

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
CLEARWATER, KANSAS**

**FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**BUSBY FORD & REIMER, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

**Board of Education  
Clearwater Unified School District No. 264  
Clearwater, Kansas**

We have audited the accompanying financial statements of **Clearwater Unified School District No. 264, Clearwater, 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 financial information has been derived from the District's 2010 financial statements and, in our report dated October 26, 2010, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

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

As described more fully in Note 1, **Clearwater Unified School District No. 264, Clearwater, 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 **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of **June 30, 2011**, or the changes in its financial position for the year then ended.

**Board of Education  
Clearwater Unified School District No. 264**

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of **June 30, 2011**, and its cash receipts and expenditures and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, on our consideration of **Clearwater Unified School District No. 264, Clearwater, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of **Clearwater Unified School District No. 264, Clearwater, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

  
Busby Ford & Reimer, LLC

November 10, 2011

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ (603,272)	0	\$ 7,847,221	\$ 7,754,148	\$ (510,199)	\$ 176,487	\$ (333,712)
Special Revenue Funds							
Supplemental General	(191,052)	0	2,820,465	2,579,192	50,221	132,153	182,374
At Risk (4 Year Old)	13,849	0	24,055	17,904	20,000	1,539	21,539
At Risk (K-12)	130,000	0	449,320	385,820	193,500	70,071	263,571
Capital Outlay	1,794,546	0	594,466	933,769	1,455,243	199,825	1,655,068
Driver Training	32,225	0	7,304	6,383	33,146	0	33,146
Food Service	150,000	0	554,542	529,542	175,000	690	175,690
Professional Development	99,525	0	84,163	7,005	176,683	715	177,398
Special Education	500,000	0	1,413,255	1,413,255	500,000	0	500,000
Vocational Education	250,000	0	262,063	262,063	250,000	4,199	254,199
KPERS Contribution	0	0	610,786	610,786	0	0	0
Recreation Commission	7,482	0	191,017	180,000	18,499	0	18,499
Federal Funds	0	0	128,466	128,466	0	0	0
Gifts and Grants	7,522	0	23,988	22,944	8,566	847	9,413
Contingency Reserve	779,924	0	0	0	779,924	0	779,924
Student Revolving	1,538	0	425	312	1,651	0	1,651
Textbook Revolving	170,367	0	136,915	87,916	219,366	74,797	294,163
Perkins Consortium Vo-Ed Grant	0	0	6,993	6,993	0	0	0
Kansas Beef Council Grant	0	0	250	250	0	0	0
Health Council Grant	557	0	5,055	4,676	936	0	936
PEP Grant	0	0	215,473	215,473	0	0	0
District Activity Funds	53,129	0	239,333	230,010	62,452	0	62,452
Debt Service Fund							
Bond and Interest	707,951	0	1,204,302	1,123,869	788,384	0	788,384
	<u>\$ 3,904,291</u>	<u>\$ 0</u>	<u>\$ 16,819,857</u>	<u>\$ 16,500,776</u>	<u>\$ 4,223,372</u>	<u>\$ 661,323</u>	<u>\$ 4,884,695</u>

Composition of Cash:	
Checking Accounts	\$ 4,800,763
Savings Accounts	101,652
	<u>4,902,415</u>
Agency Funds	(17,720)
	<u>\$ 4,884,695</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
		Comply with Legal Max	Legal Max	Qualifying Budget Credits	Qualifying Budget Credits			
General Fund	\$ 7,924,101	\$ (268,604)	\$ (268,604)	\$ 98,651	\$ 98,651	\$ 7,754,148	\$ 7,754,148	\$ 0
Special Revenue Funds								
Supplemental General At Risk (4 Year Old)	2,625,207	(46,015)	(46,015)	0	0	2,579,192	2,579,192	0
At Risk (K-12)	29,897	0	0	0	0	29,897	17,904	11,993
Capital Outlay	577,739	0	0	0	0	577,739	385,820	191,919
Driver Training	2,221,401	0	0	0	0	2,221,401	933,769	1,287,632
	34,815	0	0	0	0	34,815	6,383	28,432
Food Service	788,236	0	0	0	0	788,236	529,542	258,694
Professional Development	99,525	0	0	0	0	99,525	7,005	92,520
Special Education	1,682,390	0	0	0	0	1,682,390	1,413,255	269,135
Vocational Education	507,347	0	0	0	0	507,347	262,063	245,284
KPERS Contribution	542,459	0	0	0	0	542,459	610,786	(68,327)
Recreation Commission	180,000	0	0	0	0	180,000	180,000	0
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	128,466	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	22,944	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Student Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	312	XXXXXXXXXX
Textbook Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	87,916	XXXXXXXXXX
Perkins Consortium Vo-Ed Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	6,993	XXXXXXXXXX
Kansas Beef Council Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	250	XXXXXXXXXX
Health Council Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	4,676	XXXXXXXXXX
PEP Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	215,473	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	230,010	XXXXXXXXXX
Debt Service Fund								
	1,123,869	0	0	0	0	1,123,869	1,123,869	0
Bond and Interest	\$ 18,336,986	\$ (314,619)	\$ (314,619)	\$ 98,651	\$ 98,651	\$ 18,121,018	\$ 16,500,776	\$ 2,317,282

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 1,185,354	\$ 1,134,418	\$ 989,911	\$ 144,507
State Sources	6,585,707	6,335,093	6,796,847	(461,754)
Federal Sources	374,861	377,710	137,299	240,411
	<u>8,145,922</u>	<u>7,847,221</u>	<u>\$ 7,924,057</u>	<u>\$ (76,836)</u>
Expenditures				
Instruction	2,870,021	2,698,084	\$ 3,006,232	\$ 308,148
Student Support Services	272,141	284,420	273,400	(11,020)
Instructional Support Staff	352,397	343,151	409,000	65,849
General Administration	313,198	342,197	346,800	4,603
School Administration	735,473	639,718	769,500	129,782
Operations & Maintenance	1,122,241	1,060,592	1,227,000	166,408
Student Transportation Services	327,685	410,718	403,400	(7,318)
Other Supplemental Services	137,963	129,080	165,376	36,296
Site Improvement Services	195,694	85,300	0	(85,300)
Transfers	1,634,100	1,760,888	1,323,393	(437,495)
Adjustment to Comply With Legal Max	0	0	(268,604)	(268,604)
Adjustment for Qualifying Budget Credits	0	0	98,651	98,651
	<u>7,960,913</u>	<u>7,754,148</u>	<u>\$ 7,754,148</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	185,009	93,073		
Unencumbered Cash, Beginning	(788,325)	(603,272)		
Prior Year Canceled Encumbrances	<u>44</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (603,272)</u>	<u>\$ (510,199)</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Supplemental General Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,040,277	\$ 1,209,900	\$ 1,125,663	\$ 84,237
County Sources	129,489	126,769	104,748	22,021
State Sources	963,335	1,483,796	1,332,461	151,335
Federal Sources	327,603	0	0	0
	2,460,704	2,820,465	\$ 2,562,872	\$ 257,593
Expenditures				
Instruction	1,726,119	1,779,943	\$ 1,755,976	\$ (23,967)
Instructional Support Staff	10,197	0	13,000	13,000
General Administration	24,868	4,892	24,600	19,708
School Administration	15,071	0	15,250	15,250
Operations & Maintenance	80,608	67,948	116,250	48,302
Transfers	635,531	726,409	700,131	(26,278)
Adjustment to Comply With Legal Max	0	0	(46,015)	(46,015)
	2,492,394	2,579,192	\$ 2,579,192	\$ 0
Receipts Over (Under) Expenditures	(31,690)	241,273		
Unencumbered Cash, Beginning	(159,362)	(191,052)		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ (191,052)	\$ 50,221		

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



**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>At Risk Fund (4 Year Old)</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 7,254	\$ 24,055	\$ 16,048	\$ 8,007
	<u>7,254</u>	<u>24,055</u>	<u>\$ 16,048</u>	<u>\$ 8,007</u>
Expenditures				
Instruction	16,251	17,904	\$ 29,897	\$ 11,993
	<u>16,251</u>	<u>17,904</u>	<u>\$ 29,897</u>	<u>\$ 11,993</u>
Receipts Over (Under) Expenditures	(8,997)	6,151		
Unencumbered Cash, Beginning	22,846	13,849		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 13,849</u>	<u>\$ 20,000</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>At Risk Fund (K-12)</u>	<u>Current Year</u>			Variance -
	Prior Year	Actual	Budget	Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 2,791	\$ 1,800	\$ 0	\$ 1,800
Transfers	<u>371,938</u>	<u>447,520</u>	<u>447,739</u>	<u>(219)</u>
	<u>374,729</u>	<u>449,320</u>	<u>\$ 447,739</u>	<u>\$ 1,581</u>
Expenditures				
Instruction	351,793	363,313	\$ 525,239	\$ 161,926
Student Support Services	20,735	20,865	42,500	21,635
Other Supplemental Services	<u>2,305</u>	<u>1,642</u>	<u>10,000</u>	<u>8,358</u>
	<u>374,833</u>	<u>385,820</u>	<u>\$ 577,739</u>	<u>\$ 191,919</u>
Receipts Over (Under) Expenditures	(104)	63,500		
Unencumbered Cash, Beginning	130,104	130,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 130,000</u>	<u>\$ 193,500</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Capital Outlay Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 541,067	\$ 407,011	\$ 327,466	\$ 79,545
County Sources	57,375	55,901	46,130	9,771
Federal Sources	6,476	9,554	0	9,554
Transfers	0	122,000	0	122,000
	604,918	594,466	\$ 373,596	\$ 220,870
Expenditures				
Instruction	96,077	147,005	\$ 350,000	\$ 202,995
Instructional Support Staff	2,500	0	100,000	100,000
General Administration	0	0	50,000	50,000
School Administration	0	9,525	15,000	5,475
Central Services	0	3,720	0	(3,720)
Operations & Maintenance	52,642	5,777	125,000	119,223
Student Transportation Services	62,775	101,465	200,000	98,535
Other Support Services	0	0	25,000	25,000
Land Improvement	0	65,399	4,000	(61,399)
Architectural & Engineering Services	0	23,568	30,000	6,432
New Building Acquisition & Construction	110,871	110,871	300,000	189,129
Site Improvement	22,267	55,230	635,924	580,694
Building Improvement	28,547	36,649	75,000	38,351
Other	0	374,560	311,477	(63,083)
	375,679	933,769	\$ 2,221,401	\$ 1,287,632
Receipts Over (Under) Expenditures	229,239	(339,303)		
Unencumbered Cash, Beginning	1,565,307	1,794,546		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 1,794,546	\$ 1,455,243		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 5,108.00	\$ 4,566	\$ 0	\$ 4,566
State Sources	<u>2,100</u>	<u>2,738</u>	<u>2,590</u>	<u>148</u>
	<u>7,208</u>	<u>7,304</u>	<u>\$ 2,590</u>	<u>\$ 4,714</u>
Expenditures				
Instruction	6,671	5,455	\$ 31,315	\$ 25,860
Instruction Support Staff	150	140	500	360
Vehicle Operations, Maintenance Services	<u>818</u>	<u>788</u>	<u>3,000</u>	<u>2,212</u>
	<u>7,639</u>	<u>6,383</u>	<u>\$ 34,815</u>	<u>\$ 28,432</u>
Receipts Over (Under) Expenditures	(431)	921		
Unencumbered Cash, Beginning	32,656	32,225		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 32,225</u>	<u>\$ 33,146</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Food Service Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 313,341	\$ 313,761	\$ 328,903	\$ (15,142)
State Sources	5,713	5,357	4,623	734
Federal Sources	184,713	182,501	184,710	(2,209)
Transfers	117,219	52,923	120,000	(67,077)
	<u>620,986</u>	<u>554,542</u>	<u>\$ 638,236</u>	<u>\$ (83,694)</u>
Expenditures				
Operations & Maintenance	5,462	6,160	\$ 11,000	\$ 4,840
Food Service Operations	615,524	523,382	777,236	253,854
	<u>620,986</u>	<u>529,542</u>	<u>\$ 788,236</u>	<u>\$ 258,694</u>
Receipts Over (Under) Expenditures	0	25,000		
Unencumbered Cash, Beginning	150,000	150,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 150,000</u>	<u>\$ 175,000</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 22	\$ 824	\$ 0	\$ 824
State Sources	2,019	0	0	0
Transfers	<u>0</u>	<u>83,339</u>	<u>0</u>	<u>83,339</u>
	<u>2,041</u>	<u>84,163</u>	<u>\$ 0</u>	<u>\$ 84,163</u>
Expenditures				
Instructional Support Staff	<u>9,997</u>	<u>7,005</u>	<u>\$ 99,525</u>	<u>\$ 92,520</u>
	<u>9,997</u>	<u>7,005</u>	<u>\$ 99,525</u>	<u>\$ 92,520</u>
Receipts Over (Under) Expenditures	(7,956)	77,158		
Unencumbered Cash, Beginning	107,481	99,525		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 99,525</u>	<u>\$ 176,683</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Special Education Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 443	\$ 296	\$ 0	\$ 296
Transfers	<u>1,380,560</u>	<u>1,412,959</u>	<u>1,182,390</u>	<u>230,569</u>
	<u>1,381,003</u>	<u>1,413,255</u>	<u>\$ 1,182,390</u>	<u>\$ 230,865</u>
Expenditures				
Instruction	1,266,760	1,307,576	\$ 1,535,390	\$ 227,814
Student Transportation Services	<u>114,199</u>	<u>105,679</u>	<u>147,000</u>	<u>41,321</u>
	<u>1,380,959</u>	<u>1,413,255</u>	<u>\$ 1,682,390</u>	<u>\$ 269,135</u>
Receipts Over (Under) Expenditures	44	0		
Unencumbered Cash, Beginning	499,956	500,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 500,000</u>	<u>\$ 500,000</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 1,588	\$ 595	\$ 0	\$ 595
Transfers	<u>312,075</u>	<u>261,468</u>	<u>257,347</u>	<u>4,121</u>
	<u>313,663</u>	<u>262,063</u>	<u>\$ 257,347</u>	<u>\$ 4,716</u>
Expenditures				
Instruction	283,443	262,063	\$ 507,347	\$ 245,284
Other Supplemental Services	<u>220</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>283,663</u>	<u>262,063</u>	<u>\$ 507,347</u>	<u>\$ 245,284</u>
Receipts Over (Under) Expenditures	30,000	0		
Unencumbered Cash, Beginning	220,000	250,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 250,000</u>	<u>\$ 250,000</u>		

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



**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>KPERS Contribution Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 227,882	\$ 610,786	\$ 542,459	\$ 68,327
	227,882	610,786	\$ 542,459	\$ 68,327
Expenditures				
Instruction	137,071	361,552	\$ 317,959	\$ (43,593)
Student Support Services	12,534	33,707	30,000	(3,707)
Instructional Support Staff	10,369	29,420	27,000	(2,420)
General Administration	10,369	29,420	27,000	(2,420)
School Administration	22,332	61,146	55,000	(6,146)
Operations and Maintenance	6,153	16,756	15,000	(1,756)
Student Transportation Services	10,824	28,823	25,500	(3,323)
Other Supplemental Services	9,115	25,000	22,500	(2,500)
Food Service Operations	9,115	24,962	22,500	(2,462)
	227,882	610,786	\$ 542,459	\$ (68,327)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ 0		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Recreation Commission Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 168,744	\$ 170,052	\$ 162,062	\$ 7,990
County Sources	<u>21,589</u>	<u>20,965</u>	<u>17,297</u>	<u>3,668</u>
	<u>190,333</u>	<u>191,017</u>	<u>\$ 179,359</u>	<u>\$ 11,658</u>
 Expenditures				
Community Service Operations	<u>195,000</u>	<u>180,000</u>	<u>\$ 180,000</u>	<u>\$ 0</u>
	<u>195,000</u>	<u>180,000</u>	<u>\$ 180,000</u>	<u>\$ 0</u>
 Receipts Over (Under) Expenditures	(4,667)	11,017		
 Unencumbered Cash, Beginning	12,149	7,482		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 7,482</u>	<u>\$ 18,499</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Bond and Interest Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 624,588	\$ 700,237	\$ 657,602	\$ 42,635
County Sources	74,961	76,994	63,570	13,424
State Sources	427,306	427,071	427,069	2
	<u>1,126,855</u>	<u>1,204,302</u>	<u>\$ 1,148,241</u>	<u>\$ 56,061</u>
 Expenditures				
Debt Service	<u>1,095,647</u>	<u>1,123,869</u>	<u>\$ 1,123,869</u>	<u>\$ 0</u>
	<u>1,095,647</u>	<u>1,123,869</u>	<u>\$ 1,123,869</u>	<u>\$ 0</u>
 Receipts Over (Under) Expenditures	31,208	80,433		
 Unencumbered Cash, Beginning	676,743	707,951		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 707,951</u>	<u>\$ 788,384</u>		

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Federal Funds</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 1,000	\$ 0
Federal Sources	<u>126,700</u>	<u>128,466</u>
	<u>127,700</u>	<u>128,466</u>
 Expenditures		
Instruction	109,268	110,183
Instructional Support Staff	16,857	18,283
Operations and Maintenance	<u>1,575</u>	<u>0</u>
	<u>127,700</u>	<u>128,466</u>
 Receipts Over (Under) Expenditures	0	0
 Unencumbered Cash, Beginning	0	0
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Gifts and Grants Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 10,635	\$ 23,988
	<u>10,635</u>	<u>23,988</u>
 Expenditures		
Instruction	<u>8,673</u>	<u>22,944</u>
	<u>8,673</u>	<u>22,944</u>
 Receipts Over (Under) Expenditures	1,962	1,044
 Unencumbered Cash, Beginning	5,560	7,522
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 7,522</u>	<u>\$ 8,566</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Contingency Reserve Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Transfers	\$ 66,000	\$ 0
	<u>66,000</u>	<u>0</u>
 Expenditures		
Other Support Services	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
 Receipts Over (Under) Expenditures	 66,000	 0
 Unencumbered Cash, Beginning	 713,924	 779,924
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 779,924</u>	 <u>\$ 779,924</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Student Revolving Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 498	\$ 425
	<u>498</u>	<u>425</u>
 Expenditures		
Instruction	82	312
	<u>82</u>	<u>312</u>
 Receipts Over (Under) Expenditures	 416	 113
 Unencumbered Cash, Beginning	 1,122	 1,538
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 1,538</u>	 <u>\$ 1,651</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Textbook Revolving Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 54,958	\$ 53,882
Transfers	<u>14,585</u>	<u>83,033</u>
	<u>69,543</u>	<u>136,915</u>
 Expenditures		
Instruction	<u>179,799</u>	<u>87,916</u>
	<u>179,799</u>	<u>87,916</u>
 Receipts Over (Under) Expenditures	 (110,256)	 48,999
 Unencumbered Cash, Beginning	 280,623	 170,367
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 170,367</u>	 <u>\$ 219,366</u>

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



**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Perkins Consortium Vo-Ed Grant</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 6,723	\$ 6,993
	<u>6,723</u>	<u>6,993</u>
 Expenditures		
Instruction	<u>6,723</u>	<u>6,993</u>
	<u>6,723</u>	<u>6,993</u>
 Receipts Over (Under) Expenditures	0	0
 Unencumbered Cash, Beginning	0	0
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Kansas Beef Council Grant

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 250	\$ 250
	<u>250</u>	<u>250</u>
Expenditures		
Instruction	<u>250</u>	<u>250</u>
	<u>250</u>	<u>250</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Health Council Grant</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 5,670	\$ 5,055
	<u>5,670</u>	<u>5,055</u>
 Expenditures		
Instruction	<u>6,738</u>	<u>4,676</u>
	<u>6,738</u>	<u>4,676</u>
Receipts Over (Under) Expenditures	(1,068)	379
Unencumbered Cash, Beginning	1,625	557
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 557</u>	<u>\$ 936</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>PEP Grant</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 24	\$ 0
Federal Sources	434,887	215,473
	<u>434,911</u>	<u>215,473</u>
 Expenditures		
Instruction	308,052	96,724
Instructional Support Staff	89,897	93,566
Operations and Maintenance	4,562	3,583
Other Support Services	32,400	21,600
	<u>434,911</u>	<u>215,473</u>
 Receipts Over (Under) Expenditures	 0	 0
 Unencumbered Cash, Beginning	 0	 0
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 0</u>	 <u>\$ 0</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**AGENCY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Class of 2011	\$ 260	\$ 60	\$ 274	\$ 46
Class of 2012	0	14,635	14,202	433
Class of 2013	118	0	0	118
C-Club	5,574	2,351	3,395	4,530
SADD	369	887	915	341
Senior D.C. Trip	4	36,085	36,087	2
Stuco-B.O.S.	535	46	240	341
Kay	1,160	358	1,149	369
Stuco-Regular	1,224	7,814	6,842	2,196
Cheerleaders	216	2,789	2,704	301
Nat'l Honor Society	439	457	674	222
Color Guard	22	0	0	22
Dance Team	1,018	2,612	3,498	132
	<u>10,939</u>	<u>68,094</u>	<u>69,980</u>	<u>9,053</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**AGENCY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Cheerleaders	\$ 413	\$ 625	\$ 818	\$ 220
KAYS Group	69	1,636	1,264	441
Student Council-BOS	1,393	3,078	2,603	1,868
Tribal Council	6,119	9,918	9,918	6,119
	<u>7,994</u>	<u>15,257</u>	<u>14,603</u>	<u>8,648</u>
Intermediate Center				
Student Council-BOS	155	4	140	19
	<u>155</u>	<u>4</u>	<u>140</u>	<u>19</u>
 Total Agency Funds	 <u>\$ 19,088</u>	 <u>\$ 83,355</u>	 <u>\$ 84,723</u>	 <u>\$ 17,720</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**DISTRICT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
High School							
Gate Receipts	\$ 1,569	\$ 0	\$ 150,995	\$ 139,726	\$ 12,838	\$ 0	\$ 12,838
Annual	4,303	0	15,588	16,415	3,476	0	3,476
Industrial Arts	8,699	0	3,325	1,756	10,268	0	10,268
Drama	4,469	0	3,594	3,350	4,713	0	4,713
Instrumental Music	1,723	0	9,934	10,584	1,073	0	1,073
Vocal Music	521	0	13,013	12,736	798	0	798
Photo/Art	2,221	0	4,509	4,383	2,347	0	2,347
Home Ec	4	0	0	0	4	0	4
A/P Test	0	0	800	800	0	0	0
CHS Crime Stoppers	32	0	0	0	32	0	32
CTL Monies	14	0	0	0	14	0	14
School Improvement	4	0	230	0	234	0	234
	<u>23,559</u>	<u>0</u>	<u>201,988</u>	<u>189,750</u>	<u>35,797</u>	<u>0</u>	<u>35,797</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**DISTRICT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Middle School							
Gate Receipts	\$ 3,794	\$ 0	\$ 9,584	\$ 10,963	\$ 2,415	\$ 0	\$ 2,415
Annual	2,991	0	1,482	1,194	3,279	0	3,279
Technology	30	0	0	0	30	0	30
Lip Sync	2,977	0	1,008	1,323	2,662	0	2,662
Field Trips/Apparel	44	0	3,718	3,716	46	0	46
	<u>9,836</u>	<u>0</u>	<u>15,792</u>	<u>17,196</u>	<u>8,432</u>	<u>0</u>	<u>8,432</u>

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



**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**DISTRICT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Intermediate Center							
Annual	\$ 2,962	\$ 0	\$ 0	\$ 0	\$ 2,962	\$ 0	\$ 2,962
Circle of Friends	75	0	0	41	34	0	34
Vocal Music	43	0	0	0	43	0	43
Field Day	599	0	1,706	1,370	935	0	935
Field Trip/Apparel	1,236	0	4,975	4,884	1,327	0	1,327
Snack Shack	1,161	0	0	648	513	0	513
Book Fair	854	0	0	0	854	0	854
PTO Donations	337	0	121	287	171	0	171
	<u>7,267</u>	<u>0</u>	<u>6,802</u>	<u>7,230</u>	<u>6,839</u>	<u>0</u>	<u>6,839</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**DISTRICT ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Grade School West							
PTO	\$ 1,259	\$ 0	\$ 8,723	\$ 6,993	\$ 2,989	\$ 0	\$ 2,989
Book Fair	1,656	0	123	412	1,367	0	1,367
Annual	6,312	0	25	3,540	2,797	0	2,797
Teacher Projects	3	0	0	0	3	0	3
Field Day	1,980	0	2,049	1,616	2,413	0	2,413
Field Trip	1,123	0	3,596	3,165	1,554	0	1,554
B.O.S.	134	0	127	0	261	0	261
High School Activity Passes	0	0	108	108	0	0	0
	<u>12,467</u>	<u>0</u>	<u>14,751</u>	<u>15,834</u>	<u>11,384</u>	<u>0</u>	<u>11,384</u>
Total District Activity Funds	\$ <u>53,129</u>	\$ <u>0</u>	\$ <u>239,333</u>	\$ <u>230,010</u>	\$ <u>62,452</u>	\$ <u>0</u>	\$ <u>62,452</u>

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies:**

Reporting Entity

**Clearwater Unified School District No. 264** is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Clearwater, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The following types of funds comprise the financial activities of the District for the year:

Governmental Funds

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

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

Debt Service Fund-To account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Agency Funds-To account for resources held by the District as an agent for others.

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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. 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. 75-110a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the statutory 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 expense, liabilities such as deferred revenue, 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 accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Budget and Tax Cycle

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
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.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended during the year.

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	Student Revolving Fund
Textbook Revolving Fund	Perkins Consortium Vo-Ed Grant Fund
Kansas Beef Council Grant Fund	Health Council Grant Fund
PEP Grant	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.

**Note 2 - Compensated Absences:**

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

**Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:**

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2011, the State made contributions of \$378,957. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

**Note 4 - Prior Year Balances:**

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2010, financial statements in order to conform to the June 30, 2011, presentation.

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Note 5 - Deposits:**

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government 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 Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$4,902,415 and the bank balance was \$5,903,687. The bank balance is held by two banks. Of the bank balance, \$320,085 was covered by depository insurance, and the remaining \$5,583,602 was collateralized with securities held by the pledging financial institution's agent in the District's name.

**Note 6 - Interfund Transactions:**

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:								Total
	At Risk (4 Year Old)	At Risk (K-12)	Capital Outlay	Food Service	Professional Development	Special Education	Vocational Education	Textbook Revolving	
Transfer from:									
General Fund	\$ 0	\$ 0	\$ 122,000	\$ 0	\$ 83,339	\$ 1,230,852	\$ 241,664	\$ 83,033	\$ 1,760,888
Supplemental General Fund	<u>24,055</u>	<u>447,520</u>	<u>0</u>	<u>52,923</u>	<u>0</u>	<u>182,107</u>	<u>19,804</u>	<u>0</u>	<u>726,409</u>
	<u>\$ 24,055</u>	<u>\$ 447,520</u>	<u>\$ 122,000</u>	<u>\$ 52,923</u>	<u>\$ 83,339</u>	<u>\$ 1,412,959</u>	<u>\$ 261,468</u>	<u>\$ 83,033</u>	<u>\$ 2,487,297</u>

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 7 - Postemployment Benefits:**

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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 government under this program.

**Note 8 - Defined Benefit Pension Plan:**

Plan Description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at a minimum of 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.17% of covered payroll for the year ended June 30, 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.

**Note 9 - Reimbursed Expenses:**

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

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 10 - Contingencies:**

Grant Programs

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

Risk Management

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

**Note 11 - Termination Benefits:**

The District supports an early retirement plan for teachers under the negotiated agreement. Teachers are eligible under the plan if they were employed by the District for terms prior to 2007-2008, 60 years of age and have been employed by the District for ten years of continuous service and an additional five years under KPERS employment. Teachers electing early retirement will receive continued salary until age 65, deceased, or if they choose to draw social security before age 65, at an amount of 75% of the difference between the teacher's salary and the base salary in effect. However, in no event will regular or reduced benefit exceed the amount to which a participant would be entitled on account of normal retirement under the Social Security Act.

Teachers employed by the District for periods prior to 2007-2008 are also eligible under the plan for a reduced retirement benefit at age 55 or an age that fulfills the KPERS retirement options, have a minimum of ten years continuous service with USD #264, and have an additional five years under KPERS employment. Teachers electing the reduced early retirement will receive continued salary until age 65, deceased, or if they choose to draw social security before age 65, at an amount of 50% of the difference between the teacher's salary and the base salary in effect. However, in no event will regular or reduced benefit exceed the amount to which a participant would be entitled on account of normal retirement under the Social Security Act.

It is the policy of the District to record early retirement benefits as expenditures when paid. The District paid \$156,550 in postemployment benefits for former employees during the year ended June 30, 2011.

**Note 12 - Subsequent Events:**

The District has evaluated subsequent events through November 10, 2011, the date which the financial statements were available to be issued.



**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 13 - Long-Term Debt:**

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Lease payments are due monthly.

Terms for 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
<b>General Obligation Bonds</b>				
2003 Series	3.375 - 5.125	3/1/03	16,095,000	9/1/23
2011 Series	2.000 - 3.300	4/1/11	9,645,000	9/1/23
<b>Capital Leases</b>				
Industrial Arts Building	5.09	10/1/04	300,000	11/1/14
Energy Mgmt System	4.96	7/19/05	750,000	12/5/20

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>					
2003 Series	\$ 14,260,000	\$ 0	\$ 9,595,000	\$ 4,665,000	\$ 573,866
2011 Series	0	9,645,000	0	9,645,000	0
	<u>14,260,000</u>	<u>9,645,000</u>	<u>9,595,000</u>	<u>14,310,000</u>	<u>573,866</u>
<b>Capital Leases</b>					
Industrial Arts Building	155,300	0	31,514	123,786	7,176
Energy Mgmt System	591,836	0	43,812	548,024	28,368
	<u>747,136</u>	<u>0</u>	<u>75,326</u>	<u>671,810</u>	<u>35,544</u>
	<u>\$ 15,007,136</u>	<u>\$ 9,645,000</u>	<u>\$ 9,670,326</u>	<u>\$ 14,981,810</u>	<u>\$ 609,410</u>

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

	Principal			Interest			Total Principal and Interest
	General Obligation Bonds	Capital Leases	Total Principal	General Obligation Bonds	Capital Leases	Total Interest	
2012	\$ 685,000	\$ 169,821	\$ 854,821	\$ 422,749	\$ 27,502	\$ 450,251	\$ 1,305,072
2013	750,000	48,371	798,371	421,476	23,809	445,285	1,243,656
2014	810,000	50,826	860,826	395,579	21,354	416,933	1,277,759
2015	880,000	53,405	933,405	366,551	18,775	385,326	1,318,731
2016	945,000	56,115	1,001,115	334,054	16,065	350,119	1,351,234
2017 - 2021	5,785,000	293,272	6,078,272	1,154,802	34,904	1,189,706	7,267,978
2022 - 2026	4,455,000	0	4,455,000	221,366	0	221,366	4,676,366
	<u>\$ 14,310,000</u>	<u>\$ 671,810</u>	<u>\$ 14,981,810</u>	<u>\$ 3,316,577</u>	<u>\$ 142,409</u>	<u>\$ 3,458,986</u>	<u>\$ 18,440,796</u>

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 14 - 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) requires 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 the Statutes.

Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

	<u>General Fund</u>		Variance -
	Statutory		Favorable
	<u>Transactions</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Statutory Revenues			
Local Sources	\$ 1,134,418	\$ 989,911	\$ 144,507
State Sources	6,241,976	6,796,847	(554,871)
Federal Sources	<u>377,710</u>	<u>137,299</u>	<u>240,411</u>
	<u>7,754,104</u>	<u>\$ 7,924,057</u>	<u>\$ (169,953)</u>
Expenditures			
Instruction	2,698,084	\$ 3,006,232	\$ 308,148
Student Support Services	284,420	273,400	(11,020)
Instructional Support Staff	343,151	409,000	65,849
General Administration	342,197	346,800	4,603
School Administration	639,718	769,500	129,782
Operations & Maintenance	1,060,592	1,227,000	166,408
Student Transportation Services	410,718	403,400	(7,318)
Other Supplemental Services	129,080	165,376	36,296
Site Improvement Services	85,300	0	(85,300)
Transfers	1,760,888	1,323,393	(437,495)
Adjustment to Comply With Legal Max	0	(268,604)	(268,604)
Adjustment for Qualifying Budget Credits	0	98,651	98,651
	<u>7,754,148</u>	<u>\$ 7,754,148</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(44)		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>44</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

	<u>Supplemental General Fund</u>		Variance -
	Statutory		Favorable
	<u>Transactions</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<b>Statutory Revenues</b>			
Local Sources	\$ 1,209,900	\$ 1,125,663	\$ 84,237
County Sources	126,769	104,748	22,021
State Sources	<u>1,304,836</u>	<u>1,332,461</u>	<u>(27,625)</u>
	<u>2,641,505</u>	<u>\$ 2,562,872</u>	<u>\$ 78,633</u>
<b>Expenditures</b>			
Instruction	1,779,943	\$ 1,755,976	\$ (23,967)
Instructional Support Staff	0	13,000	13,000
General Administration	4,892	24,600	19,708
School Administration	0	15,250	15,250
Operations & Maintenance	67,948	116,250	48,302
Transfers	726,409	700,131	(26,278)
Adjustment to Comply With Legal Max	<u>0</u>	<u>(46,015)</u>	<u>(46,015)</u>
	<u>2,579,192</u>	<u>\$ 2,579,192</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	62,313		
Modified Unencumbered Cash, Beginning	62,335		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 124,648</u>		

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

<u>KPERS Contribution Fund</u>			
	Statutory	Budget	Variance -
	<u>Transactions</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b>Statutory Revenues</b>			
State Sources	\$ 378,957	\$ 542,459	\$ (163,502)
	<u>378,957</u>	<u>\$ 542,459</u>	<u>\$ (163,502)</u>
<b>Expenditures</b>			
Instruction	222,107	\$ 317,959	\$ 95,852
Student Support Services	20,956	30,000	9,044
Instructional Support Staff	18,872	27,000	8,128
General Administration	18,872	27,000	8,128
School Administration	38,426	55,000	16,574
Operations and Maintenance	10,497	15,000	4,503
Student Transportation Services	17,811	25,500	7,689
Other Supplemental Services	15,727	22,500	6,773
Food Service Operations	15,689	22,500	6,811
	<u>378,957</u>	<u>\$ 542,459</u>	<u>\$ 163,502</u>
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

**FEDERAL AWARD INFORMATION**



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

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

**Board of Education  
Clearwater Unified School District No. 264  
Clearwater, Kansas**

We have audited the financial statements of **Clearwater Unified School District No. 264, Clearwater, Kansas**, as of and for the year ended **June 30, 2011**, and have issued our report thereon dated November 10, 2011, which was adverse because of the District's policy to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **Clearwater Unified School District No. 264, Clearwater, Kansas**, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over financial reporting.

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

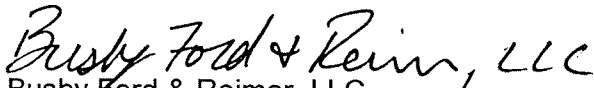
**Board of Education  
Clearwater Unified School District No. 264**

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Clearwater Unified School District No. 264, Clearwater, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education and management of **Clearwater Unified School District No. 264, Clearwater, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Busby Ford & Reimer, LLC  
November 10, 2011





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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditor's Report**

**Board of Education  
Clearwater Unified School District No. 264  
Clearwater, Kansas**

Compliance

We have audited **Clearwater Unified School District No. 264, Clearwater, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of **Clearwater Unified School District No. 264, Clearwater, Kansas'** major federal programs for the year ended **June 30, 2011**. **Clearwater Unified School District No. 264, Clearwater, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Clearwater Unified School District No. 264, Clearwater, Kansas'** management. Our responsibility is to express an opinion on **Clearwater Unified School District No. 264, Clearwater, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Clearwater Unified School District No. 264, Clearwater, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Clearwater Unified School District No. 264, Clearwater, Kansas'** compliance with those requirements.

In our opinion, **Clearwater Unified School District No. 264, Clearwater, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2011**.

**Board of Education  
Clearwater Unified School District No. 264**

Internal Control Over Compliance

Management of **Clearwater Unified School District No. 264, Clearwater, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Clearwater Unified School District No. 264, Clearwater, Kansas'** internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Education and management of **Clearwater Unified School District No. 264, Clearwater, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Busby Ford & Reimer, LLC  
November 10, 2011

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Expenditures	Unencumbered Cash 6-30-11
			Unencumbered Cash 7-1-10	Receipts		
Department of Education PEP Grant	84.215	\$ 215,473	\$ 0	\$ 215,473	\$ 215,473	\$ 0
<i>(Passes Through Kansas Department of Education)</i>						
Department of Agriculture School Breakfast Program	10.553	23,411				
National School Lunch Program	10.555	159,090				
		<u>182,501</u>	0	<u>182,501</u>	<u>182,501</u>	0
Department of Education Title I Low Income	84.010	82,090	0	82,090	82,090	0
Education Technology/Title II-D	84.318	278	0	278	278	0
Teacher Quality/Title II-A	84.367	22,507	0	22,507	22,507	0
Education Technology ARRA/Title II-D	84.386	1,147	0	1,147	1,147	0
Title I Low Income ARRA	84.389	22,444	0	22,444	22,444	0
Stabilization ARRA	84.394	137,299	0	137,299	137,299	0
Education Jobs Fund	84.410	240,411	0	240,411	240,411	0
		<u>506,176</u>	0	<u>506,176</u>	<u>506,176</u>	0
<i>(Passes Through South Central Kansas Education Service Center)</i>						
Department of Education Perkins Vocational Education	84.048	6,993	0	6,993	6,993	0
<i>(Passes Through Kansas Department of Social and Rehabilitation Services)</i>						
Department of Health and Human Services Medicaid	93.778	9,554	0	9,554	9,554	0
Total Federal Financial Assistance		\$ 920,697	\$ 0	\$ 920,697	\$ 920,697	\$ 0

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Clearwater Unified School District No. 264, Clearwater, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an adverse opinion on the financial statements of **Clearwater Unified School District No. 264, Clearwater, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **Clearwater Unified School District No. 264, Clearwater, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for **Clearwater Unified School District No. 264, Clearwater, Kansas**, expresses an unqualified opinion on the major federal programs.
6. There were no audit findings relative to the major federal award programs for **Clearwater Unified School District No. 264, Clearwater, Kansas**.
7. The programs tested as major programs were:

Title I Low Income	84.010
Title I – ARRA	84.389
Stabilization - ARRA	84.394
Education Jobs Fund	84.410
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Clearwater Unified School District No. 264, Clearwater, Kansas**, was determined not to be a low-risk auditee.

**CLEARWATER UNIFIED SCHOOL DISTRICT NO. 264  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

There are no prior audit findings.