

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

SPECIAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

**Unified School District Number 408
Marion, Kansas**

Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>ITEM</u>	<u>Page Number</u>
	Independent Auditor's Report	1 - 2
Statement 1	Summary of Cash Receipts, Expenditures and Unencumbered Cash.....	3 - 4
Statement 2	Summary of Expenditures - Actual and Budget.....	5
Statement 3	Statement of Cash Receipts and Expenditures.....	6 - 38
Statement 4	Statement of Cash Receipts and Cash Disbursements	39
Statement 5	Statement of Cash Receipts and Cash Disbursements	40
	Notes to the Financial Statements.....	41 - 50
	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>	51 - 52
	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	53 - 54
Other Supplemental Information		
Schedule 1	Schedule of Expenditures of Federal Awards	55
	Schedule of Findings and Questioned Costs	56 - 59
	Summary Schedule of Prior Year Audit Findings	60



SWINDOLL
JANZEN
HAWK &
LOYD, LLC

Certified Public Accountants

Celebrating **75th**
Our Anniversary
1936 - 2011

B. Carver Swindoll, CPA
Keith S. Janzen, CPA
Kyle J. Hawk, CPA, CMAP
D. Scot Loyd, CPA, CGFM
Chet L. Buchman, CPA, CVA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 408
Marion, Kansas 66861

We have audited the accompanying financial statements of Unified School District Number 408 Marion, Kansas, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative information has been derived from the District's 2010 financial statements and, in our report dated August 31, 2010, we expressed an unqualified opinion on the financial statements taken as a whole.

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 *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 opinion.

As described in Note 1, the District prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with 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 effects 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 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011 on our consideration of the Unified School District Number 408's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Unified School District Number 408, Marion, Kansas' financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements of Unified School District Number 408, Marion, Kansas. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 taken as a whole, on the basis of accounting described in Note 1.

Sumrell, Gonyea, Hawk & Loyd, LLC

Certified Public Accountants

September 20, 2011

Unified School District Number 408
Marion, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2011

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL FUND TYPES:						
GENERAL FUNDS						
General	\$ (267,090)	\$ 4,332,001	\$ 4,397,235	\$ (332,324)	\$ 59,697	\$ (272,627)
Supplemental General	(81,751)	1,073,799	1,020,000	(27,952)	91,954	64,002
SPECIAL REVENUE FUNDS						
At Risk (K-12)	-	375,000	375,000	-	-	-
Capital Outlay	402,929	238,507	8,181	633,255	-	633,255
Driver Training	13,357	10,785	11,614	12,528	-	12,528
Food Service	20,221	381,205	370,803	30,623	2,712	33,335
Parent Education	-	7,323	7,323	-	-	-
Professional Development	603	10,000	5,322	5,281	-	5,281
Special Education	294,707	1,028,094	981,772	341,029	-	341,029
Kansas Middle School After School Activity Grant	-	19,254	19,254	-	3,478	3,478
Summer School	-	-	-	-	-	-
Vocational Education	1,411	288,500	195,477	94,434	23,372	117,806
KPERS Special Retirement Contribution	(116,241)	312,031	195,790	-	-	-
Contingency Reserve	150,505	-	1,800	148,705	-	148,705
Textbook and Student Materials Revolving	14,895	29,792	35,027	9,660	-	9,660
Title I	-	131,281	131,281	-	-	-
Title II Ed Tech	-	2,048	2,048	-	-	-
Title II-A Teacher Quality	-	25,302	25,302	-	-	-
Title IV-Drug Free Schools	-	-	-	-	-	-
Grants	1,373	49,810	49,854	1,330	31,855	33,185
Memorial	-	9,490	9,490	-	-	-
Gate Receipts	9,819	33,825	38,479	5,165	-	5,165
DEBT SERVICE FUND						
Bond and Interest	674,254	633,619	616,028	691,846	-	691,846
PERMANENT FUNDS						
Pippin Scholarship	21,439	492	300	21,631	-	21,631
Darrow Scholarship	10,675	98	300	10,473	-	10,473
Hett Scholarship	17,766	70	125	17,711	-	17,711
MHS Alumni Scholarship	7,926	24	300	7,650	-	7,650
Fruechting Memorial Scholarship	64,098	797	2,000	62,895	-	62,895
FIDUCIARY FUND TYPES:						
PRIVATE PURPOSE TRUST FUNDS						
Doug Regier Scholarship	-	-	-	-	-	-
MHS Coaches Scholarship	16,072	2,669	1,902	16,839	-	16,839
Stephen Bowers Scholarship	74	-	-	74	-	74
Total (Excluding Agency Funds)	\$ 1,257,042	\$ 8,995,817	\$ 8,502,006	\$ 1,750,853	\$ 213,068	\$ 1,963,921

Unified School District Number 408
Marion, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2011

	<u>Ending Cash Balance</u>
COMPOSITION OF CASH	
Marion National Bank - NOW account	\$ 160,252
Central National Bank - Corey Darrow Scholarship	473
Central National Bank - HD Pippin Scholarship	1,137
Central National Bank - Calvin Hett Scholarship	111
Central National Bank - Marion HS Alumni Scholarship	7,650
Central National Bank - Les & Ada Fruechting Scholarship	13,549
Central National Bank - Les & Ada Fruechting Scholarship	5,195
Central National Bank - Les & Ada Fruechting Scholarship	5,000
Central National Bank - Les & Ada Fruechting Scholarship	5,025
Central National Bank - Les & Ada Fruechting Scholarship	34,126
Central National Bank - MHSCSP Scholarship	16,839
Central National Bank - Corey Darrow Scholarship - CD	10,000
Central National Bank - Calvin Hett Scholarship - CD	17,600
Central National Bank - HD Pippin Scholarship - CD	20,494
Central National Bank - Steven Bowers Scholarship	74
Central National Bank - Performance Checking	3,830
Central National Bank - High School Activity Fund	23,663
Tampa State Bank - NOW account	1,706,003
Tampa State Bank - Middle School Activity Fund	5,294
	<hr/>
Total Cash	2,036,315
Agency Funds per Statement 4	<hr/> (72,394)
Total (Excluding Agency Funds)	<hr/> \$ 1,963,921

**Unified School District Number 408
Marion, Kansas**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended June 30, 2011**

	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
GOVERNMENTAL FUND TYPES:						
GENERAL FUNDS						
General	\$ 4,437,272	\$ (40,037)	\$ -	\$ 4,397,235	\$ 4,397,235	\$ -
Supplemental General	1,020,000	-	1,800	1,021,800	1,020,000	1,800
SPECIAL REVENUE FUNDS:						
At Risk (K-12)	375,000	-	-	375,000	375,000	-
Capital Outlay	557,929	-	-	557,929	8,181	549,748
Driver Training	21,087	-	-	21,087	11,614	9,473
Food Service	426,999	-	-	426,999	370,803	56,196
Parent Education	7,323	-	-	7,323	7,323	-
Professional Development	5,603	-	-	5,603	5,322	281
Special Education	1,165,237	-	-	1,165,237	981,772	183,465
Summer School	-	-	-	-	-	-
Vocational Education	206,411	-	-	206,411	195,477	10,934
KPERs Contribution	265,009	-	-	265,009	195,790	69,219
DEBT SERVICE FUND:						
Bond and Interest	616,278	-	-	616,278	616,028	250
	<u>\$ 9,104,148</u>	<u>\$ (40,037)</u>	<u>\$ 1,800</u>	<u>\$ 9,065,911</u>	<u>\$ 8,184,545</u>	<u>\$ 881,366</u>

Unified School District Number 408
Marion, 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)

	2011		Variance Favorable (Unfavorable)	
	2010 Actual	Actual		Budget
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 15,958	\$ 9,460	\$ 29,621	\$ (20,161)
Current year	462,263	472,535	464,300	8,235
Delinquent tax	5,054	7,555	5,022	2,533
Recreational vehicle tax	55	94	-	94
Flood control - reservoir	468	679	-	679
Mineral production tax	466	1,231	-	1,231
Machinery & equipment	23	-	-	-
State aid	3,169,208	2,956,555	3,150,160	(193,605)
Special education - state aid	804,952	670,599	670,599	-
Federal aid - Ed Jobs	-	135,760	-	135,760
Federal aid - ARRA	211,685	77,533	77,533	-
Total Cash Receipts	4,670,132	4,332,001	\$ 4,397,235	\$ (65,234)
Expenditures:				
Instruction -				
Certified salaries	862,604	747,385	\$ 887,390	\$ 140,005
Certified salaries - Ed Jobs	-	135,760	-	(135,760)
Certified salaries - ARRA	154,309	77,533	-	(77,533)
Non-certified salaries	45,715	63,714	50,000	(13,714)
Insurance	52,728	72,373	60,000	(12,373)
Social Security	94,421	99,560	100,000	440
Other employee benefits	40,183	45,443	50,000	4,557
Purchased professional services	71,681	48,539	70,000	21,461
Other purchased services	31	-	-	-
General teaching supplies	33,963	59,900	45,000	(14,900)
Textbooks	29,543	1,957	25,000	23,043
Other	102,921	99,046	100,000	954
Student Support Services -				
Certified salaries	104,015	53,697	104,015	50,318
Non-certified salaries	25,252	26,107	26,000	(107)
Insurance	874	934	1,000	66
Social Security	8,698	8,928	10,000	1,072
Other employee benefits	109	111	200	89
Purchased professional services	10,036	4,195	12,000	7,805
Supplies	1,037	74	1,000	926

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

Unified School District Number 408
Marion, Kansas

GENERAL FUND (cont.)

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)

	2010		2011		Variance Favorable (Unfavorable)
	Actual	Actual	Actual	Budget	
Expenditures (cont.)					
Instruction Support Staff -					
Certified salaries	\$ 8,743	\$ 4,247	\$ 55,000	\$ 50,753	
Non-certified salaries	85,937	84,959	45,000	(39,959)	
Social Security	5,480	5,586	8,000	2,414	
Other employee benefits	68	69	500	431	
Purchased professional services	45,842	40,945	45,000	4,055	
Books and periodicals	9,836	9,015	10,000	985	
Audio visual and instruction software	2,702	1,315	3,000	1,685	
General Administration -					
Certified salaries	74,973	101,054	99,964	(1,090)	
Certified salaries - ARRA	24,991	-	-	-	
Non-certified salaries	324	385	500	115	
Social Security	6,990	7,005	10,000	2,995	
Other employee benefits	1,030	88	1,000	912	
Purchased professional services	35,094	27,682	35,000	7,318	
Insurance	5,257	5,817	6,000	183	
Communications	21,631	16,189	21,000	4,811	
Supplies	65	161	1,000	839	
Other general administration	1,686	2,367	2,000	(367)	
School Administration -					
Certified salaries	185,959	221,149	218,500	(2,649)	
Certified salaries - ARRA	32,385	-	-	-	
Non-certified salaries	87,555	85,599	90,000	4,401	
Insurance	12,404	14,995	15,000	5	
Social Security	21,203	21,166	21,000	(166)	
Other employee benefits	2,151	493	2,000	1,507	
Other purchased services	2,524	4,013	3,000	(1,013)	
Supplies	16,236	14,885	16,000	1,115	
Operations and Maintenance -					
Non-certified salaries	210,106	190,436	210,000	19,564	
Insurance	36,504	29,107	38,000	8,893	
Social Security	15,673	14,146	16,000	1,854	
Other employee benefits	9,083	3,624	10,000	6,376	
Purchased professional services	13,490	18,666	15,000	(3,666)	
Water/sewer	12,286	14,086	14,500	414	
Repairs and maintenance	1,474	4,207	1,500	(2,707)	
Rentals	-	-	3,600	3,600	

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

Unified School District Number 408
Marion, Kansas

GENERAL FUND (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>2011</u>			
	<u>2010 Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (cont.)				
Other purchased property services	\$ 5,725	\$ 6,025	\$ 6,500	\$ 475
Insurance	45,137	39,292	50,000	10,708
Heating	5,195	4,075	6,000	1,925
Electricity	5,336	5,423	6,500	1,077
Other operations and maintenance	155	298	1,000	702
Student Transportation Services - Supervision				
Non-certified salaries	20,000	920	2,000	1,080
Social security	1,441	70	100	30
Other employee benefits	19	1	50	49
Other	3,709	1,239	4,000	2,761
Vehicle Operating Services -				
Non-certified salaries	63,397	45,663	70,000	24,337
Insurance	15,548	16,204	16,000	(204)
Social security	4,470	3,320	5,000	1,680
Other employee benefits	8,593	3,564	10,000	6,436
Insurance	10,149	11,048	12,000	952
Motor Fuel	38,441	38,299	45,000	6,701
Equipment	-	-	50,000	50,000
Other	14,284	6,955	15,000	8,045
Vehicle and Maintenance Services -				
Purchased professional services	36,114	31,442	45,000	13,558
Other purchased services	1,764	1,730	5,000	3,270
Community Service Operations	61,589	35,007	63,000	27,993
Other Supplemental Service -				
Non-certified salaries	53,900	53,881	53,900	19
Insurance	7,436	11,852	8,000	(3,852)
Social Security	3,904	3,979	5,000	1,021
Other employee benefits	49	51	200	149
Supplies	6,360	5,663	6,500	837

**Unified School District Number 408
Marion, Kansas**

GENERAL FUND (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

			<u>2011</u>		
	<u>2010</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>				<u>Favorable</u>
					<u>(Unfavorable)</u>
Expenditures (cont.)					
Outgoing Transfers -					
At Risk (K-12)	\$ 375,000	\$	375,000	\$ 375,000	\$ -
Capital Outlay	-		120,000	10,000	(110,000)
Driver Training	-		5,000	-	(5,000)
Food Service	45,000		30,000	30,000	-
Professional Development	-		5,000	-	(5,000)
Parent Education	7,508		7,323	7,323	-
Special Education	862,312		755,199	770,530	15,331
Vocational Education	180,355		285,000	200,000	(85,000)
Adjustment to comply with legal max	-		-	(40,037)	(40,037)
Legal General Fund Budget	<u>4,510,692</u>		<u>4,397,235</u>	<u>\$ 4,397,235</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	159,440		(65,234)		
Unencumbered Cash, Beginning	<u>(426,530)</u>		<u>(267,090)</u>		
Unencumbered Cash, Ending	<u>\$ (267,090)</u>	\$	<u>(332,324)</u>	*	

* See Note 6 (Statutory Presentation)

Unified School District Number 408
Marion, Kansas

SUPPLEMENTAL GENERAL

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)

	2010		2011		Variance Favorable (Unfavorable)
	Actual	Actual	Actual	Budget	
Cash Receipts:					
Taxes and Shared Revenue- Ad valorem property					
Prior year	\$ 16,218	\$ 10,998	\$ 29,616	\$ (18,618)	
Current year	413,153	457,071	512,856	(55,785)	
Delinquent tax	4,843	8,027	4,520	3,507	
Motor vehicle tax	52,199	52,472	55,626	(3,154)	
Recreational vehicle tax	1,210	1,210	1,309	(99)	
State aid	363,205	542,221	473,329	68,892	
Federal aid - ARRA	126,737	-	-	-	
Machinery & equipment	20	-	-	-	
Miscellaneous revenue	-	1,800	-	1,800	
Total Cash Receipts	<u>977,585</u>	<u>1,073,799</u>	<u>\$ 1,077,256</u>	<u>\$ (3,457)</u>	
Expenditures:					
Instruction -					
Certified salaries	373,232	380,001	\$ 500,000	\$ 119,999	
Certified salaries - ARRA	126,767	-	-	-	
Insurance	20,000	20,000	20,000	-	
Property	48,343	54,685	75,000	20,315	
Operations & Maintenance -					
Repair of buildings	63,509	71,672	75,000	3,328	
General supplies	52,425	44,141	60,000	15,859	
Heating	46,865	38,574	60,000	21,426	
Electricity	77,148	87,077	90,000	2,923	
Property	8,505	20,955	10,000	(10,955)	
Outgoing Transfers -					
Food Service	25,000	25,000	25,000	-	
Professional Development	-	5,000	5,000	-	
Special Ed	158,206	272,895	100,000	(172,895)	
Total Expenditures	<u>1,000,000</u>	<u>1,020,000</u>	<u>\$ 1,020,000</u>	<u>\$ -</u>	
Receipts Over (Under) Expenditures	(22,415)	53,799			
Unencumbered Cash, Beginning	<u>(59,336)</u>	<u>(81,751)</u>			
Unencumbered Cash, Ending	<u>\$ (81,751)</u>	<u>\$ (27,952)</u>	*		

* See Note 6 (Statutory Presentation)

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

Unified School District Number 408
Marion, Kansas

AT RISK (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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 375,000	\$ 375,000	\$ 375,000	\$ -
Expenditures:				
Instruction -				
Certified salaries	280,000	324,861	\$ 280,000	\$ (44,861)
Non certified salaries	75,000	-	75,000	75,000
Social Security	20,000	-	20,000	20,000
Student Support Services -				
Certified salaries	-	50,139	-	(50,139)
Total Expenditures	375,000	375,000	\$ 375,000	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

Unified School District Number 408
Marion, Kansas

CAPITAL OUTLAY

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)

	2010		2011	
	Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue -				
Interest on idle funds	\$ 13,064	\$ 6,500	\$ 20,000	\$ (13,500)
Other local source revenue	38,647	112,007	125,000	(12,993)
Transfer from General Fund	-	120,000	10,000	110,000
Total Cash Receipts	<u>51,711</u>	<u>238,507</u>	<u>\$ 155,000</u>	<u>\$ 83,507</u>
Expenditures:				
Instruction property	650	-	\$ 10,000	\$ 10,000
Student support services property	-	-	10,000	10,000
General administration property	-	-	10,000	10,000
School administration property	-	-	10,000	10,000
Operation and maintenance property	570	-	20,000	20,000
New building	95,084	3,541	60,000	56,459
Building improvements	-	4,640	437,929	433,289
Total Expenditures	<u>96,304</u>	<u>8,181</u>	<u>\$ 557,929</u>	<u>\$ 549,748</u>
Receipts Over (Under) Expenditures	(44,593)	230,326		
Unencumbered Cash, Beginning	<u>447,522</u>	<u>402,929</u>		
Unencumbered Cash, Ending	<u>\$ 402,929</u>	<u>\$ 633,255</u>		

Unified School District Number 408
Marion, Kansas

DRIVER TRAINING

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Other local source revenue	\$ 4,100	\$ 2,899	\$ 5,000	\$ (2,101)
State aid	2,400	2,886	2,730	156
Transfer from General Fund	-	5,000	-	5,000
Total Cash Receipts	<u>6,500</u>	<u>10,785</u>	<u>\$ 7,730</u>	<u>\$ 3,055</u>
Expenditures:				
Instruction -				
Certified salaries	11,103	9,953	\$ 18,087	\$ 8,134
Social Security	848	752	1,000	248
Other employee benefits	843	362	1,000	638
Supplies - general	131	547	1,000	453
Total Expenditures	<u>12,925</u>	<u>11,614</u>	<u>\$ 21,087</u>	<u>\$ 9,473</u>
Receipts Over (Under) Expenditures	(6,425)	(829)		
Unencumbered Cash, Beginning	<u>19,782</u>	<u>13,357</u>		
Unencumbered Cash, Ending	<u>\$ 13,357</u>	<u>\$ 12,528</u>		

Unified School District Number 408
Marion, Kansas

FOOD SERVICE

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Student sales	\$ 117,126	\$ 109,156	\$ 105,500	\$ 3,656
Student sales - breakfast	-	-	24,150	(24,150)
Adult sales and ala carte	18,077	16,313	15,098	1,215
Other revenue	19,165	30,617	25,000	5,617
State aid	3,281	2,071	3,325	(1,254)
Federal aid	155,451	168,048	178,705	(10,657)
Transfer from General Fund	45,000	30,000	30,000	-
Transfer from Supplemental General Fund	25,000	25,000	25,000	-
Total Cash Receipts	<u>383,100</u>	<u>381,205</u>	<u>\$ 406,778</u>	<u>\$ (25,573)</u>
Expenditures:				
Food Service Operation -				
Non-certified salaries	98,180	90,670	\$ 110,000	\$ 19,330
Insurance	16,224	20,704	20,000	(704)
Social Security	7,359	6,177	10,000	3,823
Other employee benefits	2,002	1,799	5,000	3,201
Food and milk	240,140	237,259	260,000	22,741
Miscellaneous supplies	313	562	2,000	1,438
Property, equipment and furniture	2,110	-	4,999	4,999
Other food service operations	13,764	13,632	15,000	1,368
Total Expenditures	<u>380,092</u>	<u>370,803</u>	<u>\$ 426,999</u>	<u>\$ 56,196</u>
Receipts Over (Under) Expenditures	3,008	10,402		
Unencumbered Cash, Beginning	<u>17,213</u>	<u>20,221</u>		
Unencumbered Cash, Ending	<u>\$ 20,221</u>	<u>\$ 30,623</u>		

Unified School District Number 408
Marion, Kansas

PARENT EDUCATION

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 7,508	\$ 7,323	\$ 7,323	\$ -
Expenditures:				
Purchased professional services	7,508	7,323	\$ 7,323	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

Unified School District Number 408
Marion, Kansas

PROFESSIONAL DEVELOPMENT

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ -	\$ 5,000	\$ -	\$ 5,000
Transfer from Supplemental General Fund	-	5,000	5,000	-
Total Cash Receipts	-	10,000	\$ 5,000	\$ 5,000
Expenditures:				
Purchased professional services	6,649	4,991	\$ 4,603	\$ (388)
Other	1,016	331	1,000	669
Total Expenditures	7,665	5,322	\$ 5,603	\$ 281
Receipts Over (Under) Expenditures	(7,665)	4,678		
Unencumbered Cash, Beginning	8,268	603		
Unencumbered Cash, Ending	\$ 603	\$ 5,281		

Unified School District Number 408
Marion, Kansas

SPECIAL EDUCATION

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 862,312	\$ 755,199	\$ 770,530	\$ (15,331)
Transfer from Supplemental General Fund	158,205	272,895	100,000	172,895
Total Cash Receipts	<u>1,020,517</u>	<u>1,028,094</u>	<u>\$ 870,530</u>	<u>\$ 157,564</u>
Expenditures:				
Instruction -				
Tuition	-	-	\$ 20,000	\$ 20,000
Payment to Special Education Coop	316,326	308,530	400,000	91,470
Payment to Sp Ed Coop (Flowthrough)	632,884	656,255	722,737	66,482
Vehicle Operating Service -				
Non-certified salaries	11,026	9,722	15,000	5,278
Social Security	813	693	1,000	307
Other employee benefits	10	9	500	491
Contract bus services	24	-	-	-
Insurance	1,149	709	1,500	791
Motor fuel	3,824	5,854	4,500	(1,354)
Total Expenditures	<u>966,056</u>	<u>981,772</u>	<u>\$ 1,165,237</u>	<u>\$ 183,465</u>
Receipts Over (Under) Expenditures	54,461	46,322		
Unencumbered Cash, Beginning	<u>240,246</u>	<u>294,707</u>		
Unencumbered Cash, Ending	<u>\$ 294,707</u>	<u>\$ 341,029</u>		

Unified School District Number 408
Marion, Kansas

KANSAS MIDDLE SCHOOL AFTER SCHOOL ACTIVITY GRANT

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
State aid	\$ -	\$ 19,254
Expenditures:		
Instruction -		
Other	-	19,254
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

Unified School District Number 408
Marion, Kansas

SUMMER SCHOOL

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 35,110	\$ -	\$ -	\$ -
Expenditures:				
Transfer to At Risk (K-12) Fund	35,110	-	\$ -	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

Unified School District Number 408
Marion, Kansas

VOCATIONAL EDUCATION

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 180,355	\$ 285,000	\$ 200,000	\$ 85,000
Federal aid	3,500	3,500	-	3,500
Miscellaneous revenue	-	-	5,000	(5,000)
Total Receipts	<u>183,855</u>	<u>288,500</u>	<u>\$ 205,000</u>	<u>\$ 83,500</u>
Expenditures:				
Instruction -				
Certified salaries	152,255	159,520	\$ 170,000	\$ 10,480
Social Security	10,270	10,320	15,911	5,591
Other employee benefits	128	129	500	371
General teaching supplies	4,761	8,721	5,000	(3,721)
Property and equipment	16,953	16,787	15,000	(1,787)
Total Expenditures	<u>184,367</u>	<u>195,477</u>	<u>\$ 206,411</u>	<u>\$ 10,934</u>
Receipts Over (Under) Expenditures	(512)	93,023		
Unencumbered Cash, Beginning	<u>1,923</u>	<u>1,411</u>		
Unencumbered Cash, Ending	<u>\$ 1,411</u>	<u>\$ 94,434</u>		

Unified School District Number 408
Marion, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

(With Comparative Actual totals for the Prior Year Ended June 30, 2008)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State Sources - KPERS	\$ 114,202	\$ 312,031	\$ 265,009	\$ 47,022
Expenditures:				
Employee Benefits -				
Instruction	149,789	127,265	\$ 172,256	\$ 44,991
Student Support	4,609	3,916	5,300	1,384
Instructional Support	11,522	9,789	13,250	3,461
General Administration	11,522	9,789	13,250	3,461
School Administration	18,435	15,663	21,201	5,538
Operations & Maintenance	16,131	13,705	18,551	4,846
Student Transportation Services	11,522	9,789	13,251	3,462
Food Service	6,913	5,874	7,950	2,076
Total Expenditures	230,443	195,790	\$ 265,009	\$ 69,219
Receipts Over (Under) Expenditures	(116,241)	116,241		
Unencumbered Cash, Beginning	-	(116,241)		
Unencumbered Cash, Ending	\$ (116,241)	\$ -		

Unified School District Number 408
Marion, Kansas

CONTINGENCY RESERVE

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Transfer from General Fund	\$ -	\$ -
Expenditures:		
Other	-	1,800
Receipts Over (Under) Expenditures	-	(1,800)
Unencumbered Cash, Beginning	<u>150,505</u>	<u>150,505</u>
Unencumbered Cash, Ending	<u>\$ 150,505</u>	<u>\$ 148,705</u>

Unified School District Number 408
Marion, Kansas

TEXTBOOK AND STUDENT MATERIALS REVOLVING

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Fees and material sales	\$ 12,611	\$ 29,792
Expenditures:		
Materials and supplies	<u>7,723</u>	<u>35,027</u>
Receipts Over (Under) Expenditures	4,888	(5,235)
Unencumbered Cash, Beginning	<u>10,007</u>	<u>14,895</u>
Unencumbered Cash, Ending	<u>\$ 14,895</u>	<u>\$ 9,660</u>

**Unified School District Number 408
Marion, Kansas**

TITLE I

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal grant	\$ 85,484	\$ 82,990
Federal grant - ARRA	-	48,291
	<hr/>	<hr/>
Total Cash Receipts	85,484	131,281
	<hr/>	<hr/>
Expenditures:		
Certified salaries	79,706	39,009
Certified salaries - ARRA	-	48,291
Classified salaries	218	36,422
Social Security	5,491	7,466
Employee benefits	68	93
	<hr/>	<hr/>
Total Expenditures	85,484	131,281
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<hr/>	<hr/>
	-	-
Unencumbered Cash, Ending	<hr/>	<hr/>
	\$ -	\$ -

Unified School District Number 408
Marion, Kansas

TITLE II ED TECH

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal grant	\$ 718	\$ 281
Federal grant - ARRA	-	1,767
	<hr/>	<hr/>
Total Cash Receipts	718	2,048
	<hr/>	<hr/>
Expenditures:		
Certified salaries	718	-
Equipment and guidance	-	281
Equipment and guidance - ARRA	-	1,767
	<hr/>	<hr/>
Total Expenditures	718	2,048
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<hr/>	<hr/>
	-	-
Unencumbered Cash, Ending	<hr/>	<hr/>
	\$ -	\$ -

Unified School District Number 408
Marion, Kansas

TITLE II-A TEACHER QUALITY

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal aid	\$ 26,308	\$ 25,302
Expenditures:		
Instruction - Certified salaries	<u>26,308</u>	<u>25,302</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 408
Marion, Kansas

TITLE IV-DRUG FREE SCHOOLS

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal aid	\$ 1,887	\$ -
Expenditures:		
Instruction -		
Other	<u>1,887</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 408
Marion, Kansas

GRANTS

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Grants	\$ 73,332	\$ 49,810
Expenditures	<u>73,628</u>	<u>49,854</u>
Receipts Over (Under) Expenditures	(296)	(43)
Unencumbered Cash, Beginning	<u>1,669</u>	<u>1,373</u>
Unencumbered Cash, Ending	<u>\$ 1,373</u>	<u>\$ 1,330</u>

Unified School District Number 408
Marion, Kansas

MEMORIAL

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)

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts:		
Donations	-	9,490
Expenditures:		
Miscellaneous	-	9,490
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

Unified School District Number 408
Marion, Kansas

BOND AND INTEREST

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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 12,391	\$ 7,330	\$ 19,747	\$ (12,417)
Current year	275,356	276,868	279,395	(2,527)
Delinquent tax	4,272	6,431	3,013	3,418
Motor vehicle tax	41,246	38,812	40,648	(1,836)
Recreational vehicle tax	954	891	957	(66)
Machinery & equipment	10	-	-	-
State aid	217,457	203,287	203,372	(85)
Other local source revenue	100,000	100,000	100,000	-
Total Cash Receipts	<u>651,688</u>	<u>633,619</u>	<u>\$ 647,132</u>	<u>\$ (13,513)</u>
Expenditures:				
Principal	285,000	310,000	\$ 310,000	\$ -
Interest	319,043	306,028	306,028	0
Commission	-	-	250	250
Total Expenditures	<u>604,043</u>	<u>616,028</u>	<u>\$ 616,278</u>	<u>\$ 250</u>
Receipts Over (Under) Expenditures	47,644	17,592		
Unencumbered Cash, Beginning	<u>626,610</u>	<u>674,254</u>		
Unencumbered Cash, Ending	<u>\$ 674,254</u>	<u>\$ 691,846</u>		

Unified School District Number 408
Marion, Kansas

PIPPIN SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Interest	\$ 444	\$ 492
Expenditures:		
Scholarships awarded	<u>705</u>	<u>300</u>
Receipts Over (Under) Expenditures	(261)	192
Unencumbered Cash, Beginning	<u>21,700</u>	<u>21,439</u>
Unencumbered Cash, Ending	<u>\$ 21,439</u>	<u>\$ 21,631</u>

Unified School District Number 408
Marion, Kansas

DARROW SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Interest	\$ 230	\$ 98
Expenditures:		
Scholarships awarded	<u>350</u>	<u>300</u>
Receipts Over (Under) Expenditures	(120)	(202)
Unencumbered Cash, Beginning	<u>10,794</u>	<u>10,675</u>
Unencumbered Cash, Ending	<u>\$ 10,675</u>	<u>\$ 10,473</u>

Unified School District Number 408
Marion, Kansas

HETT SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Interest	\$ 216	\$ 70
Expenditures:		
Scholarships awarded	<u>600</u>	<u>125</u>
Receipts Over (Under) Expenditures	(385)	(55)
Unencumbered Cash, Beginning	<u>18,150</u>	<u>17,766</u>
Unencumbered Cash, Ending	<u>\$ 17,766</u>	<u>\$ 17,711</u>

Unified School District Number 408
Marion, Kansas

MHS ALUMNI SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Interest	\$ 79	\$ 24
Expenditures:		
Scholarships awarded	<u>300</u>	<u>300</u>
Receipts Over (Under) Expenditures	(221)	(276)
Unencumbered Cash, Beginning	<u>8,147</u>	<u>7,926</u>
Unencumbered Cash, Ending	<u>\$ 7,926</u>	<u>\$ 7,650</u>

Unified School District Number 408
Marion, Kansas

FRUECHTING MEMORIAL SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Interest	\$ 680	\$ 797
Expenditures:		
Scholarships awarded	<u>2,000</u>	<u>2,000</u>
Receipts Over (Under) Expenditures	(1,320)	(1,203)
Unencumbered Cash, Beginning	<u>65,418</u>	<u>64,098</u>
Unencumbered Cash, Ending	<u>\$ 64,098</u>	<u>\$ 62,895</u>

Unified School District Number 408
Marion, Kansas

DOUG REGIER SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Interest	\$ -	\$ -
Expenditures:		
Scholarships awarded	416	-
Service charges	15	-
Total Expenditures	432	-
Receipts Over (Under) Expenditures	(432)	-
Unencumbered Cash, Beginning	432	-
Unencumbered Cash, Ending	\$ -	\$ -

Unified School District Number 408
Marion, Kansas

MHS COACHES SCHOLARSHIP

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)

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts:		
Donations	\$ 4,100	\$ 2,600
Interest	85	69
	<hr/>	<hr/>
Total Cash Receipts	4,185	2,669
Expenditures:		
Scholarships awarded	1,829	1,902
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	2,355	767
Unencumbered Cash, Beginning	<hr/> 13,717	<hr/> 16,072
Unencumbered Cash, Ending	<hr/> \$ 16,072	<hr/> \$ 16,839

Unified School District Number 408
Marion, Kansas

STEPHEN BOWERS SCHOLARSHIP

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)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Donations	\$ 500	\$ -
Interest	<u>1</u>	<u>-</u>
Total Cash Receipts	501	-
Expenditures:		
Scholarships awarded	<u>500</u>	<u>-</u>
Receipts Over (Under) Expenditures	1	-
Unencumbered Cash, Beginning	<u>73</u>	<u>74</u>
Unencumbered Cash, Ending	<u>\$ 74</u>	<u>\$ 74</u>

**Unified School District Number 408
Marion, Kansas**

AGENCY FUNDS

**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2011**

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organizations:				
High School:				
Class of 2005	\$ 140	\$ -	\$ 140	\$ -
Class of 2006	92	-	-	92
Class of 2007	546	-	201	345
Class of 2008	230	-	-	230
Class of 2009	357	-	-	357
Class of 2010	356	-	27	329
Class of 2011	526	2,567	3,093	-
Class of 2012	605	10,652	8,868	2,389
Class of 2013	523	30	-	553
Class of 2014	-	80	-	80
Drama	129	-	-	129
English Trip	163	4,097	3,672	588
FCCLA	2,230	7,755	7,709	2,276
FBLA	196	127	140	183
FEA	1,411	535	666	1,280
Forensics	406	532	528	410
Future Farmers of America	1,847	27,064	28,270	641
NHS	898	1,908	2,781	25
Instrumental music	422	265	68	619
Student Council	898	1,584	1,451	1,031
Vocal music	1,285	7,488	7,835	938
Weightlifting	1,040	9,050	9,068	1,022
MAYB	-	8,642	3,788	4,854
Key Club	514	983	835	662
Subtotal High School	<u>14,814</u>	<u>83,359</u>	<u>79,140</u>	<u>19,033</u>
Middle School:				
Student Council	1,061	2,115	2,760	416
Eighth grade trip	4,009	9,444	9,567	3,886
Subtotal Middle School	<u>5,070</u>	<u>11,559</u>	<u>12,327</u>	<u>4,302</u>
Total Student Organization Funds	19,885	94,918	91,467	23,336
Payroll clearing	45,422	8,305	5,126	48,601
Sales tax	242	2,253	2,038	457
Total Agency Funds	<u>\$ 65,549</u>	<u>\$ 105,476</u>	<u>\$ 98,631</u>	<u>\$ 72,394</u>

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

**Unified School District Number 408
Marion, Kansas**

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ACTUAL
For the Year Ended June 30, 2011

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Gate Receipts:				
High School Athletics	\$ 9,819	\$ 27,240	\$ 32,886	\$ 4,173
Middle School Athletics	-	6,585	5,593	992
	<hr/>	<hr/>	<hr/>	<hr/>
Total Gate Receipts	<u>\$ 9,819</u>	<u>\$ 33,825</u>	<u>\$ 38,479</u>	<u>\$ 5,165</u>

UNIFIED SCHOOL DISTRICT NUMBER 408

MARION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Unified School District Number 408 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District Number 408, the primary government. There were no component units in the year ended June 30, 2011.

(b) Reimbursed Expenses

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

(c) Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into two categories: governmental and fiduciary. Within each of these two categories there are one or more fund types. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

General Fund - The general fund is used to account for all activities of the general government not accounted for in some other fund.

Special Revenue Funds - Special revenue funds are used to account for the collection and disbursement of monies earmarked for a special purpose.

Debt Service Funds - Debt Service Funds are used to account for the servicing of general long-term debt such as general obligation bonds.

Capital Project Funds - Capital Project Funds are used to account for the source of funds and the use of those funds to be expended on the particular capital project.

Permanent Fund - This fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs, that is, for the benefit of the District or its citizenry.

FIDUCIARY FUND TYPES

This fund type accounts for assets held by the District as a trustee or agent for others and therefore cannot be used to support the District's own programs.

Private Purpose Trust Funds - These funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) 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.

(e) 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, 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 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 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.

(f) Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds and Enterprise Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Budget and Tax Cycle (cont.)

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 and permanent funds and the following special revenue funds: Kansas Middle School After School Activity Grant, Contingency Reserve, Textbook and Student Materials Revolving, Title I, Title II Ed Tech, Title II-A Teacher Quality, Title IV Drug Free Schools, Grants, Memorial and Gate Receipts.

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

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on 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 below, if applicable.

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

Custodial credit risk. Custodial credit risk is the risk that in the event of 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.

At year end, the carrying amount of the District's deposits was \$2,036,314 and the bank balance was \$2,526,431. The bank balance was held by three banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$677,642 was covered by federal depository insurance and \$1,848,789 was covered by pledged securities held under joint custody receipts issued by a third-party bank in the District's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

2. DEPOSITS AND INVESTMENTS (cont.)

(b) Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Municipal Investment Pool. The District held no investments at year end.

3. LONG-TERM DEBT

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
	3.95% to								
General Obligation Bonds	4.35%	5-1-06	8,000,000	9-1-24	\$ 7,510,000	\$ -	\$ 310,000	\$ 7,200,000	\$ 306,028
Total Bonded Indebtedness					7,510,000	-	310,000	7,200,000	306,028
Compensated Absences	N/A	N/A	N/A	N/A	36,006		6,037	29,969	-
Total Long-Term Debt					\$ 7,546,006	\$ -	\$ 316,037	\$ 7,229,969	\$ 306,028

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

	Year							
	2012	2013	2014	2015	2016	2017-2021	2022-2025	Total
Principal:								
General obligation bonds								
Series 2006	\$ 340,000	\$ 365,000	\$ 400,000	\$ 430,000	\$ 460,000	\$ 2,785,000	\$ 2,420,000	\$ 7,200,000
Total principal	340,000	365,000	400,000	430,000	460,000	2,785,000	2,420,000	7,200,000
Interest:								
General obligation bonds								
Series 2006	291,809	276,387	259,653	241,496	222,028	787,966	176,337	2,255,676
Total interest	291,809	276,387	259,653	241,496	222,028	787,966	176,337	2,255,676
Total principal and interest	\$ 631,809	\$ 641,387	\$ 659,653	\$ 671,496	\$ 682,028	\$ 3,572,966	\$ 2,596,337	\$ 9,455,676

4. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay	K.S.A. 72-6428	\$ 120,000
General Fund	Driver Training	K.S.A. 72-6428	5,000
General Fund	Food Service	K.S.A. 72-6428	30,000
General Fund	Professional Development	K.S.A. 72-6428	5,000
General Fund	Parent Education	K.S.A. 72-6428	7,323
General Fund	Special Education	K.S.A. 72-6428	755,199
General Fund	Vocational	K.S.A. 72-6428	285,000
General Fund	At Risk (K-12)	K.S.A. 72-6428	375,000
Supplemental General	Food Service	K.S.A. 72-6433	25,000
Supplemental General	Professional Development	K.S.A. 72-6433	5,000
Supplemental General	Special Education	K.S.A. 72-6433	272,895

5. PENSION COSTS AND EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Plan Description. The District contributes to 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) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. For fiscal year 2011, the State of Kansas contributed 9.17% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$188,864,352 received as of June 30, 2011, (with the remaining balance due from the state of \$64,969,692, received by July 12, 2011), \$140,318,394 received as of June 30, 2010, (with the remaining balance due from the state of \$108,149,792, received by July 9, 2010), and \$242,277,363, respectively, equal to the statutory required contributions for each year.

6. 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.

6. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d) (cont.)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2011

GENERAL FUND

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 9,460	\$ 29,621	\$ (20,161)
Current Year	472,535	464,300	8,235
Delinquent Tax	7,555	5,022	2,533
Recreational Vehicle Tax	94	-	94
Flood Control Reservoir	679	-	679
Mineral Production Tax	1,231	-	1,231
State Aid	3,021,790	3,150,160	(128,370)
Special Education State Aid	670,599	670,599	-
Federal Aid - ARRA	77,533	77,533	-
Federal Aid - ARRA - Jobs Grant	135,760	-	135,760
Total Statutory Revenues	<u>4,397,236</u>	<u>\$ 4,397,235</u>	<u>\$ 1</u>
Expenditures			
Instruction	1,451,207	\$ 1,387,390	\$ (63,817)
Student Support Services	94,048	154,215	60,167
Instructional Support Staff	146,137	166,500	20,363
General Administration	160,747	176,464	15,717
School Administration	362,300	365,500	3,200
Operations & Maintenance	329,386	378,600	49,214
Student Transportation Services	2,230	6,150	3,920
Vehicle Operating Services	125,053	223,000	97,947
Vehicle & Maintenance Services	33,172	50,000	16,828
Other Supplemental Service	75,426	73,600	(1,826)
Community Service Operations	35,007	63,000	27,993
Outgoing Transfers	1,582,522	1,392,853	(189,669)
Adjustment to Comply with Legal Max	-	(40,037)	(40,037)
Total Expenditures	<u>4,397,235</u>	<u>\$ 4,397,235</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	1		
Modified Unencumbered Cash, June 30, 2010	-		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 1</u>		

6. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d) (cont.)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2011

SUPPLEMENTAL GENERAL FUND

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 10,998	\$ 29,616	\$ (18,618)
Current Year	457,071	512,856	(55,785)
Delinquent Tax	8,027	4,520	3,507
Motor Vehicle Tax	52,472	55,626	(3,154)
Recreational Vehicle Tax	1,210	1,309	(99)
State Aid	471,785	473,329	(1,544)
Miscellaneous Revenue	1,800	-	1,800
Total Statutory Revenues	<u>1,003,363</u>	<u>\$ 1,077,256</u>	<u>\$ (73,893)</u>
Expenditures			
Instruction	454,685	595,000	140,315
Operations & Maintenance	262,420	295,000	32,580
Outgoing Transfers	302,895	130,000	(172,895)
Total Expenditures	<u>1,020,000</u>	<u>\$ 1,020,000</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	(16,637)		
Modified Unencumbered Cash, June 30, 2010	<u>16,713</u>		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 76</u>		

7. LEAVE POLICIES

Vacation, sick leave and other compensated absences are recorded as expenditures in governmental funds when they are paid.

Employees earn 10 days sick leave each year with a maximum accumulation of 75 days. Any accumulation of sick leave over 75 days is paid to the employee at the rate of \$25.00 per day. Upon retirement after 15 years of employment the employee shall be paid \$25.00 for each day of unused sick leave.

8. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of September 30, 2011, grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the individual governmental funds or the overall financial position of the District.

During the ordinary course of its operations the District is a party to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material impact on the District.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2010 to 2011, and there were no settlements that exceeded insurance coverage in the past three years.

9. SCHOLARSHIP FUNDS

During the year ended June 30, 1994, the District was named trustee of the H. Dean Pippin Memorial Scholarship Fund. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. A scholarship(s) of at least 90% of earnings shall be granted at least annually from the income derived from the trust principal during the previous trust year to one or more high school seniors graduating from Marion High School who intend to continue their education with post-high school studies. No contributions were made during the year ended June 30, 2011 and the corpus balance remains \$21,000. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 1997, the District was named trustee of the Corey Darrow Memorial Scholarship Fund. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. A scholarship(s) of at least 90% of earnings shall be granted at least annually from the income derived from the trust principal during the previous trust year to one or more high school seniors graduating from Marion High School who intend to continue their education with post-high school studies. No contributions were made during the year ended June 30, 2011 and the corpus balance remains \$10,000. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 1998, the District was named trustee of the Calvin Ray Hett Memorial Scholarship Fund. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. A scholarship(s) of at least 90% of the net trust income acquired during the previous trust year can be given to a high school senior graduating from Marion High School who intends to continue their education with post-high school studies in agriculture or an agriculture related field. No contributions were made during the year ended June 30, 2011 and the corpus balance remains \$17,600. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 1998, the District was named trustee of the Marion High School Alumni Endowed Scholarship Fund. Under the terms of the trust agreement, all funds and property will be held in trust with only the interest used for scholarship aid. The trust shall be perpetual. There shall be a scholarship granted at least annually from the income derived from the trust principal to one or more recipients, as deemed appropriate and advisable by the District. Preference is given to high school seniors who choose to enroll in an accredited school of higher education. No contributions were made during the year ended June 30, 2011 and the corpus balance remains \$6,500. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

9. SCHOLARSHIP FUNDS (cont.)

During the year ended June 30, 2003, the District was named trustee of the MHS Coaches' Scholarship Fund. Under the terms, the fund is intended to be perpetual. The scholarship is to be awarded to college bound graduating seniors in honor of former Marion High School coaches who have been nominated and met the MHSCSP qualifying criteria. One student/athlete will be nominated by the coaching staff of each individual sport offered at Marion High School. In addition, the Marion High School Athletic Director will nominate one at-large student/athlete that has not been nominated by an individual sport. These individual scholarships shall be in the amount of \$250 per year until all funds are depleted, in addition there will be one \$500 scholarship awarded. Income may also be expended for scholarship recipient plaques according to an addendum approved July 1, 2009. Contributions of \$2,600 were made during the year ended June 30, 2011. This fund shall be classified as a private purpose trust fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 2003, the District was named trustee of the John Leslie and Ada Estelle Fruechting Memorial Scholarship Fund. Under the terms of the trust agreement, all funds will be held in the trust with only the interest used for scholarship aid. The trust shall be perpetual. There shall be a scholarship granted at least annually from the income derived from the trust principal to one or more recipients, as deemed appropriate and advisable by the District. Preference is to be given to high school seniors intending to pursue post-high school studies at a four-year college or university that have shown leadership qualities either in the classroom or school activities. No contributions were made during the year ended June 30, 2011 and the corpus balance remains \$45,000. The trust has been classified as a permanent fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 2004, the District was named trustee of the Doug Regier Memorial Scholarship Fund. Under the terms of the trust agreement, the fund is intended to have a limited life of four years and shall be terminated after all funds have been disbursed. Funds from the memorial shall be granted to Marion High School seniors intending to pursue post-high school studies/training at a technical school in agriculture, automotive, or a related field of study. There shall be one \$300 scholarship awarded each year for 3 years. On the fourth year, one final scholarship equal to the remaining balance of the memorial fund will be awarded. The first scholarship was made available to the class of 2005. No contributions were made during the year ended June 30, 2011. The trust has been classified as a private purpose trust fund on Statement 1 with the cash restricted as described above. This scholarship was closed according to the agreement terms during the year ended 2010.

During the year ended June 30, 2006, the District was named trustee of the Stephen Bowers Memorial Scholarship Fund. Under the terms of the trust agreement, the fund is intended to have a limited life of 5 years, but may extend longer than that if additional funds are received. If the balance in the fund exceeds \$3,000, the committee may award any amount that exceeds \$3,000 in one year. Funds from the memorial shall be granted to Marion High School seniors intending to pursue post-high school studies in agriculture or any trade school. There shall be \$1,000 awarded, but no one applicant may receive more than \$500. No scholarship need be awarded if an acceptable or eligible application is not received. The first scholarship was available for the class of 2006, or a member of the classes of 2003, 2004 or 2005 who had completed study and the funds may be used to pay student loans from those courses. No contributions were made during the year ended June 30, 2011. The trust has been classified as a private purpose trust fund on Statement 1 with the cash restricted as described above.

10. OTHER POST EMPLOYMENT BENEFITS

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the 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.

11. INTERLOCAL AGREEMENT

The City of Marion approved the proposal from U.S.D. #408 for the City to utilize the school districts' indoor swimming pool facility for public and City recreation use, with the City agreeing to pay \$100,000 annually to the U.S.D. #408 for the life of the bonds and also split net expenses each year equally with the school district, to be revaluated in three years.

U.S.D #408, along with the City of Marion entered into an interlocal agreement on October 23, 2006, regarding the cooperative use of facilities, equipment, and personnel. The purpose of the agreement states the parties agree to execute one or more letter agreements that shall become a part of this agreement. The letters of understanding shall address issues relating to sharing facilities and resources controlled or owned by the parties, and may include use of facilities, equipment personnel; access to facilities, equipment, personnel; charges, costs, or fees; site improvements; maintenance responsibilities; duration of use or access; and times and dates of use or access. Letters of understanding in regard to expense sharing were signed December 31, 2008. No other letters of understanding have been signed.

12. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statements of subsequent events occurring through September 20, 2011 which is the date at which the financial statements were available to be issued.

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

OTHER SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2011



SWINDOLL
JANZEN
HAWK &
LOYD, LLC

Celebrating *75th*
Our Anniversary
1936 - 2011

B. Carver Swindoll, CPA
Keith S. Janzen, CPA
Kyle J. Hawk, CPA, CMAP
D. Scot Loyd, CPA, CGFM
Chet L. Buchman, CPA, CVA

Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Unified School District Number 408
Marion, Kansas

We have audited the financial statements of the Unified School District Number 408 as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 20, 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, and the *Kansas Municipal Auditing Guide*.

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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (11-01 and 11-02). 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.

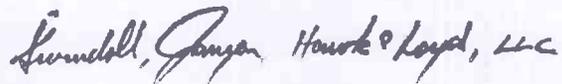
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District, in a separate letter dated September 20, 2011.

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

This report is intended solely for the information and use of management, Board of Education, 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.



Swindoll Janzen Hawk & Loyd, LLC

September 20, 2011



Certified Public Accountants

Celebrating *75th*
Our Anniversary
1936 - 2011

B. Carver Swindoll, CPA
Keith S. Janzen, CPA
Kyle J. Hawk, CPA, CMAP
D. Scot Loyd, CPA, CGFM
Chet L. Buchman, CPA, CVA

INDEPENDENT AUDITOR'S 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 Number 408
Marion, Kansas

Compliance

We have audited the compliance of the Unified School District Number 408 with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on the District's 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 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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompany schedule of findings and questioned costs as items 11-03 and 11-04.

Internal Control Over Compliance

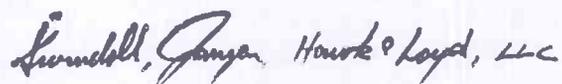
Management of the Unified School District Number 408 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

This report is intended solely for the information and use of management, Board of Education, 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.



Swindoll Janzen Hawk & Loyd, LLC

September 20, 2011

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

OTHER SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2011

Unified School District Number 408
Marion, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture - Cluster</u>			
Passed Through State Department of Education			
School Breakfast Program	10.553	D0408	\$ 40,871
National School Lunch Program	10.555	D0408	126,020
Fresh Fruit and Vegetable Program	10.582	D0408	<u>11,249</u>
Total U.S. Department of Agriculture			<u>178,140</u>
<u>U.S. Department of Education</u>			
Rural Education Achievement Program	84.358A	S358A0996690	31,255
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	D0408	82,990
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	D0408	48,291
Title II-A Improving Teacher Quality State Grants	84.367	D0408	25,302
Title II-D Education Technology State Grants	84.318	D0408	281
ARRA - Title II-D Education Technology State Grants, Recovery Act	84.386	D0408	1,767
Education Jobs Funds	84.410	D0408	135,760
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	D0408	77,533
Passed Through ESSDACK			
Carl Perkins	84.048		<u>3,500</u>
Total U.S. Department of Education			<u>406,679</u>
Total Expenditures of Federal Awards			<u>\$ 584,819</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Unified School District Number 408, Marion, Kansas, and is presented using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule.

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District Number 408.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District Number 408, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion.
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:

	<u>CFDA No.</u>
ARRA - State Fiscal Stabilization Fund – Education State Grants, Recovery Act	84.394
Title I, Part A Cluster – Title I, Part A	84.010
ARRA – Title I, Part A	84.389
Education Jobs Fund	84.410
8. The threshold for distinguishing Types A and B program was \$300,000.
9. Unified School District Number 408 was not a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

Number 11-01 Lack of Segregation of Duties

Condition: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it. Due to resource constraints, these conflicting phases of transactions potentially occur throughout your entity at various times throughout the fiscal year. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Number 11-01 Lack of Segregation of Duties (cont.)

Criteria: The segregation of incompatible duties means that no employee should be in a position to both commit an irregularity and conceal it. An Elected Official's Guide to Internal Controls and Fraud Prevention states that "ideally, no single individual should be able to:

- a) *authorize* a transaction;
- b) *record* the transaction in the books of account; and
- c) ensure custody of the asset resulting from the transaction."

In a smaller entity setting, it is very difficult to maintain ideal segregation of duties. We consider this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Effect: Lack of segregation of duties aids in the possibility that errors and irregularities whether caused by fraud or human error will not be detected.

Cause: Due to the limited staff in the District, segregation of duties has not been possible as required in an ideal internal control structure. At this time, we feel it would be cost prohibitive to increase staff in the District offices sufficiently to rectify this situation. Current office staff and the Board should however, continually review the opportunity to implement segregation of duties that will enhance the internal control structure at a minimal cost to the District.

Recommendation: We recommend that the office staff continually review their procedures for opportunities to increase the segregation of duties in the office as well as the overall internal controls and oversight over the accounting functions in the office. We recommend the Board be aware of the importance of segregating the office duties in order to maintain a good internal control structure that will aid in the prevention and detection of errors and irregularities whether caused by fraud or human error.

Within the constraints of available resources, management should attempt to logically segregate duties among people or processes to mitigate risks and meet their financial reporting objectives.

Number 11-02 Financial Statement Reporting

Condition: Our firm has been asked to prepare the financial statements for the District; however, our firm cannot be considered part of the internal control structure of the District in regard to the preparation of the financial statements.

Criteria: The District prepares its 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, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit Guide* (KMAG).

Effect: We consider this condition related to external financial statement and other supplemental information preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Number 11-02 Financial Statement Reporting (cont.)

Cause: District personnel do have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the District governing body on an as needed basis. However, the District either has no documented policy or procedures related to the preparation of the external financial statements and other supplemental information and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements and other supplemental information.

Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- a) Obtain a current copy of the Kansas Municipal Audit Guide (KMAG);
- b) Obtain a report check list for KMAG financial statements;
- c) Participate in a training session on financial statement preparation and review; and
- d) Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF EDUCATION

ARRA – State Stabilization Fund – Education State Grants, Recovery Act – CFDA Number 84.394

NONE

Title I Low Income Program – CFDA Number 84.010
ARRA – Title I, Part A Cluster – CFDA Number 84.389

Number 11-03 Compliance Issue - Reporting

Condition: The annual continuing schoolwide program application was not properly filed with the Kansas Department of Education.

Criteria: The continuing schoolwide program application is a required report by the Kansas Department of Education, to be filed annually for the Local Consolidated Plan. The report includes the schoolwide program budgets and any revisions to the schoolwide components.

Questioned costs: Not applicable

Effect: If the report is not filed with the Kansas Department of Education, the district could potentially lose their status as a schoolwide program and lose the flexibility they are given in spending Title I funds as part of participating in the schoolwide program.

Number 11-03 Compliance Issue – Reporting (cont.)

Cause: The continuing schoolwide program application was not filed with the Kansas Department of Education due to the district being unaware of the reporting requirement caused by a change in staff handling the Local Consolidated Plan.

Recommendation: We recommend that the district become familiar with the application and make note of the required submission date to file the report timely and be in compliance with the state's reporting requirements.

Response by Management: Management agrees with this finding. They are in the process of working with a Kansas Department of Education representative to obtain the necessary training for the schoolwide program. The district prepared a Corrective Action Plan which addresses this finding.

Number 11-04 Compliance Issue – Special Tests and Provisions

Condition: Separate accounting of ARRA receipts and expenditures was not kept adequately for Title I funds.

Criteria: Per OMB A-133 2011 Compliance Supplement, "Federal agencies must require recipients to agree to maintain records that identify adequately the source and application of ARRA awards".

Questioned costs: Not applicable

Effect: The district will not be in compliance with the specific reporting requirements of ARRA funds.

Cause: The district overlooked the separate accounting of Title I ARRA funds, as they were in compliance with the separate reporting of other ARRA funds.

Recommendation: We recommend the district be aware of the importance of the compliance requirements in order to avoid any future instances of noncompliance.

Response by Management: Management agrees with this finding. The district prepared a Corrective Action Plan which addresses this finding.

Education Jobs Fund – CFDA Number 84.410

NONE

**UNIFIED SCHOOL DISTRICT NUMBER 408
MARION, KANSAS**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2011**

There were no reportable findings for the year ended June 30, 2010.