

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1 – 2
Financial Statements:		
Summary of Cash Receipts, Expenditures and Unencumbered Cash	1	3
Summary of Expenditures – Budget to Actual	2	4
Statement of Cash Receipts and Expenditures – Actual and Budget		
General Fund	3	5 – 6
Supplemental General Fund	3	7
At Risk (K-12) Fund	3	8
Capital Outlay Fund	3	9
Driver Training Fund	3	10
Food Service Fund	3	11
Professional Development Fund	3	12
Parent Education Program Fund	3	13
Special Education Fund	3	14
Vocational Education Fund	3	15
KPERs Special Retirement Contribution Fund	3	16
Bond and Interest Fund	3	17
Statement of Cash Receipts and Expenditures – Actual		
Bond Construction	3	18
Grant Funds	3	19
Other Nonbudgeted Funds	3	20
Student Activity Funds	4	21 – 22
Statement of Cash Receipts and Expenditures – Actual		
District Activity Funds	5	23
Summary of Significant Accounting Policies		24 – 27
Notes to Financial Statements		28 – 35
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		36 – 38
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		39 – 40
Schedule of Expenditures of Federal Awards		41
Notes to Schedule of Expenditures of Federal Awards		42
Schedule of Findings and Questioned Costs		43



Independent Auditors' Report

Board of Education
Unified School District No. 365, Garnett, Kansas

We have audited the financial statements of Unified School District No. 365, Garnett, Kansas, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the management of Unified School District No. 365, Garnett, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in the Summary of Significant Accounting Policies, the District has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2011, and its cash receipts and expenditures and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in the Summary of Significant Accounting Policies.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 26, 2011, on our consideration of Unified School District No. 365, Garnett, Kansas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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.

Mize Houser & Company P.A.

Certified Public Accountants

October 26, 2011
Topeka, Kansas

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

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

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General funds:							
General	\$ (701,653)	\$ -	\$ 7,712,914	\$ 7,597,229	\$ (585,968)	\$ 175,644	\$ (410,324)
Supplemental general	(93,638)		2,437,997	2,300,000	44,359	12,000	56,359
Special revenue funds:							
At risk (K-12)	33,714		910,595	910,259	34,050	207,543	241,593
Capital outlay	636,354		380,938	211,679	805,613		805,613
Driver training	49,232		12,874	10,699	51,407	64	51,471
Food service	116,847		536,559	494,081	159,325	21,248	180,573
Professional development	1,130		10,000		11,130		11,130
Parent education program	9,250				9,250		9,250
Special education	384,237		1,442,398	1,412,710	413,925		413,925
Vocational education	7,935		350,000	343,557	14,378	3,851	18,229
KPERs special retirement contribution fund			387,478	387,478			
Other nonbudgeted funds:							
Contingency reserve	470,696				470,696		470,696
Community college	20,896		10,359	3,822	27,433		27,433
Reading Recovery	89,937		31,540	46,316	75,161		75,161
Textbook rental and student material revolving	13,685		59,643	17,262	56,066	1,345	57,411
Grant funds:							
Title I	17,388		316,728	299,872	34,244	120	34,364
Title II (Teacher Quality)			62,797	60,532	2,265	7,321	9,586
Title II (Education & Technology)			5,991	5,991		5,222	5,222
Title IV (Drug Free)	427		3,046	2,278	1,195		1,195
Character education			4,000	4,000			
Education for homeless			4,056	4,056			
Ace Academy			26,888	26,888			
Other programs	98,789		2,717	3,168	98,338		98,338
District activity funds:							
Athletics	6,947		45,570	46,089	6,428		6,428
Other	2,476		4,152	3,024	3,604		3,604
Capital projects:							
Bond construction			14,491,832	969,183	13,522,649		13,522,649
Debt service:							
Bond and interest	641,488		571,652	603,907	609,233		609,233
Total reporting entity, excluding agency funds	<u>\$1,806,137</u>	<u>\$ -</u>	<u>\$29,822,724</u>	<u>\$15,764,080</u>	<u>\$15,864,781</u>	<u>\$ 434,358</u>	<u>\$16,299,139</u>
Composition of cash:							
Checking accounts							\$ 890,622
Certificates of deposits							1,948,204
U.S. Treasury bills							11,996,512
Money market fund							<u>1,526,137</u>
Total							16,361,475
Agency funds per Statement 4							<u>(62,336)</u>
Total reporting entity, excluding agency funds							<u>\$16,299,139</u>

The accompanying summary of significant accounting policies and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Summary of Expenditures – Budget to Actual
Year Ended June 30, 2011

	Certified Budget	Adjustments to Comply with Legal Max	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
Budgeted funds:					
General fund:					
General	\$ 7,698,627	\$ (101,398)	\$ 7,597,229	\$ 7,597,229	\$ -
Supplemental general	2,300,000		2,300,000	2,300,000	
Special revenue funds:					
At risk (K-12)	954,024		954,024	910,259	43,765
Capital outlay	580,000		580,000	211,679	368,321
Driver training	17,000		17,000	10,699	6,301
Food service	523,000		523,000	494,081	28,919
Parent education	9,250		9,250		9,250
Special education	1,412,900		1,412,900	1,412,710	190
Vocational education	375,000		375,000	343,557	31,443
KPERs special retirement contribution fund	511,842		511,842	387,478	124,364
Debt service fund:					
Bond and interest	<u>554,700</u>		<u>554,700</u>	<u>603,907</u>	<u>(49,207)</u>
Total budgeted funds	<u>\$14,936,343</u>	<u>\$ (101,398)</u>	<u>\$14,834,945</u>	<u>14,271,599</u>	<u>\$ 563,346</u>
Nonbudgeted funds:					
Grant funds				406,785	
Other nonbudgeted funds				67,400	
Capital projects funds				969,183	
District activity funds				<u>49,113</u>	
Total nonbudgeted funds				<u>1,492,481</u>	
Total expenditures				<u>\$15,764,080</u>	

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and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

GENERAL FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$1,041,653	\$1,010,508	\$ 31,145
Delinquent tax	24,028	15,833	8,195
Mineral production tax	901		901
In lieu of taxes	287		287
Intergovernmental:			
Federal aid	370,686	134,746	235,940
State aid	5,329,772	5,639,820	(310,048)
Special education aid	<u>945,587</u>	<u>897,720</u>	<u>47,867</u>
Total cash receipts	<u>7,712,914</u>	<u>\$7,698,627</u>	<u>\$ 14,287</u>
Expenditures:			
Instruction:			
Salaries	1,287,650	\$1,316,380	\$ 28,730
Employee benefits	469,558	447,000	(22,558)
Purchased professional and technical services	48,034	52,500	4,466
Purchased property services		27,000	27,000
Other purchased services	23,176	8,500	(14,676)
Supplies	305,686	192,950	(112,736)
Property (equipment and furnishings)	25,411	10,000	(15,411)
Other		23,000	23,000
Student support services:			
Salaries	119,496	133,000	13,504
Employee benefits	36,556	45,400	8,844
Other purchased services	3,445	2,550	(895)
Supplies	1,821	3,200	1,379
Property (equipment and furnishings)	30	640	610
Instructional support staff:			
Salaries	233,455	227,000	(6,455)
Employee benefits	44,236	60,000	15,764
Purchased professional and technical services	451	5,000	4,549
Other purchased services	146	1,000	854
Supplies	19,584	14,920	(4,664)
General administration:			
Salaries	154,753	154,846	93
Employee benefits	29,884	33,860	3,976
Purchased professional and technical services	22,047	21,000	(1,047)
Other purchased services	29,451	38,600	9,149
Supplies	8,496	7,000	(1,496)
Property (equipment and furnishings)	1,920	800	(1,120)

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

GENERAL FUND (Continued)

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
School administration:			
Salaries	\$ 515,938	\$ 544,700	\$ 28,762
Employee benefits	121,267	117,478	(3,789)
Other purchased services	85,678	71,600	(14,078)
Supplies	13,770	20,900	7,130
Property (equipment and furnishings)	12,872	2,000	(10,872)
Operations and maintenance:			
Salaries	343,712	373,500	29,788
Employee benefits	121,211	127,000	5,789
Purchased professional and technical services	2,255	2,000	(255)
Water and sewer	38,373	41,000	2,627
Repairs and maintenance	133,104	25,000	(108,104)
Repair of building	25,772	7,500	(18,272)
Other purchased property services	18,871	20,700	1,829
Other purchased services	51,069		(51,069)
Supplies	58,691	65,000	6,309
Heating and electricity	278,539	376,000	97,461
Motor fuel	14,016	15,000	984
Property (equipment and furnishings)	9,507	7,000	(2,507)
Vehicle operating service:			
Contracting of bus service	482,951	550,000	67,049
Motor fuel	107,803	115,000	7,197
Other supplemental services:			
Salaries	40,416	43,000	2,584
Employee benefits	5,992	10,740	4,748
Purchased professional and technical services	34,098	39,500	5,402
Purchased property services		55,000	55,000
Other purchased services		23,839	23,839
Operating transfers	2,216,038	2,219,024	2,986
Adjustment to comply with legal max		<u>(101,398)</u>	<u>(101,398)</u>
Total expenditures	<u>7,597,229</u>	<u>\$7,597,229</u>	<u>\$ -</u>
Receipts over (under) expenditures	115,685		
Unencumbered cash - July 1	<u>(701,653)</u>		
Unencumbered cash - June 30	<u>\$ (585,968)</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

SUPPLEMENTAL GENERAL FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$1,160,868	\$1,241,870	\$ (81,002)
Delinquent tax	27,496	17,548	9,948
Motor vehicle tax	129,102	103,592	25,510
Recreational vehicle tax	2,261	1,627	634
Big truck tax	10,178		10,178
Intergovernmental:			
State aid	<u>1,108,092</u>	<u>973,148</u>	<u>134,944</u>
Total cash receipts	<u>2,437,997</u>	<u>\$2,337,785</u>	<u>\$ 100,212</u>
Expenditures:			
Instruction:			
Salaries	1,581,688	\$1,583,000	\$ 1,312
Employee benefits	184,640	302,000	117,360
Operations and maintenance:			
Property (equipment and furnishings)	12,006		(12,006)
Operating transfers	<u>521,666</u>	<u>415,000</u>	<u>(106,666)</u>
Total expenditures	<u>2,300,000</u>	<u>\$2,300,000</u>	<u>\$ _____</u>
Receipts over (under) expenditures	137,997		
Unencumbered cash - July 1	<u>(93,638)</u>		
Unencumbered cash - June 30	<u>\$ 44,359</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

AT RISK (K-12) FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Transfers from general	\$ 910,595	\$ 944,024	\$ (33,429)
Miscellaneous receipts	<u> </u>	<u>10,000</u>	<u>(10,000)</u>
Total cash receipts	<u>910,595</u>	<u>\$ 954,024</u>	<u>\$ (43,429)</u>
Expenditures:			
Instruction:			
Salaries	474,405	\$ 530,000	\$ 55,595
Employee benefits	143,933	165,000	21,067
Purchased professional and technical services	13,892	15,000	1,108
Supplies	63,044	44,024	(19,020)
Property (equipment and furnishings)	<u>214,985</u>	<u>200,000</u>	<u>(14,985)</u>
Total expenditures	<u>910,259</u>	<u>\$ 954,024</u>	<u>\$ 43,765</u>
Receipts over (under) expenditures	336		
Unencumbered cash - July 1	<u>33,714</u>		
Unencumbered cash - June 30	<u>\$ 34,050</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

CAPITAL OUTLAY FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$ 233,499	\$ 250,846	\$ (17,347)
Delinquent tax	6,306	5,321	985
Motor vehicle tax	27,035	32,531	(5,496)
Recreational vehicle tax	474	512	(38)
Big truck tax	2,242		2,242
Interest	31,078	20,000	11,078
Miscellaneous receipts	<u>80,304</u>	<u>30,000</u>	<u>50,304</u>
Total cash receipts	<u>380,938</u>	<u>\$ 339,210</u>	<u>\$ 41,728</u>
Expenditures:			
Instruction:			
Property (equipment and furnishings)	443	\$ 100,000	\$ 99,557
Instructional support staff:			
Property (equipment and furnishings)		25,000	25,000
General administration:			
Property (equipment and furnishings)		8,000	8,000
School administration:			
Property (equipment and furnishings)		10,000	10,000
Operations and maintenance:			
Property (equipment and furnishings)	5,264	50,000	44,736
Transportation:			
Property (equipment and furnishings)	17,616	17,000	(616)
Facilities acquisition and construction services:			
Land acquisition	141,775		(141,775)
Land improvement	1,500		(1,500)
Architectural and engineering services	11,445	20,000	8,555
Site improvement		350,000	350,000
Building improvements	<u>33,636</u>		<u>(33,636)</u>
Total expenditures	<u>211,679</u>	<u>\$ 580,000</u>	<u>\$ 368,321</u>
Receipts over (under) expenditures	169,259		
Unencumbered cash - July 1	<u>636,354</u>		
Unencumbered cash - June 30	<u>\$ 805,613</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

DRIVER TRAINING FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Intergovernmental:			
State aid	\$ 4,736	\$ 4,200	\$ 536
Miscellaneous receipts	<u>8,138</u>	<u> </u>	<u>8,138</u>
Total cash receipts	<u>12,874</u>	<u>\$ 4,200</u>	<u>\$ 8,674</u>
Expenditures:			
Instruction:			
Salaries	8,556	\$ 11,000	\$ 2,444
Employee benefits	657	1,010	353
Purchased professional and technical services		50	50
Supplies	24	2,000	1,976
Property (equipment and furnishings)	72	1,000	928
Other		50	50
Vehicle operations and maintenance services:			
Motor fuel	<u>1,390</u>	<u>1,890</u>	<u>500</u>
Total expenditures	<u>10,699</u>	<u>\$ 17,000</u>	<u>\$ 6,301</u>
Receipts over (under) expenditures	2,175		
Unencumbered cash - July 1	<u>49,232</u>		
Unencumbered cash - June 30	<u>\$ 51,407</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

FOOD SERVICE FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Intergovernmental:			
State aid	\$ 6,073	\$ 5,022	\$ 1,051
Federal aid	333,078	311,022	22,056
Charge for services:			
Student sales	179,105	180,307	(1,202)
Adult sales	12,767	13,787	(1,020)
Miscellaneous receipts	825	10,000	(9,175)
Transfers from supplemental general fund	<u>4,711</u>	<u>15,000</u>	<u>(10,289)</u>
Total cash receipts	<u>536,559</u>	<u>\$ 535,138</u>	<u>\$ 1,421</u>
Expenditures:			
Operations and maintenance:			
Purchased property services	577	\$ 1,000	\$ 423
Other purchased services	6,066	6,500	434
General supplies	4,003	7,500	3,497
Miscellaneous supplies	3,635	5,000	1,365
Property (equipment and furnishings)	37,040	16,000	(21,040)
Food service operations:			
Salaries	187,428	195,000	7,572
Employee benefits	56,892	67,000	10,108
Food and milk	198,440	220,000	21,560
Supplies	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Total expenditures	<u>494,081</u>	<u>\$ 523,000</u>	<u>\$ 28,919</u>
Revenues over (under) expenditures	42,478		
Unencumbered cash - July 1	<u>116,847</u>		
Unencumbered cash - June 30	<u>\$ 159,325</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

PROFESSIONAL DEVELOPMENT FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Transfer from supplemental general fund	\$ <u>10,000</u>	\$ <u> -</u>	\$ <u>10,000</u>
Expenditures	<u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Receipts over (under) expenditures	10,000		
Unencumbered cash - July 1	<u> 1,130</u>		
Unencumbered cash - June 30	\$ <u>11,130</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

PARENT EDUCATION PROGRAM FUND

Statement of Cash Receipts and Expenditures

Actual and Budget

Year Ended June 30, 2011

	Actual	Budget	Variance - Favorable (Unfavorable)
Cash receipts	\$ _____ -	\$ _____ -	\$ _____ -
Expenditures:			
Student support services:			
Other	_____	\$ 9,250	\$ 9,250
Total expenditures	_____ -	\$ 9,250	\$ 9,250
Receipts over (under) expenditures	-		
Unencumbered cash - July 1	_____ 9,250		
Unencumbered cash - June 30	\$ _____ 9,250		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

SPECIAL EDUCATION FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Transfers from general fund	\$1,135,444	\$ 900,000	\$ 235,444
Transfers from supplemental general fund	<u>306,954</u>	<u>400,000</u>	<u>(93,046)</u>
Total cash receipts	<u>1,442,398</u>	<u>\$1,300,000</u>	<u>\$ 142,398</u>
Expenditures:			
Instruction:			
Salaries	4,646	\$ 6,000	\$ 1,354
Employee benefits	760	500	(260)
Purchased professional and technical services		20,000	20,000
Co-op/Interlocal tuition	1,223,031	1,203,000	(20,031)
Supplies	175	1,500	1,325
Property (equipment and furnishings)	2,595	1,000	(1,595)
Vehicle operating services:			
Purchased property services	9,662	8,400	(1,262)
Other purchased services	164,341	165,000	659
Motor fuel	<u>7,500</u>	<u>7,500</u>	
Total expenditures	<u>1,412,710</u>	<u>\$1,412,900</u>	<u>\$ 190</u>
Receipts over (under) expenditures	29,688		
Unencumbered cash - July 1	<u>384,237</u>		
Unencumbered cash - June 30	<u>\$ 413,925</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

VOCATIONAL EDUCATION FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Transfers from general fund	\$ <u>350,000</u>	\$ <u>375,000</u>	\$ <u>(25,000)</u>
Total cash receipts	<u>350,000</u>	<u>\$ 375,000</u>	<u>\$ (25,000)</u>
Expenditures:			
Instruction:			
Salaries	251,844	\$ 271,150	\$ 19,306
Employee benefits	64,547	64,290	(257)
Purchased professional and technical services	74	1,000	926
Other purchased services	293	560	267
Supplies	14,308	15,000	692
Property (equipment and furnishings)	<u>12,491</u>	<u>23,000</u>	<u>10,509</u>
Total expenditures	<u>343,557</u>	<u>\$ 375,000</u>	<u>\$ 31,443</u>
Receipts over (under) expenditures	6,443		
Unencumbered cash - July 1	<u>7,935</u>		
Unencumbered cash - June 30	<u>\$ 14,378</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

KPERs SPECIAL RETIREMENT CONTRIBUTION FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Intergovernmental:			
State aid	\$ 387,478	\$ 511,842	\$ (124,364)
Total cash receipts	<u>387,478</u>	<u>\$ 511,842</u>	<u>\$ (124,364)</u>
Expenditures:			
Instruction:			
Employee benefits	247,321	\$ 312,842	\$ 65,521
Student support services:			
Employee benefits	14,814	30,000	15,186
Instructional support staff:			
Employee benefits	21,055	35,000	13,945
General administration:			
Employee benefits	19,844	30,000	10,156
School administration:			
Employee benefits	36,000	36,000	
Operations and maintenance:			
Employee benefits	34,842	40,000	5,158
Food service:			
Employee benefits	<u>13,602</u>	<u>28,000</u>	<u>14,398</u>
Total expenditures	<u>387,478</u>	<u>\$ 511,842</u>	<u>\$ 124,364</u>
Receipts over (under) expenditures	-		
Unencumbered cash - July 1	_____		
Unencumbered cash - June 30	\$ _____		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

BOND AND INTEREST FUND

Statement of Cash Receipts and ExpendituresActual and BudgetYear Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
Cash receipts:			
Taxes:			
Ad valorem property tax	\$ 447,421	\$ 437,342	\$ 10,079
Delinquent tax	12,322	6,803	5,519
Motor vehicle tax	49,672	39,826	9,846
Recreational vehicle tax	868	626	242
Big truck tax	3,946		3,946
Intergovernmental:			
State aid	54,433	49,923	4,510
Miscellaneous receipts	<u>2,990</u>		<u>2,990</u>
Total cash receipts	<u>571,652</u>	<u>\$ 534,520</u>	<u>\$ 37,132</u>
Expenditures:			
Debt service:			
Principal	575,000	\$ 525,000	\$ (50,000)
Interest	<u>28,907</u>	<u>29,700</u>	<u>793</u>
Total expenditures	<u>603,907</u>	<u>\$ 554,700</u>	<u>\$ (49,207)</u>
Receipts over (under) expenditures	(32,255)		
Unencumbered cash - July 1	<u>641,488</u>		
Unencumbered cash - June 30	<u>\$ 609,233</u>		

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

BOND CONSTRUCTION FUND

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

Cash receipts:	
Issuance of bonds	\$14,485,000
Interest	3,632
Miscellaneous receipts	3,200
Total cash receipts	<u>14,491,832</u>
Expenditures:	
Facilities acquisition and construction services:	
Land acquisition	145,000
Land improvement	7,000
Architecture and engineering	561,767
Debt service:	
Discount on bond	202,790
Bond issuance costs	52,626
Total expenditures	<u>969,183</u>
Receipts over (under) expenditures	13,522,649
Unencumbered cash - July 1	<u> -</u>
Unencumbered cash - June 30	<u>\$13,522,649</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

GRANT FUNDS

Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 20110

	Title I	Title II (Teacher Quality)	Title II (Education & Technology)	Title IV (Drug Free)	Character Education	Education for Homeless	Ace Academy	Other Programs
Cash receipts:								
Federal aid	\$ 316,728	\$ 62,797	\$ 5,991	\$ 3,046	\$ 4,000	\$ 4,056	\$ -	\$ -
Miscellaneous receipts							26,888	2,717
Total cash receipts	<u>316,728</u>	<u>62,797</u>	<u>5,991</u>	<u>3,046</u>	<u>4,000</u>	<u>4,056</u>	<u>26,888</u>	<u>2,717</u>
Expenditures:								
Instruction:								
Salaries	230,465	20,452				4,056	20,189	
Employee benefits	54,081	197					4,514	
Purchased professional and technical services		2,991	220					
Other purchased services	5,184	34,913			1,665			
Supplies	2,734	1,979	74	2,278	341		2,185	1,168
Property (equipment and furnishings)	645		5,697		1,994			
Other	<u>6,763</u>							<u>2,000</u>
Total expenditures	<u>299,872</u>	<u>60,532</u>	<u>5,991</u>	<u>2,278</u>	<u>4,000</u>	<u>4,056</u>	<u>26,888</u>	<u>3,168</u>
Receipts over (under) expenditures	16,856	2,265	-	768	-	-	-	(451)
Unencumbered cash - July 1	<u>17,388</u>			<u>427</u>				<u>98,789</u>
Unencumbered cash - June 30	<u>\$ 34,244</u>	<u>\$ 2,265</u>	<u>\$ -</u>	<u>\$ 1,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,338</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

OTHER NONBUDGETED FUNDS

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

	<u>Contingency</u> <u>Reserve</u>	<u>Community</u> <u>College</u>	<u>Reading</u> <u>Recovery</u>	<u>Textbook</u> <u>& Student</u> <u>Revolving</u>
Cash receipts:				
Miscellaneous	\$ -	\$ 10,359	\$ 31,540	\$ 39,643
Transfers from supplemental general fund	<u> </u>	<u> </u>	<u> </u>	<u>20,000</u>
Total cash receipts	<u> </u>	<u>10,359</u>	<u>31,540</u>	<u>59,643</u>
Expenditures:				
Instruction:				
Salaries		3,060	26,137	
Employee benefits		216	4,838	
Purchased professional and technical services			8,792	
Other purchased services			1,726	
Supplies		546	4,823	14,134
Instructional support staff:				
Supplies				<u>3,128</u>
Total expenditures	<u> </u>	<u>3,822</u>	<u>46,316</u>	<u>17,262</u>
Receipts over (under) expenditures	-	6,537	(14,776)	42,381
Unencumbered cash - July 1	<u>470,696</u>	<u>20,896</u>	<u>89,937</u>	<u>13,685</u>
Unencumbered cash - June 30	<u>\$ 470,696</u>	<u>\$ 27,433</u>	<u>\$ 75,161</u>	<u>\$ 56,066</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

STUDENT ACTIVITY FUNDS

Statement of Cash Receipts and Expenditure - Actual
Year Ended June 30, 2011

Fund	Balance July 1	Receipts	Expenditures	Balance June 30
Anderson County Junior/Senior High School:				
Student organization accounts:				
AP Government class	\$ 180	\$ 21,206	\$ 20,677	\$ 709
Art club	385	49	200	234
Band club	12,916	9,311	19,026	3,201
Cheerleaders	1,351	10,822	10,589	1,584
Chess club	172	826	759	239
Choir	1,387	2,011	1,481	1,917
Class of 2015	394		374	20
Class of 2014		585		585
Class of 2013	740	790	29	1,501
Class of 2012	1,624	11,043	10,111	2,556
Class of 2011	2,279	1,405	3,490	194
Dance	1,456	13,462	11,735	3,183
Drama	2,841	5,595	4,565	3,871
FCCLA	669	5,725	5,259	1,135
FBLA	2,339	2,546	2,894	1,991
FFA	426	16,254	15,693	987
Forensics	670	2,087	1,936	821
HS principals of technology	740	140	823	57
In-house training	4,550	1,294	1,389	4,455
Internationals	936	3,037	2,930	1,043
Journalism/Newspaper	935	1,656	1,774	817
Junior High cheerleaders	1,603	2,613	3,472	744
Junior High KAY	529		529	
Junior High KAY – Pencil account	367	140	278	229
Junior High science		420	66	354
Junior High student council	2,371	4,451	5,620	1,202
Junior High yearbook	1,133	857	62	1,928
KAY	280	278	514	44
National Honor Society	1,169	607	697	1,079
Octagon club	500		500	
OWLS	100			100
Red Black	304	6,873	3,350	3,827
Science club	435	1,514	937	1,012
Staff club	17			17
Strength and conditioning	3,557	5,042	5,570	3,029
Student advocacy	274		134	140
Students in need	143	300	171	272
Student council	2,777	42,060	41,925	2,912
TSA	834	9,120	8,274	1,680
Yearbook	<u>16,762</u>	<u>12,265</u>	<u>22,117</u>	<u>6,910</u>
Total	<u>70,145</u>	<u>196,384</u>	<u>209,950</u>	<u>56,579</u>
Other:				
Sales tax	<u>366</u>	<u>2,524</u>	<u>2,314</u>	<u>576</u>
Total	<u>366</u>	<u>2,524</u>	<u>2,314</u>	<u>576</u>
Total Anderson County Junior/Senior High School	<u>\$ 70,511</u>	<u>\$198,908</u>	<u>\$212,264</u>	<u>\$ 57,155</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

STUDENT ACTIVITY FUNDS (Continued)

Statement of Cash Receipts and Expenditure - Actual
Year Ended June 30, 2011

Fund	Balance July 1	Receipts	Expenditures	Balance June 30
Westphalia Elementary School:				
School organization accounts:				
Instrumentals	\$ 48	\$ 73	\$ 89	\$ 32
Pep club	1,297	2,156	1,883	1,570
Special projects	<u>1,363</u>	<u>6,470</u>	<u>6,430</u>	<u>1,403</u>
Total Westphalia Elementary School	<u>\$ 2,708</u>	<u>\$ 8,699</u>	<u>\$ 8,402</u>	<u>\$ 3,005</u>
Mont Ida Elementary School:				
Student organization accounts:				
Student fund	\$ 508	\$ 754	\$ 842	\$ 420
Total Mont Ida Elementary School	<u>\$ 508</u>	<u>\$ 754</u>	<u>\$ 842</u>	<u>\$ 420</u>
Greeley Elementary School:				
Student organization accounts:				
Wildcat Ringers	\$ 50	\$ -	\$ -	\$ 50
Teacher fund	148	70	79	139
Student activities	202	278	263	217
Student emergency fund	<u>227</u>	<u> </u>	<u> </u>	<u>227</u>
Total Greeley Elementary School	<u>\$ 627</u>	<u>\$ 348</u>	<u>\$ 342</u>	<u>\$ 633</u>
Irving Primary Center:				
Student organization accounts:				
Student funds	\$ 211	\$ 2,347	\$ 2,311	\$ 247
Staff club	432	200	290	342
Spelling Bee	90	145	137	98
Student emergency fund	<u>239</u>	<u> </u>	<u> </u>	<u>239</u>
Total Irving Primary Center	<u>\$ 972</u>	<u>\$ 2,692</u>	<u>\$ 2,738</u>	<u>\$ 926</u>
Garnett Elementary School:				
Student organization accounts:				
Student funds	\$ 220	\$ 4,689	\$ 4,908	\$ 1
Student emergency fund	<u>196</u>	<u> </u>	<u> </u>	<u>196</u>
Total Garnett Elementary School	<u>\$ 416</u>	<u>\$ 4,689</u>	<u>\$ 4,908</u>	<u>\$ 197</u>
Total all schools	<u>\$ 75,742</u>	<u>\$216,090</u>	<u>\$229,496</u>	<u>\$ 62,336</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

DISTRICT ACTIVITY FUNDS

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

Fund	Balance July 1	Receipts	Disbursements	Balance June 30
Athletics:				
Anderson County Junior/Senior High School	\$ 6,083	\$ 44,629	\$ 44,586	\$ 6,126
Westphalia Elementary School	<u>864</u>	<u>941</u>	<u>1,503</u>	<u>302</u>
Total athletics	<u>6,947</u>	<u>45,570</u>	<u>46,089</u>	<u>6,428</u>
Other:				
Musical	1,676	2,145	1,891	1,930
Plays	<u>800</u>	<u>2,007</u>	<u>1,133</u>	<u>1,674</u>
Total other	<u>2,476</u>	<u>4,152</u>	<u>3,024</u>	<u>3,604</u>
 Total all funds	 <u>\$ 9,423</u>	 <u>\$ 49,722</u>	 <u>\$ 49,113</u>	 <u>\$ 10,032</u>

The accompanying summary of significant accounting policies
and notes are an integral part of these statements

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Summary of Significant Accounting Policies June 30, 2011

Reporting Entity

Unified School District No. 365 (the District) is a municipal corporation governed by an elected seven-member board.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity, since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units that are included in the District's reporting entity.

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 fiscal year ended June 30, 2011:

Governmental Fund Types

General Fund – The general fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the general fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Fund – The capital projects fund is used to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Fund Type

Agency Funds – Agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds include monies held at the schools for student activity organizations.

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Summary of Significant Accounting Policies June 30, 2011

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.

The statutory basis of accounting results in a financial statement presentation that shows cash receipts, 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. 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 municipality 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.

The District has evaluated subsequent events through October 26, 2011, the date the financial statements were available to be issued.

Budgets

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

1. Preparation of budget for the succeeding fiscal year on or before August 1st.
2. Publication of proposed budget and notice of public hearing in a local newspaper on or before August 5th of each year.
3. Public hearing on or before August 15th of each year, but at least 10 days after publication of notice of hearing.
4. Adoption of final budget on or before August 25th.

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Summary of Significant Accounting Policies

June 30, 2011

Budgets (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 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 the fiscal 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, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, and nonbudgeted special revenue funds.

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

Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and investment securities. Earnings from these investments are allocated to specific funds as designated by the Board of Education. These investments are stated at cost.

Ad Valorem Tax Revenue

The determination of assessed valuations and the collections of property taxes for all political subdivisions of the State of Kansas are the responsibility of the various counties. The County Appraiser's office annually determines assessed valuation, and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property November 1st of each year. One-half of the property taxes are due December 10th prior to the fiscal year for which they are budgeted, and the second half is due the following May 10th. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The District Treasurer draws all available funds from the County Treasurer's Office in various designated intervals.

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Summary of Significant Accounting Policies

June 30, 2011

Compensated Absences

The District's policy is to recognize the costs of compensated absences when actually paid.

The District's policies regarding vacation and sick leave grant District employees leave in varying amounts. Full-time noncertified employees are awarded vacation days, depending upon years of service, and sick days at the rate of 10 days per year. Vacation days for full-time noncertified employees are generally not cumulative from year to year; however, sick leave may be accumulated up to a total of 120 days. Full-time employees subject to the negotiated agreement are awarded 10 leave days a year and may accumulate up to 120 days. Under the current negotiated agreement, teachers shall receive \$10 per day for accumulated leave in excess of 110 days. Upon retirement, teachers shall receive \$20 per day for accumulated leave to a maximum of 120 days. Normal retirement age should meet either KPERS or Social Security requirements, and the final average salary calculation will meet the rules and regulations of the Kansas Public Employees Retirement System.

Grant Program Involvement

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

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Notes to Financial Statements
June 30, 2011

1. Deposits and Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(in Years)</u>	<u>Rating</u>
		<u>Less than 1</u>	
Certificates of deposit	\$ 1,948,204	\$ 1,948,204	N/A
U.S. Treasury bills	11,996,512	11,996,512	N/A
Money market fund	<u>1,526,137</u>	<u>1,526,137</u>	N/A
	<u>\$15,470,853</u>	<u>\$15,470,853</u>	

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

Concentration of credit risk – State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2011 is as follows:

<u>Investments</u>	<u>Percentage of</u> <u>Investments</u>
Certificates of deposit	13%
U.S. Treasury bills	77%
Money market funds	10%

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. All deposits were legally secured at June 30, 2011.

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Notes to Financial Statements

June 30, 2011

1. **Deposits and Investments** (Continued)

At June 30, 2011, the District's carrying amount of deposits was \$2,838,826 and the bank balance was \$3,769,465. The bank balance was held by four banks, resulting in a concentration of credit risk. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$2,769,465 was collateralized with securities held by the 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.

2. **Long-Term Debt**

In July 2002, the District issued \$4,215,000 in General Obligation Refunding Bonds, Series 2002-A (2002 Bonds), with maturity dates of March 1, 2003 through September 1, 2011 for \$4,215,000, with interest rates from 3% to 4%. The 2002 Bonds were used to refund the General Obligation Refunding Bonds, Series 1993, maturing on or after March 1, 2003 that had interest rates ranging from 2.75% to 5.75% (1993 Bonds). Interest on the 2002 bonds is paid semi-annually on March 1 and September 1. A portion of the proceeds from the Series 2010B was placed in an escrow account that purchased U.S. Government Securities. The securities will be used to provide for debt service payments on the 2002 bonds maturing September 1, 2011 (\$45,000 in principal and \$900 in interest).

On December 22, 2010, the District issued \$14,485,000 in Series 2010A Qualified School Construction Bonds (QSCB), maturing September 1, 2029 at an interest rate of 6.214%. The purpose of the Series 2010A bonds is to construct a new elementary school and pay for various District improvements. Interest on the Series 2010A bonds is due semi-annually on March 1 and September 1. The American Recovery and Reinvestment Act of 2009 and the Hiring Incentives to Restore Employment Act of 2010 created the QSCB program to provide low cost borrowing to build and upgrade schools. The District will receive a federal subsidy from the U.S. Treasury as a reimbursement of interest costs.

On December 22, 2010, the District issued \$50,000 in Series 2010B General Obligation Bonds, maturing March 1, 2011 at an interest rate of 1.12%. The purpose of the Series 2010B bonds is to pay a portion of the 2002 bonds. \$900 in interest was paid on March 1, 2011 out of the escrow account. On September 1, 2011, \$45,000 in principal and \$900 in interest will be paid out of the escrow account. The 2010B bonds were paid in full by the District on March 1, 2011.

Legal Debt Margin – The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. The District obtained permission from the Kansas State Board of Education to issue bonds in excess of its statutory limit.

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Notes to Financial Statements
June 30, 2011

2. Long-Term Debt (Continued)

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	End of Year	Balance Interest Paid
General obligation bonds:									
Series 2002A	Various	7/15/02	\$ 4,215,000	9/1/11	\$1,005,000	\$ -	\$570,000	\$ 435,000	\$ 28,800
Series 2010B	1.12%	12/22/10	50,000	3/1/11		50,000	50,000		107
Qualified School Construction Bonds:									
Series 2010A	6.214%	12/22/10	14,485,000	9/1/29		<u>14,485,000</u>		<u>14,485,000</u>	
Total long-term debt					<u>\$1,005,000</u>	<u>\$14,535,000</u>	<u>\$620,000</u>	<u>\$14,920,000</u>	<u>\$28,907</u>

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>2022-2026</u>	<u>2027-2030</u>	<u>Total</u>
Principal:									
General obligation bonds	\$ 435,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,000
Qualified school construction bonds								<u>14,485,000</u>	<u>14,485,000</u>
Total principal	<u>435,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,485,000</u>	<u>14,920,000</u>
Interest:									
General obligation bonds	8,700								8,700
Qualified school construction bonds	1,072,616	900,098	900,098	900,098	900,098	4,500,490	4,500,490	3,150,342	16,824,330
Federal subsidy on qualified school construction bonds	<u>(926,931)</u>	<u>(777,844)</u>	<u>(777,844)</u>	<u>(777,844)</u>	<u>(777,844)</u>	<u>(3,889,223)</u>	<u>(3,889,223)</u>	<u>(2,722,457)</u>	<u>(14,539,210)</u>
Total interest	<u>154,385</u>	<u>122,254</u>	<u>122,254</u>	<u>122,254</u>	<u>122,254</u>	<u>611,267</u>	<u>611,267</u>	<u>427,885</u>	<u>2,293,820</u>
Total principal and interest	<u>\$ 589,385</u>	<u>\$122,254</u>	<u>\$122,254</u>	<u>\$122,254</u>	<u>\$122,254</u>	<u>\$ 611,267</u>	<u>\$ 611,267</u>	<u>\$14,912,885</u>	<u>\$17,213,820</u>

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Notes to Financial Statements
June 30, 2011

3. Capital Projects

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	Cash Disbursements and Accounts Payable <u>To Date</u>
Elementary building and District improvements	\$ <u>14,485,000</u>	\$ <u>969,183</u>

4. Defined Benefit Pension Plan

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 Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members. Tier 2 members' contribution rate is 6% of covered salary. Tier 2 members are employees who first started working in a covered position on July 1, 2009 or after and employees who were previously a Tier 1 member and withdrew their membership, or left employment before vesting, and return to employment July 1, 2009 or after. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. For school-type municipalities that hire a KPERS retiree who retired from a different KPERS employer, the contribution rate is 16.48% for a non-licensed retiree and 20.48% for a licensed retiree. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ended June 30, 2011, 2010 and 2009 were \$188,864,352, with the remaining balance due to KPERS from the State of \$64,969,692 received by July 12, 2011, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year.

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Notes to Financial Statements
June 30, 2011

5. **Operating Transfers**

The District made the following operating transfers during fiscal year 2011. The transfers were approved by the Board of Education.

<u>Fund</u>	<u>From</u>	<u>To</u>
General	\$2,216,038	\$ -
Supplemental general	521,666	
At risk (K-12)		910,595
Food service		4,711
Professional development		10,000
Special education		1,442,398
Vocational education		350,000
Textbook and student revolving		<u>20,000</u>
	<u>\$2,737,704</u>	<u>\$2,737,704</u>

6. **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. Commercial insurance is maintained for significant losses. There have been no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

7. **Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)**

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the School District to record any payment of general state aid that is due to be paid during the month of June and is paid to the School District after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these Statutes:

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

GENERAL FUND

Statutory Revenues and Expenditures – Statutory and Budget
Year Ended June 30, 2011

	<u>Statutory</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
	<u>Transactions</u>		
Statutory revenues:			
Taxes:			
Ad valorem property tax	\$1,041,653	\$1,010,508	\$ 31,145
Delinquent tax	24,028	15,833	8,195
Mineral production tax	901		901
In lieu of taxes	287		287
Intergovernmental:			
Federal aid	370,686	134,746	235,940
State aid	5,214,087	5,639,820	(425,733)
Special education aid	<u>945,587</u>	<u>897,720</u>	<u>47,867</u>
Total statutory revenues	<u>7,597,229</u>	<u>\$7,698,627</u>	\$ <u>(101,398)</u>
Expenditures:			
Instruction:			
Salaries	1,287,650	\$1,316,380	\$ 28,730
Employee benefits	469,558	447,000	(22,558)
Purchased professional and technical services	48,034	52,500	4,466
Purchased property services		27,000	27,000
Other purchased services	23,176	8,500	(14,676)
Supplies	305,686	192,950	(112,736)
Property (equipment and furnishings)	25,411	10,000	(15,411)
Other		23,000	23,000
Student support services:			
Salaries	119,496	133,000	13,504
Employee benefits	36,556	45,400	8,844
Other purchased services	3,445	2,550	(895)
Supplies	1,821	3,200	1,379
Property (equipment and furnishings)	30	640	610
Instructional support staff:			
Salaries	233,455	227,000	(6,455)
Employee benefits	44,236	60,000	15,764
Purchased professional and technical services	451	5,000	4,549
Other purchased services	146	1,000	854
Supplies	19,584	14,920	(4,664)
General administration:			
Salaries	154,753	154,846	93
Employee benefits	29,884	33,860	3,976
Purchased professional and technical services	22,047	21,000	(1,047)
Other purchased services	29,451	38,600	9,149
Supplies	8,496	7,000	(1,496)
Property (equipment and furnishings)	1,920	800	(1,120)

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

GENERAL FUND (Continued)

Statutory Revenues and Expenditures – Statutory and Budget
Year Ended June 30, 2011

	<u>Statutory</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
	<u>Transactions</u>		
Expenditures (Continued):			
School administration:			
Salaries	\$ 515,938	\$ 544,700	\$ 28,762
Employee benefits	121,267	117,478	(3,789)
Other purchased services	85,678	71,600	(14,078)
Supplies	13,770	20,900	7,130
Property (equipment and furnishings)	12,872	2,000	(10,872)
Operations and maintenance:			
Salaries	343,712	373,500	29,788
Employee benefits	121,211	127,000	5,789
Purchased professional and technical services	2,255	2,000	(255)
Water and sewer	38,373	41,000	2,627
Repairs and maintenance	133,104	25,000	(108,104)
Repair of building	25,772	7,500	(18,272)
Other purchased property services	18,871	20,700	1,829
Other purchased services	51,069		(51,069)
Supplies	58,691	65,000	6,309
Heating and electricity	278,539	376,000	97,461
Motor fuel	14,016	15,000	984
Property (equipment and furnishings)	9,507	7,000	(2,507)
Vehicle operating service:			
Contracting of bus service	482,951	550,000	67,049
Motor fuel	107,803	115,000	7,197
Other supplemental services:			
Salaries	40,416	43,000	2,584
Employee benefits	5,992	10,740	4,748
Purchased professional and technical services	34,098	39,500	5,402
Purchased property services		55,000	55,000
Other purchased services		23,839	23,839
Operating transfers	2,216,038	2,219,024	2,986
Adjustment to comply with legal max		<u>(101,398)</u>	<u>(101,398)</u>
Total expenditures	<u>7,597,229</u>	<u>\$7,597,229</u>	<u>\$ _____ -</u>
Statutory revenues over (under) expenditures	-		
Modified unencumbered cash - July 1	_____		
Modified unencumbered cash - June 30	\$ _____ -		

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

SUPPLEMENTAL GENERAL FUND

Statutory Revenues and Expenditures – Statutory and Budget
Year Ended June 30, 2011

	<u>Statutory</u>		Variance -
	<u>Transactions</u>	<u>Budget</u>	Favorable
			<u>(Unfavorable)</u>
Statutory revenues:			
Taxes:			
Ad valorem property tax	\$1,160,868	\$1,241,870	\$ (81,002)
Delinquent tax	27,496	17,548	9,948
Motor vehicle tax	129,102	103,592	25,510
Recreational vehicle tax	2,261	1,627	634
Big truck tax	10,178		10,178
Intergovernmental:			
State aid	<u>969,975</u>	<u>973,148</u>	<u>(3,173)</u>
Total statutory revenues	<u>2,299,880</u>	<u>\$2,337,785</u>	<u>\$ (37,905)</u>
Expenditures:			
Instruction:			
Salaries	1,581,688	\$1,583,000	\$ 1,312
Employee benefits	184,640	302,000	117,360
Operations and maintenance:			
Property (equipment and furnishings)	12,006		(12,006)
Operating transfers	<u>521,666</u>	<u>415,000</u>	<u>(106,666)</u>
Total expenditures	<u>2,300,000</u>	<u>\$2,300,000</u>	<u>\$ -</u>
Statutory revenues over (under) expenditures	(120)		
Modified unencumbered cash - July 1	<u>102,108</u>		
Modified unencumbered cash - June 30	<u>\$ 101,988</u>		



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. 365, Garnett, Kansas

We have audited the financial statements of Unified School District No. 365, Garnett, Kansas (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 26, 2011. 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting. 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 charged with governance.

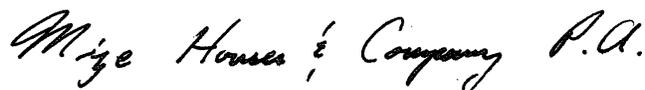
Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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* and which are described in the accompanying schedule of findings and responses.

We noted certain matters that we reported to the Board of Education in a separate letter dated October 26, 2011.

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

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



Certified Public Accountants

October 26, 2011
Topeka, Kansas

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Schedule of Findings and Responses

June 30, 2011

Finding #10-1: The American Institute of Certified Public Accountants auditing standard, Statement on Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in an Audit, emphasizes that a system of internal control over financial reporting does not stop at the general ledger. It includes controls over preparation of financial statements, including footnote disclosures. Under the Standard, a control deficiency exists when an entity does not have controls in place over preparation of the financial statements which would prevent or detect a misstatement in the financial statements. As part of the audit of the District, we draft the financial statements and related footnotes. However, according to the Standard, we cannot be considered a part of the internal controls over financial reporting. Accordingly, under this guidance, we believe that a significant control deficiency exists since we prepare the audited financial statements and related footnote disclosures.

**Management
Response:**

Management has considered the effect of Finding #10-1 and has determined that the cost of implementing controls over financial reporting in accordance with Statement on Auditing Standards No. 115 exceeds the benefits.



Independent Auditors' Report on Compliance With Requirements That Could Have a
Direct and Material Effect on Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133

Board of Education
Unified School District No. 365, Garnett, Kansas

Compliance

We have audited the compliance of Unified School District No. 365, Garnett, Kansas (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The District's 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 could have a direct and material effect on 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 laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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

Mize Houser & Company P.A.

Certified Public Accountants

October 26, 2011
Topeka, Kansas

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Schedule of Expenditures of Federal Awards
June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Cash at July 1, 2010	Receipts	Disbursements/ Expenditures	Cash at June 30, 2011
U.S. Department of Agriculture:					
Pass through Kansas State Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$ -	\$ 77,780	\$ 77,780	\$ -
National School Lunch Program	10.555		251,370	251,370	
Fresh Fruits and Veggies Program	10.582		3,928	3,928	
U.S. Department of Education:					
Pass through Kansas State Department of Education:					
Title I Cluster:					
Title I Grants to Local Educational Agencies	84.010	16,519	247,758	230,033	34,244
ARRA-Title I Grants to Local Educational Agencies	84.389	869	68,970	69,839	
Safe and Drug-Free Schools and Communities – State Grants	84.186	427	3,046	2,278	1,195
Fund for the Improvement of Education	84.215		4,000	4,000	
Education Technology Cluster:					
Education Technology State Grant	84.318		839	839	
ARRA-Education Technology State Grant	84.386		5,152	5,152	
Title II Improving Teacher Quality	84.367		62,797	60,532	2,265
ARRA-Education for Homeless Children and Youth	84.387		4,056	4,056	
ARRA-State Fiscal Stabilization Fund (SFSF) Education State Grants	84.394		134,746	134,746	
ARRA-Education Jobs Fund	84.410		<u>235,940</u>	<u>235,940</u>	
Total		<u>\$ 17,815</u>	<u>\$1,100,382</u>	<u>\$1,080,493</u>	<u>\$ 37,704</u>

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

1. General

The accompanying schedule of expenditures of federal awards includes the activity of all federal financial assistance programs of Unified School District No. 365, Garnett, Kansas (the District). All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies, is included on the schedule.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the statutory basis of accounting which is described in the summary of significant accounting policies with the District's basic financial statements.

3. Relationship to General Purpose Financial Statements

Federal financial assistance revenues are reported as intergovernmental revenue in the District's basic financial statements as follows:

General	\$ 370,686
Food service	333,078
Federal and state grants:	
Title I	316,728
Title II (Teacher Quality)	62,797
Title II (Education & Technology)	5,991
Title IV (Drug Free)	3,046
Character Education	4,000
Education for Homeless	<u>4,056</u>
 Total federal financial assistance revenues	 <u>\$1,100,382</u>

UNIFIED SCHOOL DISTRICT NO. 365, GARNETT, KANSAS

Schedule of Findings and Questioned Costs

June 30, 2011

Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas and a qualified opinion in conformity with accounting principles generally accepted in the United States of America of Unified School District No. 365, Garnett, Kansas (the District) as of June 30, 2011.
2. No material weaknesses in internal control over financial reporting were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*.
4. No material weaknesses relating to the audit of federal award programs tested as major programs are reported in our report.
5. The report on compliance for the federal award programs tested as major programs for the District expresses an unqualified opinion on such federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:
 - Title I Cluster:
 - Title I Grants to Local Educational Agencies, CFDA No. 84.010
 - ARRA-Title I Grants to Local Educational Agencies, CFDA No. 84.389
 - ARRA-State Fiscal Stabilization Fund (SFSF) Education State Grants, CFDA No. 84.394
 - ARRA-Education Jobs Fund, CFDA No. 84.410
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The District did not qualify as a low-risk auditee.

Findings – Financial Statement Audit

See Page 35

Findings and Questioned Costs – Major Federal Award Programs

Current Year Findings

None

Prior Year Findings

None