

**UNIFIED SCHOOL DISTRICT NUMBER 419
CANTON, KANSAS**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

**Unified School District Number 419
Canton, Kansas**

Fiscal Year Ended June 30, 2011

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SWINDOLL
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Certified Public Accountants

Celebrating *75th*
Our Anniversary
1936 - 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 419
Canton, KS 67428

We have audited the accompanying financial statements of Unified School District Number 419, Canton, 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 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.

Certified Public Accountants

August 18, 2011

**Unified School District Number 419
Canton, Kansas**

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

	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
GENERAL OPERATING FUNDS:						
General Fund	\$ (235,971)	\$ 3,034,583	\$ 2,981,182	\$ (182,570)	\$ 147,838	\$ (34,732)
Supplemental General Fund	(23,627)	1,030,432	966,419	40,386	-	40,386
SPECIAL REVENUE FUNDS:						
At Risk (4 Yr Old) Fund	2,867	11,000	12,614	1,253	5	1,258
At Risk (K-12) Fund	42,259	110,360	115,632	36,987	9,408	46,395
Capital Outlay Fund	407,630	141,938	94,536	455,032	-	455,032
Contingency Reserve Fund	257,699	-	11,050	246,649	-	246,649
Driver Training Fund	18,409	8,363	6,031	20,741	3,762	24,503
Food Service Fund	74,878	277,358	276,753	75,483	4,348	79,831
Professional Development Fund	12,551	10,000	1,785	20,766	1,335	22,101
Special Education Fund	199,799	581,849	578,150	203,498	639	204,137
Summer School Fund	3,473	-	-	3,473	-	3,473
Textbook/Student Material Revolving Fund	4,175	14,322	10,265	8,232	1,840	10,072
Vocational Education Fund	31,140	105,000	103,189	32,951	3,079	36,030
Title IV Drug Free Schools Fund	-	-	-	-	-	-
Title IIA Teacher Quality Fund	-	28,815	28,815	-	2,133	2,133
Title IID Education Technology Fund	-	189	189	-	-	-
Title I Fund	-	68,399	68,399	-	467	467
Head Start Fund	-	16,684	16,684	-	-	-
TLC Fund	22,081	9,350	10,212	21,219	332	21,551
Gifts and Grants Fund	8,659	41,577	43,547	6,689	212	6,901
KPERS Special Retirement Contribution Fund	(83,723)	235,352	151,629	-	-	-
Scholarship Fund	730	1,900	2,000	630	-	630
Gate Receipts	-	57,952	57,952	-	-	-
School Projects	1,876	5,452	5,428	1,900	-	1,900

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

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**Unified School District Number 419
Canton, Kansas**

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

	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
DEBT SERVICE FUND:						
Bond and Interest Fund	\$ 347,588	\$ 356,710	\$ 339,375	\$ 364,923	\$ -	\$ 364,923
Total	<u>\$ 1,092,493</u>	<u>\$ 6,147,585</u>	<u>\$ 5,881,836</u>	<u>\$ 1,358,242</u>	<u>\$ 175,398</u>	<u>\$ 1,533,640</u>

COMPOSITION OF CASH:

Checking Account-Citizens State Bank	\$ 145,396
Certificates of Deposit - Citizens State Bank	1,400,000
Certificates of Deposit - Farmers State Bank	-
Board Petty Cash Checking Account - Citizens State Bank	1,500
Activity Funds Account - High School Checking-State Bank of Canton	25,848
Activity Funds Account - High School Certificates of Deposit-State Bank of Canton	<u>1,900</u>
Total Cash	1,574,644
Agency Funds per Statement 4	<u>(41,004)</u>
Total (Excluding Agency Funds)	<u>\$ 1,533,640</u>

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

**Unified School District Number 419
Canton, 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 for Budget Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL OPERATING FUNDS:						
General Fund	\$ 3,060,354	\$ (138,706)	\$ 59,534	\$ 2,981,182	\$ 2,981,182	\$ -
Supplemental General Fund	998,736	(32,317)	-	966,419	966,419	-
SPECIAL REVENUE FUNDS:						
At Risk (4 Yr Old) Fund	23,867	-	-	23,867	12,614	11,253
At Risk (K-12) Fund	217,259	-	-	217,259	115,632	101,627
Capital Outlay Fund	555,935	-	-	555,935	94,536	461,399
Driver Training Fund	28,998	-	-	28,998	6,031	22,967
Food Service Fund	328,744	-	-	328,744	276,753	51,991
Professional Development Fund	12,551	-	-	12,551	1,785	10,766
Special Education Fund	769,799	-	-	769,799	578,150	191,649
Summer School Fund	3,472	-	-	3,472	-	3,472
Vocational Education	151,141	-	-	151,141	103,189	47,952
KPERS Special Retirement Contribution Fund	201,685	-	-	201,685	151,629	50,056
DEBT SERVICE FUND:						
Bond and Interest Fund	339,476	-	-	339,476	339,375	101
	<u>\$ 6,692,017</u>	<u>\$ (171,023)</u>	<u>\$ 59,534</u>	<u>\$ 6,580,528</u>	<u>\$ 5,627,294</u>	<u>\$ 953,234</u>

STATEMENT 2

Unified School District Number 419
Canton, 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)

	2010		2011	
	Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 15,694	\$ 15,317	\$ 11,671	\$ 3,646
Current year	455,380	481,494	471,497	9,997
Delinquent tax	8,522	8,087	7,226	861
Mineral production tax	1,672	3,509	-	3,509
State aid	2,087,309	1,908,984	2,111,970	(202,986)
Federal aid - ARRA	143,900	53,114	-	53,114
Federal aid - ARRA - Jobs Grant	-	93,003	93,003	-
Special education state aid	381,758	411,541	404,876	6,665
Miscellaneous reimbursements	39,310	59,534	-	59,534
Total Cash Receipts	3,133,545	3,034,583	\$ 3,100,243	\$ (65,660)
Expenditures:				
Instruction -				
Certified salaries	186,877	161,779	\$ 196,418	\$ 34,639
Certified salaries-ARRA	87,416	53,114	-	(53,114)
Certified salaries-Jobs Grant	-	91,012	91,012	-
Non-certified salaries	94,024	95,701	97,000	1,299
Insurance	64,718	66,864	65,000	(1,864)
Social Security	22,605	24,332	25,094	762
Other employee benefits	17,084	17,405	17,354	(51)
Purchased property services	21,446	44,027	41,000	(3,027)
Other purchased services	12,728	15,683	17,000	1,317
Teaching supplies	36,965	51,894	55,000	3,106
Teaching supplies - ARRA	14,765	-	-	-
Textbooks	2,483	-	33,410	33,410
Supplies	9,493	10,016	9,500	(516)
Miscellaneous supplies	44,414	46,764	50,000	3,236
Miscellaneous supplies - ARRA	4,505	-	-	-
Property and equipment	8,920	39,135	10,000	(29,135)
Other	6,092	4,530	6,500	1,970
Student Support Services -				
Certified salaries	39,093	45,021	44,100	(921)
Social Security	2,689	3,319	3,000	(319)
Other employee benefits	3,889	230	1,000	770
Other purchased services	5,726	6,711	6,300	(411)
Instruction Support Staff -				
Certified salaries	32,780	24,932	23,009	(1,923)
Certified salaries - ARRA	2,980	-	-	-
Certified salaries - Jobs Grant	-	1,991	1,991	-
Non-certified salaries	13,793	15,438	15,700	262
Non-certified salaries - ARRA	1,351	-	-	-
Social Security	3,897	3,243	3,100	(143)
Other employee benefits	528	299	500	201
Books and periodicals	5,740	5,746	7,000	1,254

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

Unified School District Number 419
Canton, 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	
	Actual	Actual	Budget	Variance Favorable (Unfavorable)
Expenditures (cont.):				
General Administration -				
Certified salaries	\$ 72,037	\$ 74,090	\$ 74,500	\$ 410
Insurance	3,377	3,493	3,400	(93)
Social Security	5,185	5,347	5,500	153
Other employee benefits	14,840	15,503	16,000	497
Insurance	903	800	1,000	200
Communications	6,490	5,729	6,700	971
Other purchased services	50,774	60,015	52,000	(8,015)
Supplies	1,581	2,920	2,000	(920)
Property and equipment	739	-	1,000	1,000
Other	3,873	4,403	4,000	(403)
School Administration -				
Certified salaries	200,316	205,910	209,500	3,590
Certified salaries - ARRA	1,908	-	-	-
Non-certified salaries	91,451	95,123	92,500	(2,623)
Insurance	3,377	6,702	6,800	98
Social Security	21,522	22,318	22,000	(318)
Other employee benefits	1,345	1,353	1,400	47
Communications	12,221	9,963	12,500	2,537
Other purchased services	-	400	500	100
Supplies	3,198	4,548	4,000	(548)
Property and equipment	539	1,115	2,000	885
Other	2,066	2,157	2,000	(157)
Operations and Maintenance -				
Non-certified salaries	169,495	204,322	202,000	(2,322)
Non-certified salaries - ARRA	30,975	-	-	-
Insurance	20,260	20,959	20,500	(459)
Social Security	14,222	14,426	15,000	574
Other employee benefits	9,637	7,838	10,000	2,162
Water/sewer	5,997	10,495	7,000	(3,495)
Repairs and maintenance	57,369	77,260	72,000	(5,260)
Other purchased property services	5,188	3,969	5,000	1,031
Insurance	25,517	23,289	25,000	1,711
Other purchased services	1,740	1,784	2,000	216
General supplies	29,243	30,245	30,000	(245)
Heating	34,115	27,835	40,000	12,165
Electricity	60,156	71,663	67,000	(4,663)
Motor fuel	4,399	5,392	5,000	(392)
Other	2,024	1,317	4,000	2,683

Unified School District Number 419
Canton, 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	
	Actual	Actual	Budget	Variance Favorable (Unfavorable)
Expenditures (cont.):				
Vehicle Operating Services -				
Non-certified salaries	\$ 47,549	\$ 47,373	\$ 49,000	\$ 1,627
Social Security	3,553	3,456	4,000	544
Other employee benefits	2,549	2,030	2,600	570
Insurance	2,187	1,609	2,800	1,191
Motor fuel	20,860	26,949	35,000	8,051
Other	11,073	8,124	13,000	4,876
Vehicle & Maintenance Services -				
Other purchased services	5,322	15,458	7,000	(8,458)
Other Support Services -				
Non-certified salaries	62,978	63,825	64,000	175
Insurance	3,377	3,493	3,400	(93)
Social Security	3,965	4,119	4,300	181
Other employee benefits	289	278	400	122
Outgoing Transfers -				
Capital Outlay	51,971	51,239	138,706	87,467
Driver Training	8,000	3,000	8,000	5,000
Food Service	70,000	84,000	75,000	(9,000)
Professional Development	-	10,000	-	(10,000)
Special Education	610,413	578,000	560,000	(18,000)
Vocational Education	130,000	105,000	90,000	(15,000)
Contingency Reserve	132,000	-	-	-
At Risk (4 Yr old)	22,000	11,000	9,000	(2,000)
At Risk (K-12)	164,000	110,360	150,360	40,000
Adjustment to comply with legal max	-	-	(138,706)	(138,706)
Legal General Fund Budget	3,067,166	2,981,182	2,921,648	(59,534)
Adjustment for qualifying budget credits	-	-	59,534	59,534
Total Expenditures	<u>3,067,166</u>	<u>2,981,182</u>	<u>\$ 2,981,182</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	66,379	53,401		
Unencumbered Cash, Beginning	(302,350)	(235,971)		
Unencumbered Cash, Ending	<u>\$ (235,971)</u>	<u>\$ (182,570)</u>	*	

* See Note 3 (Statutory Presentation)

**Unified School District Number 419
Canton, Kansas**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2011

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

	2010		2011	
	Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 22,453	\$ 21,800	\$ 20,229	\$ 1,571
Current year	601,414	631,196	602,563	28,633
Delinquent tax	11,597	13,198	9,618	3,580
Motor vehicle tax	67,075	71,307	75,912	(4,605)
Recreational vehicle tax	3,730	3,878	1,641	2,237
State aid	200,331	289,053	262,052	27,001
Federal aid - ARRA	65,211	-	-	-
Total Cash Receipts	971,811	1,030,432	\$ 972,015	\$ 58,417
Expenditures:				
Instruction -				
Certified salaries	850,074	897,832	\$ 897,832	\$ -
Certified salaries - ARRA	65,211	-	-	-
Social security	70,019	68,587	68,587	-
Total Expenditures	985,304	966,419	\$ 966,419	\$ -
Receipts Over (Under) Expenditures	(13,493)	64,013		
Unencumbered Cash, Beginning	(10,134)	(23,627)		
Unencumbered Cash, Ending	\$ (23,627)	\$ 40,386	*	

* See Note 3 (Statutory Presentation)

Unified School District Number 419
Canton, Kansas

AT RISK (4 YR OLD) 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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 22,000	\$ 11,000	\$ 21,000	\$ (10,000)
Expenditures:				
Instruction -				
Certified salaries	12,084	8,356	\$ 15,000	\$ 6,644
Non-certified salaries	5,976	3,351	6,000	2,649
Social security	1,382	896	1,700	804
Other employee benefits	17	11	167	156
Teaching supplies	398	-	1,000	1,000
Total Expenditures	19,857	12,614	\$ 23,867	\$ 11,253
Receipts Over (Under) Expenditures	2,143	(1,614)		
Unencumbered Cash, Beginning	724	2,867		
Unencumbered Cash, Ending	\$ 2,867	\$ 1,253		

Unified School District Number 419
Canton, Kansas

AT RISK (K-12) 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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 164,000	\$ 110,360	\$ 175,000	\$ (64,640)
Expenditures:				
Instruction -				
Certified salaries	92,981	55,903	\$ 142,000.00	\$ 86,097.00
Non-certified salaries	10,524	24,032	27,000	2,968
Social security	7,918	6,115	13,159	7,044
Other employee benefits	94	77	300	223
Teaching supplies	11	952	2,000	1,048
Student Support Services -				
Certified salaries	21,647	26,501	30,000	3,499
Social security	1,656	2,027	2,700	673
Other employee benefits	21	25	100	75
Total Expenditures	<u>134,852</u>	<u>115,632</u>	<u>\$ 217,259</u>	<u>\$ 101,627</u>
Receipts Over (Under) Expenditures	29,148	(5,272)		
Unencumbered Cash, Beginning	<u>13,111</u>	<u>42,259</u>		
Unencumbered Cash, Ending	<u>\$ 42,259</u>	<u>\$ 36,987</u>		

Unified School District Number 419
Canton, Kansas

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 1,947	\$ 2,553	\$ 2,244	\$ 309
Current year	70,345	73,712	78,749	(5,037)
Delinquent tax	969	1,304	1,684	(380)
Motor vehicle tax	4,438	6,769	7,331	(562)
Recreational vehicle tax	234	352	158	194
Interest on idle funds	2,898	6,009	-	6,009
Transfer from General Fund	51,971	51,239	65,000	(13,761)
	<u>132,802</u>	<u>141,938</u>	<u>\$ 155,166</u>	<u>\$ (13,228)</u>
Total Cash Receipts				
Expenditures:				
Property, Equipment & Furnishings -				
Instruction	10,275	13,966	\$ 100,000	\$ 86,034
General administration	-	-	15,000	15,000
School administration	-	-	15,000	15,000
Operations and maintenance	17,619	10,565	95,000	84,435
Transportation	-	15,781	94,000	78,219
Other support services	-	-	15,000	15,000
Facility Acquisition and Construction Services -				
Architectural & engineering services	-	2,551	-	(2,551)
Building improvements	66,843	51,673	221,935	170,262
	<u>94,737</u>	<u>94,536</u>	<u>\$ 555,935</u>	<u>\$ 461,399</u>
Total Expenditures				
Receipts Over (Under) Expenditures	38,065	47,402		
Unencumbered Cash, Beginning	369,565	407,630		
Unencumbered Cash, Ending	<u>\$ 407,630</u>	<u>\$ 455,032</u>		

**Unified School District Number 419
Canton, Kansas**

CONTINGENCY RESERVE FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Transfer from General Fund	\$ 132,000	\$ -
Expenditures:		
Instruction - Insurance	-	6,500
General Administration - Insurance	-	325
School Administration - Insurance	-	650
Other Supplemental Services - Insurance	-	1,300
Operations & Maintenance - Insurance	-	1,950
Student Transportation Services - Insurance	-	325
Total Expenditures	-	11,050
Receipts Over (Under) Expenditures	132,000	(11,050)
Unencumbered Cash, Beginning	125,699	257,699
Unencumbered Cash, Ending	\$ 257,699	\$ 246,649

Unified School District Number 419
Canton, Kansas

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State aid	\$ 1,400	\$ 2,738	\$ 2,590	\$ 148
Other revenue from local source	3,300	2,625	-	2,625
Transfer from General Fund	8,000	3,000	8,000	(5,000)
Total Cash Receipts	12,700	8,363	\$ 10,590	\$ (2,227)
Expenditures:				
Instruction -				
Certified salaries	7,039	5,082	\$ 20,000.00	\$ 14,918.00
Social Security	539	389	2,000	1,611
Other employee benefits	6	8	100	92
Teaching supplies	118	50	1,000	950
Other	-	20	500	480
Operations and Maintenance -				
Motor fuel	856	482	4,398	3,916
Other	66	-	1,000	1,000
Total Expenditures	8,624	6,031	\$ 28,998	\$ 22,967
Receipts Over (Under) Expenditures	4,076	2,332		
Unencumbered Cash, Beginning	14,333	18,409		
Unencumbered Cash, Ending	\$ 18,409	\$ 20,741		

Unified School District Number 419
Canton, Kansas

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State aid	\$ 2,398	\$ 2,390	\$ 1,942	\$ 448
Federal aid	100,566	102,236	88,646	13,590
Student sales - lunch	73,666	74,373	70,437	3,936
Student sales - breakfast	-	-	3,502	(3,502)
Adult sales	14,913	14,359	14,339	20
Transfer from General Fund	70,000	84,000	75,000	9,000
Total Cash Receipts	261,543	277,358	\$ 253,866	\$ 23,492
Expenditures:				
Operations and Maintenance -				
Property and equipment	-	-	\$ 16,000	\$ 16,000
Operation of Non Instructional Services -				
Certified salaries	500	382	1,000	618
Non-certified salaries	86,180	92,399	97,000	4,601
Insurance	10,179	10,602	11,000	398
Social Security	6,273	6,681	8,500	1,819
Other employee benefits	4,130	3,622	5,244	1,622
Other purchased services	9,739	10,832	20,000	9,168
Food and milk	142,631	152,235	170,000	17,765
Total Expenditures	259,632	276,753	\$ 328,744	\$ 51,991
Receipts Over (Under) Expenditures	1,911	605		
Unencumbered Cash, Beginning	72,967	74,878		
Unencumbered Cash, Ending	\$ 74,878	\$ 75,483		

Unified School District Number 419
Canton, 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)

	<u>2010 Actual</u>	<u>2011</u>		<u>Variance Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
State aid	\$ 188	\$ -	\$ -	\$ -
Transfer from General Fund	<u>-</u>	<u>10,000</u>	<u>4,000</u>	<u>6,000</u>
Total Receipts	<u>188</u>	<u>10,000</u>	<u>\$ 4,000</u>	<u>\$ 6,000</u>
Expenditures:				
Instruction -				
Certified salaries	-	-	\$ 4,000	\$ 4,000
Instructional Support Staff -				
Purchased professional services	<u>835</u>	<u>1,785</u>	<u>8,551</u>	<u>6,766</u>
Total Expenditures	<u>835</u>	<u>1,785</u>	<u>\$ 12,551</u>	<u>\$ 10,766</u>
Receipts Over (Under) Expenditures	(647)	8,215		
Unencumbered Cash, Beginning	<u>13,198</u>	<u>12,551</u>		
Unencumbered Cash, Ending	<u>\$ 12,551</u>	<u>\$ 20,766</u>		

Unified School District Number 419
Canton, Kansas

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>2010 Actual</u>	<u>2011</u>		<u>Variance Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Miscellaneous revenue	\$ -	\$ 3,849	\$ -	\$ 3,849
Transfer from General Fund	<u>610,413</u>	<u>578,000</u>	<u>570,000</u>	<u>8,000</u>
Total Cash Receipts	<u>610,413</u>	<u>581,849</u>	<u>\$ 570,000</u>	<u>\$ 11,849</u>
Expenditures:				
Instruction -				
Certified salaries	17,624	18,649	\$ 26,000	\$ 7,351
Non certified salaries	5,856	5,716	8,000	2,284
Social security	1,796	1,864	4,000	2,136
Other employee benefits	23	23	100	77
Payment to special education coop	501,574	519,807	680,199	160,392
Vehicle Operating Service -				
Non-certified salaries	21,641	20,143	29,000	8,857
Insurance	3,393	3,534	3,500	(34)
Social Security	890	694	1,500	806
Other employee benefits	759	845	1,000	155
Other purchased services	877	1,077	2,000	923
Mileage in lieu of transportation	35	-	500	500
Motor fuel	4,978	3,980	8,000	4,020
Other	<u>1,027</u>	<u>1,818</u>	<u>6,000</u>	<u>4,182</u>
Total Expenditures	<u>560,473</u>	<u>578,150</u>	<u>\$ 769,799</u>	<u>\$ 191,649</u>
Receipts Over (Under) Expenditures	49,940	3,699		
Unencumbered Cash, Beginning	<u>149,859</u>	<u>199,799</u>		
Unencumbered Cash, Ending	<u>\$ 199,799</u>	<u>\$ 203,498</u>		

Unified School District Number 419
Canton, Kansas

SUMMER SCHOOL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Instructional Support Staff - Certified salaries	-	-	\$ 3,472	\$ 3,472
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	3,473	3,473		
Unencumbered Cash, Ending	\$ 3,473	\$ 3,473		

Unified School District Number 419
Canton, Kansas

TEXTBOOK/STUDENT MATERIAL REVOLVING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Student fees	\$ 13,074	\$ 12,980
Miscellaneous revenue	<u>1,782</u>	<u>1,342</u>
Total Cash Receipts	<u>14,856</u>	<u>14,322</u>
Expenditures:		
Instruction -		
Textbooks	10,849	8,143
Instructional Support Staff -		
Supplies	<u>2,693</u>	<u>2,122</u>
Total Expenditures	<u>13,542</u>	<u>10,265</u>
Receipts Over (Under) Expenditures	1,314	4,057
Unencumbered Cash, Beginning	<u>2,861</u>	<u>4,175</u>
Unencumbered Cash, Ending	<u>\$ 4,175</u>	<u>\$ 8,232</u>

Unified School District Number 419
Canton, Kansas

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Transfer from General Fund	\$ 130,000	\$ 105,000	\$ 120,000	\$ (15,000)
Expenditures:				
Instruction -				
Certified salaries	95,355	87,380	\$ 114,641	\$ 27,261
Insurance	6,518	7,068	7,000	(68)
Social security	6,099	5,496	9,000	3,504
Other employee benefits	76	68	500	432
General teaching supplies	6,058	3,177	10,000	6,823
Technology related supplies	-	-	10,000	10,000
Total Expenditures	114,106	103,189	\$ 151,141	\$ 47,952
Receipts Over (Under) Expenditures	15,894	1,811		
Unencumbered Cash, Beginning	15,246	31,140		
Unencumbered Cash, Ending	\$ 31,140	\$ 32,951		

Unified School District Number 419
Canton, 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 grant	\$ 1,291	\$ -
Expenditures:		
Certified salaries	<u>1,291</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 419
Canton, Kansas**

TITLE IIA TEACHER QUALITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal grant	\$ 12,109	\$ 28,815
Expenditures:		
Instruction -		
Certified salaries	1,450	14,595
Insurance	-	1,015
Purchased professional services	8,339	12,755
Instructional support staff -		
Certified salaries	<u>2,320</u>	<u>450</u>
Total Expenditures	<u>12,109</u>	<u>28,815</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 419
Canton, Kansas

TITLE IID EDUCATIONAL TECHNOLOGY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal grant	\$ 450	\$ 189
Federal grant - ARRA	1,107	-
	<u>1,557</u>	<u>189</u>
Total Receipts		
Expenditures:		
Purchased professional services	217	189
Purchased professional services - ARRA	277	-
Other purchased services	233	-
Other purchased services - ARRA	830	-
	<u>1,557</u>	<u>189</u>
Total Expenditures		
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

**Unified School District Number 419
Canton, Kansas**

TITLE I FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal grant	\$ 58,259	\$ 55,903
Federal grant - ARRA	13,042	12,496
	<hr/>	<hr/>
Total Cash Receipts	71,301	68,399
	<hr/>	<hr/>
Expenditures:		
Instruction -		
Certified salaries	53,525	51,430
Certified salaries - ARRA	11,640	11,600
Employee benefits	4,234	3,973
Employee benefits - ARRA	902	896
Student Support Services -		
Other	500	500
Other - ARRA	500	-
	<hr/>	<hr/>
Total Expenditures	71,301	68,399
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<hr/>	<hr/>
	-	-
Unencumbered Cash, Ending	<hr/>	<hr/>
	\$ -	\$ -

Unified School District Number 419
Canton, Kansas

HEAD START FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Federal pass-through	\$ 16,489	\$ 16,684
Expenditures:		
Instruction -		
Certified salaries	8,102	8,193
Non-certified salaries	3,578	2,732
Social Security	939	821
Employee benefits	7	6
Supplies	619	-
School Administration -		
Certified salaries	3,033	4,932
Social Security	211	-
Total Expenditures	<u>16,489</u>	<u>16,684</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 419
Canton, Kansas

TLC FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Miscellaneous revenue	\$ 9,350	\$ 9,350
Expenditures:		
Other supplemental services		
Purchased professional services	980	3,825
Other purchased services	6,250	6,345
Supplies	-	42
Total Expenditures	<u>7,230</u>	<u>10,212</u>
Receipts Over (Under) Expenditures	2,120	(862)
Unencumbered Cash, Beginning	<u>19,961</u>	<u>22,081</u>
Unencumbered Cash, Ending	<u>\$ 22,081</u>	<u>\$ 21,219</u>

Unified School District Number 419
Canton, Kansas

GIFTS AND GRANTS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
REAP Grant	\$ 26,730	\$ 25,171
Donations	14,612	16,406
	<u>41,342</u>	<u>41,577</u>
Total Cash Receipts		
Expenditures:		
George Fike Memorial	500	-
REAP Grant	26,730	25,171
Donations	7,618	18,376
	<u>34,848</u>	<u>43,547</u>
Total Expenditures		
Receipts Over (Under) Expenditures	6,494	(1,970)
Unencumbered Cash, Beginning	<u>2,165</u>	<u>8,659</u>
Unencumbered Cash, Ending	<u>\$ 8,659</u>	<u>\$ 6,689</u>

Unified School District Number 419
Canton, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION 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)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State Sources - KPERS	\$ 90,142	\$ 235,352	\$ 201,685	\$ 33,667
Expenditures:				
Employee Benefits -				
Instruction	113,180	100,532	\$ 133,718	\$ 33,186
Student Support	4,695	4,246	5,647	1,401
Instructional Support	5,041	3,184	4,235	1,051
School Administration	20,340	17,741	23,597	5,856
Other Supplemental Services	4,347	3,790	5,042	1,252
Operations & Maintenance	14,083	11,827	15,731	3,904
Student Transportation Services	5,563	4,548	6,051	1,503
Food Service	6,616	5,761	7,664	1,903
Total Expenditures	173,865	151,629	\$ 201,685	\$ 50,056
Receipts Over (Under) Expenditures	(83,723)	83,723		
Unencumbered Cash, Beginning	-	(83,723)		
Unencumbered Cash, Ending	\$ (83,723)	\$ -		

Unified School District Number 419
Canton, Kansas

SCHOLARSHIP FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts:		
Donations	\$ 1,500	\$ 1,900
Expenditures:		
Scholarships awarded	<u>2,250</u>	<u>2,000</u>
Receipts Over (Under) Expenditures	(750)	(100)
Unencumbered Cash, Beginning	<u>1,480</u>	<u>730</u>
Unencumbered Cash, Ending	<u>\$ 730</u>	<u>\$ 630</u>

Unified School District Number 419
Canton, Kansas

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 10,115	\$ 9,210	\$ 8,639	\$ 571
Current year	254,331	267,577	263,121	4,456
Delinquent tax	5,273	5,879	4,069	1,810
Motor vehicle and recreational vehicle tax	32,550	33,319	34,227	(908)
State aid	25,792	40,725	40,725	-
Total Cash Receipts	328,061	356,710	\$ 350,781	\$ 5,929
Expenditures:				
Principal	255,000	280,000	\$ 280,000	\$ -
Interest	67,400	59,375	59,376	1
Commission and postage	-	-	100	100
Total Expenditures	322,400	339,375	\$ 339,476	\$ 101
Receipts Over (Under) Expenditures	5,661	17,335		
Unencumbered Cash, Beginning	341,927	347,588		
Unencumbered Cash, Ending	\$ 347,588	\$ 364,923		

**Unified School District Number 419
Canton, 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:				
Band	\$ 3,298	\$ 1,862	\$ 1,675	\$ 3,485
Cheerleaders	1	3,526	3,294	233
Class of 2011	3,510	5,854	9,364	-
Class of 2012	4,610	6,978	6,478	5,110
Class of 2013	1,898	4,050	1,917	4,030
Class of 2014	-	1,427	-	1,427
F.B.L.A.	4,214	138,104	137,404	4,914
National Honor Society	1,911	1,267	2,019	1,158
SADD	1,957	-	-	1,957
Student Council	957	1,671	1,787	840
Yearbook Club	1,706	10,541	10,958	1,290
Construction Skills	323	452	625	150
F.C.C.L.A.	1,327	5,087	5,161	1,253
Subtotal High School	25,710	180,819	180,681	25,848
Elementary School:				
Student Activites	-	1,400	1,400	-
Total Student Organization Funds	25,710	182,219	182,081	25,848
State Sales Tax	-	4,776	4,776	-
Payroll Clearing	12,151	3,005	-	15,156
Total Agency Funds	\$ 37,861	\$ 190,000	\$ 186,857	\$ 41,004

Unified School District Number 419
Canton, Kansas

DISTRICT ACTIVITY 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>
Gate Receipts:				
Athletics-High School	\$ -	\$ 27,290	\$ 27,290	\$ -
Athletics-Middle School	-	4,218	4,218	-
Concessions	-	26,444	26,444	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Gate Receipts	<u>\$ -</u>	<u>\$ 57,952</u>	<u>\$ 57,952</u>	<u>\$ -</u>
School Projects:				
High School - Float Project	\$ -	\$ 1,535	\$ 1,535	\$ -
High School - Band Uniforms	1,876	24	-	1,900
Middle School - Yearbook	-	3,893	3,893	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total School Projects	<u>\$ 1,876</u>	<u>\$ 5,452</u>	<u>\$ 5,428</u>	<u>\$ 1,900</u>

UNIFIED SCHOOL DISTRICT NUMBER 419
CANTON, 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 419 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District Number 419, the primary government. There were no component units in the year ended June 30, 2011.

(b) Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly reflected as offset by the reimbursements. Expenditures for the year ended June 30, 2011, in the amount of \$59,534 are classified as reimbursed expenses in the General Fund. These expenditures are for general purposes and are exempt from the budget law under K.S.A. 72-5390.

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

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(d) Statutory Basis of Accounting

The municipality 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 5th 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 such budget amendments for this year.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Budget and Tax Cycle (cont.)

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 fiduciary funds and the following special revenue funds: Textbook/Student Material Revolving, Title I, Title IIA Teacher Quality, Title IID Educational Technology, Title IV Drug Free Schools, Head Start, Contingency Reserve, Gifts and Grants, TLC, Scholarship, Gate Receipts, and School Projects,

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 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.

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.

(a) Deposits

At year end, the carrying amount of the District's deposits was \$1,574,644 and the bank balance was \$1,739,132. 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, \$278,554 was covered by federal depository insurance and \$1,460,578 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.

(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. 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.

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET For the Year Ended June 30, 2011

GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 15,317	\$ 11,671	\$ 3,646
Current Year	481,494	471,497	9,997
Delinquent Tax	8,088	7,226	862
Mineral Production Tax	3,509	-	3,509
State Aid	1,855,583	2,111,970	(256,387)
Special Education State Aid	411,541	404,876	6,665
Federal Aid - ARRA	53,114	-	53,114
Federal Aid - Jobs Grant	93,003	93,003	-
Miscellaneous Reimbursements	59,534	-	59,534
Total Statutory Revenues	<u>2,981,183</u>	<u>\$ 3,100,243</u>	<u>\$ (119,060.00)</u>
Expenditures			
Instruction	722,256	\$ 714,288	\$ (7,968)
Student Support Services	55,280	54,400	(880)
Instructional Support Staff	51,648	51,300	(348)
General Administration	172,300	166,100	(6,200)
School Administration	349,591	353,200	3,609
Other Support Services	71,715	72,100	385
Operations & Maintenance	500,794	504,500	3,706
Student Transportation Services	89,541	106,400	16,859
Vehicle Operating Services	15,458	7,000	(8,458)
Outgoing Transfers	952,599	1,031,066	78,467
Adjustment to Comply with Legal Max	-	(138,706)	(138,706)
Legal General Fund Budget	<u>2,981,182</u>	<u>2,921,648</u>	<u>(59,534)</u>
Adjustment for qualifying budget credits	-	59,534	59,534
Total Expenditures	<u>2,981,182</u>	<u>\$ 2,981,182</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	1		
Modified Unencumbered Cash, June 30, 2010	-		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 1</u>		

3. 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

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 21,800	\$ 20,229	\$ 1,571
Current Year	631,196	602,563	28,633
Delinquent Tax	13,198	9,618	3,580
Motor Vehicle Tax	71,307	75,912	(4,605)
Recreational Vehicle Tax	3,878	1,641	2,237
State Aid	<u>252,746</u>	<u>262,052</u>	<u>(9,306)</u>
Total Statutory Revenues	994,125	<u>\$ 972,015</u>	<u>\$ 22,110</u>
Expenditures			
Instruction	966,419	<u>\$ 966,419</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	27,706		
Modified Unencumbered Cash, June 30, 2010	<u>26,721</u>		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 54,427</u>		

4. LONG-TERM DEBT

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

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
3.00 - 3.50%	06-01-08	2,205,000	09-01-16	\$1,950,000	\$ -	\$ 280,000	\$ 1,670,000	\$ 59,375
				<u>\$1,950,000</u>	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ 1,670,000</u>	<u>\$ 59,375</u>

4. LONG-TERM DEBT (cont.)

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

	Year						Total
	2012	2013	2014	2015	2016	2017	
Principal							
General Obligation Bonds - Refunding Series 2008	\$ 290,000	\$ 300,000	\$ 300,000	\$ 320,000	\$ 325,000	\$ 135,000	\$ 1,670,000
Total Principal	290,000	300,000	300,000	320,000	325,000	135,000	1,670,000
Interest							
General Obligation Bonds - Refunding Series 2008	50,825	41,600	31,850	21,375	10,250	2,363	158,263
Total Interest	50,825	41,600	31,850	21,375	10,250	2,363	158,263
Total Principal and Interest	\$ 340,825	\$ 341,600	\$ 331,850	\$ 341,375	\$ 335,250	\$ 137,363	\$ 1,828,263

5. LEAVE POLICIES

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

Certified and classified employees are allowed ten (10) sick days per year, with a maximum accumulation of 60 days. Sick leave for part-time certified employees shall be on a proportioned basis. Sick leave benefits for governmental funds are not accrued in the financial statements because they do not vest. When an employee leaves the District, they do not receive any compensation for unused sick leave.

Classified full-time staff meeting length of service requirements are allowed ten (10) days of paid vacation. The Superintendent is allowed fifteen (15) days of vacation per year during the first five (5) years of employment. After five (5) years, twenty (20) days are allowed. Certified staff are not granted paid vacation time.

Certified staff are granted compensated absences in the form of personal leave days. They are allowed three (3) days per year. Days not utilized are paid to the employee with the June paycheck at the rate of 1/190 (x) 0.5 (x) remaining unused days (up to two days) (x) the employee's salary (excluding all extra pay.)

6. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Authority	Statutory Amount
General	Capital Outlay	K.S.A. 72-6428	\$ 51,239
General	Professional Development	K.S.A. 72-6428	10,000
General	Driver Training	K.S.A. 72-6428	3,000
General	Food Service	K.S.A. 72-6428	84,000
General	Special Education	K.S.A. 72-6428	578,000
General	Vocational Education	K.S.A. 72-6428	105,000
General	At Risk (4 Yr Old)	K.S.A. 72-6428	11,000
General	At Risk (K-12)	K.S.A. 72-6428	110,360

7. 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 Avenue, 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 2010, 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.

8. EARLY RETIREMENT INCENTIVE

The District provides an early retirement program for certain eligible employees. Employees are eligible if they are currently certified employees, eligible for KPERS 85 and OUT, have fifteen (15) or more consecutive years of employment in a certified position with the District, and are not more than sixty-seven (67) years of age. Noncertified employees and administrators are also eligible if they are working at least 1,500 hours a year.

The early retirement benefit shall be a monthly payment determined by utilization of the percentage opposite the year of benefit utilization on the following table. The percentage for the year of benefit shall be multiplied by the teacher's last annual contract salary, or the employee's salary paid in the twelve (12) months immediately prior to the date of early retirement, excluding any payment for accumulated sick leave or vacation time. The payment shall be paid monthly (1/12 of benefit for that year), and will cease at the end of the month in which the employees 67th birthday occurs, or at the end of the five (5) year payment period, whichever occurs first. Monthly payments shall begin in July following final action by the board.

<u>Year of Benefit</u>	<u>Annual Salary</u>
1st Year	20%
2nd Year	18%
3rd Year	16%
4th Year	14%
5th Year	12%

Payments to retired employees under this plan were \$12,883 for the year ended June 30, 2011.

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 August 18, 2011, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, 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.

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.

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

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. SUBSEQUENT EVENT

Management has evaluated the effects on the financial statements of subsequent events occurring through August 18, 2011 which is the date at which the financial statements were available to be issued.