

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST,
HIGHLAND, KANSAS

FINANCIAL STATEMENTS
(with Independent Auditors' Report thereon)

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
FINANCIAL STATEMENTS
Year ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 111, Doniphan West
Highland, Kansas

We have audited the accompanying financial statements of Unified School District No. 111, Doniphan West, Highland, Kansas as of and for the year ended June 30, 2011, 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. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2010 and, in our report dated December 13, 2010, we expressed an unqualified opinion on the financial statements in accordance with the cash basis and budget laws of the State of Kansas and an adverse opinion on the financial statements in accordance with generally accepted accounting principles (see Note 1).

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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Unified School District No. 111, Doniphan West, Highland, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of 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, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 111, Doniphan West, Highland, Kansas, as of June 30, 2011, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 111, Doniphan West, Highland, Kansas, as of June 30, 2011, and its cash receipts and expenditures, and budgetary comparisons, taken as a whole, for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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, on the basis of accounting described in Note 1, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Board of Education and committees thereto, management, others within the entity, federal awarding agencies, the Kansas Division of Accounts and Reports, and the Kansas State Department of Education and is not intended and should not be used by anyone other than these specified parties.

Kramer & Associates CPAs, L.L.C.

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
November 14, 2011

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Year ended June 30, 2011

Funds	Beginning unencumbered cash balance	Prior year canceled encumbrances	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Governmental type funds:							
General fund	\$ (330,714)	—	\$ 4,236,269	\$ 4,098,108	\$ (192,553)	\$ 20,089	\$ (172,464)
Supplemental general	(53,839)	—	1,128,876	1,042,838	32,199	—	32,199
Special revenue funds:							
At risk (4 year old)	—	—	19,685	19,685	—	—	—
At risk (K-12)	—	—	179,921	179,921	—	—	—
Capital outlay	406,915	—	143,748	279,010	271,653	—	271,653
Driver training	4,220	—	7,150	8,250	3,120	—	3,120
Food service	49,500	—	227,479	230,883	46,096	7	46,103
Professional development	15,247	—	—	2,634	12,613	—	12,613
Parent education	—	—	8,300	8,300	—	—	—
Special education	89,638	—	559,856	522,575	126,919	—	126,919
Vocational education	—	—	177,447	177,447	—	310	310
KPERS special retirement contributions	—	—	182,363	182,363	—	—	—
Textbook rental	16,003	—	14,397	22,475	7,925	—	7,925
Contingency reserve	173,820	—	60,000	—	233,820	—	233,820
Federal funds	6,139	—	122,449	128,588	—	1,377	1,377
Other grant funds	6,672	—	150	300	6,522	—	6,522
Gate receipts	4,885	—	41,432	41,012	5,305	—	5,305
School projects	15,892	—	16,762	17,451	15,203	—	15,203
Total reporting entity (excluding agency fund)	\$ 404,378	\$ —	\$ 7,126,284	\$ 6,961,840	\$ 568,822	\$ 21,783	\$ 590,605
Composition of cash:							
Checking							\$ 368,597
Checking - activity accounts							78,705
Petty cash							1,500
Certificates of Deposit							200,000
Total cash							648,802
Less agency funds							(58,197)
Total reporting entity (excluding agency funds)							\$ 590,605

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
 Year ended June 30, 2011

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)
Governmental type funds:						
General fund	\$ 4,176,712	\$ (155,895)	\$ 77,291	\$ 4,098,108	\$ 4,098,108	\$ -
Supplemental general	\$ 1,068,239	\$ (25,401)	-	\$ 1,042,838	\$ 1,042,838	\$ -
Special revenue funds:						
At risk (4 year old)	\$ 30,000	-	-	\$ 30,000	\$ 19,685	\$ 10,315
At risk (K-12)	\$ 210,000	-	-	\$ 210,000	\$ 179,921	\$ 30,079
Capital Outlay	\$ 1,104,227	-	-	\$ 1,104,227	\$ 279,010	\$ 825,217
Driver training	\$ 9,220	-	-	\$ 9,220	\$ 8,250	\$ 970
Food service	\$ 379,750	-	-	\$ 379,750	\$ 230,883	\$ 148,867
Professional development	\$ 31,000	-	-	\$ 31,000	\$ 2,634	\$ 28,366
Parent education	\$ 11,600	-	-	\$ 11,600	\$ 8,300	\$ 3,300
Special education	\$ 773,744	-	-	\$ 773,744	\$ 522,575	\$ 251,169
Vocational education	\$ 250,000	-	-	\$ 250,000	\$ 177,447	\$ 72,553
KPRS special retirement contributions	\$ 233,257	-	-	\$ 233,257	\$ 182,363	\$ 50,894
Federal funds	\$ 101,200	-	\$ 27,388	\$ 128,588	\$ 128,588	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 GENERAL FUND
 Year ended June 30, 2011

	Prior year actual	Current year		Variance - over (under)
		Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 17,116	\$ 15,272	\$ 25,643	\$ (10,371)
Ad valorem property - current taxes	616,979	881,987	842,356	39,631
Delinquent	2,266	2,322	8,243	(5,921)
State aid:				
Equalization aid	2,714,274	2,735,221	2,718,268	16,953
Special education services	378,508	369,928	526,132	(156,204)
Federal aid:				
ARRA Stabilization	181,422	56,070	56,070	-
Education jobs fund	-	98,178	-	98,178
Reimbursed expenses	67,002	77,291	-	77,291
Total cash receipts	<u>3,977,567</u>	<u>4,236,269</u>	<u>\$ 4,176,712</u>	<u>\$ 59,557</u>
Expenditures and transfers subject to budget:				
Instruction	1,815,828	1,708,980	\$ 2,095,584	\$ 386,604
Student support services	80,343	138,995	43,138	(95,857)
Instructional support staff	55,433	70,868	78,340	7,472
General administration	189,454	130,374	125,425	(4,949)
School administration	98,733	102,834	120,943	18,109
Operations and maintenance	603,819	687,058	584,050	(103,008)
Student transportation services	307,510	242,281	199,500	(42,781)
Transfers out	944,953	1,016,718	929,732	(86,986)
Adjustment to comply with legal max	-	-	(155,895)	(155,895)
Legal general fund budget	4,096,073	4,098,108	4,020,817	(77,291)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	77,291	77,291
Total expenditures and transfers subject to budget	<u>4,096,073</u>	<u>4,098,108</u>	<u>\$ 4,098,108</u>	<u>\$ -</u>
Receipts over (under) expenditures	(118,506)	138,161		
Unencumbered cash, beginning of year	(212,208)	(330,714)		
Unencumbered cash, end of year	<u>\$ (330,714)</u>	<u>\$ (192,553)</u>		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 SUPPLEMENTAL GENERAL FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 16,315	\$ 10,778	\$ 7,217	\$ 3,561
Ad valorem property - current taxes	395,636	578,363	541,658	36,705
Delinquent	2,322	3,177	5,168	(1,991)
Motor vehicle	40,423	47,029	40,874	6,155
Recreational vehicle	906	848	1,073	(225)
State aid:				
Equalization aid	243,913	488,681	458,958	29,723
Federal aid:				
ARRA Stabilization	86,945	-	-	-
Total cash receipts	786,460	1,128,876	\$ 1,054,948	\$ 73,928
Expenditures and transfers subject to budget:				
Instruction	473,106	728,006	\$ 998,239	\$ 270,233
General administration	72,093	233,915	-	(233,915)
School administration	130,000	10,917	-	(10,917)
Transfers out	144,801	70,000	70,000	-
Adjustment to comply with legal max	-	-	(25,401)	(25,401)
Legal supplemental general fund budget	820,000	1,042,838	1,042,838	-
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	820,000	1,042,838	\$ 1,042,838	\$ -
Receipts over (under) expenditures	(33,540)	86,038		
Unencumbered cash, beginning of year	(20,299)	(53,839)		
Unencumbered cash, end of year	\$ (53,839)	\$ 32,199		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 AT RISK (4 YEAR OLD) FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 20,060	\$ 19,685	\$ 30,000	\$ (10,315)
Total cash receipts	<u>20,060</u>	<u>19,685</u>	<u>\$ 30,000</u>	<u>\$ (10,315)</u>
Expenditures subject to budget:				
Instruction	20,060	19,685	\$ 30,000	\$ 10,315
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>20,060</u>	<u>19,685</u>	<u>\$ 30,000</u>	<u>\$ 10,315</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. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 AT RISK (K-12) FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Interest on idle funds	\$ -	\$ -	\$ 10,000	\$ (10,000)
Transfers in:				
General fund	32,139	109,921	130,000	(20,079)
Supplemental general fund	144,801	70,000	70,000	-
Total cash receipts	<u>176,940</u>	<u>179,921</u>	<u>\$ 210,000</u>	<u>\$ (30,079)</u>
Expenditures subject to budget:				
Instruction	176,940	179,921	\$ 210,000	\$ 30,079
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>176,940</u>	<u>179,921</u>	<u>\$ 210,000</u>	<u>\$ 30,079</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. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 CAPITAL OUTLAY FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - current taxes	\$ -	\$ 101,382	\$ 97,313	\$ 4,069
Interest on idle funds	5,469	3,649	400,000	(396,351)
Other revenue from local sources	229,270	38,717	200,000	(161,283)
Total cash receipts	234,739	143,748	\$ 697,313	\$ (553,565)
Expenditures subject to budget:				
Instruction	-	77,662	\$ 175,000	\$ 97,338
Instructional staff support services	-	-	175,000	175,000
Operations and maintenance	31,650	143,608	425,000	281,392
Student transportation services	-	19,301	329,227	309,926
Facility acquisition and construction services	-	38,439	-	(38,439)
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	31,650	279,010	\$ 1,104,227	\$ 825,217
Receipts under expenditures	203,089	(135,262)		
Unencumbered cash, beginning of year	203,826	406,915		
Unencumbered cash, end of year	\$ 406,915	\$ 271,653		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 DRIVER TRAINING FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
Driver training	\$ 500	\$ -	\$ 1,680	\$ (1,680)
Interest on idle funds	-	-	5,000	(5,000)
Revenue from other local source	-	1,150	-	1,150
Transfers in:				
General fund	4,000	6,000	-	6,000
Total cash receipts	<u>4,500</u>	<u>7,150</u>	<u>\$ 6,680</u>	<u>\$ 470</u>
Expenditures subject to budget:				
Instruction	4,280	8,250	\$ 9,220	\$ 970
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>4,280</u>	<u>8,250</u>	<u>\$ 9,220</u>	<u>\$ 970</u>
Receipts over (under) expenditures	220	(1,100)		
Unencumbered cash, beginning of year	<u>4,000</u>	<u>4,220</u>		
Unencumbered cash, end of year	<u>\$ 4,220</u>	<u>\$ 3,120</u>		

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part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOOD SERVICE FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
National school lunch/breakfast program	\$ 71,668	\$ 82,858	\$ 101,014	\$ (18,156)
State aid:				
School food assistance	2,040	1,991	2,364	(373)
Charge for services	88,460	65,989	125,200	(59,211)
Interest on idle funds	-	-	45,000	(45,000)
Other revenue	92	1,132	-	1,132
Transfers in:				
General fund	56,028	75,509	80,000	(4,491)
Total cash receipts	218,288	227,479	\$ 353,578	\$ (126,099)
Expenditures subject to budget:				
Food service operations	218,373	230,274	\$ 379,750	\$ 149,476
Operations and maintenance	-	609	-	(609)
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	218,373	230,883	\$ 379,750	\$ 148,867
Receipts over (under) expenditures	(85)	(3,404)		
Unencumbered cash, beginning of year	49,585	49,500		
Unencumbered cash, end of year	\$ 49,500	\$ 46,096		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 PROFESSIONAL DEVELOPMENT FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Interest on idle funds	\$ -	\$ -	\$ 5,000	\$ (5,000)
Other revenue from local sources	1,017	-	-	-
Transfers in:				
General fund	-	-	13,000	(13,000)
Total cash receipts	<u>1,017</u>	<u>-</u>	<u>\$ 18,000</u>	<u>\$ (18,000)</u>
Expenditures subject to budget:				
Instructional support staff	784	2,634	\$ 31,000	\$ 28,366
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>784</u>	<u>2,634</u>	<u>\$ 31,000</u>	<u>\$ 28,366</u>
Receipts over (under) expenditures	233	(2,634)		
Unencumbered cash, beginning of year	<u>15,014</u>	<u>15,247</u>		
Unencumbered cash, end of year	<u>\$ 15,247</u>	<u>\$ 12,613</u>		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 PARENT EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Interest on idle funds	\$ -	\$ -	\$ 3,600	\$ (3,600)
Transfers in:				
General fund	8,300	8,300	10,600	(2,300)
Total cash receipts	<u>8,300</u>	<u>8,300</u>	<u>\$ 14,200</u>	<u>\$ (5,900)</u>
Expenditures subject to budget:				
Student support services	8,300	8,300	\$ 11,600	\$ 3,300
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>8,300</u>	<u>8,300</u>	<u>\$ 11,600</u>	<u>\$ 3,300</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. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 SPECIAL EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Interest on idle funds	\$ -	\$ -	\$ 160,000	\$ (160,000)
Transfers in:				
General fund	571,840	559,856	526,132	33,724
Total cash receipts	<u>571,840</u>	<u>559,856</u>	<u>\$ 686,132</u>	<u>\$ (126,276)</u>
Expenditures subject to budget:				
Instruction	553,859	515,721	\$ 661,000	\$ 145,279
Vehicle operating services	17,981	6,854	112,744	105,890
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>571,840</u>	<u>522,575</u>	<u>\$ 773,744</u>	<u>\$ 251,169</u>
Receipts over (under) expenditures	-	37,281		
Unencumbered cash, beginning of year	<u>89,638</u>	<u>89,638</u>		
Unencumbered cash, end of year	<u>\$ 89,638</u>	<u>\$ 126,919</u>		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 VOCATIONAL EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Interest	\$ -	\$ -	\$ 110,000	\$ (110,000)
Transfers in:				
General fund	190,000	177,447	140,000	37,447
Reimbursements	494	-	-	-
Total cash receipts	<u>190,494</u>	<u>177,447</u>	<u>\$ 250,000</u>	<u>\$ (72,553)</u>
Expenditures subject to budget:				
Instruction	190,494	177,447	\$ 250,000	\$ 72,553
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>190,494</u>	<u>177,447</u>	<u>\$ 250,000</u>	<u>\$ 72,553</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. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 KPERS SPECIAL RETIREMENT CONTRIBUTIONS FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
KPERS Retirement	\$ 202,832	\$ 182,363	\$ 233,257	\$ (50,894)
Total cash receipts	<u>202,832</u>	<u>182,363</u>	<u>\$ 233,257</u>	<u>\$ (50,894)</u>
Expenditures subject to budget:				
Instruction	180,000	155,363	\$ 183,674	\$ 28,311
Student support services	-	3,000	5,350	2,350
Instructional support staff	-	4,000	6,200	2,200
General administration	4,600	4,000	4,600	600
School administration	12,500	4,000	12,500	8,500
Operations and maintenance	2,300	4,000	8,500	4,500
Student transportation services	2,300	4,000	6,933	2,933
Food service operations	1,132	4,000	5,500	1,500
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>202,832</u>	<u>182,363</u>	<u>\$ 233,257</u>	<u>\$ 50,894</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. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 TEXTBOOK RENTAL FUND*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Charge for services	\$ 15,636	\$ 14,397
Total cash receipts	15,636	14,397
Expenditures:		
Instruction	21,682	22,475
Total expenditures	21,682	22,475
Receipts over (under) expenditures	(6,046)	(8,078)
Unencumbered cash, beginning of year	22,049	16,003
Unencumbered cash, end of year	\$ 16,003	\$ 7,925

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 CONTINGENCY RESERVE FUND*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Transfers in:		
General fund	\$ 62,586	\$ 60,000
Total cash receipts	<u>62,586</u>	<u>60,000</u>
Expenditures:		
Other support services	<u>52,500</u>	<u>-</u>
Total expenditures	<u>52,500</u>	<u>-</u>
Receipts over (under) expenditures	10,086	60,000
Unencumbered cash, beginning of year	<u>163,734</u>	<u>173,820</u>
Unencumbered cash, end of year	<u>\$ 173,820</u>	<u>\$ 233,820</u>

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FEDERAL FUNDS
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
Title I	\$ 75,998	\$ 49,912	\$ 61,061	\$ (11,149)
Title II	25,998	24,907	33,000	(8,093)
Drug free	1,191	-	1,000	(1,000)
Rural education achievement program	-	47,630	-	47,630
Total cash receipts	<u>103,187</u>	<u>122,449</u>	<u>\$ 95,061</u>	<u>\$ 27,388</u>
Expenditures subject to budget:				
Instruction	97,048	128,588	\$ 101,200	\$ (27,388)
Adjustment for qualifying budget credits:				
Federal funds received in excess of budget	-	-	27,388	27,388
Total expenditures subject to budget	<u>97,048</u>	<u>128,588</u>	<u>\$ 128,588</u>	<u>\$ -</u>
Receipts over (under) expenditures	6,139	(6,139)		
Unencumbered cash, beginning of year	-	6,139		
Unencumbered cash, end of year	<u>\$ 6,139</u>	<u>\$ -</u>		

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 OTHER GRANT FUNDS *
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Revenue from other local sources	\$ 300	\$ 150
Total cash receipts	<u>300</u>	<u>150</u>
Expenditures:		
Student activities	-	300
Total expenditures	<u>-</u>	<u>300</u>
Receipts over (under) expenditures	300	(150)
Unencumbered cash, beginning of year	<u>6,372</u>	<u>6,672</u>
Unencumbered cash, end of year	<u>\$ 6,672</u>	<u>\$ 6,522</u>

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
 AGENCY FUNDS
 Year ended June 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
High school student activity funds:				
Choir	\$ 1,464	\$ 2,675	\$ 3,097	\$ 1,042
PEP club	151	345	296	200
FCCLA club	741	233	437	537
Forensics	(367)	10	410	(767)
National honor society	211	35	-	246
STUCO	2,134	1,928	2,281	1,781
Previously graduated classes	49	-	-	49
Freshman class	-	1,446	381	1,065
Sophomore class	2,506	14,739	10,745	6,500
Junior class	9,298	6,466	11,584	4,180
Senior class	4,178	10,818	14,906	90
FFA	(969)	35,984	30,747	4,268
Publications	5,838	7,615	7,513	5,940
Total high school student activity funds	25,234	82,294	82,397	25,131
Middle school student activity funds:				
Band	1,740	979	950	1,769
Concessions	-	14,944	8,314	6,630
Cheerleaders	390	2,065	2,060	395
STUCO	1,620	10,746	9,958	2,408
Total middle school student activity funds	3,750	28,734	21,282	11,202
Elementary school activity funds:				
Grades	1,513	4,147	3,159	2,501
Total elementary school activity funds	1,513	4,147	3,159	2,501

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
 AGENCY FUNDS
 Year ended June 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Fees and user charges:				
Lunch fund	11	82,795	73,007	9,799
Book rental	-	20,635	20,601	34
Pictures/collections	2,866	5,171	4,427	3,610
Metals	-	755	755	-
Supplies/collections	2,149	8,294	9,409	1,034
Total fees and user charges	<u>5,026</u>	<u>117,650</u>	<u>108,199</u>	<u>14,477</u>
Other agency funds:				
Sales tax	477	8,024	7,338	1,163
Flexible spending	3,065	14,839	14,181	3,723
Subtotal other agency funds	<u>3,542</u>	<u>22,863</u>	<u>21,519</u>	<u>4,886</u>
Total agency funds	<u>\$ 39,065</u>	<u>\$ 255,688</u>	<u>\$ 236,556</u>	<u>\$ 58,197</u>

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH - ACTUAL
 DISTRICT ACTIVITY FUNDS
 Year ended June 30, 2011

	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Gate receipts:						
Middle school athletics	\$ (2,606)	\$ 11,970	\$ 9,348	\$ 16	\$ -	\$ 16
High school athletics	7,491	29,462	31,664	5,289	-	5,289
Subtotal gate receipts	4,885	41,432	41,012	5,305	-	5,305
School projects:						
High school						
Flower, picture, memorial	235	-	-	235	-	235
Quiz bowl	(1,732)	831	469	(1,370)	-	(1,370)
Drama	1,715	1,365	1,387	1,693	-	1,693
Band	1,194	-	605	589	-	589
Substance abuse	2,223	5,718	6,492	1,449	-	1,449
Student activities	3,129	448	774	2,803	-	2,803
Middle school:						
Quiz bowl	(150)	150	-	-	-	-
Mustang Fit 4 Life grant	512	376	385	503	-	503
Student activities	2,109	5,022	4,421	2,710	-	2,710
Primary school:						
Book fair	522	2,852	2,890	484	-	484
Faculty, staff	1,567	-	28	1,539	-	1,539
Purple Wave athletic activity	4,568	-	-	4,568	-	4,568
Subtotal school projects	15,892	16,762	17,451	15,203	-	15,203
Total district activities	\$ 20,777	\$ 58,194	\$ 58,463	\$ 20,508	\$ -	\$ 20,508

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

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2011

1. Summary of significant accounting policies

a. Reporting entity

Unified School District No. 111, Doniphan West, Highland, Kansas ("the District") is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 111, Doniphan West, Highland, Kansas (the primary government). There are no component units.

b. Reimbursed expenses

Certain expenditures are classified as reimbursed expenses. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934. The following expenditures are classified as reimbursed expenses for the year ended June 30, 2011:

General fund	\$ 77,291
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Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

c. Basis of accounting

1. 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 period'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 would be 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.

c. Basis of accounting (continued)

2. 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 statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

d. Cash and investments

Cash consists of checking accounts, savings accounts, and certificates of deposit.

Cash balances in all funds are considered in determining the amount to be invested and further, unless specifically designated, all investment income is credited to the capital outlay fund.

e. Inventories and prepaid expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

f. Fund descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

f. Fund descriptions (continued)

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

1. Governmental funds

- a. General fund - to account for all unrestricted resources except those required to be accounted for in another fund.
- b. Special revenue funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

2. Fiduciary funds

- a. Trust and agency funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations. The District had no trust funds at June 30, 2011.

g. Prior year partial comparative information

The financial statements include prior year partial comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which such partial information was derived.

2. Stewardship, compliance, and accountability

a. Budgetary information

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

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

a. Budgetary information (continued)

The statutes allow for the District 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 such budget amendments 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

- Textbook rental fund
- Contingency reserve fund
- Grant funds

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

b. Compliance with Kansas Statutes

The General Fund showed negative ending unencumbered cash balances of \$192,553 and \$330,714 for the years ended June 30, 2011 and 2010, respectively. Additionally, the Supplemental General Fund showed a negative ending unencumbered cash balance of \$53,839 for the year ended June 30, 2010. K.S.A. 10-1116a provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, be exempt from the cash basis law of the State of Kansas (K.S.A. 10-1113). The District is not deemed to be in violation of the Kansas cash basis law for the years ending June 30, 2011 and 2010.

See Note 10 for presentation of the General Fund and Supplemental General Fund under compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d).

The District was undersecured for one month of the year at Farmers State Bank (K.S.A. 9-1402).

Management is aware of no other statutory violations for the period covered by the audit.

3. Deposits and investments

As of June 30, 2011, the District had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, 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 bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$648,802 and the bank balance was \$1,252,025. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$488,909 was covered by federal depository insurance, and the remaining \$763,116 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.

4. Long-term debt

Changes in long-term liabilities for the District for the year ended June 30, 2011, were as follows:

Issue	Interest rate	Date of issue	Amount of issue	Date of final maturity	Balance beginning of year	Additions	Reductions/ payments	Balance end of year	Interest paid
Capital leases:									
Energy lease - 425	4.52%	08/01/2007	\$529,433	07/01/2022	\$ 339,375	\$ -	\$ (19,633)	\$ 319,742	\$ 15,662
Energy lease - 425	4.95%	08/01/2008	\$ 67,017	07/01/2022	63,351	-	(3,562)	59,789	3,208
Energy lease - 433	4.10%	02/15/2008	\$489,270	02/15/2018	455,848	-	(42,762)	413,086	19,045
Copiers - 433	8.9%	08/01/2006	\$ 34,583	08/01/2011	9,672	-	(8,228)	1,444	532
Computers - 433	9.3%	07/03/2008	\$ 51,936	07/03/2011	21,333	-	(16,868)	4,465	1,407
VIP Virtualization	3.74%	06/24/2010	\$599,132	07/01/2014	599,132	-	(128,783)	470,349	-
Computers - 425	2.1%	07/28/2008	\$ 89,289	07/01/2011	37,827	-	(30,183)	7,644	555
Total long-term debt					<u>\$1,526,538</u>	<u>\$ -</u>	<u>\$(250,019)</u>	<u>\$1,276,519</u>	<u>\$ 40,409</u>

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

	Year ended June 30,					Total
	2012	2013	2014	2015	2016	
Principal:						
Capital lease:						
Energy lease - 425	\$ 20,540	\$ 21,488	\$ 22,480	\$ 23,517	\$ 24,602	\$ 141,127
Energy lease - 425	3,742	3,932	4,131	4,340	4,560	26,507
Energy lease - 433	44,548	46,409	48,348	50,368	52,472	170,941
Copiers - 433	1,444	-	-	-	-	-
Computers - 433	4,465	-	-	-	-	-
VIP Virtualization	111,192	115,351	119,665	124,141	-	-
Computers - 425	7,644	-	-	-	-	-
Total principal	<u>193,575</u>	<u>187,180</u>	<u>194,624</u>	<u>202,366</u>	<u>81,634</u>	<u>338,575</u>
Interest:						
Capital lease:						
Energy lease - 425	14,756	13,808	12,816	11,779	10,693	35,352
Energy lease - 425	3,028	2,838	2,639	2,430	2,210	7,344
Energy lease - 433	17,258	15,397	13,458	11,438	9,334	14,480
Copiers - 433	16	-	-	-	-	-
Computers - 433	104	-	-	-	-	-
VIP Virtualization	17,591	13,433	9,118	4,643	-	-
Computers - 425	40	-	-	-	-	-
Total interest	<u>52,793</u>	<u>45,476</u>	<u>38,031</u>	<u>30,290</u>	<u>22,237</u>	<u>57,176</u>
Total principal and interest payments	<u>\$246,368</u>	<u>\$232,656</u>	<u>\$232,655</u>	<u>\$232,656</u>	<u>\$ 103,871</u>	<u>\$395,751</u>
						<u>\$ 84,131</u>
						<u>\$ -</u>
						<u>\$ 1,276,519</u>
						<u>\$ 103,807</u>
						<u>21,452</u>
						<u>81,365</u>
						<u>16</u>
						<u>104</u>
						<u>44,785</u>
						<u>40</u>
						<u>251,569</u>
						<u>\$1,528,088</u>

5. Commitments

- a. The District entered into a lease in December 2008 for two Savin 4060 copiers and three Savin 4051 copiers. This lease requires total monthly payments of \$1,470 for 48 months. Rental expense for the five copiers was \$17,640 for the year ended June 30, 2011.
- b. The District entered into a lease agreement in July 2009 for a new voice communication system. This lease requires total monthly payments of \$2,225 for 60 months. Rental expense for the system was \$26,704 for the year ended June 30, 2011.
- c. The District entered into a lease agreement in March 2011 for two Savin 9060SP copiers. This lease requires total monthly payments of \$730 for 60 months. Rental expense for the two copiers was \$730 for the year ended June 30, 2011.
- c. Future minimum rental payments required under the non-cancelable operating leases as of June 30, 2011 are as follows:

2012	\$ 53,104
2013	44,283
2014	35,464
2015	13,210
2016	<u>8,030</u>
Total	<u>\$ 154,091</u>

6. Interfund transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (4 year old)	K.S.A. 72-6428	\$ 19,685
General Fund	At Risk (K-12)	K.S.A. 72-6428	109,921
General Fund	Driver Training	K.S.A. 72-6428	6,000
General Fund	Food Service	K.S.A. 72-6428	75,509
General Fund	Parent Education	K.S.A. 72-6428	8,300
General Fund	Special Education	K.S.A. 72-6428	559,856
General Fund	Vocational Education	K.S.A. 72-6428	177,447
General Fund	Contingency Reserve	K.S.A. 72-6428	<u>60,000</u>
Total General fund transfers			<u>1,016,718</u>
Supplemental			
General Fund	At Risk (K-12)	K.S.A. 72-6433	<u>70,000</u>
Total Supplemental General fund transfers			<u>70,000</u>
Total interfund transfers			<u>\$1,086,718</u>

7. Defined benefit plan

a. Plan description

The District contributes to 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.

b. Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% for employees hired after July 1, 2009. 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 currently contributes 8.57% of covered payroll for fiscal year 2010, and 9.17% of covered payroll for fiscal year 2011.

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, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, 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, 2011 and 2010 were \$182,363 and \$202,832.

8. Other post employment benefits

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

9. Compensated absences

The District policy regarding sick pay is to accrue pay for full-time employees up to a maximum of 30 days for non-certified staff and 70 days for certified staff. However, upon termination, no amount is paid. Personal days are required to be used before the end of the year. Vacation pay is accrued by non-certified employees each year based on years of service. Any unused vacation pay must be used before December 31 following the year during which it was earned.

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these Statutes.

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2011
GENERAL FUND

	Prior Year Statutory Transactions	Current year		
		Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 17,116	\$ 15,272	\$ 25,643	\$ (10,371)
Ad valorem property - current taxes	616,979	881,987	842,356	39,631
Delinquent	2,266	2,322	8,243	(5,921)
State aid:				
Equalization aid	2,832,780	2,597,061	2,718,268	(121,207)
Special education services	378,508	369,928	526,132	(156,204)
Federal aid:				
ARRA Stabilization	181,422	56,070	56,070	-
Education jobs fund	-	98,178	-	98,178
Reimbursed expenses	67,002	77,291	-	77,291
Total statutory revenues	4,096,073	4,098,109	\$ 4,176,712	\$ (78,603)
Expenditures:				
Instruction	1,815,828	1,708,980	\$ 2,095,584	\$ 386,604
Student support services	80,343	138,995	43,138	(95,857)
Instructional support staff	55,433	70,868	78,340	7,472
General administration	189,454	130,374	125,425	(4,949)
School administration	98,733	102,834	120,943	18,109
Operations and maintenance	603,819	687,058	584,050	(103,008)
Student transportation services	307,510	242,281	199,500	(42,781)
Transfers out	944,953	1,016,718	929,732	(86,986)
Adjustment to comply with legal max	-	-	(155,895)	(155,895)
Legal general fund budget	4,096,073	4,098,108	4,020,817	(77,291)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	77,291	77,291
Total expenditures	4,096,073	4,098,108	\$ 4,098,108	\$ -
Statutory revenue over (under) expenditures	-	1		
Modified unencumbered cash, beginning of year	-	-		
Modified unencumbered cash, end of year	\$ -	\$ 1		

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (continued)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2011
SUPPLEMENTAL GENERAL FUND

	Prior Year Statutory Transactions	Current year		
		Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 16,315	\$ 10,778	\$ 7,217	\$ 3,561
Ad valorem property - current taxes	395,636	578,363	541,658	36,705
Delinquent	2,322	3,177	5,168	(1,991)
Motor vehicle	40,423	47,029	40,874	6,155
Recreational vehicle	906	848	1,073	(225)
State aid:				
Equalization aid	255,901	446,584	458,958	(12,374)
Federal aid:				
ARRA Stabilization	86,945	-	-	-
Total statutory revenues	798,448	1,086,779	\$ 1,054,948	\$ 31,831
Expenditures:				
Instruction	473,106	728,006	\$ 998,239	\$ 270,233
General administration	72,093	233,915	-	(233,915)
School administration	130,000	10,917	-	(10,917)
Transfers out	144,801	70,000	70,000	-
Adjustment to comply with legal max	-	-	(25,401)	(25,401)
Legal supplemental general fund budget	820,000	1,042,838	1,042,838	-
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures	820,000	1,042,838	\$ 1,042,838	\$ -
Statutory revenues over (under) expenditures	(21,552)	43,941		
Modified unencumbered cash, beginning of year	34,843	13,291		
Modified unencumbered cash, end of year	\$ 13,291	\$ 57,232		

ADDITIONAL INFORMATION

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
 Year ended June 30, 2011

Federal Grantor/ pass-through grantor/program title	Federal CFDA number	Program or award amount	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances	Ending cash balance
<u>U.S. Department of Education</u>								
Direct: Rural Education Achievement Program	85.358	\$ 47,630	\$ -	\$ 47,630	\$ 47,630	\$ -	\$ -	\$ -
Passed through Kansas Department of Education:								
Title I grants to LEAs	84.010	49,912	-	49,912	49,912	-	-	-
Educational technology state grants	84.318	169	-	169	169	-	-	-
Improving teacher quality state grants	84.367	24,738	6,139	24,738	30,877	-	1,377	1,377
State fiscal stabilization fund - education state grants, recovery act	84.394	56,070	-	56,070	56,070	-	-	-
Education jobs fund	84.410	98,178	-	98,178	98,178	-	-	-
Total U.S. Department of Education		276,697	6,139	276,697	282,836	-	1,377	1,377
<u>U.S. Department of Agriculture</u>								
Passed through Kansas Department of Education:								
Child nutrition cluster:								
School breakfast program	10.553	17,539	-	17,539	17,539	-	-	-
National school lunch program	10.555	65,319	-	65,319	65,319	-	-	-
Total U.S. Department of Agriculture		82,858	-	82,858	82,858	-	-	-
<u>U.S. Department of Health and Human Services</u>								
Passed through Kansas Department of Education:								
Youth Risk Behavior Survey	93.938	750	-	750	750	-	-	-
Total U.S. Department of Health and Human Services		750	-	750	750	-	-	-
Total federal assistance		\$ 360,305	\$ 6,139	\$ 360,305	\$ 366,444	\$ -	\$ 1,377	\$ 1,377

*Note 1 on page 35 is an integral part of this Schedule of Expenditures of Federal Awards.

UNIFIED SCHOOL DISTRICT NO. 111, DONIPHAN WEST, HIGHLAND, KANSAS

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2011

1. Basis of accounting

a. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of this schedule of expenditures of federal awards, 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 adopted a resolution in accordance with K.S.A. 75-1120a(c) to waive reporting in accordance with accounting principles generally accepted in the United States of America, which allows the District to utilize the statutory basis of accounting.

b. 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, and cash and unencumbered cash balances.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America.