>				
Instruction	338,846	503,132	418,200	84,932
Student Support Services	1,282	6,633	1,500	5,133
Instructional Support Services	27,675	12,436	30,000	(17,564)
General Administration	29,514	31,024	33,100	(2,076)
School Administration	8,542	16,832	9,250	7,582
Operations and Maintenance	124,889	133,877	155,750	(21,873)
Student Transportation Services	42,950	44,772	50,000	(5,228)
Transfers Out	243,864	80,293	150,217	(69,924)
Adjustment to Comply with Legal Max	-	-	(19,018)	19,018
<b>Total Expenditures</b>	<u>817,562</u>	<u>828,999</u>	<u>828,999</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	48,973	(34,620)		
<b>Unencumbered Cash - Beginning</b>	15,096	64,569		
<b>Prior Year Cancelled Encumbrances</b>	500	243		
<b>Unencumbered Cash - Ending</b>	<u>\$ 64,569</u>	<u>30,192</u>		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Capital Outlay Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2013  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 180,847	183,292	179,278	4,014
Delinquent Tax	1,574	-	2,808	(2,808)
Motor Vehicle Tax	25,089	26,237	24,082	2,155
Recreation Vehicle Tax	252	235	275	(40)
Interest	23,290	5,175	-	5,175
Other Revenue	2,685	-	17,000	(17,000)
Capital Lease Proceeds	-	190,300	-	190,300
<b>Total Cash Receipts</b>	<u>233,737</u>	<u>405,239</u>	<u>223,443</u>	<u>181,796</u>
<b>Expenditures</b>				
Instruction	33,662	49,223	75,000	(25,777)
Instructional Support	3,593	-	5,000	(5,000)
General Administration	3,593	-	5,000	(5,000)
School Administration	3,593	-	5,000	(5,000)
Operations and Maintenance	49,413	73,114	90,974	(17,860)
Student Transportation Services	34,323	17,798	100,000	(82,202)
Central Services	-	-	4,500	(4,500)
Other Support Services	3,593	-	-	-
Facility Acquisition and Construction	138,665	243,580	201,500	42,080
Capital Outlay Bond Principal	75,000	104,145	114,000	(9,855)
Capital Outlay Bond Interest	5,850	2,885	6,000	(3,115)
<b>Total Expenditures</b>	<u>351,285</u>	<u>490,745</u>	<u>606,974</u>	<u>(116,229)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(117,548)	(85,506)		
<b>Unencumbered Cash - Beginning</b>	466,258	348,720		
<b>Prior Year Cancelled Encumbrances</b>	<u>10</u>	<u>1,098</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 348,720</u>	<u>264,312</u>		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Driver Training Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 1,504	1,302	1,980	(678)
Other Revenue From Local Sources	850	1,275	900	375
<b>Total Cash Receipts</b>	<u>2,354</u>	<u>2,577</u>	<u>2,880</u>	<u>(303)</u>
<b>Expenditures</b>				
Instruction	3,871	3,534	4,550	(1,016)
Vehicle Operations and Maintenance	-	-	4,000	(4,000)
<b>Total Expenditures</b>	<u>3,871</u>	<u>3,534</u>	<u>8,550</u>	<u>(5,016)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(1,517)	(957)		
<b>Unencumbered Cash - Beginning</b>	<u>13,074</u>	<u>11,557</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>11,557</u>	<u>10,600</u>		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Food Service Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenues				
State Aid	\$ 1,626	1,744	2,050	(306)
Federal Aid	85,350	98,352	112,249	(13,897)
Charges for Services	71,935	79,554	85,797	(6,243)
Interest	1,206	274	1,400	(1,126)
Miscellaneous	231	925	500	425
Transfers In	15,000	5,000	40,758	(35,758)
<b>Total Cash Receipts</b>	175,348	185,849	242,754	(56,905)
<b>Expenditures</b>				
Food Service Operation	183,640	202,484	222,649	(20,165)
<b>Cash Receipts Over (Under) Expenditures</b>	(8,292)	(16,635)		
<b>Unencumbered Cash - Beginning</b>	71,463	63,171		
<b>Unencumbered Cash - Ending</b>	\$ 63,171	46,536		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Professional Development Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
State Aid	\$ -	300	-	300
Transfers In	6,635	1,500	-	1,500
<b>Total Cash Receipts</b>	6,635	1,800	-	1,800
<b>Expenditures</b>				
Instructional Support Services	8,863	1,747	10,000	(8,253)
<b>Cash Receipts Over (Under) Expenditures</b>	(2,228)	53		
<b>Unencumbered Cash - Beginning</b>	12,228	10,000		
<b>Unencumbered Cash - Ending</b>	\$ 10,000	10,053		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Special Education Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Local Sources	\$ 5,998	-	-	-
Transfers In	334,075	291,513	275,296	16,217
<b>Total Cash Receipts</b>	340,073	291,513	275,296	16,217
<b>Expenditures</b>				
Instruction	379,555	379,753	428,548	(48,795)
Student Transportation Services	565	82	4,550	(4,468)
<b>Total Expenditures</b>	380,120	379,835	433,098	(53,263)
<b>Cash Receipts Over (Under) Expenditures</b>	(40,047)	(88,322)		
<b>Unencumbered Cash - Beginning</b>	231,155	191,297		
<b>Prior Year Cancelled Encumbrances</b>	189	-		
<b>Unencumbered Cash - Ending</b>	\$ 191,297	102,975		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Vocational Education Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 77,849	72,397	45,217	27,180
Miscellaneous Income	-	2,294	-	2,294
<b>Total Cash Receipts</b>	77,849	74,691	45,217	29,474
<b>Expenditures</b>				
Instruction	97,062	89,566	125,465	(35,899)
<b>Cash Receipts Over (Under) Expenditures</b>	(19,213)	(14,875)		
<b>Unencumbered Cash - Beginning</b>	120,679	101,717		
<b>Prior Year Cancelled Encumbrances</b>	251	-		
<b>Unencumbered Cash - Ending</b>	\$ 101,717	86,842		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**KPERS Special Retirement Contribution Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 218,932	209,374	210,190	(816)
<b>Expenditures</b>				
Instruction	142,305	136,093	125,842	10,251
Student Support	6,568	6,281	7,000	(719)
Instructional Support	8,757	8,375	9,848	(1,473)
General Administration	10,947	10,469	12,000	(1,531)
School Administration	17,515	16,750	18,500	(1,750)
Operations and Maintenance	15,325	14,656	17,000	(2,344)
Student Support	10,947	10,469	12,000	(1,531)
Food Service	6,568	6,281	8,000	(1,719)
<b>Total Expenditures</b>	218,932	209,374	210,190	(816)
<b>Cash Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	-		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**At Risk (K-12) Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 219,840	<b>208,995</b>	<u>230,000</u>	<u>(21,005)</u>
<b>Expenditures</b>				
Instruction	<u>265,517</u>	<b>293,980</b>	<u>386,796</u>	<u>(92,816)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(45,677)	<b>(84,985)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>243,292</u>	<u>197,615</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>197,615</u>	<u>112,630</u>		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Contingency Reserve Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ -	10,001
<b>Expenditures</b>		
Transfers Out	40,000	-
<b>Cash Receipts Over (Under) Expenditures</b>	(40,000)	10,001
<b>Unencumbered Cash - Beginning</b>	200,197	160,197
<b>Unencumbered Cash - Ending</b>	\$ 160,197	170,198

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Textbook Rental Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Book Rental Fees	\$ 8,720	9,050
<b>Expenditures</b>		
Instruction	26,721	15,149
<b>Receipts Over (Under) Expenditures</b>	(18,001)	(6,099)
<b>Unencumbered Cash - Beginning</b>	67,279	49,320
<b>Prior Year Cancelled Encumbrances</b>	42	101
<b>Unencumbered Cash - Ending</b>	\$ 49,320	43,322

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Recreation Commission Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 39,438	40,559	37,893	2,666
Delinquent Tax	376	-	598	(598)
Motor Vehicle Tax	5,963	6,326	5,033	1,293
Recreational Vehicle Tax	67	67	57	10
Other Revenue	-	-	7,150	(7,150)
<b>Total Cash Receipts</b>	45,844	46,952	50,731	(3,779)
<b>Expenditures</b>				
Community Service Operation	45,844	46,952	81,718	(34,766)
<b>Cash Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	-		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Title I Low Income Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 75,093	62,514
Federal Aid - ARRA	10,000	-
<b>Total Cash Receipts</b>	<b>85,093</b>	<b>62,514</b>
<b>Expenditures</b>		
Instruction	68,407	62,514
<b>Cash Receipts Over (Under) Expenditures</b>	16,686	-
<b>Unencumbered Cash - Beginning</b>	(16,686)	-
<b>Unencumbered Cash - Ending</b>	<b>\$ -</b>	<b>-</b>

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Title IV Drug Free Schools Fund**  
**Schedule of Receipts and Expenditures**  
**Regulatory Basis**  
**For the Year Ended June 30, 2013**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>	\$ -	-
<b>Expenditures</b>		
Instruction	235	1,035
<b>Cash Receipts Over (Under) Expenditures</b>	(235)	(1,035)
<b>Unencumbered Cash - Beginning</b>	1,270	1,035
<b>Unencumbered Cash - Ending</b>	\$ 1,035	-

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Title II Improving Teacher Quality Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 30,200	20,033
Federal Aid - Character Education	1,458	-
<b>Total Cash Receipts</b>	<b>31,658</b>	<b>20,033</b>
<b>Expenditures</b>		
Instruction	28,784	20,032
<b>Cash Receipts Over (Under) Expenditures</b>	<b>2,874</b>	<b>1</b>
<b>Unencumbered Cash - Beginning</b>	<b>(2,874)</b>	<b>-</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ -</b>	<b>1</b>

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Grants Fund**

Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis

For the Year Ended June 30, 2013

(With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Federal Aid - Character Education	\$ 2,812	500	-	500
Other Revenue/Grant	3,750	1,000	-	1,000
<b>Total Cash Receipts</b>	6,562	1,500	-	1,500
<b>Expenditures</b>				
Instruction	5,021	148	5,704	(5,556)
<b>Cash Receipts Over (Under) Expenditures</b>	1,541	1,352		
<b>Unencumbered Cash - Beginning</b>	215	2,109		
<b>Prior Year Cancelled Encumbrances</b>	353	-		
<b>Unencumbered Cash - Ending</b>	\$ 2,109	3,461		

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**REAP Grant Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 36,949	16,635
<b>Expenditures</b>		
Instruction	36,949	16,635
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Joan Hale Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 2	-
Donation	5	-
<b>Total Cash Receipts</b>	<u>7</u>	<u>-</u>
<b>Expenditures</b>		
Scholarships	300	-
<b>Cash Receipts Over (Under) Expenditures</b>	(293)	-
<b>Unencumbered Cash - Beginning</b>	<u>294</u>	<u>1</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 1</u>	<u>1</u>

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Melvin Bray Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 3	1
Donations	150	-
<b>Total Cash Receipts</b>	<b>153</b>	<b>1</b>
<b>Expenditures</b>		
Scholarships	300	100
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(147)</b>	<b>(99)</b>
<b>Unencumbered Cash - Beginning</b>	<b>404</b>	<b>257</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 257</b>	<b>158</b>

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Crist Family Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 38	8
Scholarship Memorial	-	1,000
<b>Total Cash Receipts</b>	38	1,008
<b>Expenditures</b>		
Scholarships	1,000	1,000
<b>Cash Receipts Over (Under) Expenditures</b>	(962)	8
<b>Unencumbered Cash - Beginning</b>	3,081	2,119
<b>Unencumbered Cash - Ending</b>	\$ 2,119	2,127

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Friends of USD No. 105 Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 61	51
Donations	1,950	21,059
<b>Total Cash Receipts</b>	2,011	21,110
<b>Expenditures</b>		
Equipment	12,106	20,106
<b>Cash Receipts Over (Under) Expenditures</b>	(10,095)	1,004
<b>Unencumbered Cash - Beginning</b>	9,988	(107)
<b>Prior Year Cancelled Encumbrances</b>	-	35
<b>Unencumbered Cash - Ending</b>	\$ (107)	932

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Ona Mae Ratcliff Scholarship Fund**  
**Schedule of Receipts and Expenditures**  
**Regulatory Basis**  
**For the Year Ended June 30, 2013**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 10	2
<b>Expenditures</b>		
Scholarships	100	100
<b>Cash Receipts Over (Under) Expenditures</b>	(90)	(98)
<b>Unencumbered Cash - Beginning</b>	689	599
<b>Unencumbered Cash - Ending</b>	\$ 599	501

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Ginther Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Donations	\$ 500	500
<b>Expenditures</b>		
Scholarships	250	250
<b>Cash Receipts Over (Under) Expenditures</b>	250	250
<b>Unencumbered Cash - Beginning</b>	-	250
<b>Unencumbered Cash - Ending</b>	\$ 250	500

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Versch Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Donations	\$ -	600
Interest Income	8	1
<b>Total Cash Receipts</b>	<b>8</b>	<b>601</b>
<b>Expenditures</b>		
Scholarships	600	400
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(592)</b>	<b>201</b>
<b>Unencumbered Cash - Beginning</b>	<b>1,014</b>	<b>422</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 422</b>	<b>623</b>

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**Diane Jones Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Scholarship Memorial	\$ 500	-
<b>Expenditures</b>		
Scholarships	500	-
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
**loof Scholarship Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2013  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2012)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>	\$	
Interest Income	-	18
Donations	-	9,160
<b>Total Cash Receipts</b>	-	9,178
<b>Expenditures</b>		
Scholarships	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	-	9,178
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	9,178

## RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS

## Agency Funds

## Summary of Receipts and Disbursements

## Regulatory Basis

For the Year Ended June 30, 2013

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
<b>High School</b>				
"A" Club	\$ 1,581	-	92	1,489
Band/Flag Line	1,064	9,848	9,411	1,501
Senior Class	-	2,000	1,180	820
Junior Class	1,999	21,043	21,496	1,546
Sophomore Class	37	34	36	35
Freshman Class	14	-	14	-
Consort	2,387	17,688	19,218	857
Creative Arts	1,418	1,194	1,529	1,083
Cheerleaders	1,379	3,931	4,126	1,184
Faculty	6,882	923	1,575	6,230
FFA	8,194	28,858	28,389	8,663
Scholars Bowl	1,114	456	578	992
Foreign Language Club	15	476	211	280
Speech	917	429	384	962
SADD	580	46	207	419
Student Council	4,339	9,040	11,106	2,273
<b>Total High School</b>	<u>31,920</u>	<u>95,966</u>	<u>99,552</u>	<u>28,334</u>
<b>Grade School</b>				
Faculty	1,061	1,470	1,588	943
Student Council	2,773	2,510	1,025	4,258
<b>Total Grade School</b>	<u>3,834</u>	<u>3,980</u>	<u>2,613</u>	<u>5,201</u>
<b>Total Student Organizations</b>	35,754	99,946	102,165	33,535
<b>Non-Student Organization</b>				
Plan 125	2,367	6,158	8,085	440
<b>Total Agency Funds</b>	<u>\$ 38,121</u>	<u>106,104</u>	<u>110,250</u>	<u>33,975</u>

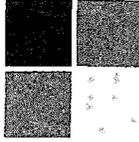
**RAWLINS COUNTY UNIFIED SCHOOL DISTRICT NO. 105 ATWOOD, KANSAS**  
Notes to Financial Statement  
June 30, 2013

Changes in long-term liabilities for the District for the year ended June 30, 2013, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Temporary Note, Series 2009	3.90%	6/17/2009	\$ 300,000	6/17/2013	\$ 75,000	-	75,000	-	2,885
<b>Capital Leases Payable</b>									
SunTrust Equipment Finance	3.81%	7/1/2007	438,660	7/1/2017	153,739	-	23,290	130,449	5,855
Eakes, Inc.	-	7/1/2010	89,820	6/1/2016	53,892	-	17,964	35,928	-
Apple, Inc.	6.91%	9/26/2012	8,519	9/25/2015	-	8,519	3,006	5,513	32
Farmers State Bank	3.00%	4/23/2013	379,849	6/15/2018	-	379,849	-	379,849	-
<b>Total Contractual Indebtedness</b>					<b>\$ 282,631</b>	<b>388,368</b>	<b>119,260</b>	<b>551,739</b>	<b>8,772</b>

Current maturities of long-term debt and interest for the next five years through maturity are as follows:

	YEAR					Total
	2014	2015	2016	2017	2018	
<b>Principal</b>						
SunTrust Equipment Finance	\$ 24,177	25,097	26,053	27,046	28,076	<b>130,449</b>
Eakes, Inc.	17,964	17,964	-	-	-	<b>35,928</b>
Apple, Inc.	2,662	2,851	-	-	-	<b>5,513</b>
Farmers State Bank	70,246	74,008	76,210	78,515	80,870	<b>379,849</b>
<b>Total Principal</b>	<b>115,049</b>	<b>119,920</b>	<b>102,263</b>	<b>105,561</b>	<b>108,946</b>	<b>551,739</b>
<b>Interest</b>						
SunTrust Equipment Finance	4,968	4,048	3,092	2,099	1,069	<b>15,276</b>
Apple, Inc.	376	185	-	-	-	<b>561</b>
Farmers State Bank	13,050	9,288	7,087	4,782	2,426	<b>36,633</b>
<b>Total Interest</b>	<b>18,394</b>	<b>13,521</b>	<b>10,179</b>	<b>6,881</b>	<b>3,495</b>	<b>52,470</b>
<b>Total Principal and Interest</b>	<b>\$ 133,443</b>	<b>133,441</b>	<b>112,442</b>	<b>112,442</b>	<b>112,441</b>	<b>604,209</b>



Certified  
Public  
Accountants

October 21, 2013

To the Board of Education and Management  
**Rawlins County Unified School District No. 105 Atwood, Kansas**  
Atwood, Kansas

### Management Letter

In planning and performing our audit of the primary government financial statement of **Rawlins County Unified School District No. 105 Atwood, Kansas** as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the following deficiency in the District's internal control to be a material weakness.

- **Rawlins County Unified School District No. 105 Atwood, Kansas** does not have proper segregation of duties necessary to establish a good system of internal control. We understand that the size of the District's accounting and administrative staff and related budget constraints preclude management from hiring additional personnel to achieve proper segregation of duties. However, limited segregation can and should be implemented to reduce the risk of errors or fraud. Where possible, duties should be segregated. Involvement by the Board can also mitigate the risks of error or fraud. The Board should remain involved in the financial affairs of the District to provide oversight and independent review functions.

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 by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency.

**Rawlins County Unified School District No. 105 Atwood, Kansas**

Page 2

October 21, 2013

- During the audit, a review of the year end activity noted encumbrances that the District had not recorded. Encumbrances are commitments related to unperformed contracts for goods and services. Commitments could include purchase orders, board approval of expenditures and written contracts that are entered into before the end of the year. Failure to record encumbrances could result in budget violations.
- A separate file should be maintained for revenue and expenditure journals that are out of the ordinary course of district business ,i.e. any correcting entries, reclassification, or other manual adjustments. This file should contain copies of the journal entries signed off on by a board member and documentation to support the adjustment. The board should also be provided a copy of any adjustments made during the month at the monthly board meetings.

We would like to express our appreciation for the opportunity to perform the June 30, 2013 audit for **Rawlins County Unified School District No. 105 Atwood, Kansas** and to the employees for the cooperation and assistance given to us during the audit.

This communication is intended solely for the information and use of management, the Board of Education, others within the organization, and State of Kansas, and is not intended to be and should not be used by anyone other than these specified parties.

*Adams, Brown, Beran & Ball, Chtd.*

**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants