

UNIFIED SCHOOL DISTRICT NO. 341

Oskaloosa, Kansas

Financial Statements

For the Year Ended June 30, 2011

This page intentionally left blank

UNIFIED SCHOOL DISTRICT NO. 341
Financial Statements
For the Year Ended June 30, 2011

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i – ii
FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	1 - 2
STATEMENT 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
STATEMENT 2	
Summary of Expenditures - Actual and Budget	4
STATEMENT 3	
Statement of Cash Receipts and Expenditures - Actual and Budget or Actual Only	
General Fund	5
Supplemental General Fund	6
Capital Outlay Fund	7
KPERs Special Retirement Contribution Fund	8
Driver Training Fund	9
Food Service Fund	10
Professional Development Fund	11
Special Education Fund	12
Vocational Education Fund	13
Textbook and Student Material Revolving Fund	14
Contingency Reserve Fund	15
At Risk (K-12) Fund	16
At Risk (4 Year Old) Fund	17
Recreation Commission Fund	18
Grant Funds	19
STATEMENT 4	
Statement of Cash Receipts, Cash Disbursements and Cash Agency Funds	20 - 21
STATEMENT 5	
Statement of Cash Receipts, Expenditures and Unencumbered Cash District Activity Funds	22
Notes to the Financial Statements	23 - 28

UNIFIED SCHOOL DISTRICT NO. 341
Financial Statements
For the Year Ended June 30, 2011

Table of Contents

	<u>Page Number</u>
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	29
Schedule of Findings and Questioned Costs	30 - 31
Independent Auditor's 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"	32 - 33
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	34 - 35

LOWENTHAL, WEBB & ODERMANN, P.A.

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Education
Unified School District No. 341
Oskaloosa, Kansas

We have audited the accompanying primary government financial statements of the Unified School District No. 341, Oskaloosa, Kansas (the District), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2010. In our report dated December 7, 2010, on these financial statements we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and a qualified opinion as to presentation on the Kansas prescribed basis of accounting.

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 and "Kansas Municipal Audit Guide." 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 in Note 1, Unified School District No. 341, Oskaloosa, Kansas, prepares 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, except as noted below.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The primary government financial statements referred to above do not include the financial data of the component unit of the District as of June 30, 2011.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph and because of the exclusion of the financial data of the District's legally separate component unit from the financial statements, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, or the respective changes in financial position thereof for the year then ended.

Also, in our opinion, except for the July, 2011 receipt of the final state aid payment for the fiscal year ended June 30, 2011 being recorded in June 2011, the primary government financial statements referred to above present fairly, in all material respects, the primary government fund cash and unencumbered cash balances of the District as of June 30, 2011, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year then ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2011, on our consideration of the District'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 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 the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lowenthal, Wett & Odermann, P.A.

December 30, 2011

UNIFIED SCHOOL DISTRICT NO. 341
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended June 30, 2011

<u>Fund</u>	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ -	\$ -	\$ 4,672,223	\$ 4,672,223	\$ -	\$ 3,522	\$ 3,522
Special Revenue Funds:							
Supplemental General	12,695	-	1,456,588	1,410,000	59,283	-	59,283
Capital Outlay	779,288	-	609,831	190,040	1,199,079	24,354	1,223,433
KPERs Special Retirement Contribution	-	-	157,570	157,570	-	-	-
Driver Training	15,010	-	4,961	3,336	16,635	-	16,635
Food Service	112,666	-	331,788	342,128	102,326	-	102,326
Professional Development	20,323	-	22,039	21,856	20,506	4,140	24,646
Special Education	250,863	-	1,098,583	1,072,278	277,168	-	277,168
Vocational Education	50,000	-	131,350	131,366	49,984	-	49,984
Textbook and Student Material Revolving	26,784	-	10,698	229	37,253	-	37,253
Contingency Reserve	477,799	-	-	53,794	424,005	211	424,216
At Risk (K-12)	151,270	-	474,404	474,406	151,268	-	151,268
At Risk (4 Year Old)	28,122	-	73,872	73,994	28,000	-	28,000
Recreation Commission	-	-	29,603	29,603	-	-	-
Grant	980	-	169,147	179,368	[9,241]	22,584	13,343
District Activity Funds	35,123	-	58,677	58,828	34,972	-	34,972
Total	\$ 1,960,923	\$ -	\$ 9,301,334	\$ 8,871,019	\$ 2,391,238	\$ 54,811	\$ 2,446,049

Composition of Cash

Mutual Savings and Loan	
Checking	\$ 471,132
State Bank of Oskaloosa:	
Checking	2,059,083
CD	20,000
Deposit in Transit	257,228
Outstanding Checks	[280,031]
Total Cash	2,527,412
Less: Activity Funds	[81,363]
Total (Excluding Activity Funds)	<u>\$ 2,446,049</u>

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

STATEMENT 2

UNIFIED SCHOOL DISTRICT NO. 341
 Summary of Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

<u>Fund</u>	Certified <u>Budget</u>	Adjustment to Comply With <u>Legal Max</u>	Adjustment for Qualifying Budget <u>Credits</u>	Total Budget for <u>Comparison</u>	Expenditures Chargeable to <u>Current Year</u>	Variance- Positive <u>[Negative]</u>
General Fund	\$ 4,690,028	\$ [92,399]	\$ 74,594	\$ 4,672,223	\$ 4,672,223	\$ -
Special Revenue Funds:						
Supplemental General	1,410,000	-	-	1,410,000	1,410,000	-
Capital Outlay	500,000	-	-	500,000	190,040	309,960
KPERS Special Retirement Contribution	222,794	-	-	222,794	157,570	65,224
Driver Training	12,000	-	-	12,000	3,336	8,664
Food Service	415,800	-	-	415,800	342,128	73,672
Professional Development	50,000	-	-	50,000	21,856	28,144
Special Education	1,205,299	-	-	1,205,299	1,072,278	133,021
Vocational Education	164,380	-	-	164,380	131,366	33,014
At Risk (K-12)	590,820	-	-	590,820	474,406	116,414
At Risk (4 Years Old)	76,100	-	-	76,100	73,994	2,106
Recreation Commission	50,000	-	-	50,000	29,603	20,397
Grant	160,997	-	-	160,997	179,368	[18,371]

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad valorem tax	\$ 390,624	\$ 406,367	\$ 412,135	\$ [5,768]
Delinquent tax	39,123	41,348	11,063	30,285
State Aid:				
General	3,291,883	3,128,576	3,422,625	[294,049]
Special education	691,578	771,916	765,126	6,790
Federal Aid:				
Stabilization aid	203,048	79,079	79,079	-
Impact aid	14,796	170,343	-	170,343
Reimbursed expenses	<u>58,939</u>	<u>74,594</u>	<u>-</u>	<u>74,594</u>
Total Cash Receipts	<u>4,689,991</u>	<u>4,672,223</u>	<u>\$ 4,690,028</u>	<u>\$ [17,805]</u>
Expenditures and Transfers				
Instruction	1,809,361	1,822,304	\$ 2,072,000	\$ 249,696
Student support services	124,608	128,191	131,500	3,309
Instructional support staff	60,195	64,200	71,200	7,000
General administration	277,188	279,982	299,200	19,218
School administration	301,088	335,683	330,000	[5,683]
Operations and maintenance	448,848	415,305	711,698	296,393
Transportation	262,593	284,572	307,650	23,078
Transfers out	1,406,110	1,341,986	766,780	[575,206]
Adjustment to comply with legal max	-	-	[92,399]	[92,399]
Adjustment for qualifying budget credits	<u>-</u>	<u>-</u>	<u>74,594</u>	<u>74,594</u>
Total Expenditures and Transfers	<u>4,689,991</u>	<u>4,672,223</u>	<u>\$ 4,672,223</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Supplemental General Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad valorem tax	\$ 606,445	\$ 658,449	\$ 602,271	\$ 56,178
Delinquent tax	25,242	25,766	16,496	9,270
Motor vehicle tax	74,006	95,762	98,113	[2,351]
Recreational vehicle tax	-	-	1,601	[1,601]
Federal Aid:				
Stabilization aid	171,043	-	-	-
State Aid:				
Equalization aid	<u>503,423</u>	<u>676,611</u>	<u>678,825</u>	<u>[2,214]</u>
Total Cash Receipts	<u>1,380,159</u>	<u>1,456,588</u>	<u>\$ 1,397,306</u>	<u>\$ 59,282</u>
Expenditures and Transfers				
Instruction	171,043	271,548	\$ -	\$ [271,548]
Transportation	18,221	-	10,181	10,181
Operations and maintenance	266,942	132,380	80,000	[52,380]
Transfers out	<u>950,594</u>	<u>1,006,072</u>	<u>1,319,819</u>	<u>313,747</u>
Total Expenditures and Transfers	<u>1,406,800</u>	<u>1,410,000</u>	<u>\$ 1,410,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[26,641]	46,588		
Unencumbered Cash, Beginning	<u>39,336</u>	<u>12,695</u>		
Unencumbered Cash, Ending	<u>\$ 12,695</u>	<u>\$ 59,283</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Capital Outlay Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad valorem tax	\$ 3,523	\$ 1,738	\$ 656	\$ 1,082
Delinquent tax	-	-	17	[17]
Motor vehicle tax	12,195	2,865	2,789	76
Investment income	4,215	3,334	5,000	[1,666]
Federal aid	15,363	14,510	-	14,510
Miscellaneous	9,166	17,314	-	17,314
Transfers in	<u>345,060</u>	<u>570,070</u>	<u>-</u>	<u>570,070</u>
Total Cash Receipts	<u>389,522</u>	<u>609,831</u>	<u>\$ 8,462</u>	<u>\$ 601,369</u>
Expenditures				
Instruction	32,897	33,740	\$ 100,000	\$ 66,260
General administration	3,571	14,405	-	[14,405]
Transportation	14,824	20,885	-	[20,885]
Operations and maintenance	9,750	15,337	100,000	84,663
Facility acquisition and construction services	<u>33,092</u>	<u>105,673</u>	<u>300,000</u>	<u>194,327</u>
Total Expenditures	<u>94,134</u>	<u>190,040</u>	<u>\$ 500,000</u>	<u>\$ 309,960</u>
Receipts Over [Under] Expenditures	295,388	419,791		
Unencumbered Cash, Beginning	<u>483,900</u>	<u>779,288</u>		
Unencumbered Cash, Ending	<u>\$ 779,288</u>	<u>\$ 1,199,079</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
KPERs Special Retirement Contribution Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Sources:				
KPERs	\$ 193,734	\$ 157,570	\$ 222,794	\$ [65,224]
Total Cash Receipts	<u>193,734</u>	<u>157,570</u>	<u>\$ 222,794</u>	<u>\$ [65,224]</u>
Expenditures				
Retirement expenditures	<u>193,734</u>	<u>157,570</u>	<u>\$ 222,794</u>	<u>\$ 65,224</u>
Total Expenditures	<u>193,734</u>	<u>157,570</u>	<u>\$ 222,794</u>	<u>\$ 65,224</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Driver Training Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Aid:				
Driver training	\$ -	\$ -	\$ 1,750	\$ [1,750]
Transfer in	2,500	-	5,000	[5,000]
Miscellaneous	<u>4,155</u>	<u>4,961</u>	<u>-</u>	<u>4,961</u>
Total Cash Receipts	<u>6,655</u>	<u>4,961</u>	<u>\$ 6,750</u>	<u>\$ [1,789]</u>
Expenditures				
Instruction	<u>5,500</u>	<u>3,336</u>	<u>\$ 12,000</u>	<u>\$ 8,664</u>
Total Expenditures	<u>5,500</u>	<u>3,336</u>	<u>\$ 12,000</u>	<u>\$ 8,664</u>
Receipts Over [Under] Expenditures	1,155	1,625		
Unencumbered Cash, Beginning	<u>13,855</u>	<u>15,010</u>		
Unencumbered Cash, Ending	<u>\$ 15,010</u>	<u>\$ 16,635</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Food Service Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Federal Aid:				
National school lunch/breakfast program	\$ 177,168	\$ 212,596	\$ 164,996	\$ 47,600
State Aid:				
School food assistance	2,889	2,941	2,573	368
Charges for services	86,633	79,928	123,491	[43,563]
Miscellaneous	15,093	11,323	15,000	[3,677]
Transfers in	<u>70,000</u>	<u>25,000</u>	<u>110,000</u>	<u>[85,000]</u>
Total Cash Receipts	<u>351,783</u>	<u>331,788</u>	<u>\$ 416,060</u>	<u>\$ [84,272]</u>
Expenditures				
Food service operation	<u>322,826</u>	<u>342,128</u>	<u>\$ 415,800</u>	<u>\$ 73,672</u>
Total Expenditures	<u>322,826</u>	<u>342,128</u>	<u>\$ 415,800</u>	<u>\$ 73,672</u>
Receipts Over [Under] Expenditures	28,957	[10,340]		
Unencumbered Cash, Beginning	<u>83,709</u>	<u>112,666</u>		
Unencumbered Cash, Ending	<u>\$ 112,666</u>	<u>\$ 102,326</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Professional Development Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Miscellaneous	\$ 333	\$ 39	\$ -	\$ 39
Transfers in	<u>26,000</u>	<u>22,000</u>	<u>50,000</u>	<u>[28,000]</u>
Total Cash Receipts	<u>26,333</u>	<u>22,039</u>	<u>\$ 50,000</u>	<u>\$ [27,961]</u>
Expenditures				
Instructional support staff	<u>23,140</u>	<u>21,856</u>	<u>\$ 50,000</u>	<u>\$ 28,144</u>
Total Expenditures	<u>23,140</u>	<u>21,856</u>	<u>\$ 50,000</u>	<u>\$ 28,144</u>
Receipts Over [Under] Expenditures	3,193	183		
Unencumbered Cash, Beginning	<u>17,130</u>	<u>20,323</u>		
Unencumbered Cash, Ending	<u>\$ 20,323</u>	<u>\$ 20,506</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Other revenue	\$ 24,187	\$ 46,667	\$ 30,000	\$ 16,667
Transfers in	<u>1,041,050</u>	<u>1,051,916</u>	<u>1,100,299</u>	<u>[48,383]</u>
Total Cash Receipts	<u>1,065,237</u>	<u>1,098,583</u>	<u>\$ 1,130,299</u>	<u>\$ [31,716]</u>
Expenditures				
Instruction	879,651	962,733	\$ 1,001,059	\$ 38,326
Student support services	-	1,227	-	[1,227]
Vehicle operating services	<u>121,384</u>	<u>108,318</u>	<u>204,240</u>	<u>95,922</u>
Total Expenditures	<u>1,001,035</u>	<u>1,072,278</u>	<u>\$ 1,205,299</u>	<u>\$ 133,021</u>
Receipts Over [Under] Expenditures	64,202	26,305		
Unencumbered Cash, Beginning	<u>186,661</u>	<u>250,863</u>		
Unencumbered Cash, Ending	<u>\$ 250,863</u>	<u>\$ 277,168</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Vocational Education Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 192,643	\$ 131,350	\$ 154,380	\$ [23,030]
Total Cash Receipts	<u>192,643</u>	<u>131,350</u>	<u>\$ 154,380</u>	<u>\$ [23,030]</u>
Expenditures				
Instruction	182,761	131,366	\$ 154,380	\$ 23,014
Other supplemental services	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total Expenditures	<u>182,761</u>	<u>131,366</u>	<u>\$ 164,380</u>	<u>\$ 33,014</u>
Receipts Over [Under] Expenditures	9,882	[16]		
Unencumbered Cash, Beginning	<u>40,118</u>	<u>50,000</u>		
Unencumbered Cash, Ending	<u>\$ 50,000</u>	<u>\$ 49,984</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
 Statement of Cash Receipts and Expenditures - Actual Only
 Textbook and Student Material Revolving Fund *
 For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Textbook revenue	\$ 11,513	\$ 10,698
 Total Cash Receipts	 <u>11,513</u>	 <u>10,698</u>
 Expenditures		
Instruction	<u>2,990</u>	<u>229</u>
 Total Expenditures	 <u>2,990</u>	 <u>229</u>
 Receipts Over [Under] Expenditures	 8,523	 10,469
 Unencumbered Cash, Beginning	 <u>18,261</u>	 <u>26,784</u>
 Unencumbered Cash, Ending	 <u>\$ 26,784</u>	 <u>\$ 37,253</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual Only
Contingency Reserve Fund *
For the Year Ended June 30, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfers in	\$ -	\$ -
Total Cash Receipts and Transfers	<u>-</u>	<u>-</u>
Expenditures and Transfers Subject to Budget		
Instruction	<u>6,995</u>	<u>53,794</u>
Total Expenditures and Transfers Subject to Budget	<u>6,995</u>	<u>53,794</u>
Receipts Over [Under] Expenditures	[6,995]	[53,794]
Unencumbered Cash, Beginning	<u>484,794</u>	<u>477,799</u>
Unencumbered Cash, Ending	<u>\$ 477,799</u>	<u>\$ 424,005</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (K-12) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Miscellaneous	\$ -	\$ 554	\$ -	\$ 554
Transfer in	<u>604,451</u>	<u>473,850</u>	<u>590,820</u>	<u>[116,970]</u>
Total Cash Receipts	<u>604,451</u>	<u>474,404</u>	<u>\$ 590,820</u>	<u>\$ [116,416]</u>
Expenditures				
Instruction	<u>488,382</u>	<u>474,406</u>	<u>\$ 590,820</u>	<u>\$ 116,414</u>
Total Expenditures	<u>488,382</u>	<u>474,406</u>	<u>\$ 590,820</u>	<u>\$ 116,414</u>
Receipts Over [Under] Expenditures	116,069	[2]		
Unencumbered Cash, Beginning	<u>35,201</u>	<u>151,270</u>		
Unencumbered Cash, Ending	<u>\$ 151,270</u>	<u>\$ 151,268</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
At Risk (4 Year Old) Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers in	\$ 75,000	\$ 73,872	\$ 76,100	\$ [2,228]
Total Cash Receipts	<u>75,000</u>	<u>73,872</u>	<u>\$ 76,100</u>	<u>\$ [2,228]</u>
Expenditures				
Instruction	<u>70,678</u>	<u>73,994</u>	<u>\$ 76,100</u>	<u>\$ 2,106</u>
Total Expenditures	<u>70,678</u>	<u>73,994</u>	<u>\$ 76,100</u>	<u>\$ 2,106</u>
Receipts Over [Under] Expenditures	4,322	[122]		
Unencumbered Cash, Beginning	<u>23,800</u>	<u>28,122</u>		
Unencumbered Cash, Ending	<u>\$ 28,122</u>	<u>\$ 28,000</u>		

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

This page intentionally left blank.

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Recreation Commission Fund
For the Year Ended June 30, 2011
(With Comparative Actual Amounts for the Year Ended June 30, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad valorem tax	\$ 23,620	\$ 24,441	\$ 24,172	\$ 269
Delinquent tax	1,165	1,299	642	657
Motor vehicle tax	<u>3,810</u>	<u>3,863</u>	<u>4,013</u>	<u>[150]</u>
Total Cash Receipts	<u>28,595</u>	<u>29,603</u>	<u>\$ 28,827</u>	<u>\$ 776</u>
Expenditures and Transfers				
Appropriation	<u>28,595</u>	<u>29,603</u>	<u>\$ 50,000</u>	<u>\$ 20,397</u>
Total Expenditures and Transfers	<u>28,595</u>	<u>29,603</u>	<u>\$ 50,000</u>	<u>\$ 20,397</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts and Expenditures - Actual and Budget
Grant Funds
For the Year Ended June 30, 2011

	<u>Title I</u>	<u>Title V</u>	<u>Title IIA Teacher Quality</u>	<u>Title IID Tech Lit</u>
Cash Receipts				
Federal Aid:				
Grants	\$ 126,373	\$ -	\$ 31,297	\$ 1,980
Total Cash Receipts	<u>126,373</u>	<u>-</u>	<u>31,297</u>	<u>1,980</u>
Expenditures				
Instruction	<u>120,596</u>	<u>-</u>	<u>31,279</u>	<u>1,980</u>
Total Expenditures	<u>120,596</u>	<u>-</u>	<u>31,279</u>	<u>1,980</u>
Receipts Over [Under]				
Expenditures	5,777	-	18	-
Unencumbered Cash, Beginning	<u>[1,679]</u>	<u>[1,998]</u>	<u>-</u>	<u>343</u>
Unencumbered Cash, Ending	<u>\$ 4,098</u>	<u>\$ [1,998]</u>	<u>\$ 18</u>	<u>\$ 343</u>

<u>REAP</u>	<u>Drug Free Schools</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Positive [Negative]</u>
\$ 9,497	\$ -	\$ 169,147	\$ 160,017	\$ 9,130
<u>9,497</u>	<u>-</u>	<u>169,147</u>	<u>\$ 160,017</u>	<u>\$ 9,130</u>
<u>25,513</u>	<u>-</u>	<u>179,368</u>	<u>\$ 160,997</u>	<u>\$ [18,371]</u>
<u>25,513</u>	<u>-</u>	<u>179,368</u>	<u>\$ 160,997</u>	<u>\$ [18,371]</u>
[16,016]	-	[10,221]		
<u>3,273</u>	<u>1,041</u>	<u>980</u>		
<u>\$ [12,743]</u>	<u>\$ 1,041</u>	<u>\$ [9,241]</u>		

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts, Cash Disbursements and Cash
Agency Funds
For the Year Ended June 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Oskaloosa High School				
District Scholarship Fund	\$ 1,761	\$ 461	\$ 400	\$ 1,822
Class of 2010	461	-	461	-
Class of 2011	3,415	2,079	5,110	384
Class of 2012	4,033	554	2,176	2,411
Class of 2013	1,823	2,073	159	3,737
Class of 2014	754	1,147	163	1,738
Class of 2015	-	1,116	444	672
Band Travel	5,382	26,380	28,933	2,829
Baseball Club	712	1,397	1,790	319
Basketball - Boys	147	621	646	122
Basketball - Girls	13	559	548	24
Bear Bakery	605	-	199	406
Betty Leech Scholarship	-	5,000	-	5,000
Boston Club	435	330	25	740
Bowling	87	-	87	-
Booster Club	17	-	-	17
Cheerleading	3,619	5,652	3,973	5,298
Cross Country	23	-	23	-
Dance Squad	521	8,212	7,393	1,340
F.B.L.A	9,093	9,018	8,607	9,504
F.C.C.L.A	625	471	759	337
Football	1,202	745	1,727	220
Forensics	33	-	-	33
Golf Team	128	-	128	-
Industrial Arts Club	1,062	-	1,062	-
Knowledge Bowl	17	626	643	-
National Honor Society	359	576	503	432
O-club	21	-	21	-
SADD	956	340	379	917
Thespian	3,413	1,184	1,863	2,734
Volleyball	1,465	1,430	2,348	547
Softball	339	817	787	369
Weight Room	1,800	280	-	2,080
Bear Paw Café	494	1,406	1,155	745
Site Council	650	-	377	273
Wrestling	232	1,182	962	452
Yearbook	3,085	8,103	8,561	2,627
Subtotal Oskaloosa High School	<u>48,782</u>	<u>81,759</u>	<u>82,412</u>	<u>48,129</u>

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

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts, Cash Disbursements and Cash
Agency Funds
For the Year Ended June 30, 2011

<u>Fund</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
Oskaloosa Middle School				
Basketball-Boys	\$ 10	\$ -	\$ -	\$ 10
Basketball-Girls	558	133	61	630
F.B.L.A	933	108	267	774
Football	56	-	-	56
Knowledge Bowl	82	-	-	82
Library Club	5,647	5,371	6,325	4,693
Pep Club	791	8,490	4,474	4,807
Track	562	-	-	562
Volleyball	120	435	164	391
Yearbook	<u>35</u>	<u>1,160</u>	<u>1,109</u>	<u>86</u>
Subtotal Oskaloosa Middle School	<u>8,794</u>	<u>15,697</u>	<u>12,400</u>	<u>12,091</u>
Oskaloosa Elementary School				
Music	362	204	209	357
Yearbook	-	1,962	1,942	20
Stuco	<u>104</u>	<u>-</u>	<u>-</u>	<u>104</u>
Subtotal Oskaloosa Elementary School	<u>466</u>	<u>2,166</u>	<u>2,151</u>	<u>481</u>
Scholarships				
Donations	-	330	-	330
Henry-Michener	<u>20,512</u>	<u>270</u>	<u>450</u>	<u>20,332</u>
Total Agency Funds	<u>\$ 78,554</u>	<u>\$ 100,222</u>	<u>\$ 97,413</u>	<u>\$ 81,363</u>

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

STATEMENT 5

UNIFIED SCHOOL DISTRICT NO. 341
Statement of Cash Receipts, Expenditures and Unencumbered Cash
District Activity Funds
For the Year Ended June 30, 2011

<u>Fund</u>	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts:						
Middle School	\$ 6,014	\$ 5,595	\$ 5,009	\$ 6,600	\$ -	\$ 6,600
High School	<u>15,363</u>	<u>17,599</u>	<u>25,302</u>	<u>7,660</u>	<u>-</u>	<u>7,660</u>
Totals	<u>21,377</u>	<u>23,194</u>	<u>30,311</u>	<u>14,260</u>	<u>-</u>	<u>14,260</u>
School Projects:						
Facility Use Deposits	-	2,064	356	1,708	-	1,708
Activity Fees	-	4,033	590	3,443	-	3,443
HS Activity Funds	3,915	1,538	2,110	3,343	-	3,343
HS Concessions	2,005	13,259	11,423	3,841	-	3,841
MS Student Activities	5,701	1,381	2,003	5,079	-	5,079
EM Clearing Account	109	614	627	96	-	96
EM Read Across America	83	627	622	88	-	88
EM Student Success	1,753	7,997	8,797	953	-	953
EM Outdoor Classroom	<u>180</u>	<u>3,970</u>	<u>1,989</u>	<u>2,161</u>	<u>-</u>	<u>2,161</u>
Totals	<u>13,746</u>	<u>35,483</u>	<u>28,517</u>	<u>20,712</u>	<u>-</u>	<u>20,712</u>
Total District Activity Funds	<u>\$ 35,123</u>	<u>\$ 58,677</u>	<u>\$ 58,828</u>	<u>\$ 34,972</u>	<u>\$ -</u>	<u>\$ 34,972</u>

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

UNIFIED SCHOOL DISTRICT NO. 341
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 341 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present USD No. 341 (the primary government). The District's only component unit, the Recreation Commission, has not been presented.

Reimbursed Expenses

Expenditures in the amount of \$74,594 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

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.

Basis of Accounting

These financial statements are presented on a basis of accounting, which demonstrates compliance with the cash basis, and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. 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.

The District has a GAAP waiver, which allows it to use this prescribed basis of accounting. When a local government adopts a Kansas GAAP waiver, K.S.A. 75-1120a specifically requires that the government must prepare its "financial statements and financial reports on the basis of cash receipts and disbursements as adjusted to show compliance with the cash-basis and budget laws of this state." K.S.A. 72-6417 and 72-6434 require that any general fund or supplemental general fund state aid payment that is due to be paid in June but is paid after that "shall be recorded and accounted for by the school districts as a receipt for the school year ending on the preceding June 30."

To attempt to reconcile this statutory conflict, the prescribed basis of accounting requires that state aid payments due in June but received in July be recorded in July of the following year in the financial statements. Compliance with K.S.A. 72-6417 and 72-6434 is required to be presented in the notes to the financial statements. The District has chosen to present its state aid payments due in June but received in July in the financial statements for the year ended June 30, 2011 rather than in July of the following fiscal year, which is not in compliance with the Kansas prescribed basis of accounting. The payments were \$296,146 in the General Fund and \$40,199 in the Supplemental General Fund.

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 (except as noted), cash disbursements, 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.

UNIFIED SCHOOL DISTRICT NO. 341
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies - (Continued)

Basis of Accounting - (Continued)

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. Capital assets that account for the land, buildings and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Inventories and Prepaid Expenses

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

Fund Descriptions

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

The following types of funds comprise the financial activities of the District for the 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 to expenditure for specified purposes.

Debt Service Fund - to account for the accumulation of resources for, and the payments of, interest and principal on long-term debt.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds.

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

UNIFIED SCHOOL DISTRICT NO. 341
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - Summary of Significant Accounting Policies - (Continued)

Budgetary Information - (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended for the year ended 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 statutory basis of accounting, in which, revenues are recognized when cash is received, and 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: Textbook and Student Material Revolving, Contingency Reserve, and District Activity Funds.

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

Ad Valorem Tax Revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 - Deposits and Investments

The District's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the County in which the District is located or in an adjacent county and that the banks provide an acceptable rate for active funds.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402

The District does not have any formal investment policies that would further limit interest rate, credit or custodial credit risks beyond state statutes.

UNIFIED SCHOOL DISTRICT NO. 341
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General	Capital Outlay	K.S.A. 72-6428	\$ 570,070
General	Special Education	K.S.A. 72-6428	771,916
Supplemental General	Professional Development	K.S.A. 72-6433	22,000
Supplemental General	Special Education	K.S.A. 72-6433	280,000
Supplemental General	Food Service	K.S.A. 72-6433	25,000
Supplemental General	At Risk (4 Year Old)	K.S.A. 72-6433	73,872
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	473,850
Supplemental General	Vocational Education	K.S.A. 72-6433	<u>131,350</u>
Total			<u>\$ 2,348,058</u>

NOTE 4 - 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 Avenue; Topeka, Kansas 66603).

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. Member-employee's contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. State of Kansas' contributions to KPERS for the District employees for the years ending June 30, 2011, 2010 and 2009 were \$157,570, \$193,734, and \$240,998 respectively, equal to the required contributions for each year.

NOTE 5 - Compensated Absences

Certified personnel are awarded ten sick days annually. Unused sick days are accumulated up to a maximum of 90 days. Upon resignation or retirement, these unused sick days are paid to the employee at a rate of \$50 per day.

Classified staff are awarded one day of leave at the end of each pay period. This day of paid leave is based on the number of hours normally worked in a day. Unused leave days accrue up to a maximum of sixty days. Upon resignation or retirement, the unused leave days are paid to the employee at a rate of \$20 per eight-hour day.

The District has estimated the total leave liability at \$63,330.

UNIFIED SCHOOL DISTRICT NO. 341
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 6 - Contingency

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2011.

NOTE 7 – Retirement Benefits

The District provides early retirement benefits for eligible employees. Eligible employees are teachers who have ten years or more of service with the District and qualify for retirement under the point system established by KPERS.

The first benefit is a one-time payment of \$50 for each year of service not to exceed 30 years. The plan is an unfunded, noncontributory, defined benefit plan. Current year cost of the plan was \$950. The current estimated liability for the plan based on employees who have met the eligibility requirement but have not yet retired is \$14,900.

The second benefit is for eligible employees who have also been a member of the District’s group health insurance plan for at least ten years. The District will pay the single monthly health insurance premium for the retiring teacher until age 65. This plan is an unfunded, noncontributory, defined benefit plan. Current year cost of the plan was \$12,835. Benefits expected to be paid for the next five fiscal years based on current year premiums and current eligible employees are as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2012	\$ 15,083
2013	12,928
2014	12,928
2015	9,337
2016	8,619
2017-21	<u>25,857</u>
	<u>\$ 84,752</u>

NOTE 8 - 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 for which it carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years

NOTE 9 – Health Reimbursement Arrangement

The District had adopted a health reimbursement arrangement plan under Section 105 of the Internal Revenue Code. Eligible employees of the District are the superintendent of schools and the principals. Each eligible employee is allowed \$1,500 in medical expenditures per year. If the current year amount is not spent, it accumulates in the individual employee’s account for future years.

UNIFIED SCHOOL DISTRICT NO. 341
Notes to the Financial Statements
For the Year Ended June 30, 2011

NOTE 10 - Operating Leases

The District leases copiers and a postage machine under an operating lease for each. Total costs for the leases were \$17,698 for the year ended June 30, 2011. The future minimum lease payments for the leases are as follows:

<u>June 30,</u>	<u>Amount</u>
2012	\$ 18,468
2013	18,468
2014	11,076
2015	3,684
2016	<u>1,842</u>
Total	<u>\$ 53,538</u>

UNIFIED SCHOOL DISTRICT NO. 341
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Impact Aid	84.041	\$ -	\$ 31,877	\$ 31,877	\$ -
REAP	84.358A	3,273	9,497	25,513	[12,743]
Passed Through State Department of Education:					
Title I Grants to Local Educational Agencies	84.010	-	91,463	85,554	5,909
Title II - Tech Lit	84.318	-	310	310	-
Title IIA	84.367	-	31,297	31,279	18
	84.369	-	85	85	-
ARRA Title IID - Tech Lit	84.386	-	1,670	1,670	-
ARRA Title I	84.389	170	34,910	35,080	-
ARRA Stabilization	84.394	-	79,079	79,079	-
Education Jobs	84.410	-	<u>138,467</u>	<u>138,467</u>	-
Total U.S. Department of Education			<u>418,655</u>	<u>428,914</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
School Breakfast Program	10.553	-	53,222	53,222	-
National School Lunch Program	10.555	-	152,785	152,785	-
Special Milk	10.556	-	449	449	-
	10.559	-	<u>6,140</u>	<u>6,140</u>	-
Total U.S. Department of Agriculture			<u>212,596</u>	<u>212,596</u>	
Total Expenditures of Federal Awards			<u>\$631,251</u>	<u>\$ 641,510</u>	

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the District. All expenditures of federal financial assistance received directly from federal agencies, if any, as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas prescribed basis of accounting which includes accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 341
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

	Qualified (Prescribed Basis)	
Type of auditor's report issued:	<u>Adverse (GAAP)</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u> </u> Yes	<u> X </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.410	Education Jobs
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	<u>\$300,000</u>	
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No

UNIFIED SCHOOL DISTRICT NO. 341
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Section II - Financial Statement Findings

Prior Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Status</u>
Not Applicable	2010-1	The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with food service receipting. In this function, one person can enter the billing information into the computerized system, collect cash and record the cash receipt into the system.	Recommended Practices	Not determined.	We recommend that cash controls provide that separate individuals be assigned to physical control and accounting control of cash receipt transactions. We also recommend that receipts be issued for all transactions. In addition, checks should be receipted into the receipt books so that the receipt books can be balanced to the bank deposits.	Repeat at 2011-1

Current Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Management Response</u>
Not Applicable	2011-1	The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with food service receipting. In this function, one person can enter the billing information into the computerized system, collect cash and record the cash receipt into the system.	Recommended Practices	Not determined.	We recommend that cash controls provide that separate individuals be assigned to physical control and accounting control of cash receipt transactions.	Agrees

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None noted

Current Year Findings

<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Status</u>
CNC	2011-1	The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with food service receipting. In this function, one person can enter the billing information into the computerized system, collect cash and record the cash receipt into the system.	Recommended Practices	Not determined.	We recommend that cash controls provide that separate individuals be assigned to physical control and accounting control of cash receipt transactions.	Agrees

LOWENTHAL, WEBB & ODERMANN, P.A.

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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. 341
Oskaloosa, Kansas

We have audited the financial statements of Unified School District No. 341, (the District), Oskaloosa, Kansas, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011, which is a special report on the financial statements prepared in accordance with a basis of accounting prescribed by the State of Kansas. 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

In planning and performing our audit, we considered the District's 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's 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 a 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.

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. However, we identified a deficiency in internal control over financial reporting, described in the schedule of findings and questioned costs, as Finding 2011-1, that we consider to be a significant deficiency in internal control over financial reporting. The District's response to this finding in that same section has not been audited by us and accordingly, we express no opinion on them. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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."

However, we noted certain other matters that we have reported to management in a separate letter dated December 30, 2011.

This communication is intended solely for the information and use of the Board of Education, administration, federal awarding agencies, pass through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Wett & Odummann, P.A.

December 30, 2011

LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Unified School District No. 341
Oskaloosa, Kansas

Compliance

We have audited the compliance of the Unified School District No. 341 (the District), Kansas City, Kansas, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2011. Major federal programs are identified in the summary of auditor's 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 the District's management. Our responsibility is to express an opinion on the District's 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 the District's 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 on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 the District's 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 the 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This communication is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass through entities, is not intended to be, and should not be used by anyone other than these specified parties.

Lowenthal, Wett & Odermann, P.A.

December 30, 2011