

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Financial Statements With Independent Auditors' Report

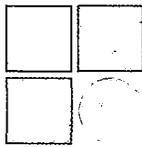
For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
 Financial Statements With Independent Auditors' Report
 For the Year Ended June 30, 2011

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 355 Ellinwood, Kansas
Ellinwood, Kansas

We have audited the accompanying financial statements of **Unified School District No. 355 Ellinwood, Kansas**, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 355 Ellinwood, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *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 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 opinions.

As described more fully in Note 1, **Unified School District No. 355 Ellinwood, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose 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. 355 Ellinwood, Kansas**, as of June 30, 2011, or the changes in its financial position for the year then ended. Further, **Unified School District No. 355 Ellinwood, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 355 Ellinwood, Kansas**, as of June 30, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended on the basis of accounting described in Note 1.

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

October 10, 2011

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (310,514)	-	3,363,788	3,183,376	(130,102)	-	(130,102)
Supplemental General Fund	71,107	-	1,134,838	1,048,958	156,987	-	156,987
Special Revenue Funds							
Capital Outlay Fund	834,388	-	367,815	219,015	983,188	-	983,188
Vocational Education Fund	115,495	-	241,011	184,045	172,461	-	172,461
Special Education Fund	226,139	-	598,810	568,997	255,952	-	255,952
Food Service Fund	57,023	-	206,067	210,425	52,665	-	52,665
Driver Training Fund	36,588	-	5,287	7,422	34,453	-	34,453
KPERS Retirement Contributions Fund	-	-	161,107	161,107	-	-	-
Professional Development Fund	23,625	-	48,420	32,660	39,385	-	39,385
Summer School Fund	9,795	-	-	9,795	-	-	-
Contingency Fund	259,585	-	52,422	-	312,007	-	312,007
Textbook Rental Fund	54,908	-	26,053	20,470	60,491	-	60,491
Title I Fund	(89)	-	76,707	76,618	-	-	-
Title IIa Fund	-	-	29,004	29,004	-	-	-
Title IIc Fund	-	-	260	260	-	-	-
At Risk Fund (K-12)	-	-	244,779	244,779	-	-	-
Grants Fund	4,913	-	34,190	24,887	14,216	-	14,216
District Activity Funds	13,353	-	83,929	76,992	20,290	-	20,290
Debt Service Fund							
Bond and Interest Fund	760,144	-	552,817	495,466	817,495	-	817,495
Total Reporting Entity (Excluding Agency Funds)	\$ 2,156,460	-	7,227,304	6,594,276	2,789,488	-	2,789,488
Composition of Cash							
							\$ 2,789,814
							7,523
							29,998
							2,827,335
							(37,847)
							\$ 2,789,488

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 3,244,906	(124,833)	63,303	3,183,376	3,183,376	-
Supplemental General Fund	1,064,120	(15,162)	-	1,048,958	1,048,958	-
Special Revenue Funds						
Capital Outlay Fund	750,000	-	-	750,000	219,015	(530,985)
Vocational Education Fund	243,477	-	-	243,477	184,045	(59,432)
Special Education Fund	601,538	-	-	601,538	568,997	(32,541)
Food Service Fund	247,368	-	-	247,368	210,425	(36,943)
Driver Training Fund	10,338	-	-	10,338	7,422	(2,916)
KPERs Retirement Contributions Fund	223,017	-	-	223,017	161,107	(61,910)
Professional Development Fund	34,390	-	-	34,390	32,660	(1,730)
Summer School Fund	9,795	-	-	9,795	9,795	-
At Risk Fund (K-12)	269,734	-	-	269,734	244,779	(24,955)
Debt Service Fund						
Bond and Interest Fund	523,310	-	-	523,310	495,466	(27,844)

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
General Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 546,155	636,995	564,710	72,285
Intergovernmental Revenues				
Mineral Severance Tax	15,395	35,647	15,000	20,647
State Special Education	390,218	408,204	408,204	-
Equalization Aid	2,047,921	2,062,733	2,075,056	(12,323)
Federal Aid	800	-	-	-
Federal Aid - Education Jobs	-	99,870	-	99,870
Federal Aid - ARRA	155,773	57,036	57,036	-
State Aid	2,000	-	-	-
Reimbursed Expenses	39,393	63,303	-	63,303
Total Cash Receipts	3,197,655	3,363,788	3,120,006	243,782
Expenditures				
Instruction	1,358,291	1,205,619	1,449,655	(244,036)
Student Support Services	16,480	18,099	51,376	(33,277)
General Administration	143,019	122,738	177,622	(54,884)
School Administration	255,491	256,562	263,186	(6,624)
Operations and Maintenance	294,890	258,192	200,817	57,375
Student Transportation Services	36,285	44,897	36,685	8,212
Community Service Operations	121,524	124,121	169,805	(45,684)
Operating Transfers Out	1,045,519	1,153,148	895,760	257,388
Adjustment to Comply With Legal Max	-	-	(124,833)	124,833
(a) Adjustment for Qualifying Budget Credits	-	-	63,303	(63,303)
Total Expenditures	3,271,499	3,183,376	3,183,376	-
Cash Receipts Over (Under) Expenditures	(73,844)	180,412		
Unencumbered Cash - Beginning	(236,670)	(310,514)		
Unencumbered Cash - Ending	\$ (310,514)	(130,102)		
(a) Adjustment for Qualifying Budget Credits				
Reimbursed Expenses Over Amount Budgeted			\$ <u>63,303</u>	

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Supplemental General Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 731,417	859,164	751,680	107,484
Intergovernmental Revenues				
Equalization Aid	184,588	275,674	230,858	44,816
Federal Aid - ARRA	61,125	-	-	-
Total Cash Receipts	<u>977,130</u>	<u>1,134,838</u>	<u>982,538</u>	<u>152,300</u>
Expenditures				
Instruction	251,948	234,461	266,821	(32,360)
Student Support Services	27,467	6,939	79,549	(72,610)
Instructional Support Staff	3,558	5,858	-	5,858
General Administration	49,432	57,081	38,000	19,081
School Administration	10,766	13,848	7,000	6,848
Operations and Maintenance	320,643	328,416	347,750	(19,334)
Student Transportation Services	49,333	88,265	30,000	58,265
Operating Transfers Out	241,853	314,090	295,000	19,090
Adjustment to Comply With Legal Max	-	-	(15,162)	15,162
Total Expenditures	<u>955,000</u>	<u>1,048,958</u>	<u>1,048,958</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	22,130	85,880		
Unencumbered Cash - Beginning	<u>48,977</u>	<u>71,107</u>		
Unencumbered Cash - Ending	<u>\$ 71,107</u>	<u>156,987</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Capital Outlay Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ -	129,507	112,439	17,068
Interest Income	10,935	7,708	15,000	(7,292)
Other Income	64,744	62	-	62
Operating Transfers In	75,000	230,538	-	230,538
Total Cash Receipts	<u>150,679</u>	<u>367,815</u>	<u>127,439</u>	<u>240,376</u>
Expenditures				
Instruction	-	35,482	750,000	(714,518)
Operations and Maintenance	-	7,132	-	7,132
Student Transportation Services	-	119,900	-	119,900
Facility Acquisition and Construction	63,013	56,501	-	56,501
Total Expenditures	<u>63,013</u>	<u>219,015</u>	<u>750,000</u>	<u>(530,985)</u>
Cash Receipts Over (Under) Expenditures	87,666	148,800		
Unencumbered Cash - Beginning	<u>746,722</u>	<u>834,388</u>		
Unencumbered Cash - Ending	\$ <u>834,388</u>	<u>983,188</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
 Vocational Education Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers In	\$ 310,085	241,011	210,000	31,011
Other Income	202	-	-	-
Total Cash Receipts	<u>310,287</u>	<u>241,011</u>	<u>210,000</u>	<u>31,011</u>
Expenditures				
Instruction	189,187	174,837	231,477	(56,640)
Student Support Services	-	-	5,000	(5,000)
Operations and Maintenance	5,605	9,208	7,000	2,208
Total Expenditures	<u>194,792</u>	<u>184,045</u>	<u>243,477</u>	<u>(59,432)</u>
Cash Receipts Over (Under) Expenditures	115,495	56,966		
Unencumbered Cash - Beginning	<u>-</u>	<u>115,495</u>		
Unencumbered Cash - Ending	\$ <u>115,495</u>	<u>172,461</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Special Education Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers In	\$ 588,731	598,810	685,760	(86,950)
Expenditures				
Instruction	535,994	530,557	543,326	(12,769)
Student Transportation Services	31,993	38,440	58,212	(19,772)
Total Expenditures	567,987	568,997	601,538	(32,541)
Cash Receipts Over (Under) Expenditures	20,744	29,813		
Unencumbered Cash - Beginning	205,395	226,139		
Unencumbered Cash - Ending	\$ 226,139	255,952		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Food Service Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 2,220	2,166	1,792	374
Federal Aid	107,589	106,172	103,498	2,674
Student Sales	60,031	55,003	61,347	(6,344)
Adult Sales	7,187	6,392	15,082	(8,690)
Other Income	1,087	1,334	1,200	134
Operating Transfers In	45,000	35,000	45,000	(10,000)
Total Cash Receipts	223,114	206,067	227,919	(21,852)
Expenditures				
Food Service Operation	212,088	210,425	247,368	(36,943)
Cash Receipts Over (Under) Expenditures	11,026	(4,358)		
Unencumbered Cash - Beginning	45,997	57,023		
Unencumbered Cash - Ending	\$ 57,023	52,665		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Driver Training Fund
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)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 1,700	1,924	2,450	(526)
Other Income	3,294	3,363	-	3,363
Total Cash Receipts	4,994	5,287	2,450	2,837
Expenditures				
Instruction	5,426	5,723	7,883	(2,160)
Operations and Maintenance	1,224	1,699	2,455	(756)
Total Expenditures	6,650	7,422	10,338	(2,916)
Cash Receipts Over (Under) Expenditures	(1,656)	(2,135)		
Unencumbered Cash - Beginning	38,244	36,588		
Unencumbered Cash - Ending	\$ 36,588	34,453		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
KPERS Retirement Contributions Fund
 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 193,928	161,107	223,017	(61,910)
Expenditures				
Instruction	120,450	100,064	138,517	(38,453)
Student Support Services	8,212	6,822	9,444	(2,622)
Instructional Support Staff	10,903	9,058	12,539	(3,481)
General Administration	4,836	4,018	5,562	(1,544)
School Administration	26,087	21,672	30,000	(8,328)
Operations and Maintenance	11,624	9,656	13,367	(3,711)
Student Transportation Services	3,523	2,927	4,051	(1,124)
Student Activities	1,685	1,400	1,937	(537)
Food Service	6,608	5,490	7,600	(2,110)
Total Expenditures	193,928	161,107	223,017	(61,910)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Professional Development Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Income	\$ -	-	10,000	(10,000)
Operating Transfers In	-	<u>48,420</u>	-	<u>48,420</u>
Total Cash Receipts	-	<u>48,420</u>	<u>10,000</u>	<u>38,420</u>
Expenditures				
Instruction	3,507	<u>25,230</u>	34,390	(9,160)
General Administration	821	<u>5,670</u>	-	5,670
School Administration	50	<u>1,760</u>	-	1,760
Total Expenditures	4,378	<u>32,660</u>	<u>34,390</u>	<u>(1,730)</u>
Cash Receipts Over (Under) Expenditures	(4,378)	15,760		
Unencumbered Cash - Beginning	<u>28,003</u>	<u>23,625</u>		
Unencumbered Cash - Ending	\$ <u>23,625</u>	<u>39,385</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Summer School Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts	\$ -	-	-	-
Expenditures				
Instruction	-	9,795	9,795	-
Cash Receipts Over (Under) Expenditures	-	(9,795)		
Unencumbered Cash - Beginning	<u>9,795</u>	<u>9,795</u>		
Unencumbered Cash - Ending	\$ <u>9,795</u>	<u>-</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Contingency Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers In	\$ 18,372	52,422
Expenditures		
Equipment	5,633	-
Cash Receipts Over (Under) Expenditures	12,739	52,422
Unencumbered Cash - Beginning	246,846	259,585
Unencumbered Cash - Ending	\$ 259,585	312,007

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Textbook Rental Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers In	\$ 6,053	26,053
Expenditures		
Textbook Purchases	5,705	20,470
Cash Receipts Over (Under) Expenditures	348	5,583
Unencumbered Cash - Beginning	54,560	54,908
Unencumbered Cash - Ending	\$ 54,908	60,491

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
 Title I Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title I Federal Aid	\$ 118,041	76,707
Expenditures		
Instruction	116,972	75,550
School Administration	1,069	1,068
Total Expenditures	118,041	76,618
Cash Receipts Over (Under) Expenditures	-	89
Unencumbered Cash - Beginning	(89)	(89)
Unencumbered Cash - Ending	\$ (89)	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
 Title IIa Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title IIa Federal Aid	\$ 28,679	29,004
Expenditures		
Instruction	21,340	25,435
Student Support Services	4,025	2,706
Other Expenses	3,314	863
Total Expenditures	28,679	29,004
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title IId Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title IId Federal Aid	\$ 2,192	260
Expenditures		
Instruction	160	260
Student Support Services	474	-
Other Expenses	1,558	-
Total Expenditures	2,192	260
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title IV Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Title IV Federal Aid	\$ 1,596	-
Expenditures		
Instruction	1,390	-
Instructional Support Staff	206	-
Total Expenditures	1,596	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
At Risk Fund (K-12)
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Current Year	Budget	
Cash Receipts				
Operating Transfers In	\$ 244,131	234,984	250,000	(15,016)
Miscellaneous	-	9,795	19,734	(9,939)
Total Cash Receipts	244,131	244,779	<u>269,734</u>	<u>(24,955)</u>
Expenditures				
Instruction	244,131	244,779	<u>269,734</u>	<u>(24,955)</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Grants Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 23,144	19,821
Embarq Grant	-	2,000
Pass-through From ESSDACK	2,000	3,500
Other Revenue From Local Sources	13,057	8,869
Total Cash Receipts	38,201	34,190
Expenditures		
Instruction	246	1,493
Instructional Support Staff	1,378	1,487
General Administration	2,000	75
Other Supplemental Services	22,644	17,517
Embarq Expenses	-	200
Operations and Maintenance	8,166	4,115
Total Expenditures	34,434	24,887
Cash Receipts Over (Under) Expenditures	3,767	9,303
Unencumbered Cash - Beginning	1,146	4,913
Unencumbered Cash - Ending	\$ 4,913	14,216

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Bond and Interest Fund
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues	\$ 560,487	510,946	464,807	46,139
Intergovernmental Revenue				
State Aid	36,741	41,871	41,865	6
Total Cash Receipts	<u>597,228</u>	<u>552,817</u>	<u>506,672</u>	<u>46,145</u>
Expenditures				
Principal Payments	280,000	295,000	295,000	-
Interest Payments	244,807	200,466	228,310	(27,844)
Total Expenditures	<u>524,807</u>	<u>495,466</u>	<u>523,310</u>	<u>(27,844)</u>
Cash Receipts Over (Under) Expenditures	72,421	57,351		
Unencumbered Cash - Beginning	<u>687,723</u>	<u>760,144</u>		
Unencumbered Cash - Ending	\$ <u>760,144</u>	<u>817,495</u>		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Agency Funds
 Summary of Cash Receipts and Cash Disbursements
 For the Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Activity Funds				
High School				
Cheer-Spirit Squad	\$ 793	5,063	4,787	1,069
High School Band	177	592	162	607
Band Fundraisers	6,298	12,114	7,389	11,023
Athletic Fundraisers	1,572	4,262	4,896	938
Computer Technology	941	434	109	1,266
EHS After-Prom Organization	5,094	100	3,900	1,294
FFA	8,189	12,093	11,358	8,924
Kayette Club	333	1,020	837	516
Mystic Blues	4,088	10,892	14,980	-
EHS Today	306	-	-	306
Stucco	787	11,284	11,231	840
Weightlifting Club	162	13	88	87
Vocational Agriculture	503	6,316	6,819	-
National Honor Society	(34)	286	137	115
International Club	1,902	145	246	1,801
Entrepreneurship	573	-	31	542
FCCLA	770	-	-	770
Fellowship of Christian Athletes	38	-	38	-
Drama Club	34	210	-	244
Future Business Leaders of America	184	18,069	16,575	1,678
Tri-M Honor	60	152	-	212
Scholar's Bowl	-	180	52	128
Class of 2007	-	13	-	13
Class of 2010	624	93	717	-
Class of 2011	4,059	743	2,117	2,685
Class of 2012	755	10,642	9,816	1,581
Class of 2013	-	409	209	200
Class of 2014	-	200	-	200
Hope Tree Fund	269	745	206	808
Subtotal High School	<u>38,477</u>	<u>96,070</u>	<u>96,700</u>	<u>37,847</u>
Insurance Clearing Fund	<u>(266)</u>	<u>56,086</u>	<u>55,820</u>	<u>-</u>
Total Agency Funds	\$ <u>38,211</u>	<u>152,156</u>	<u>152,520</u>	<u>37,847</u>

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
District Activity Funds
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Ellinwood High School							
Gate Receipts	\$ 473	-	22,652	21,067	2,058	-	2,058
Athletics	1,244	-	16,587	12,794	5,037	-	5,037
Concessions	-	-	2,200	990	1,210	-	1,210
Activity - Miscellaneous	720	-	1,359	1,993	86	-	86
Library	2,966	-	2,548	962	4,552	-	4,552
Music Equipment	1,215	-	553	454	1,314	-	1,314
Technology Fund	163	-	-	-	163	-	163
Shirts, etc.	258	-	8,453	8,330	381	-	381
Vending Machine	1,264	-	-	-	1,264	-	1,264
Driver's Ed	-	-	4,000	4,000	-	-	-
Eagle Exchange	367	-	965	492	840	-	840
Woodworking	2,863	-	1,173	776	3,260	-	3,260
Musical	1,824	-	1,054	1,635	1,243	-	1,243
Yearbook	(4)	-	12,992	12,988	-	-	-
Book Rental	-	-	7,818	7,818	-	-	-
In-House Training	-	-	75	75	-	-	-
Video Production	-	-	1,500	2,618	(1,118)	-	(1,118)
Total District Activity Funds	\$ 13,353	-	83,929	76,992	20,290	-	20,290

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 355 Ellinwood, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to 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. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no component units.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from those estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Governmental Fund Categories

General Funds – to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

District Activity Funds – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

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

Fiduciary Fund Categories

Agency Funds – to account for assets held by the District as trustee or agent for others.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. 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 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds and the following special revenue funds: Contingency Fund, Textbook Rental Fund, Title I Fund, Title IIa Fund, Title IIb Fund, Title IV Fund, Grants Fund 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.

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments 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 K.S.A. 9-1405.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk – Deposits

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

At June 30, 2011, the District's carrying amount of deposits was \$2,827,335 and the bank balance was \$2,963,270. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$528,104 was covered by federal depository insurance and \$2,435,166 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2011.

Compensated Absences

Vacation

The superintendent is allowed 10 days of vacation per year. The board secretary and the business manager are allowed 15 days per year. Other classified personnel with 12 month contracts are allowed .8333 days per month of employment up to 14 years of service. For employees with 15 or more years of service, vacation days will be accrued at the rate of 1.25 days per month.

Classified employees are encouraged to use their vacation days before the end of the fiscal year, however, five days of vacation are allowed to be carried over according to the classified handbook.

Sick Leave

Certified Employees – The policy regarding sick pay is that all employees are allowed 10 days per year, accumulative to 60 or more days (could be from 60 to 70 days). The days not used for sick leave during that year above 60 days will be bought back at the end of the school year at a rate of \$50 per day.

Classified Employees – Full-time employees are allowed 10 days per year, accumulative to 40 days. Upon termination of employment, no sick leave benefits will be paid out beyond the District's buy-back policy for certified personnel.

Sick Leave Bank – The sick leave bank is voluntary and open to all employees who receive sick leave days from the District. The purpose of the sick leave pool is to allow staff members to contribute unused sick leave to a pool and allow participating members, who would otherwise have their pay reduced, draw from the pool and avoid having their pay reduced. Employees have until September 1st of each school year to deposit sick days to the bank. The number of sick leave days that can be drawn from the pool by one individual in any one fiscal year is limited to 20 percent of the days in the pool or 30 days, whichever is less. The number of sick leave days that can be drawn by all individuals is limited to the total days in the pool.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Personal Leave

Certified Employees – Each employee is allowed two days per year, accumulative to five days. At the end of the school year, the District will buy any accumulated personal days that exceed five days of accumulated leave for the year at a rate of \$50 per day.

Classified Employees – Full-time employees are allowed two days personal leave per contract year. Each employee may accumulate personal leave to a maximum of five days. Employees may choose to redeem any or all at \$40 per (8 hour) day.

The potential liability for accumulated vacation, sick leave and personal leave is undeterminable at year end.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Defined Benefit Pension Plan

Plan Description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) 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 actuarially determined contribution rate. The State currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186 and \$242,277,363 respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010 and 2009 were \$161,107, \$193,928 and \$196,871.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, **Unified School District No. 355 Ellinwood, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Early Retirement Plan

Certified personnel employed during the 1996-1997 school year or prior are eligible to participate in the District's early retirement program if certain eligibility requirements are met. The employee must have completed 10 years of service with the District and be eligible for KPERS retirement.

Eligibility commences on July 1 following the school year during which the 61st birthday occurs. It continues until any year between ages 61 and 65. Notification must be given to the District by April 1 in the year prior to the July 1 retirement date. Upon early retirement, the retiree will have a choice of either Plan A or Plan B to determine the amount of their early retirement benefit based on a percentage of their final base pay and their health insurance benefit.

Plan A

<u>On or before</u>	<u>61</u>	<u>62</u>	<u>63</u>	<u>64</u>
1 st Year	8%	7%	5%	3%
2 nd Year	5%	5%	1%	0%
3 rd Year	2%	1%	0%	0%
4 th Year	0%	0%	0%	0%

Health insurance of \$1,800 per year for a maximum of 4 years.

Plan B

<u>On or before</u>	<u>61</u>	<u>62</u>	<u>63</u>	<u>64</u>
1 st Year	11%	10%	8%	6%
2 nd Year	8%	8%	4%	0%
3 rd Year	5%	4%	0%	0%
4 th Year	3%	0%	0%	0%

The potential liability for early retirement benefits in fiscal years 2012 and 2013 is \$2,269 and \$1,800 respectively.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the City/County/District

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for special purposes.

Reimbursements

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

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 355 Ellinwood, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2011 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	\$ 161,489
General Fund	Special Education Fund	K.S.A. 72-6428	408,204
General Fund	Capital Outlay Fund	K.S.A. 72-6428	230,538
General Fund	Professional Development Fund	K.S.A. 72-6428	44,035
General Fund	Contingency Fund	K.S.A. 72-6428	52,422
General Fund	Textbook Rental Fund	K.S.A. 72-6428	26,053
General Fund	Food Service Fund	K.S.A. 72-6428	24,359
General Fund	Vocational Education Fund	K.S.A. 72-6428	206,048
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-6433	73,495
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	10,641
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	4,385
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	190,606
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	34,963

NOTE 3 – LITIGATION

Unified School District No. 355 Ellinwood, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 355 Ellinwood, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, crime, umbrella, linebacker, auto and fidelity bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 355 Ellinwood, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore,

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 5 – GRANTS AND SHARED REVENUES (continued)

to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the District's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Unified School District No. 355 Ellinwood, Kansas did not remit to the state fiscal agent at least 20 days before the day of maturity on the bond and interest payments due on the General Obligation Bond Series 2000, which is a violation of K.S.A. 10-130.

The District did not receive a contract containing a nondiscrimination clause for the construction of the new bus barn, which is a violation of K.S.A. 44-1030.

The District did not have properly approved and updated custodial and security interest agreements with their banks, which is a violation of K.S.A. 9-1405.

The District needs to supervise the activity in the activity fund accounts and inform organization advisors that the fund must comply with the cash basis law, which means no commitments or indebtedness should be incurred unless there is available cash in the fund. One organization account had a negative cash balance at year end, which is a violation of K.S.A. 10-1113.

NOTE 8 – RELATED PARTY TRANSACTIONS

Unified School District No. 355 Ellinwood, Kansas expended \$34,765 on fuel and repairs with Ellinwood Coop, which is managed by a board member. The District also expended \$2,623 on repairs and inspections at the Pit Stop Service Station, which is owned by a board member.

NOTE 9 – PRIOR YEAR'S DEBT DEFEASEMENT

In 2005, **Unified School District No. 355 Ellinwood, Kansas** defeased a portion of the General Obligation School Improvement Bond Series 2000 bond issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase qualified securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 10 – LONG-TERM DEBT

Unified School District No. 355 Ellinwood, Kansas has the following types of long-term debt.

General Obligation Bonds

On June 1, 2000, the District issued \$6,188,000 in Series 2000 A bonds to renovate and improve District buildings.

On August 1, 2005, the District issued \$4,245,000 in Series 2005 A refunding bonds for the purpose of providing funds for refunding \$4,110,000 in Series 2000 A bonds.

Changes in long-term debt for the District at June 30, 2011 and current maturities of long-term debt and interest for the next five years and in five year increments are included on the next page.

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 10 - LONG-TERM DEBT (continued)

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds										
Building Bonds 2000 A	5.3%-8.0%	06/01/00	\$ 6,188,000	09/01/10	\$ 295,000	-	(295,000)	(295,000)	-	118,064
Refunding Bonds 2005 A	3.4%-4.3%	08/01/05	4,245,000	09/01/20	4,245,000	-	-	-	4,245,000	82,403
Total Long-Term Debt					\$ 4,540,000	-	(295,000)	(295,000)	4,245,000	200,467

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 - 2021</u>	<u>Total</u>
Principal							
General Obligation Bonds							
Refunding Bonds 2005 A	355,000	370,000	385,000	395,000	410,000	2,330,000	4,245,000
Interest							
General Obligation Bonds							
Refunding Bonds 2005 A	158,770	146,260	132,855	118,617	103,520	252,175	912,197
Total Principal and Interest	\$ 513,770	516,260	517,855	513,617	513,520	2,582,175	5,157,197

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements
June 30, 2011

NOTE 11 - 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 revenues as required by these statutes.

**UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
General Fund**

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

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenues	\$ 636,995	564,710	72,285
Intergovernmental Revenues			
Mineral Severance Tax	35,647	15,000	20,647
State Special Education	408,204	408,204	-
Equalization Aid	1,892,970	2,075,056	(182,086)
Federal Aid - Education Jobs	99,870	-	99,870
Federal Aid - ARRA	57,036	57,036	-
Reimbursed Expenses	63,303	-	63,303
Total Statutory Revenues	3,194,025	3,120,006	74,019
Expenditures			
Instruction	1,205,619	1,449,655	(244,036)
Student Support Services	18,099	51,376	(33,277)
General Administration	122,738	177,622	(54,884)
School Administration	256,562	263,186	(6,624)
Operations and Maintenance	258,192	200,817	57,375
Student Transportation Services	44,897	36,685	8,212
Community Service Operations	124,121	169,805	(45,684)
Operating Transfers Out	1,153,148	895,760	257,388
Adjustment to Comply With Legal Max	-	(124,833)	124,833
Legal General Fund Budget	3,183,376	3,120,073	63,303
(a) Adjustment for Qualifying Budget Credits	-	63,303	(63,303)
Total Expenditures and Legal General Fund Budget	3,183,376	3,183,376	-
Statutory Revenues Over (Under) Expenditures	10,649		
Modified Unencumbered Cash, Beginning	-		
Modified Unencumbered Cash, Ending	\$ 10,649		
(a) Adjustment for Qualifying Budget Credits			
Reimbursed Expenses Over Amount Budgeted		\$ 63,303	

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417 (d) AND K.S.A. 72-6434(d) (continued)

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Supplemental General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2011

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues	\$ 859,164	751,680	107,484
Intergovernmental Revenues			
Equalization Aid	<u>241,724</u>	<u>230,858</u>	<u>10,866</u>
Total Statutory Revenues	<u><u>1,100,888</u></u>	<u><u>982,538</u></u>	<u><u>118,350</u></u>
Expenditures			
Instruction	234,461	266,821	(32,360)
Student Support Services	6,939	79,549	(72,610)
Instructional Support Staff	5,858	-	5,858
General Administration	57,081	38,000	19,081
School Administration	13,848	7,000	6,848
Operations and Maintenance	328,416	347,750	(19,334)
Student Transportation Services	88,265	30,000	58,265
Operating Transfers Out	314,090	295,000	19,090
Adjustment to Comply With Legal Max	<u>-</u>	<u>(15,162)</u>	<u>15,162</u>
Total Expenditures and Legal Supplemental General Fund Budget	<u><u>1,048,958</u></u>	<u><u>1,048,958</u></u>	<u><u>-</u></u>
Statutory Revenues Over (Under) Expenditures	51,930		
Modified Unencumbered Cash, Beginning	<u>118,918</u>		
Modified Unencumbered Cash, Ending	\$ <u><u>170,848</u></u>		