

UNIFIED SCHOOL DISTRICT NO. 309

FINANCIAL STATEMENTS
JUNE 30, 2011

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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JUNE 30, 2011**

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Education Unified School District No. 309

We have audited the accompanying financial statements of **Unified School District No. 309**, 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 February 3, 2011, 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 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, **Unified School District No. 309**, 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 **Unified School District No. 309**, as of **June 30, 2011**, or changes in financial position for the year then ended.

**Board of Education
Unified School District No. 309**

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Unified School District No. 309**, 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 March 1, 2012, on our consideration of **Unified School District No. 309's** 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 **Unified School District No. 309**, 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
March 1, 2012

UNIFIED SCHOOL DISTRICT NO. 309
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,
 AND UNENCUMBERED CASH**
 FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning	Prior Year	Expenditures	Ending	Add	Ending Cash
	Unencumbered	Canceled				
	Cash Balance	Encumbrances	Cash Receipts	Cash Balance	Encumbrances	Payable
	\$	\$	\$	\$	\$	\$
General Fund	(724,722)	0	8,239,199	(542,069)	103,978	(438,091)
Special Revenue Funds						
Supplemental General	(123,778)	0	2,888,863	58,761	250,355	309,116
At Risk (4 Year Old)	29,534	0	63,000	31,706	0	31,706
At Risk (K-12)	157,719	0	1,232,765	206,315	0	206,315
Bilingual Education	45,951	0	54,831	41,788	172	41,960
Capital Outlay	1,522,966	0	520,719	1,750,972	163,987	1,914,959
Driver Training	37,322	0	11,430	40,086	0	40,086
Food Service	215,649	0	622,628	203,909	0	203,909
Professional Development	85,587	0	30,000	90,961	0	90,961
Parent Education	31,886	0	0	22,894	0	22,894
Special Education	631,935	0	1,585,953	684,286	81,248	765,534
Vocational Education	114,031	0	379,927	142,876	323	143,199
KPERS Contribution	0	0	673,389	0	0	0
Federal Funds	12,153	0	452,708	374	2,097	2,471
Gifts and Grants	27,274	0	240,512	28,146	6,412	34,558
Contingency Reserve	500,000	0	0	500,000	0	500,000
Textbook and Student Material						
Revolving	40,579	0	49,448	64,442	5,526	69,968
District Activity Funds	29,603	0	117,068	43,887	0	43,887
Debt Service Fund						
Bond and Interest	418,855	0	525,403	435,455	0	435,455
	<u>\$ 3,052,544</u>	<u>\$ 0</u>	<u>\$ 17,687,843</u>	<u>\$ 3,804,789</u>	<u>\$ 614,098</u>	<u>\$ 4,418,887</u>

Composition of Cash:

Checking Accounts	\$ (80,458)
Savings Accounts	4,259,873
Certificate of Deposit	300,000
Agency Funds	4,479,415
	<u>(60,528)</u>
	<u>\$ 4,418,887</u>

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

**UNIFIED SCHOOL DISTRICT NO. 309
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	Qualifying Budget Credits	Comply with Legal Max	Qualifying Budget Credits			
General Fund	\$ 8,253,085	\$ (207,825)	\$ 11,286	\$ 8,056,546	\$ 8,056,546	\$ 0		
Special Revenue Funds								
Supplemental General	2,676,737	0	29,587	2,706,324	2,706,324	0		
At Risk (4 Year Old)	61,504	0	0	61,504	60,828	676		
At Risk (K-12)	1,191,900	0	0	1,191,900	1,184,169	7,731		
Bilingual Education	55,980	0	10,693	66,673	58,994	7,679		
Capital Outlay	1,027,000	0	0	1,027,000	292,713	734,287		
Driver Training	22,150	0	0	22,150	8,666	13,484		
Food Service	724,210	0	0	724,210	634,368	89,842		
Professional Development	40,000	0	0	40,000	24,626	15,374		
Parent Education	10,000	0	0	10,000	8,992	1,008		
Special Education	1,509,183	0	24,791	1,533,974	1,533,602	372		
Vocational Education	428,500	0	0	428,500	351,082	77,418		
KPERS Contribution	560,602	0	0	560,602	673,389	(112,787)		
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	464,487	XXXXXXXXXX		
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	239,640	XXXXXXXXXX		
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX		
Textbook and Student Material								
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	25,585	XXXXXXXXXX		
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	102,784	XXXXXXXXXX		
Debt Service Fund								
Bond and Interest	508,803	0	0	508,803	508,803	0		
	<u>\$ 17,069,654</u>	<u>\$ (207,825)</u>	<u>\$ 76,357</u>	<u>\$ 16,938,186</u>	<u>\$ 16,935,598</u>	<u>\$ 835,084</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 1,092,259	\$ 1,176,423	\$ 1,073,296	\$ 103,127
County Sources	1,550	1,501	1,674	(173)
State Sources	7,080,195	6,667,370	7,034,929	(367,559)
Federal Sources	388,537	393,905	143,186	250,719
	<u>8,562,541</u>	<u>8,239,199</u>	<u>\$ 8,253,085</u>	<u>\$ (13,886)</u>
Expenditures				
Instruction	2,910,388	2,931,030	\$ 3,060,821	\$ 129,791
Student Support Services	228,777	230,990	227,700	(3,290)
Instructional Support Staff	248,974	212,951	229,078	16,127
General Administration	384,385	334,236	379,257	45,021
School Administration	737,383	591,111	588,615	(2,496)
Operations & Maintenance	822,857	852,901	966,394	113,493
Student Transportation Services	430,957	436,906	532,150	95,244
Other Supplemental Services	78,818	80,584	80,750	166
Transfers	2,356,234	2,385,837	2,188,320	(197,517)
Adjustment to Comply With Legal Max	0	0	(207,825)	(207,825)
Adjustment for Qualifying Budget Credits	0	0	11,286	11,286
	<u>8,198,773</u>	<u>8,056,546</u>	<u>\$ 8,056,546</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	363,768	182,653		
Unencumbered Cash, Beginning	(1,088,490)	(724,722)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (724,722)</u>	<u>\$ (542,069)</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 1,316,432	\$ 1,433,649	\$ 1,248,601	\$ 185,048
County Sources	158,596	158,541	183,295	(24,754)
State Sources	816,323	1,296,673	1,151,511	145,162
Federal Sources	280,959	0	0	0
	<u>2,572,310</u>	<u>2,888,863</u>	<u>\$ 2,583,407</u>	<u>\$ 305,456</u>
Expenditures				
Instruction	390,352	356,446	\$ 449,402	\$ 92,956
Student Support Services	58,331	51,016	62,635	11,619
Instructional Support Staff	46,848	30,608	47,200	16,592
General Administration	145,451	124,479	122,000	(2,479)
School Administration	158,432	357,783	150,000	(207,783)
Operations & Maintenance	250,517	217,901	335,800	117,899
Student Transportation Services	0	0	90,000	90,000
Other Supplemental Services	276,817	315,452	249,700	(65,752)
Architectural & Engineering Services	24,578	2,639	0	(2,639)
Transfers	1,238,659	1,250,000	1,170,000	(80,000)
Adjustment for Qualifying Budget Credits	0	0	29,587	29,587
	<u>2,589,985</u>	<u>2,706,324</u>	<u>\$ 2,706,324</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(17,675)	182,539		
Unencumbered Cash, Beginning	(106,103)	(123,778)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (123,778)</u>	<u>\$ 58,761</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 65,000	\$ 63,000	\$ 65,000	\$ (2,000)
	<u>65,000</u>	<u>63,000</u>	<u>\$ 65,000</u>	<u>\$ (2,000)</u>
Expenditures				
Instruction	55,508	60,828	\$ 61,504	\$ 676
	<u>55,508</u>	<u>60,828</u>	<u>\$ 61,504</u>	<u>\$ 676</u>
Receipts Over (Under) Expenditures	9,492	2,172		
Unencumbered Cash, Beginning	20,042	29,534		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 29,534</u>	<u>\$ 31,706</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 1,225	\$ 765	\$ 0	\$ 765
Transfers	<u>1,199,358</u>	<u>1,232,000</u>	<u>1,200,000</u>	<u>32,000</u>
	<u>1,200,583</u>	<u>1,232,765</u>	<u>\$ 1,200,000</u>	<u>\$ 32,765</u>
Expenditures				
Instruction	1,118,486	1,184,169	\$ 1,191,900	\$ 7,731
Student Support Services	<u>120</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,118,606</u>	<u>1,184,169</u>	<u>\$ 1,191,900</u>	<u>\$ 7,731</u>
Receipts Over (Under) Expenditures	81,977	48,596		
Unencumbered Cash, Beginning	75,742	157,719		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 157,719</u>	<u>\$ 206,315</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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>Bilingual Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 4,971	\$ 9,831	\$ 0	\$ 9,831
Transfers	<u>55,000</u>	<u>45,000</u>	<u>55,000</u>	<u>(10,000)</u>
	<u>59,971</u>	<u>54,831</u>	<u>\$ 55,000</u>	<u>\$ (169)</u>
Expenditures				
Instruction	51,323	58,994	\$ 55,980	\$ (3,014)
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>10,693</u>	<u>10,693</u>
	<u>51,323</u>	<u>58,994</u>	<u>\$ 66,673</u>	<u>\$ 7,679</u>
Receipts Over (Under) Expenditures	8,648	(4,163)		
Unencumbered Cash, Beginning	37,303	45,951		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 45,951</u>	<u>\$ 41,788</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 174,365	\$ 176,125	\$ 119,611	\$ 56,514
County Sources	16,449	14,919	17,251	(2,332)
Transfers	254,752	329,675	0	329,675
	445,566	520,719	\$ 136,862	\$ 383,857
Expenditures				
Instruction	82,610	77,864	\$ 200,000	\$ 122,136
General Administration	13,561	15,999	15,000	(999)
School Administration	10,840	6,095	150,000	143,905
Operations & Maintenance	37,322	13,309	50,000	36,691
Transportation	0	0	250,000	250,000
Facility Acquisition & Construction Services	497,225	179,446	362,000	182,554
	641,558	292,713	\$ 1,027,000	\$ 734,287
Receipts Over (Under) Expenditures	(195,992)	228,006		
Unencumbered Cash, Beginning	1,718,958	1,522,966		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 1,522,966	\$ 1,750,972		

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

UNIFIED SCHOOL DISTRICT NO. 309
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>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 5,186	\$ 9,210	\$ 0	\$ 9,210
State Sources	2,250	2,220	2,800	(580)
Transfers	10,000	0	10,000	(10,000)
	17,436	11,430	\$ 12,800	\$ (1,370)
Expenditures				
Instruction	13,033	8,666	\$ 22,150	\$ 13,484
	13,033	8,666	\$ 22,150	\$ 13,484
Receipts Over (Under) Expenditures	4,403	2,764		
Unencumbered Cash, Beginning	32,919	37,322		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 37,322	\$ 40,086		

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

UNIFIED SCHOOL DISTRICT NO. 309
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
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 188,719	\$ 195,848	\$ 182,270	\$ 13,578
State Sources	7,039	6,787	5,683	1,104
Federal Sources	419,367	419,993	404,682	15,311
Transfers	25,000	0	25,000	(25,000)
	<u>640,125</u>	<u>622,628</u>	<u>\$ 617,635</u>	<u>\$ 4,993</u>
Expenditures				
Operations & Maintenance	9,426	9,462	\$ 17,960	\$ 8,498
Food Service Operations	628,433	624,906	706,250	81,344
	<u>637,859</u>	<u>634,368</u>	<u>\$ 724,210</u>	<u>\$ 89,842</u>
Receipts Over (Under) Expenditures	2,266	(11,740)		
Unencumbered Cash, Beginning	213,383	215,649		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 215,649</u>	<u>\$ 203,909</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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				
State Sources	\$ 2,430	\$ 0	\$ 0	\$ 0
Transfers	<u>0</u>	<u>30,000</u>	<u>25,000</u>	<u>5,000</u>
	<u>2,430</u>	<u>30,000</u>	<u>\$ 25,000</u>	<u>\$ 5,000</u>
Expenditures				
Instructional Support Staff	2,128	5,843	\$ 10,000	\$ 4,157
Other Supplemental Services	<u>17,789</u>	<u>18,783</u>	<u>30,000</u>	<u>11,217</u>
	<u>19,917</u>	<u>24,626</u>	<u>\$ 40,000</u>	<u>\$ 15,374</u>
Receipts Over (Under) Expenditures	(17,487)	5,374		
Unencumbered Cash, Beginning	103,074	85,587		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 85,587</u>	<u>\$ 90,961</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 309
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>Parent Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 10,000	\$ 0	\$ 10,000	\$ (10,000)
	10,000	0	10,000	(10,000)
Expenditures				
Student Support Services	8,002	8,992	\$ 10,000	\$ 1,008
	8,002	8,992	\$ 10,000	\$ 1,008
Receipts Over (Under) Expenditures	1,998	(8,992)		
Unencumbered Cash, Beginning	29,888	31,886		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 31,886	\$ 22,894		

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

UNIFIED SCHOOL DISTRICT NO. 309
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 -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Federal Sources	\$ 12,316	\$ 24,791	\$ 0	\$ 24,791
Transfers	<u>1,570,641</u>	<u>1,561,162</u>	<u>1,563,320</u>	<u>(2,158)</u>
	<u>1,582,957</u>	<u>1,585,953</u>	<u>\$ 1,563,320</u>	<u>\$ 22,633</u>
Expenditures				
Instruction	1,290,946	1,266,348	\$ 1,253,608	\$ (12,740)
Operations & Maintenance	1,000	0	0	0
Student Transportation Services	224,897	261,768	251,575	(10,193)
Other Supplemental Services	3,918	5,486	4,000	(1,486)
Adjustment for Qualifying Budget Credits	0	0	24,791	24,791
	<u>1,520,761</u>	<u>1,533,602</u>	<u>\$ 1,533,974</u>	<u>\$ 372</u>
Receipts Over (Under) Expenditures	62,196	52,351		
Unencumbered Cash, Beginning	569,739	631,935		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 631,935</u>	<u>\$ 684,286</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 4,927	\$ 0	\$ 4,927
Transfers	<u>405,142</u>	<u>375,000</u>	<u>405,000</u>	<u>(30,000)</u>
	<u>405,142</u>	<u>379,927</u>	<u>\$ 405,000</u>	<u>\$ (25,073)</u>
 Expenditures				
Instruction	<u>346,188</u>	<u>351,082</u>	<u>\$ 428,500</u>	<u>\$ 77,418</u>
	<u>346,188</u>	<u>351,082</u>	<u>\$ 428,500</u>	<u>\$ 77,418</u>
 Receipts Over (Under) Expenditures	58,954	28,845		
 Unencumbered Cash, Beginning	55,077	114,031		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 114,031</u>	<u>\$ 142,876</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 242,338	\$ 673,389	\$ 560,602	\$ 112,787
	<u>242,338</u>	<u>673,389</u>	<u>\$ 560,602</u>	<u>\$ 112,787</u>
Expenditures				
Instruction	145,403	404,032	\$ 336,362	\$ (67,670)
Student Support Services	12,117	33,670	28,030	(5,640)
Instructional Support Staff	12,117	33,670	28,030	(5,640)
General Administration	12,117	33,670	28,030	(5,640)
School Administration	19,387	53,871	44,848	(9,023)
Other Supplemental Services	7,270	20,202	16,818	(3,384)
Operations & Maintenance	19,387	53,871	44,848	(9,023)
Student Transportation Services	7,270	20,202	16,818	(3,384)
Food Service	7,270	20,201	16,818	(3,383)
	<u>242,338</u>	<u>673,389</u>	<u>\$ 560,602</u>	<u>\$ (112,787)</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.

UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 320,162	\$ 333,690	\$ 309,159	\$ 24,531
County Sources	43,428	39,072	45,197	(6,125)
State Sources	146,578	152,641	152,641	0
	<u>510,168</u>	<u>525,403</u>	<u>\$ 506,997</u>	<u>\$ 18,406</u>
 Expenditures				
Debt Service	<u>505,440</u>	<u>508,803</u>	<u>\$ 508,803</u>	<u>\$ 1</u>
	<u>505,440</u>	<u>508,803</u>	<u>\$ 508,803</u>	<u>\$ 1</u>
 Receipts Over (Under) Expenditures	4,728	16,600		
 Unencumbered Cash, Beginning	414,127	418,855		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 418,855</u>	<u>\$ 435,455</u>		

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

UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 0	\$ 25,000
Federal Sources	<u>544,507</u>	<u>427,708</u>
	<u>544,507</u>	<u>452,708</u>
 Expenditures		
Instruction	608,540	463,389
Instructional Support Staff	2,021	270
Student Support Services	9,815	828
School Administration	0	0
Student Transportation	0	0
Food Service Operations	<u>0</u>	<u>0</u>
	<u>620,376</u>	<u>464,487</u>
 Receipts Over (Under) Expenditures	(75,869)	(11,779)
 Unencumbered Cash, Beginning	88,022	12,153
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 12,153</u>	<u>\$ 374</u>

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

UNIFIED SCHOOL DISTRICT NO. 309
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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 107,024	\$ 121,472
State Sources	19,950	16,040
Federal Sources	102,875	103,000
	229,849	240,512
 Expenditures		
Instruction	172,366	203,409
School Administration	29,784	31,113
Student Transportation Services	3,073	2,747
Food Service Operation	3,354	2,371
	208,577	239,640
 Receipts Over (Under) Expenditures	21,272	872
 Unencumbered Cash, Beginning	6,002	27,274
 Prior Year Canceled Encumbrances	0	0
 Unencumbered Cash, Ending	\$ 27,274	\$ 28,146

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

UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
 Expenditures	 <u>0</u>	 <u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	500,000	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.

UNIFIED SCHOOL DISTRICT NO. 309
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 and Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 49,122	\$ 49,448
	<u>49,122</u>	<u>49,448</u>
Expenditures		
Instruction	33,325	25,585
	<u>33,325</u>	<u>25,585</u>
Receipts Over (Under) Expenditures	15,797	23,863
Unencumbered Cash, Beginning	24,782	40,579
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 40,579</u>	<u>\$ 64,442</u>

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

UNIFIED SCHOOL DISTRICT NO. 309
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
Nickerson High School				
Class of 2011	\$ 462	\$ 65	\$ 527	\$ 0
Class of 2012	805	5,951	6,145	611
Class of 2013	305	265	105	465
Class of 2014	0	305	(52)	357
Cheerleaders	1,651	13,796	14,644	803
Debate	371	277	(395)	1,043
Forensics	487	5,248	4,092	1,643
FBLA	12	2,539	2,447	104
FCCLA	1,115	2,307	2,556	866
Spanish Club	832	3,844	3,927	749
Key Club	597	6,576	6,671	502
N-Club	5,037	11,035	10,688	5,384
National Honor Society	456	15	116	355
Vocal Music	1,014	553	412	1,155
Madrigals	1,313	1,078	1,130	1,261
SAVE/SADD	648	216	291	573
Book Club	109	652	760	1
Scholars Bowl	210	319	281	248
Science Club	4,196	9,822	11,897	2,121
Stuco	1,626	2,095	2,252	1,469
Renaissance	2,380	0	(790)	3,170
Drama Club	620	779	1,349	50
Drill Team	554	684	953	285
Skills USA	50	0	(21)	71
Scholarships	205	0	0	205
Education Fund	304	1,872	1,220	956
Hutchinson Community				
Foundation Grant	868	1,989	2,062	795
Prairie Quilt Guild Grant	114	3,223	2,710	627
Green School Grant	309	0	252	57
Sales Tax	(1)	6,929	6,802	126
	<u>26,649</u>	<u>82,434</u>	<u>83,031</u>	<u>26,052</u>

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

**UNIFIED SCHOOL DISTRICT NO. 309
 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
Nickerson Grade School Student Council	\$ 23,316	\$ 21,681	\$ 28,958	\$ 16,039
	<u>23,316</u>	<u>21,681</u>	<u>28,958</u>	<u>16,039</u>

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

**UNIFIED SCHOOL DISTRICT NO. 309
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
Reno Valley Middle School				
7th Grade	\$ 2,575	\$ 799	\$ 3,263	\$ 111
8th Grade	1,513	4,028	3,235	2,306
Music	1,042	7,825	7,886	981
Stuco	1,073	13	69	1,017
PAWS	559	3,597	3,644	512
Yearbook	296	1,668	1,680	284
Art Club	12	7	0	19
Sales Tax	31	288	319	0
	<u>7,101</u>	<u>18,225</u>	<u>20,096</u>	<u>5,230</u>

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

**UNIFIED SCHOOL DISTRICT NO. 309
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
South Hutchinson Grade School				
Spirit Club	\$ 1,690	\$ 2,661	\$ 2,495	\$ 1,856
Spirit Club - Special	1,920	601	1,145	1,376
Spirit Club - Library AR	0	307	0	307
Yearbook	2,275	1,940	2,304	1,911
Stuco	8,456	7,063	7,762	7,757
	<u>14,341</u>	<u>12,572</u>	<u>13,706</u>	<u>13,207</u>
 Total Agency Funds	 <u>\$ 71,407</u>	 <u>\$ 134,912</u>	 <u>\$ 145,791</u>	 <u>\$ 60,528</u>

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

UNIFIED SCHOOL DISTRICT NO. 309
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
Nickerson High School							
Athletics	\$ 8,536	\$ 0	\$ 39,977	\$ 37,657	\$ 10,856	\$ 0	\$ 10,856
Instrumental Music	1,836	0	3,910	4,754	992	0	992
Productions/Musical	3,247	0	1,212	169	4,290	0	4,290
Concession/Vending Machines	6,959	0	49,288	47,169	9,078	0	9,078
Publications	0	0	10,141	3,364	6,777	0	6,777
	<u>20,578</u>	<u>0</u>	<u>104,528</u>	<u>93,113</u>	<u>31,993</u>	<u>0</u>	<u>31,993</u>
Reno Valley Middle School							
Athletics	1,326	0	1,756	1,257	1,825	0	1,825
School Projects	7,699	0	9,011	8,132	8,578	0	8,578
	<u>9,025</u>	<u>0</u>	<u>10,767</u>	<u>9,389</u>	<u>10,403</u>	<u>0</u>	<u>10,403</u>
South Hutchinson Grade School							
HCF Grant	0	0	1,523	282	1,241	0	1,241
Pepsi Grant	0	0	250	0	250	0	250
	<u>0</u>	<u>0</u>	<u>1,773</u>	<u>282</u>	<u>1,491</u>	<u>0</u>	<u>1,491</u>
Total District Activity Funds	\$ 29,603	\$ 0	\$ 117,068	\$ 102,784	\$ 43,887	\$ 0	\$ 43,887

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

UNIFIED SCHOOL DISTRICT NO. 309
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Unified School District No. 309 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Nickerson and South Hutchinson, 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.

UNIFIED SCHOOL DISTRICT NO. 309
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. There were no amendments for the year ended June 30, 2011.

UNIFIED SCHOOL DISTRICT NO. 309
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	Textbook and Student Material Revolving Fund
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 \$423,971. 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.

**UNIFIED SCHOOL DISTRICT NO. 309
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 \$4,479,415 and the bank balance was \$5,134,551. The bank balance is held by two banks. Of the bank balance, \$500,000 was covered by depository insurance and the remaining \$4,634,551 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)	Bilingual Education	Capital Outlay	Professional Development	Special Education	Vocational Education	
Transfer from:								
General Fund	\$ 10,000	\$ 950,000	\$ 15,000	\$ 329,675	\$ 30,000	\$ 961,162	\$ 90,000	\$ 2,385,837
Supplemental								
General Fund	53,000	282,000	30,000	0	0	600,000	285,000	1,250,000
	<u>\$ 63,000</u>	<u>\$ 1,232,000</u>	<u>\$ 45,000</u>	<u>\$ 329,675</u>	<u>\$ 30,000</u>	<u>\$ 1,561,162</u>	<u>\$ 375,000</u>	<u>\$ 3,635,837</u>

**UNIFIED SCHOOL DISTRICT NO. 309
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.

UNIFIED SCHOOL DISTRICT NO. 309
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 9 - 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 10 - 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.

Note 11 - Advance Refunding of Bond Obligation:

On July 1, 2005, the District issued \$4,625,000 of General Obligation Bonds with interest rates ranging from 3.00% to 4.00%. Of the issues \$4,513,932 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 1999 Series Bonds. As a result, this portion of the 1999 Series Bonds is considered defeased and not included in long-term debt.

Note 12 - Subsequent Events:

The District has evaluated subsequent events through March 1, 2012, the date which the financial statements were available to be issued.

**UNIFIED SCHOOL DISTRICT NO. 309
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
General Obligation Bonds 2005 Series	3.00 - 4.00	7/1/05	\$ 4,625,000.00	9/1/19
Capital Leases Computers	0.9	5/28/11	\$ 531,902.00	5/28/13

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
General Obligation Bonds 2005 Series	<u>\$ 4,160,000</u>	<u>\$ 0</u>	<u>\$ 365,000</u>	<u>\$ 3,795,000</u>	<u>\$ 143,803</u>
	4,160,000	0	365,000	3,795,000	143,803
Capital Leases Computers	<u>0</u>	<u>531,902</u>	<u>354,606</u>	<u>177,296</u>	<u>3,177</u>
	<u>\$ 4,160,000</u>	<u>\$ 531,902</u>	<u>\$ 719,606</u>	<u>\$ 3,972,296</u>	<u>\$ 146,980</u>

**UNIFIED SCHOOL DISTRICT NO. 309
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	\$ 375,000	\$ 0	\$ 375,000	\$ 131,415	\$ 0	
2013	390,000	177,296	567,296	118,980	1,596	120,576	687,872
2014	405,000	0	405,000	105,660	0	105,660	510,660
2015	425,000	0	425,000	91,337	0	91,337	516,337
2016	440,000	0	440,000	75,980	0	75,980	515,980
2017 - 2021	1,760,000	0	1,760,000	130,670	0	130,670	1,890,670
	<u>\$ 3,795,000</u>	<u>\$ 177,296</u>	<u>\$ 3,972,296</u>	<u>\$ 654,042</u>	<u>\$ 1,596</u>	<u>\$ 655,638</u>	<u>\$ 4,627,934</u>

**UNIFIED SCHOOL DISTRICT NO. 309
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) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

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

	<u>General Fund</u>		Variance -
	Statutory		Favorable
	Transactions	Budget	(Unfavorable)
Statutory Revenues			
Local Sources	\$ 1,176,423	\$ 1,073,296	\$ 103,127
County Sources	1,501	1,674	(173)
State Sources	6,484,717	7,034,929	(550,212)
Federal Sources	393,905	143,186	250,719
	8,056,546	\$ 8,253,085	\$ (196,539)
Expenditures			
Instruction	2,931,030	\$ 3,060,821	\$ 129,791
Student Support Services	230,990	227,700	(3,290)
Instructional Support Staff	212,951	229,078	16,127
General Administration	334,236	379,257	45,021
School Administration	591,111	588,615	(2,496)
Operations & Maintenance	852,901	966,394	113,493
Student Transportation Services	436,906	532,150	95,244
Other Supplemental Services	80,584	80,750	166
Transfers	2,385,837	2,188,320	(197,517)
Adjustment to Comply With Legal Max	0	(207,825)	(207,825)
Adjustment for Qualifying Budget Credits	0	11,286	11,286
	8,056,546	\$ 8,056,546	\$ 0
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	0		
Modified Unencumbered Cash, Ending	\$ 0		

**UNIFIED SCHOOL DISTRICT NO. 309
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Supplemental General Fund

	Statutory		Variance -
	Transactions	Budget	Favorable
			(Unfavorable)
Statutory Revenues			
Local Sources	\$ 1,433,649	\$ 1,248,601	\$ 185,048
County Sources	158,541	183,295	(24,754)
State Sources	1,147,756	1,151,511	(3,755)
Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,739,946</u>	<u>\$ 2,583,407</u>	<u>\$ 156,539</u>
Expenditures			
Instruction	356,446	\$ 449,402	\$ 92,956
Student Support Services	51,016	62,635	11,619
Instructional Support Staff	30,608	47,200	16,592
General Administration	124,479	122,000	(2,479)
School Administration	357,783	150,000	(207,783)
Operations & Maintenance	217,901	335,800	117,899
Student Transportation Services	0	90,000	90,000
Other Supplemental Services	315,452	249,700	(65,752)
Architectural & Engineering Services	2,639	0	(2,639)
Transfers	1,250,000	1,170,000	(80,000)
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>29,587</u>	<u>29,587</u>
	<u>2,706,324</u>	<u>\$ 2,706,324</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	33,622		
Modified Unencumbered Cash, Beginning	93,330		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 126,952</u>		

UNIFIED SCHOOL DISTRICT NO. 309
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

KPERS Contribution Fund

	Statutory	Budget	Variance - Favorable (Unfavorable)
	<u>Transactions</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Statutory Revenues			
State Sources	\$ 423,971	\$ 560,602	(136,631)
	<u>423,971</u>	<u>\$ 560,602</u>	<u>\$ (136,631)</u>
Expenditures			
Instruction	254,381	\$ 336,362	\$ 81,981
Student Support Services	21,199	28,030	6,831
Instructional Support Staff	21,199	28,030	6,831
General Administration	21,199	28,030	6,831
School Administration	33,918	44,848	10,930
Other Supplemental Services	12,719	16,818	4,099
Operations & Maintenance	33,918	44,848	10,930
Student Transportation Services	12,719	16,818	4,099
Food Service	12,719	16,818	4,099
	<u>423,971</u>	<u>\$ 560,602</u>	<u>\$ 136,631</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



BUSBY FORD & REIMER, LLC

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
Unified School District No. 309**

We have audited the financial statements of **Unified School District No. 309**, as of and for the year ended **June 30, 2011**, and have issued our report thereon dated March 1, 2012, 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 **Unified School District No. 309**, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **Unified School District No. 309**' 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 **Unified School District No. 309**' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 309**' 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
Unified School District No. 309**

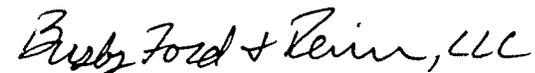
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 **Unified School District No. 309'** 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*.

We noted certain matters that we reported to management of **Unified School District No. 309**, in a separate letter dated March 1, 2012.

This report is intended solely for the information and use of the Board of Education and management of **Unified School District No. 309**, 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
March 1, 2012



BUSBY FORD & REIMER, LLC

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 Auditors' Report

**Board of Education
Unified School District No. 309**

Compliance

We have audited **Unified School District No. 309'** 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 **Unified School District No. 309'** major federal programs for the year ended **June 30, 2011**. **Unified School District No. 309'** 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 **Unified School District No. 309'** management. Our responsibility is to express an opinion on **Unified School District No. 309'** 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 **Unified School District No. 309'** 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 **Unified School District No. 309'** compliance with those requirements.

In our opinion, **Unified School District No. 309** 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
Unified School District No. 309**

Internal Control Over Compliance

Management of **Unified School District No. 309** 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 **Unified School District No. 309'** 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 **Unified School District No. 309'** 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 **Unified School District No. 309**, 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

March 1, 2012

UNIFIED SCHOOL DISTRICT NO. 309
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2011

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Receipts	Expenditures	Unencumbered	
			Cash 7-1-10	Cash 6-30-11			Cash 7-1-10	Cash 6-30-11
<u>(Passes Through Kansas Department of Education)</u>								
Department of Agriculture								
School Breakfast	10.553	\$ 97,739						
National School Lunch Program	10.555	322,254						
		<u>419,993</u>	\$ 0	\$ 419,993	\$ 419,993	\$ 0		
Department of Education								
Title I	84.010	215,425	0	215,425	215,051	374		
Drug Free	84.186	0	0	0	0	0		
Title IV 21st Century Comm. Learning Center	84.287	103,000	9,708	103,000	112,436	272		
Title II Tech Literacy	84.318	783	0	783	783	0		
Math & Science Partnership	84.366	0	0	0	0	0		
Title II Improve Teach	84.367	74,347	9,709	74,347	84,056	0		
Title II Tech Literacy ARRA	84.386	50,271	0	50,271	50,271	0		
Title I ARRA	84.389	81,273	0	81,273	81,273	0		
Stabilization ARRA	84.394	143,186	0	143,186	143,186	0		
Education Jobs Fund	84.410	250,719	0	250,719	250,719	0		
		<u>919,004</u>	<u>19,417</u>	<u>919,004</u>	<u>937,775</u>	<u>646</u>		
<u>(Passes Through Kansas SRS)</u>								
Department of Health and Human Services								
Medicaid	93.778	24,791	0	24,791	24,791	0		
<u>(Passes Through Reno County Treasurer)</u>								
Department of Justice								
Juvenile Justice and Delinquency Prevention	16.540	5,609	0	5,609	5,609	0		
Total Federal Awards		<u>\$ 1,369,397</u>	<u>\$ 19,417</u>	<u>\$ 1,369,397</u>	<u>\$ 1,388,168</u>	<u>\$ 646</u>		

**UNIFIED SCHOOL DISTRICT NO. 309
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 **Unified School District No. 309**, 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."

**UNIFIED SCHOOL DISTRICT NO. 309
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 **Unified School District No. 309**.
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 **Unified School District No. 309** 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 **Unified School District No. 309** expresses an unqualified opinion on all federal award programs.
6. There were no audit findings relative to the major federal award programs for **Unified School District No. 309**.
7. The programs tested as major programs were:

School Breakfast	10.553
National School Lunch Program	10.555
Stabilization ARRA	84.394
Education Jobs Fund	84.410
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Unified School District No. 309** was determined to not be a low-risk auditee.

**UNIFIED SCHOOL DISTRICT NO. 309
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

There are no prior audit findings.