

**UNIFIED SCHOOL DISTRICT NO. 269**

Palco, Kansas

Independent Audit Report

July 1, 2010 to June 30, 2011

**MAPES & MILLER LLP**

Certified Public Accountants

Norton, Kansas

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Financial Statements

For the Year Ended June 30, 2011

TABLE OF CONTENTS

FINANCIAL SECTION

Page  
Number

Independent Auditor's Report	1
STATEMENT 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	3
Composition of Cash	4
STATEMENT 2	
Summary of Expenditures – Actual and Budget (Budgeted Funds Only)	5
STATEMENT 3	
Statement of Cash Receipts and Expenditures – Actual and Budget	
General	6
Supplemental General	8
At Risk (4 Year Old)	9
At Risk (K-12)	10
Capital Outlay	11
Driver Training	12
Food Service	13
Professional Development	14
Special Education	15
Vocational Education	16
KPERs Special Retirement Contribution	17
Recreation Commission	18
Federal Funds	19
Statement of Cash Receipts and Expenditures – Actual	
Textbook and Student Material Revolving	20
Contingency Reserve	20
Gifts and Grants	20
STATEMENT 4	
Statement of Cash Receipts and Cash Disbursements - Actual	
Agency Funds	21
STATEMENT 5	
Statement of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	22
Notes to the Financial Statements	23

# MAPES & MILLER LLP

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

Members of American Institute of Certified Public Accountants  
and the Kansas Society of Certified Public Accountants

JOHN D. MAPES, CPA, CHTD  
DENIS W. MILLER, CPA, PA  
THOMAS B. CARPENTER, CPA, PA

DON E. TILTON, CPA, PA  
BRIAN S. THOMPSON, CPA, PA  
REBECCA A. LIX, CPA, PA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Unified School District No. 269  
Palco, Kansas 67657

418 E. Holme  
Norton, KS 67654-1412  
(785) 877-5833  
FAX - (785) 877-5442  
email - [mmcpas@ruraltel.net](mailto:mmcpas@ruraltel.net)

711 3<sup>rd</sup> Street  
P.O. Box 266  
Phillipsburg, KS 67661-0266  
(785) 543-6561  
FAX - (785) 543-6563  
email - [mmpburg@ruraltel.net](mailto:mmpburg@ruraltel.net)

503 Main St.  
P.O. Box 508  
Stockton, KS 67669-0508  
(785) 425-6764  
FAX - (785) 425-6765  
email - [mmskn@ruraltel.net](mailto:mmskn@ruraltel.net)

230 Main St.  
P.O. Box 412  
Quinter, KS 67752-0412  
(785) 754-2111  
FAX - (785) 754-2112  
email - [mapes@ruraltel.net](mailto:mapes@ruraltel.net)

117 N. Main St.  
P.O. Box 73  
WaKeeney, KS 67672-0073  
(785) 743-5512  
FAX - (785) 743-5513  
email - [mapeswak@ruraltel.net](mailto:mapeswak@ruraltel.net)

306 N. Pomeroy  
Hill City, KS 67642-1720  
(785) 421-2163  
FAX - (785) 421-2164  
email - [mapeshc@ruraltel.net](mailto:mapeshc@ruraltel.net)

We have audited the accompanying financial statements of Unified School District No. 269, Palco, Kansas, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the District's primary government, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements do not include financial data for the District's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component units. The District has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the Unified School District No. 269, Palco, 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 the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

To the Board of Education  
Unified School District No. 269  
Page Two

In our opinion, because of the omission of the discretely presented component units, as discussed above, and 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. 269, Palco, Kansas, as of June 30, 2011, or changes in financial position for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of Unified School District No. 269, Palco, Kansas as of June 30, 2011, and their respective cash receipts and expenditures and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

## Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas  
January 12, 2012

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 1

Page 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Fiscal Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General	\$ (28,091)	939	1,593,067	1,548,234	17,681	2,632	20,313
Supplemental General	51,208	211	515,628	514,424	52,623	3,216	55,839
Special Revenue							
At Risk (4 Year Old)	0	0	7,874	7,874	0	0	0
At Risk (K-12)	0	0	100,000	95,230	4,770	12,542	17,312
Capital Outlay	656,976	0	327,147	240,273	743,850	1,603	745,453
Driver Training	2,159	0	296	2,200	255	0	255
Food Service	45,988	0	115,519	118,687	42,820	0	42,820
Professional Development	5,065	0	0	5,065	0	0	0
Special Education	73,130	0	261,767	256,959	77,938	0	77,938
Vocational Education	255	60	44,685	45,000	0	0	0
KPERS Special Retirement Contribution Fund	(45,657)	0	105,002	59,345	0	0	0
Recreation Commission	0	0	40,603	40,603	0	0	0
Federal Funds	0	0	107,589	107,589	0	252	252
Textbook and Student Material Revolving	15,000	96	5,240	2,947	17,389	0	17,389
Contingency Reserve	177,247	0	0	0	177,247	0	177,247
Gifts and Grants	0	4	23,684	23,688	0	0	0
District Activity	7,224	0	24,624	21,123	10,725	0	10,725
Capital Project Funds:							
Qualified Zone Academy Bond (QZAB)	0	0	649,670	649,670	0	0	0
 Total Reporting Entity (Excluding Agency Funds)	 \$ <u>960,504</u>	 <u>1,310</u>	 <u>3,922,395</u>	 <u>3,738,911</u>	 <u>1,145,298</u>	 <u>20,245</u>	 <u>1,165,543</u>

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Composition of Cash

For the Year Ended June 30, 2011

STATEMENT 1

Page 2

Midwest Community Bank, Palco, Kansas	
NOW Account	\$ 1,154,818
Checking Accounts	<u>68,153</u>
Total Cash	1,222,971
Agency Funds per Statement 4	<u>(57,428)</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u><u>1,165,543</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 269

STATEMENT 2

Palco, Kansas

Summary of Expenditures - Actual and Budget  
(Budgeted Funds Only)

For the Year Ended June 30, 2011

Description	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	\$ 1,583,536	(52,437)	17,135	1,548,234	1,548,234	0
Supplemental General	516,951	(2,527)	0	514,424	514,424	0
Special Revenue						
At Risk (4 Year Old)	11,000	0	0	11,000	7,874	(3,126)
At Risk (K-12)	110,000	0	0	110,000	95,230	(14,770)
Capital Outlay	795,000	0	0	795,000	240,273	(554,727)
Driver Training	2,509	0	0	2,509	2,200	(309)
Food Service	138,083	0	0	138,083	118,687	(19,396)
Professional Development	5,065	0	0	5,065	5,065	0
Special Education	315,138	0	0	315,138	256,959	(58,179)
Vocational Education	83,240	0	0	83,240	45,000	(38,240)
KPERS Special Retirement Contribution Fund	105,595	0	0	105,595	59,345	(46,250)
Recreation Commission	32,000	0	0	32,000	40,603	8,603

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

General Fund

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 10,095	35,978	(25,883)
Current Tax	757,035	687,873	69,162
Delinquent Tax	9,348	0	9,348
General State Aid	459,890	602,490	(142,600)
Federal ARRA Stabilization Aid	28,808	28,808	0
Federal Education Jobs Aid	50,443	0	50,443
Special Education Aid	202,557	221,907	(19,350)
Mineral Tax	57,756	0	57,756
Reimbursed Expenses	<u>17,135</u>	<u>0</u>	<u>17,135</u>
 Total Cash Receipts	 <u>1,593,067</u>	 <u>1,577,056</u>	 <u>16,011</u>
Expenditures:			
Instruction	442,756	550,547	(107,791)
Student Support Services	3,322	7,000	(3,678)
Instructional Support Staff	10,934	1,500	9,434
General Administration	185,019	131,322	53,697
School Administration	178,392	170,934	7,458
Operations and Maintenance	182,964	164,116	18,848
Student Transportation Services	100,072	98,300	1,772
Transfer to Special Education	261,767	240,832	20,935
Transfer to Vocational Education	44,134	82,985	(38,851)
Transfer to At Risk (4 Year Old)	7,874	11,000	(3,126)
Transfer to At Risk (K-12)	100,000	110,000	(10,000)
Transfer to Food Service	31,000	15,000	16,000
Adjustment to Comply with Legal Max Legal General Fund Budget	<u>0</u>	<u>(52,437)</u>	<u>52,437</u>
 Total Legal General Fund Budget	 1,548,234	 1,531,099	 17,135

(Continued)

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

General Fund

STATEMENT 3

Page 2

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

(Continued)	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Adjustment for Qualifying Budget Credits:			
Reimbursed Expenses	\$ <u>0</u>	<u>17,135</u>	<u>(17,135)</u>
 Total Expenditures	 <u>1,548,234</u>	 <u>1,548,234</u>	 <u>0</u>
 Cash Receipts Over (Under) Expenditures	 44,833		
Unencumbered Cash, Beginning	(28,091)		
Prior Year Cancelled Encumbrances	<u>939</u>		
 Unencumbered Cash, Ending	 \$ <u>17,681</u>		

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

## UNIFIED SCHOOL DISTRICT NO. 269

STATEMENT 3

Palco, Kansas

Page 3

## Supplemental General Fund

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 8,973	30,630	(21,657)
Current Tax	486,687	421,431	65,256
Delinquent Tax	7,357	0	7,357
Motor Vehicle Tax	12,357	13,486	(1,129)
Recreational Vehicle Tax	254	276	(22)
	<u>515,628</u>	<u>465,823</u>	<u>49,805</u>
Total Cash Receipts			
Expenditures:			
Instruction	439,813	429,301	10,512
General Administration	1,304	0	1,304
Operations and Maintenance	73,222	87,650	(14,428)
Student Transportation Services	85	0	85
Adjustment to Comply with Legal Max			
Legal Supplemental General Fund Budget	<u>0</u>	<u>(2,527)</u>	<u>2,527</u>
	<u>514,424</u>	<u>514,424</u>	<u>0</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	1,204		
Unencumbered Cash, Beginning	51,208		
Prior Year Cancelled Encumbrances	<u>211</u>		
Unencumbered Cash, Ending	\$ <u><u>52,623</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

At Risk Fund (4 Year Old)

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Interest on Idle Funds	\$ 0	0	0
Transfer from General	<u>7,874</u>	<u>11,000</u>	<u>(3,126)</u>
Total Cash Receipts	<u>7,874</u>	<u>11,000</u>	<u>(3,126)</u>
Expenditures:			
Instruction	<u>7,874</u>	<u>11,000</u>	<u>(3,126)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

At Risk Fund (K-12)

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Transfer from General	\$ <u>100,000</u>	<u>110,000</u>	<u>(10,000)</u>
Expenditures:			
Instruction	83,001	97,390	(14,389)
Instructional Support Staff	<u>12,229</u>	<u>12,610</u>	<u>(381)</u>
Total Expenditures	<u>95,230</u>	<u>110,000</u>	<u>(14,770)</u>
Cash Receipts Over (Under) Expenditures	4,770		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>4,770</u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

STATEMENT 3

Palco, Kansas

Page 6

Capital Outlay Fund

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 4,537	16,130	(11,593)
Current Tax	308,524	280,943	27,581
Delinquent Tax	4,187	0	4,187
Motor Vehicle Tax	8,079	8,943	(864)
Recreational Vehicle Tax	162	183	(21)
Other Revenue - Local Sources	<u>1,658</u>	<u>0</u>	<u>1,658</u>
Total Cash Receipts	<u>327,147</u>	<u>306,199</u>	<u>20,948</u>
Expenditures:			
Instruction	18,983	20,000	(1,017)
School Administration	0	10,000	(10,000)
Operations and Maintenance	5,068	10,000	(4,932)
Transportation	104,742	0	104,742
Facilities Acquisition and Construction	<u>111,480</u>	<u>755,000</u>	<u>(643,520)</u>
Total Expenditures	<u>240,273</u>	<u>795,000</u>	<u>(554,727)</u>
Cash Receipts Over (Under) Expenditures	86,874		
Unencumbered Cash, Beginning	<u>656,976</u>		
Unencumbered Cash, Ending	\$ <u>743,850</u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

**Driver Training Fund**

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 296	350	(54)
Transfer from General	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	<u>296</u>	<u>350</u>	<u>(54)</u>
Expenditures:			
Instruction	<u>2,200</u>	<u>2,509</u>	<u>(309)</u>
Cash Receipts Over (Under) Expenditures	(1,904)		
Unencumbered Cash, Beginning	<u>2,159</u>		
Unencumbered Cash, Ending	\$ <u><u>255</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Food Service Fund

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

STATEMENT 3

Page 8

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Federal Aid	\$ 51,472	46,498	4,974
State Aid	960	781	179
Food Service	29,975	29,812	163
Interest on Idle Funds	2,028	0	2,028
Reimbursed Expenses	84	0	84
Transfer from General	<u>31,000</u>	<u>15,000</u>	<u>16,000</u>
Total Cash Receipts	<u>115,519</u>	<u>92,091</u>	<u>23,428</u>
Expenditures:			
Operations and Maintenance	3,972	7,500	(3,528)
Food Service Operation	<u>114,715</u>	<u>130,583</u>	<u>(15,868)</u>
Total Expenditures	<u>118,687</u>	<u>138,083</u>	<u>(19,396)</u>
Cash Receipts Over (Under) Expenditures	(3,168)		
Unencumbered Cash, Beginning	<u>45,988</u>		
Unencumbered Cash, Ending	\$ <u>42,820</u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 3

Page 9

Professional Development Fund

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Other Revenue - Local Sources	\$ 0	0	0
Transfer from General	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Instructional Support Staff	<u>5,065</u>	<u>5,065</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(5,065)		
Unencumbered Cash, Beginning	<u>5,065</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 3

Page 10

**Special Education Fund**

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Transfer from General	\$ 261,767	240,832	20,935
Transfer from Supplemental General	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	<u>261,767</u>	<u>240,832</u>	<u>20,935</u>
Expenditures:			
Instruction	256,959	315,138	(58,179)
Instructional Support Staff	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>256,959</u>	<u>315,138</u>	<u>(58,179)</u>
Cash Receipts Over (Under) Expenditures	4,808		
Unencumbered Cash, Beginning	73,130		
Cancelled Prior Year Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>77,938</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 3

Page 11

Vocational Education Fund

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Other Revenue - Local Sources	\$ 551	0	551
Transfer from General	<u>44,134</u>	<u>82,985</u>	<u>(38,851)</u>
Total Cash Receipts	<u>44,685</u>	<u><b>82,985</b></u>	<u><b>(38,300)</b></u>
Expenditures:			
Instruction	44,991	83,240	(38,249)
Operations and Maintenance	<u>9</u>	<u>0</u>	<u>9</u>
Total Expenditures	<u>45,000</u>	<u><b>83,240</b></u>	<u><b>(38,240)</b></u>
Cash Receipts Over (Under) Expenditures	(315)		
Unencumbered Cash, Beginning	255		
Cancelled Prior Year Encumbrances	<u>60</u>		
Unencumbered Cash, Ending	\$ <u><b>0</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 3

Page 12

KPERS Special Retirement Contribution Fund

Statement of Cash Receipts and Expenditures-Actual and Budget

For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State of Kansas	\$ <u>105,002</u>	<u>105,595</u>	<u>(593)</u>
Expenditures:			
Instruction	37,981	68,589	(30,608)
Student Support	509	0	509
General Administration	2,120	3,093	(973)
School Administration	7,120	12,335	(5,215)
Operations & Maintenance	1,018	0	1,018
Student Transportation	4,239	8,224	(3,985)
Food Service	<u>6,358</u>	<u>13,354</u>	<u>(6,996)</u>
Total Expenditures	<u>59,345</u>	<u>105,595</u>	<u>(46,250)</u>
Cash Receipts Over (Under) Expenditures	45,657		
Unencumbered Cash, Beginning	<u>(45,657)</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 3

Page 13

**Recreation Commission Fund**

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 562	1,866	(1,304)
Current Tax	38,565	35,120	3,445
Delinquent Tax	441	0	441
Motor Vehicle Tax	1,015	1,122	(107)
Recreational Vehicle Tax	<u>20</u>	<u>23</u>	<u>(3)</u>
Total Cash Receipts	<u>40,603</u>	<u>38,131</u>	<u>2,472</u>
Expenditures:			
Community Service Operations	<u>40,603</u>	<u>32,000</u>	<u>8,603</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Federal Funds

Statement of Cash Receipts and Expenditures-Actual and Budget  
For the Year Ended June 30, 2011

STATEMENT 3

Page 14

	<u>Title I</u>	<u>Title II Part A</u>	<u>Title II Part D</u>	<u>Title VI Part B</u>	<u>ARRA Title I</u>	<u>ARRA Title II D</u>	<u>ARRA Title VI B</u>	<u>Small Rural Schools</u>	<u>Totals</u>	<u>Budget*</u>	<u>Variance Over (Under)</u>
Cash Receipts:											
Federal Aid	\$ 31,777	9,778	81	228	10,252	391	36,951	18,131	107,589	79,451	28,138
Expenditures:											
Instruction	31,777	9,778	81	228	10,252	391	36,951	18,131	107,589	75,930	31,659
Student Support Services	0	0	0	0	0	0	0	0	0	10,000	(10,000)
School Administration	0	0	0	0	0	0	0	0	0	3,300	(3,300)
Total Expenditures	31,777	9,778	81	228	10,252	391	36,951	18,131	107,589	89,230	18,359
Cash Receipts Over (Under) Expenditures	0	0	0	0	0	0	0	0	0		
Unencumbered Cash, Beginning	0	0	0	0	0	0	0	0	0		
Prior Year Cancelled Encumbrances	0	0	0	0	0	0	0	0	0		
Unencumbered Cash, Ending	\$ 0	0	0	0	0	0	0	0	0		

\* Federal Funds are not required by statute to be budgeted. This statement is for informational purposes only.

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

**UNIFIED SCHOOL DISTRICT NO. 269**

Palco, Kansas

STATEMENT 3

Page 15

Any Non-budgeted Fund  
 Statement of Cash Receipts and Expenditures  
 Actual  
For the Year Ended June 30, 2011

	Textbook and Student Material Revolving Fund	Contingency Reserve Fund	Gifts and Grants Fund	Qualified Zone Academy Bond (QZAB)
<b>Cash Receipts:</b>				
Rental Fees and Books	\$ 5,240	0	0	0
Bond Proceeds	0	0	0	649,670
Contributions/Donations	<u>0</u>	<u>0</u>	<u>23,684</u>	<u>0</u>
<b>Total Cash Receipts</b>	<u>5,240</u>	<u>0</u>	<u>23,684</u>	<u>649,670</u>
<b>Expenditures:</b>				
Instruction - Textbooks	2,947	0	0	0
Instruction - Property	0	0	23,688	0
Bond Issue Costs	0	0	0	42,000
Repair and Remodel Building	<u>0</u>	<u>0</u>	<u>0</u>	<u>607,670</u>
<b>Total Expenditures</b>	<u>2,947</u>	<u>0</u>	<u>23,688</u>	<u>649,670</u>
Cash Receipts Over (Under) Expenditures	2,293	0	(4)	0
Unencumbered Cash, Beginning	15,000	177,247	0	0
Prior Year Cancelled Encumbrances	<u>96</u>	<u>0</u>	<u>4</u>	<u>0</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ 17,389</u>	<u>177,247</u>	<u>0</u>	<u>0</u>

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

UNIFIED SCHOOL DISTRICT NO. 269

STATEMENT 4

Palco, Kansas

Agency Funds

Statement of Cash Receipts and Cash Disbursements - Actual  
For the Year Ended June 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Funds:				
High School:				
FFA	\$ 9,983	7,780	7,046	10,717
KAYS	322	3,350	1,882	1,790
Student Council	5,831	27,781	25,852	7,760
Class of 2009	300	240	540	0
Class of 2010	1,146	0	1,146	0
Class of 2011	5,121	414	5,535	0
Class of 2012	7,308	5,164	6,101	6,371
Class of 2013	3,347	4,542	1,149	6,740
Class of 2014	0	6,838	1,365	5,473
Yearbook	1,370	8,221	6,841	2,750
Athletic Club	2,267	742	309	2,700
Cheerleaders	730	1,741	2,175	296
PHS Vocational	0	552	552	0
PHS Football Club	899	2,771	796	2,874
PHS Basketball	1,113	1,901	2,102	912
PHS Volleyball	0	1,070	0	1,070
PHS Science	240	280	380	140
PHS Gym	850	1,000	0	1,850
Junior High:				
Athletic Club	3,872	3,015	2,960	3,927
Cheerleaders	117	1,168	1,016	269
Eighth Grade	1,271	5,138	5,038	1,371
Eighth Leadership	0	600	563	37
Sales Tax	249	3,935	3,803	381
 Total Student Organization Funds	 \$ <u>46,336</u>	 <u>88,243</u>	 <u>77,151</u>	 <u>57,428</u>

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

UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

STATEMENT 5

District Activity Funds

Statement of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Athletics:							
High School	\$ 7,164	0	22,517	19,305	10,376	0	10,376
Junior High	<u>60</u>	<u>0</u>	<u>2,107</u>	<u>1,818</u>	<u>349</u>	<u>0</u>	<u>349</u>
 Total District Activity Funds	 \$ <u>7,224</u>	 <u>0</u>	 <u>24,624</u>	 <u>21,123</u>	 <u>10,725</u>	 <u>0</u>	 <u>10,725</u>

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

# UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Notes to the Financial Statements

June 30, 2011

## 1. Summary of Significant Accounting Policies

### Reporting Entity

Unified School District No. 269, Palco, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation.

Accounting principles generally accepted in the United States of America require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

These financial statements do not include the financial data for the Districts legally separate component units and, therefore, are not a complete presentation in accordance with generally accepted accounting principles. The following entity is considered to be a component unit of the District because of its operational and financial relationship with the District:

Palco-Damar-Zurich Recreation Commission. The Palco-Damar-Zurich Recreation Commission oversees recreational activities. A five-member board is appointed to oversee the operation. The District annually levies taxes for the operation of the Commission. The recreation commission has only the powers granted by statute K.S.A. 12-1928. Unaudited financial reports for the Palco-Damar-Zurich Recreation Commission are available from the Recreation Commission Director, P.O. Box 53, Palco, Kansas, 67657.

### Fund Accounting

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

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

#### Governmental Funds:

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

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

Capital Projects Funds--To account for financial resources segregated for the acquisition of major capital facilities.

Fiduciary Funds:

Agency Funds--To account for assets held by the District in a purely custodial capacity for individuals, private organizations, other governmental units, and/or other funds.

Reimbursed Expenditures

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.

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 is charged in the fund from which the transfer is made.

The District has adopted 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 revert to the statutory basis of accounting.

Departure from the United States of America Generally Accepted Accounting Principles.

The basis of presentation 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 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, building, 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.

**2. 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 calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the 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.

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison 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, and the following special revenue funds: Contingency Reserve Fund, Textbook and Student Material Revolving Fund, Federal Funds, District Activity Funds, and Gifts and Grants Fund.

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.

### 3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the District and, therefore, are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period, and further, the amounts thereof are not material to the financial statements taken as a whole.

### 4. Inventories and Prepaid Expense

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

**5. Compensated Absences****Sick Leave**

All full-time employees of Unified School District No. 269 are allowed twelve days a year sick leave, cumulative to fifty-five days, except for bus drivers who are allowed twelve days of sick leave per year non-accumulative. The District, upon an employee's termination, does not pay unused sick leave. There was no sick leave payable as of June 30, 2011.

**Vacation Pay**

The superintendent is allowed twenty days of vacation a year. Other twelve-month employees are allowed two weeks of vacation a year after the first year of service. There was no vacation payable as of June 30, 2011.

**6. Defined Benefit Pension Plan**

**Plan Description.** Unified School District No. 269, Palco, Kansas contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined pension plan as provided by K.S.A. 74-4901, et. seq. KPERs provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 South Kansas Avenue, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

**Fund Policy.** K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for active members hired before July 1, 2009. For active members employed on or after July 1, 2009, K.S.A 74-49,210 established the KPERs member-employee contribution rate at 6% of covered salaries. Member-employee 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 9.17% of covered payroll, which includes 1% for Group Death and Disability Insurance. There was a moratorium on the 1% collection for Group Death and Disability Insurance from April 1, 2011 through June 30, 2011. These contribution requirements are established by KPERs and are periodically revised. Kansas' contribution to KPERs for all Kansas public school employees for the years ending June 30, 2010 and 2009 were \$248,468,186 and \$242,277,363, respectively. For the year ending June 30, 2011, the required contribution was \$253,834,044. As of June 30, 2011, the State of Kansas contributed \$188,864,352. The remaining \$64,969,692 was contributed by July 12, 2011. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$59,345, \$93,447, and \$90,347, respectively.

**7. Other Post Employment Benefits**

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

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

8. **Deposits and Investments**

At 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 the funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

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

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated any "peak periods" with eligible depositories. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$1,222,971 and the bank balance was \$1,481,508. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$319,906 was covered by federal depository insurance and \$1,161,602 was collateralized with securities held by the pledging financial institutions' agents in the Districts name.

9. **Interfund Transfers**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes.

Operating transfers were as follows:

From	To	Authority	Amount
General	Special Education	K.S.A. 72-6428	261,767
General	Vocational Education	K.S.A. 72-6428	44,134
General	At Risk (4 Year Old)	K.S.A. 72-6428	7,874
General	At Risk (K-12)	K.S.A. 72-6428	100,000
General	Food Service	K.S.A. 72-6428	31,000

10. **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 has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards Workers Compensation Fund, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 86 participating members.

The District pays an annual premium to the Kansas Association of School Boards Workers Compensation Fund, Inc., for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Workers Compensation Fund, Inc., will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Workers Compensation Fund, Inc.'s, management.

The District continues to carry commercial insurance for all other risks of loss, including property, automobile, liability, inland marine, linebacker, health, and surety. For the year ended June 30, 2011, the District did not reduce insurance coverage from levels in place during the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. **Qualified Zone Academy Bonds (QZAB)**

The District entered into a lease purchase agreement on March 24, 2011, with Security Bank of Kansas City to finance the acquisition, construction, and equipping of school building improvements. The District will pay Security Bank of Kansas City \$175,000 a year for a period of 12 years. The lease payments are to be placed in an interest bearing custodial account. The expected total of all payments to be made by the District plus interest earned on the account is \$2,100,000, which is the amount of the Lease Purchase Agreement, amortized with zero percent interest. At the end of 12 years, the custodian will release the funds in the account to Security Bank of Kansas City, and the lease will be terminated.

See Note 15 – Long-term Debt for additional information.

12. **Capital Projects**

At June 30, 2011, capital project authorizations compared with expenditures from inception are as follows:

	Expenditures to Date	Project Authorization
Qualified Zone Academy Bonds (QZAB) Project	\$ 649,670	2,102,919

13. **Compliance with Kansas Statutes**

Budget Compliance

K.S.A. 79-2935 states that it is unlawful for expenditures to exceed the District's published budget. It appears that expenditures in the Recreation Commission have exceeded the respective published budget amount. This appears to be a violation of K.S.A. 79-2935.

Other Compliance

K.S.A. 75-3317 through 75-3322 requires the District to make mandatory purchases of products and services offered by Kansas industries for the blind and severely disabled. The District did not make such purchases.

14. Compliance with K.S.A. 72-6417(d)

K.S.A. 72-6417(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 June 30. The following statement shows the revenue as required by the statute.

UNIFIED SCHOOL DISTRICT NO. 269  
STATUTORY REVENUES AND EXPENDITURES – STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

GENERAL FUND			
	Statutory Transactions	Budget	Variance Over (Under)
<b>Statutory Revenues:</b>			
Tax in Process	\$ 10,095	35,978	(25,883)
Current Tax	757,035	687,873	69,162
Delinquent Tax	9,348	0	9,348
General State Aid	425,319	602,490	(177,171)
Federal ARRA Stabilization Aid	28,808	28,808	0
Federal Education Jobs Aid	50,443	0	50,443
Special Education Aid	202,557	221,907	(19,350)
Mineral Tax	57,756	0	57,756
Reimbursed Expenses	17,135	0	17,135
Total Statutory Revenues	1,558,496	1,577,056	(18,560)
<b>Expenditures:</b>			
Instruction	442,756	550,547	(107,791)
Student Support Services	3,322	7,000	(3,678)
Instructional Support Staff	10,934	1,500	9,434
General Administration	185,019	131,322	53,697
School Administration	178,392	170,934	7,458
Operations and Maintenance	182,964	164,116	18,848
Student Transportation Services	100,072	98,300	1,772
Transfer to Special Education	261,767	240,832	20,935
Transfer to Vocational Education	44,134	82,985	(38,851)
Transfer to At Risk (4 Year Olds)	7,874	11,000	(3,126)
Transfer to At Risk (K-12)	100,000	110,000	(10,000)
Transfer to Food Service	31,000	15,000	16,000
Adjustment to Comply with Legal Max Legal General Fund Budget	0	(52,437)	52,437
Total Legal General Fund Budget	1,548,234	1,531,099	17,135
<b>Adjustment for Qualifying Budget Credits:</b>			
Reimbursed Expenses	0	17,135	(17,135)
Total Expenditures	1,548,234	1,548,234	0
Cash Receipts Over (Under) Expenditures	10,262		
Modified Unencumbered Cash, Beginning	6,480		
Prior Year Cancelled Encumbrances	939		
Modified Unencumbered Cash, Ending	\$ 17,681		

15. **KPERS Special Retirement Contribution Fund**

The KPERS Special Retirement Contribution Fund, as shown below, reflects all state aid for the fiscal year ended June 30, 2011, as confirmed by the Kansas State Department of Education. This presentation excludes the January and April 2010 state aid payments of \$23,144 and \$22,513 received on July 7 and July 8, 2010, respectively.

UNIFIED SCHOOL DISTRICT NO. 269  
REVENUES AND EXPENDITURES – FISCAL YEAR AND BUDGET  
For the Year Ended June 30, 2011

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	<u>Fiscal Year Transactions</u>	<u>Budget</u>	Variance Over (Under)
Revenues:			
Total Statutory Revenues	\$ 59,345	<u>105,595</u>	<u>(46,250)</u>
Expenditures:			
Instruction	37,981	68,589	(30,608)
Student Support Services	509	0	509
General Administration	2,120	3,093	(973)
School Administration	7,120	12,335	(5,215)
Operations and Maintenance	1,018	0	1,018
Student Transportation Services	4,239	8,224	(3,985)
Food Service	6,358	13,354	(6,996)
Total Expenditures	<u>59,345</u>	<u>105,595</u>	<u>(46,250)</u>
Revenue Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

16. General Long-term Debt

Changes in long-term liabilities for Unified School District No. 269, Palco, Kansas for the year ended June 30, 2011 were as follows:

Issue	Interest Rates	Date Issued	Amount of Original Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Lease Purchase Agreements:									
Qualified Zone Academy Bonds									
(QZAB) (Note 11)	0.00%	03/24/11	\$2,100,000	03/24/23	\$ 0	649,670	0	649,670	0
Total Long-term Debt					\$ 0	649,670	0	649,670	0

Current maturities for long-term debt for Unified School District No. 269, Palco, Kansas for the next five years and in five-year increments after that are as follows:

	2012	2013	2014	2015	2016	2017-2021	2022-2026	Total
PRINCIPAL								
Lease Purchase Agreements:								
Qualified Zone Academy Bonds (QZAB)								
Estimated Lease Payments (Note 11)	\$ 175,000	170,625	166,250	161,875	157,500	721,875	258,125	1,811,250
Estimated Interest Earnings (Note 11)	0	4,375	8,750	13,125	17,500	153,125	91,875	288,750
Total Principal	175,000	175,000	175,000	175,000	175,000	875,000	350,000	2,100,000
INTEREST								
Lease Purchase Agreements:								
Qualified Zone Academy Bonds (QZAB)	0	0	0	0	0	0	0	0
Total Principal and Interest	\$ 175,000	175,000	175,000	175,000	175,000	875,000	350,000	2,100,000