

**UNIFIED SCHOOL DISTRICT NUMBER 423
MOUNDRIDGE, KANSAS**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

**Unified School District Number 423
Moundridge, Kansas**

Fiscal Year Ended June 30, 2011

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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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 423
Moundridge, KS 67107

We have audited the accompanying financial statements of Unified School District Number 423, Moundridge, 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 September 20, 2011, 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

September 20, 2011

**Unified School District Number 423
Moundridge, 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 TYPE FUNDS						
GENERAL OPERATING FUNDS						
General	\$ (106,176)	\$ 3,147,046	\$ 3,196,709	\$ (155,839)	\$ 5,482	\$ (150,357)
Supplemental General	59,093	1,041,882	1,049,642	51,333	-	51,333
SPECIAL REVENUE FUNDS						
At Risk (K-12)	-	182,827	153,799	29,028	-	29,028
At Risk (4 Year Old)	-	19,685	19,685	-	-	-
Capital Outlay	250,544	459,762	209,422	500,884	17,000	517,884
Driver Training	2,600	-	-	2,600	-	2,600
Food Service	15,000	172,718	172,718	15,000	-	15,000
Professional Development	-	53,324	18,324	35,000	-	35,000
Special Education	303,720	642,882	596,602	350,000	-	350,000
Vocational Education	-	190,241	190,241	-	-	-
KPERs Special Retirement Contribution	(66,991)	170,627	103,636	-	-	-
Recreation Commission	24,267	87,661	100,000	11,928	-	11,928
Recreation Commission Employee Benefit	-	-	-	-	-	-
Contingency Reserve	150,000	25,000	-	175,000	-	175,000
Textbook/Student Material Revolving	34,385	25,583	10,081	49,887	-	49,887
Federal Funds	-	134,612	134,612	-	-	-
OWL Project	6,774	-	-	6,774	-	6,774
Gifts and Grants	6,299	13,592	13,337	6,554	420	6,974
Gate Receipts	1,951	92,987	93,219	1,719	-	1,719
School Projects	-	723	723	-	-	-
DEBT SERVICE FUND						
Bond and Interest	491,251	460,246	474,675	476,822	-	476,822

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

**Unified School District Number 423
Moundridge, Kansas**

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (CONT.)
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>
CAPITAL PROJECT FUND						
Bond Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FIDUCIARY TYPE FUNDS						
PRIVATE PURPOSE TRUST FUNDS						
Duane Goering Scholarship	3,564	386	2,000	1,950	-	1,950
Total (Excluding Agency Funds)	<u>\$ 1,176,281</u>	<u>\$ 6,921,784</u>	<u>\$ 6,539,425</u>	<u>\$ 1,558,640</u>	<u>\$ 22,902</u>	<u>\$ 1,581,542</u>

COMPOSITION OF CASH

NOW Account Checking - Citizens State Bank	\$ 1,574,930
Money Market Savings - Citizens State Bank	1,006
Mr. D Scholarship Money Market	1,387
Petty Cash Fund - Board of Education	500
Petty Cash Fund - High School	1,000
Petty Cash Fund - Middle School	500
Petty Cash Fund - Elementary School	500
Middle School Activity Account - Citizens State Bank	3,708
High School Activity Account - Citizens State Bank	57,006
High School Activity Certificate of Deposit - Citizens State Bank	<u>4,000</u>
Total Cash	1,644,537
Agency Funds per Statement 4	<u>(62,995)</u>
Total (Excluding Agency Funds)	<u>\$ 1,581,542</u>

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

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

**Unified School District Number 423
Moundridge, 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>
GOVERNMENTAL TYPE FUNDS						
GENERAL OPERATING FUNDS						
General	\$ 3,207,995	\$ (59,182)	\$ 47,896	\$ 3,196,709	\$ 3,196,709	\$ -
Supplemental General	1,047,641	(2,261)	4,262	1,049,642	1,049,642	-
SPECIAL REVENUE FUNDS						
At Risk (K-12)	170,000	-	-	170,000	153,799	16,201
At Risk (4 Year Old)	28,100	-	-	28,100	19,685	8,415
Capital Outlay	250,000	-	73,302	323,302	209,422	113,880
Driver Training	2,600	-	-	2,600	-	2,600
Food Service	200,000	-	-	200,000	172,718	27,282
Professional Development	25,000	-	-	25,000	18,324	6,676
Special Education	729,865	-	-	729,865	596,602	133,263
Vocational Education	200,000	-	-	200,000	190,241	9,759
KPERS Special Retirement Contribution	166,673	-	-	166,673	103,636	63,037
Recreation Commission	100,000	-	-	100,000	100,000	-
DEBT SERVICE FUND						
Bond and Interest	474,675	-	-	474,675	474,675	-
Total	\$ 6,602,549	\$ (61,443)	\$ 125,460	\$ 6,666,566	\$ 6,285,453	\$ 381,113

Unified School District Number 423
Moundridge, Kansas

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	Budget	Budget	
Cash Receipts:					
Taxes and Shared Revenue -					
Ad valorem property					
Prior year	\$ 22,272	\$ 27,982	\$ 23,249	\$ 4,733	
Current year	694,462	688,094	669,421	18,673	
Delinquent tax	10,405	5,752	7,327	(1,575)	
Mineral production tax	1,088	2,114	-	2,114	
In lieu of tax	-	101	-	101	
State aid	2,125,282	1,797,352	2,029,905	(232,553)	
Special education state aid	409,946	420,605	420,968	(363)	
Federal aid - ARRA	157,894	57,125	57,125	-	
Federal aid - Education Jobs	-	100,025	-	100,025	
Miscellaneous reimbursements	55,406	47,896	-	47,896	
Total Cash Receipts	3,476,755	3,147,046	\$ 3,207,995	\$ (60,949)	
Expenditures:					
Instruction -					
Certified salaries	1,056,816	936,316	\$ 922,800	\$ (13,516)	
Certified salaries - ARRA	157,894	57,125	57,125	-	
Certified salaries - Education Jobs	-	100,025	100,025	-	
Non-certified salaries	24,279	17,968	29,607	11,639	
Social Security	100,035	83,404	100,000	16,596	
Other employee benefits	62,309	73,575	74,508	933	
Teaching supplies	64,236	47,254	52,650	5,396	
Textbooks	10	7,125	8,500	1,375	
Miscellaneous supplies	37,863	43,331	40,500	(2,831)	
Property and equipment	-	5,000	10,000	5,000	
Other	2,000	2,000	2,000	-	
Student Support Services -					
Certified salaries	60,551	48,245	50,000	1,755	
Social Security	7,243	6,934	5,000	(1,934)	
Other employee benefits	6,648	6,204	8,200	1,996	
Instruction Support Staff -					
Certified salaries	51,940	68,012	65,000	(3,012)	
Non-certified salaries	75,743	67,540	81,000	13,460	
Social Security	12,498	12,988	13,500	512	
Other employee benefits	9,083	7,190	6,620	(570)	
Books and periodicals	5,840	6,280	13,000	6,720	

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

**Unified School District Number 423
Moundridge, Kansas**

GENERAL (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)

	2011			Variance Favorable (Unfavorable)
	2010 Actual	Actual	Budget	
Expenditures (cont.):				
General Administration -				
Certified salaries	\$ 75,668	\$ 86,330	\$ 86,000	\$ (330)
Non-certified salaries	32,180	32,858	37,500	4,642
Social Security	7,450	8,677	8,000	(677)
Other benefits	93	329	100	(229)
Purchased professional services	15,571	9,538	20,000	10,462
Purchased property services	-	-	2,500	2,500
Communications	24,117	23,891	25,000	1,109
Other purchased services	3,490	213	500	287
Supplies	19,359	17,974	20,000	2,026
School Administration -				
Certified salaries	163,709	127,287	152,000	24,713
Non-certified salaries	60,710	51,963	52,000	37
Social Security	18,061	13,786	16,000	2,214
Other benefits	1,756	2,102	1,700	(402)
Operations and Maintenance -				
Non-certified salaries	144,596	140,429	145,000	4,571
Social Security	10,403	10,147	11,000	853
Other benefits	630	909	1,150	241
Water/sewer	4,204	6,442	5,500	(942)
Cleaning	3,364	4,378	3,500	(878)
Repairs and maintenance	426	1,893	5,000	3,107
Repair of buildings	11,208	13,663	20,000	6,337
Insurance	41,514	45,394	42,435	(2,959)
General supplies	11,421	15,205	20,000	4,795
Other energy	10,362	2,444	10,000	7,556
Other Support Services -				
Non certified salaries	31,879	32,707	35,000	2,293
Social security	3,206	2,269	3,500	1,231
Other employee benefits	40	70	50	(20)
Purchased professional services	10,850	10,232	11,000	768
Purchased property services	11,675	8,021	2,500	(5,521)

Unified School District Number 423
Moundridge, Kansas

GENERAL (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>		Variance Favorable (Unfavorable)
	2010 Actual		Actual	Budget	
Expenditures (cont.):					
Student Transportation Services - Vehicle Operation					
Non-certified salaries	\$ 32,362	\$	32,442	\$ 40,000	\$ 7,558
Social Security	2,447		2,475	3,000	525
Other benefits	631		1,092	650	(442)
Mileage in lieu of transportation	2,258		-	4,000	4,000
Other insurance	4,897		4,414	4,418	4
Equipment	-		-	2,500	2,500
Other	1,386		1,439	2,500	1,061
Student Transportation Services - Monitoring Services					
Non-certified salaries	697		-	-	-
Social Security	53		-	-	-
Other benefits	1		-	-	-
Student Transportation Services - Vehicle & Maint. Services					
Purchased professional services	3,262		2,673	10,000	7,327
Motor fuel	23,228		28,688	25,000	(3,688)
Other Student Transportation Services -					
Non-certified salaries	6,219		6,162	7,500	1,338
Social Security	472		461	500	39
Other benefits	6		18	50	32
Outgoing Transfers -					
Capital Outlay	-		208,537	59,182	(149,355)
Contingency Reserve	95,183		25,000	-	(25,000)
Driver Training	386		-	-	-
Food Service	-		7,507	-	(7,507)
Special Education	532,910		420,605	421,725	1,120
Vocational Education	-		59,366	80,000	20,634
At Risk	151,816		129,456	170,000	40,544
At Risk (4 year old)	-		707	-	(707)
Adjustment to comply with legal max	-		-	(59,182)	(59,182)
Legal General Fund Budget	3,311,144		3,196,709	3,148,813	(47,896)
Adjustment for qualifying budget credits	-		-	47,896	47,896
Total Expenditures	<u>3,311,144</u>		<u>3,196,709</u>	<u>\$ 3,196,709</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	165,611		(49,663)		
Unencumbered Cash, Beginning	(271,787)		(106,176)		
Prior Year Cancelled Encumbrances	-		-		
Unencumbered Cash, Ending	<u>\$ (106,176)</u>		<u>\$ (155,839)</u>	*	

* See Footnote 5 (Statutory Presentation)

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

Unified School District Number 423
Moundridge, 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)

	2011			Variance Favorable (Unfavorable)
	2010 Actual	Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 27,137	\$ 34,010	\$ 32,712	\$ 1,298
Current year	806,022	826,003	857,810	(31,807)
Delinquent tax	12,036	7,940	8,563	(623)
Motor and recreational vehicle tax	106,585	105,553	100,950	4,603
In lieu of tax	-	111	-	111
Supplemental state aid	64,654	64,003	44,529	19,474
Federal aid - ARRA	29,536	-	-	-
Miscellaneous reimbursements	3,300	4,262	-	4,262
Total Cash Receipts	<u>1,049,270</u>	<u>1,041,882</u>	<u>\$ 1,044,564</u>	<u>\$ (2,682)</u>
Expenditures				
Instruction -				
Certified salaries - ARRA	29,536	-	\$ -	\$ -
Insurance	191,285	186,929	175,000	(11,929)
Purchased professional & technical services	27,117	32,644	40,176	7,532
Miscellaneous supplies	36,571	20,212	44,000	23,788
Property and equipment	18,453	15,270	30,000	14,730
Other	1,935	2,335	2,000	(335)
Student Support Services -				
Insurance	8,771	6,183	6,000	(183)
Instruction Support Staff -				
Insurance	39,042	41,084	38,000	(3,084)
General Administration				
Insurance	26,690	30,947	31,000	53
Purchased professional & technical services	-	633	1,000	367
Other	2,338	-	2,500	2,500
School Administration				
Insurance	42,105	43,160	36,000	(7,160)
Operations & Maintenance				
Insurance	34,247	28,107	28,000	(107)
Heating	50,603	45,387	60,000	14,613
Electricity	76,775	48,657	70,000	21,343
Vehicle Operating Services -				
Insurance	18,416	19,121	-	(19,121)
Student Transportation Services -				
Insurance	-	-	22,000	22,000
Other Supplemental Service -				
Insurance	442	3,620	1,000	(2,620)
Food Service Operation -				
Insurance	39,380	41,694	42,000	306
Outgoing Transfers -				
Food Service	189,140	4,834	25,000	20,166
Professional Development	18,439	53,324	25,000	(28,324)
Special Education	117,613	222,277	227,865	5,588
Vocational Education	50,422	130,875	120,000	(10,875)
At Risk (K-12)	39,166	53,371	-	(53,371)
At Risk (4 Year Old)	10,727	18,978	21,100	2,122
Adjustment to comply with legal max	-	-	(2,261)	(2,261)
Legal Supplemental General Fund Budget	1,069,213	1,049,642	1,045,380	(4,262)
Adjustment for qualifying budget credits	-	-	4,262	4,262
Total Expenditures	<u>1,069,213</u>	<u>1,049,642</u>	<u>\$ 1,049,642</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(19,943)	(7,760)		
Unencumbered Cash, Beginning	79,036	59,093		
Unencumbered Cash, Ending	<u>\$ 59,093</u>	<u>\$ 51,333</u>	*	

* See Footnote 5 (Statutory Presentation)

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

Unified School District Number 423
Moundridge, 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	\$ 151,816	\$ 129,456	\$ 170,000	\$ (40,544)
Transfer from Supplemental General	39,166	53,371	-	53,371
Total Cash Receipts	<u>190,982</u>	<u>182,827</u>	<u>\$ 170,000</u>	<u>\$ 12,827</u>
Expenditures:				
Instruction -				
Certified salaries	90,757	53,899	\$ 47,778	\$ (6,121)
Non certified salaries	35,507	34,284	43,500	9,216
Insurance	26,533	33,925	34,500	575
Social security	9,940	6,219	12,000	5,781
Other employee benefits	125	800	150	(650)
Tuition and private services	24,072	23,622	24,072	450
Other purchased services	3,120	-	5,000	5,000
Miscellaneous supplies	928	1,050	3,000	1,950
Total Expenditures	<u>190,982</u>	<u>153,799</u>	<u>\$ 170,000</u>	<u>\$ 16,201</u>
Receipts Over (Under) Expenditures	-	29,028		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 29,028</u>		

Unified School District Number 423
Moundridge, Kansas

AT RISK (4 Year Old)

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:					
Transfer from General	\$ -	\$ 707	\$ -	\$ -	\$ 707
Transfer from Supplemental General	10,727	18,978	19,685	19,685	(707)
Miscellaneous Reimbursements	189	-	-	-	-
Total Cash Receipts	10,916	19,685	\$ 19,685	\$ 19,685	\$ -
Expenditures:					
Instruction -					
Other purchased services	3,798	5,194	\$ 5,685	\$ 5,685	\$ 491
Miscellaneous supplies	7,118	14,491	22,415	22,415	7,924
Total Expenditures	10,916	19,685	\$ 28,100	\$ 28,100	\$ 8,415
Receipts Over (Under) Expenditures	-	-	-	-	-
Unencumbered Cash, Beginning	-	-	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

Unified School District Number 423
Moundridge, 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 -				
Ad valorem property				
Prior year	\$ 5,061	\$ 6,284	\$ 5,061	\$ 1,223
Current year	148,920	147,967	144,025	3,942
Delinquent tax	1,630	1,472	1,582	(110)
Motor vehicle tax	18,938	19,358	18,488	870
In lieu of tax	-	20	-	20
Recreational vehicle tax	296	271	285	(14)
Interest on idle funds	3,072	2,551	3,000	(449)
Transfer from General	-	208,537	-	208,537
Miscellaneous reimbursements	45,660	73,302	77,559	(4,257)
Total Cash Receipts	223,577	459,762	\$ 250,000	\$ 209,762
Expenditures:				
General Administration -				
Property, equipment and furniture	30,330	24,684	\$ 50,000	\$ 25,316
Operation & Maintenance -				
Purchased professional & technical services	17,397	19,028	45,000	25,972
Purchased property services	260	150	-	(150)
Transportation	16,569	30,673	20,000	(10,673)
Facility Acquisition and Construction				
Services -				
Site improvement	3,456	3,548	10,000	6,452
Building improvements	13,603	131,339	125,000	(6,339)
Legal Capital Outlay Budget	81,615	209,422	250,000	40,578
Adjustment for qualifying budget credits	-	-	73,302	73,302
Total Expenditures	81,615	209,422	\$ 323,302	\$ 113,880
Receipts Over (Under) Expenditures	141,962	250,340		
Unencumbered Cash, Beginning	108,582	250,544		
Unencumbered Cash, Ending	\$ 250,544	\$ 500,884		

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

Unified School District Number 423
Moundridge, 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:				
Miscellaneous revenue	\$ 2,600	\$ -	\$ -	\$ -
Transfer from General	386	-	-	-
Total Cash Receipts	2,986	-	\$ -	\$ -
Expenditures:				
Tuition	1,211	-	\$ 2,600	\$ 2,600
Receipts Over (Under) Expenditures	1,775	-		
Unencumbered Cash, Beginning	825	2,600		
Unencumbered Cash, Ending	\$ 2,600	\$ 2,600		

Unified School District Number 423
Moundridge, 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:				
State aid	\$ 2,314	\$ 2,102	\$ 1,867	\$ 235
Federal aid	74,128	81,115	74,412	6,703
Student sales	94,234	75,395	92,203	(16,808)
Adult sales	1,471	754	3,079	(2,325)
Miscellaneous	212	1,011	250	761
Transfer from General	-	7,507	-	7,507
Transfer from Supplemental General	28,503	4,834	25,000	(20,166)
Total Cash Receipts	200,862	172,718	\$ 196,811	\$ (24,093)
Expenditures:				
Supplies	421	385	\$ 1,000	\$ 615
Property, equipment and furniture	-	3,993	5,000	1,007
Food Service -				
Non-certified salaries	45,078	43,294	50,000	6,706
Social Security	2,437	1,929	2,500	571
Other employee benefits	30	73	50	(23)
Food and milk	139,738	122,157	139,450	17,293
Miscellaneous supplies	1,395	887	2,000	1,113
Total Expenditures	189,099	172,718	\$ 200,000	\$ 27,282
Receipts Over (Under) Expenditures	11,763	-		
Unencumbered Cash, Beginning	3,237	15,000		
Unencumbered Cash, Ending	\$ 15,000	\$ 15,000		

Unified School District Number 423
Moundridge, 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 Supplemental General	\$ 18,439	\$ 53,324	\$ 25,000	\$ 28,324
Expenditures:				
Instruction Support Staff -				
Non-certified salaries	1,611	6,480	\$ 5,000	\$ (1,480)
Social Security	128	496	500	4
Other employee benefits	2	21	-	(21)
Purchased professional services	16,642	11,137	18,500	7,363
Other purchases and services	-	190	-	(190)
Supplies	122	-	1,000	1,000
Total Expenditures	18,505	18,324	\$ 25,000	\$ 6,676
Receipts Over (Under) Expenditures	(66)	35,000		
Unencumbered Cash, Beginning	66	-		
Unencumbered Cash, Ending	\$ -	\$ 35,000		

Unified School District Number 423
Moundridge, 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	\$ 532,910	\$ 420,605	\$ 421,725	\$ (1,120)
Transfer from Supplemental General	278,250	222,277	227,865	(5,588)
Total Cash Receipts	811,160	642,882	\$ 649,590	\$ (6,708)
Expenditures:				
Instruction -				
Payment to Special Education Coop	593,730	579,728	\$ 711,392	\$ 131,664
Operations and Maintenance -				
Student Transportation Services - Supervision				
Non-certified salaries	5,804	6,200	7,500	1,300
Insurance	3,965	5,937	5,865	(72)
Social Security	435	466	600	134
Other employee benefits	5	16	50	34
Purchased property services	573	616	1,000	384
Other purchased services	481	624	458	(166)
Motor fuel	2,447	2,962	3,000	38
Equipment	-	53	-	(53)
Total Expenditures	607,440	596,602	\$ 729,865	\$ 133,263
Receipts Over (Under) Expenditures	203,720	46,280		
Unencumbered Cash, Beginning	100,000	303,720		
Unencumbered Cash, Ending	\$ 303,720	\$ 350,000		

Unified School District Number 423
Moundridge, 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	\$ -	\$ 59,366	\$ 80,000	\$ (20,634)
Transfer from Supplemental General	50,422	130,875	120,000	10,875
Other revenue	3,010	-	-	-
Miscellaneous reimbursements	451	-	-	-
Total Cash Receipts	<u>53,883</u>	<u>190,241</u>	<u>\$ 200,000</u>	<u>\$ (9,759)</u>
Expenditures:				
Instruction -				
Certified salaries	37,671	147,355	\$ 146,900	\$ (455)
Insurance	8,473	29,030	33,000	3,970
Social Security	3,229	10,498	15,000	4,502
Other employee benefits	40	532	100	(432)
Tuition	4,470	2,826	5,000	2,174
Total Expenditures	<u>53,883</u>	<u>190,241</u>	<u>\$ 200,000</u>	<u>\$ 9,759</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

Unified School District Number 423
Moundridge, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION

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	\$ 83,164	\$ 170,627	\$ 166,673	\$ 3,954
Expenditures:				
Employee Benefits -				
Instruction	79,582	54,928	\$ 107,888	\$ 52,960
Student Support	6,006	4,145	4,100	(45)
Instructional Support	13,514	9,327	9,600	273
General Administration	6,006	4,145	8,684	4,539
School Administration	13,514	9,327	18,234	8,907
Central Services	9,009	6,218	-	(6,218)
Operations & Maintenance	10,511	7,255	11,167	3,912
Student Transportation Services	7,508	5,182	3,650	(1,532)
Food Service	4,505	3,109	3,350	241
Total Expenditures	150,155	103,636	\$ 166,673	\$ 63,037
Receipts Over (Under) Expenditures	(66,991)	66,991		
Unencumbered Cash, Beginning	-	(66,991)		
Unencumbered Cash, Ending	\$ (66,991)	\$ -		

Unified School District Number 423
Moundridge, Kansas

RECREATION COMMISSION

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	\$ 2,531	\$ 3,139	\$ 3,007	\$ 132
Current year	74,385	73,965	71,996	1,969
Delinquent tax	1,132	736	790	(54)
Motor vehicle tax	9,471	9,676	9,244	432
Recreational vehicle tax	148	136	142	(6)
In lieu of tax	-	9	-	9
Total Cash Receipts	87,667	87,661	\$ 85,179	\$ 2,482
Expenditures:				
Appropriation to				
Recreation Commission	63,400	100,000	\$ 100,000	\$ -
Receipts Over (Under) Expenditures	24,267	(12,339)		
Unencumbered Cash, Beginning	-	24,267		
Unencumbered Cash, Ending	\$ 24,267	\$ 11,928		

Unified School District Number 423
Moundridge, 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	\$ 95,183	\$ 25,000
Expenditures:	<u>12,930</u>	<u>-</u>
Receipts Over (Under) Expenditures	82,253	25,000
Unencumbered Cash, Beginning	<u>67,747</u>	<u>150,000</u>
Unencumbered Cash, Ending	<u>\$ 150,000</u>	<u>\$ 175,000</u>

**Unified School District Number 423
Moundridge, Kansas**

TEXTBOOK/STUDENT MATERIAL 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</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts:		
Fees	\$ 23,244	\$ 25,583
Rental fees and books	3,318	-
Total Receipts	26,562	25,583
Expenditures:		
Textbooks	5,128	10,081
Receipts Over (Under) Expenditures	21,434	15,502
Unencumbered Cash, Beginning	12,951	34,385
Unencumbered Cash, Ending	\$ 34,385	\$ 49,887

**Unified School District Number 423
Moundridge, Kansas**

FEDERAL FUNDS

**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:		
Federal grant - Title I	\$ 34,857	\$ 33,430
Federal grant - Title I - ARRA	-	15,919
Federal grant - Title II-A Teacher Quality	14,952	15,145
Federal grant - Title IV Drug Free	1,016	-
Federal grant - Title II-D Ed Tech	273	113
Federal grant - Title II-D Ed Tech - ARRA	670	-
Federal grant - REAP Grant	500	70,005
	<hr/>	<hr/>
Total Receipts	52,268	134,612
	<hr/>	<hr/>
Expenditures:		
Instruction -		
Certified salaries	27,080	18,058
Certified salaries - ARRA	-	6,814
Non-certified salaries	13,835	14,162
Non-certified salaries - ARRA	-	4,705
Insurance	6,629	13,867
Insurance - ARRA	-	3,210
Social Security	2,526	1,935
Social Security - ARRA	-	1,190
Other employee benefits	32	112
Equipment	-	70,367
Equipment - ARRA	670	-
Instruction Support Staff -		
Purchased professional and technical services	554	192
Operations and Maintenance -		
Other purchased services	942	-
	<hr/>	<hr/>
Total Expenditures	52,268	134,612
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<hr/>	<hr/>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

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

Unified School District Number 423
Moundridge, Kansas

OWL PROJECT

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:		
Local source aid	\$ -	\$ -
Expenditures:		
Instruction -		
Purchased professional and technology equipment	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>6,774</u>	<u>6,774</u>
Unencumbered Cash, Ending	<u>\$ 6,774</u>	<u>\$ 6,774</u>

Unified School District Number 423
Moundridge, Kansas

GIFTS AND 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:		
Miscellaneous	\$ 6,389	\$ 13,592
Expenditures:		
Miscellaneous	<u>18,725</u>	<u>13,337</u>
Receipts Over (Under) Expenditures	(12,336)	255
Unencumbered Cash, Beginning	<u>18,635</u>	<u>6,299</u>
Unencumbered Cash, Ending	<u>\$ 6,299</u>	<u>\$ 6,554</u>

Unified School District Number 423
Moundridge, Kansas

BOND AND INTEREST

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	\$ 11,905	\$ 17,686	\$ 16,390	\$ 1,296
Current year	419,202	389,810	379,480	10,330
Delinquent tax	4,965	3,784	4,448	(664)
Motor vehicle tax	41,039	48,235	46,138	2,097
Motor vehicle tax	-	55	-	55
Recreational vehicle tax	645	676	711	(35)
Local source revenue	4,882	-	-	-
Total Cash Receipts	<u>482,638</u>	<u>460,246</u>	<u>\$ 447,167</u>	<u>\$ 13,079</u>
Expenditures:				
Principal	340,000	365,000	\$ 365,000	\$ -
Interest	121,355	109,675	109,675	-
Total Expenditures	<u>461,355</u>	<u>474,675</u>	<u>\$ 474,675</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	21,283	(14,429)		
Unencumbered Cash, Beginning	<u>469,968</u>	<u>491,251</u>		
Unencumbered Cash, Ending	<u>\$ 491,251</u>	<u>\$ 476,822</u>		

Unified School District Number 423
Moundridge, Kansas

2007 BOND CONSTRUCTION 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:		
Interest on idle funds	\$ 4,611	\$ -
Expenditures:		
Other facilities acquisition and construction	<u>4,882</u>	<u>-</u>
Receipts Over (Under) Expenditures	(271)	-
Unencumbered Cash, Beginning	<u>271</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

Unified School District Number 423
Moundridge, Kansas

DUANE GOERING 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	\$ 1,000	\$ -
Interest on idle funds	749	386
	<hr/>	<hr/>
Total Cash Receipts	1,749	386
Expenditures:		
Scholarships awarded	3,000	2,000
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(1,251)	(1,614)
Unencumbered Cash, Beginning	4,815	3,564
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 3,564	\$ 1,950

**Unified School District Number 423
Moundridge, 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 2008	\$ 492	\$ -	\$ -	\$ 492
Class of 2009	111	-	-	111
Class of 2010	191	-	-	191
Class of 2011	2,843	1,000	1,911	1,932
Class of 2012	13,935	966	9,099	5,802
Class of 2013	4,561	19,349	13,837	10,073
Class of 2014	30	9,935	7,894	2,071
Band	2,219	10,404	5,392	7,231
Baseball	585	2,200	2,002	783
Cheerleaders	-	9,519	8,372	1,147
Choral Council	375	308	-	683
Dance	39	-	-	39
Fellowship of Christian Athletes	231	-	-	231
Football	2,530	3,480	4,899	1,111
Future Farmers of America	13,834	20,908	19,380	15,362
FCCLA	1,465	1,771	1,858	1,378
Boys Basketball	1,712	2,541	3,839	414
Ladycats Basketball	256	1,962	1,837	381
Library Club	1,636	3,694	3,011	2,319
National Honor Society	1,137	-	64	1,073
National Forensics League	1,192	2,803	2,346	1,649
Pep Club	291	45	264	72
Scholars' Bowl	395	100	100	395
Softball	901	585	641	845
Spanish Club	152	503	255	400
Student Council	554	6,889	5,927	1,516
Track	986	487	-	1,473
Volleyball	148	3,611	3,546	213
Subtotal High School Organizations	52,801	103,060	96,474	59,387
Middle School:				
Student Council	2,606	1,463	461	3,608
Total Student Organization Funds	\$ 55,407	\$ 104,523	\$ 96,935	\$ 62,995

Unified School District Number 423
Moundridge, 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	\$ 320	\$ 77,405	\$ 77,625	\$ 100
Athletics-Middle School	100	15,582	15,582	100
Drama-High School	1,531	-	12	1,519
	<hr/>	<hr/>	<hr/>	<hr/>
Total Gate Receipts	\$ 1,951	\$ 92,987	\$ 93,219	\$ 1,719
	<hr/>	<hr/>	<hr/>	<hr/>
School Projects:				
Library-High School	\$ -	\$ 24	\$ 24	\$ -
Library Book Fair-Middle School	-	699	699	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total School Projects	\$ -	\$ 723	\$ 723	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

UNIFIED SCHOOL DISTRICT NUMBER 423

MOUNDRIDGE, 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 423 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District Number 423 (the primary government). There were no material 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 to 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 \$47,896, \$4,262, and \$73,302 are classified as reimbursed expenses in the General Fund, Supplemental General Fund, and Capital Outlay Fund, respectively. 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

(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 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 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 account 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, general 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) and Debt Service Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Budget and Tax Cycle (cont.)

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 this year.

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

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

A legal operating budget is not required for Fiduciary Funds and Permanent Funds, Capital Project Funds and the following Special Revenue Funds: Contingency Reserve Fund, Textbook/Student Material Revolving, Federal Funds, OWL Project, Gifts and Grants, 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. COMPLIANCE WITH KANSAS STATUTES

In violation of K.S.A. 10-1113, disbursements were made in excess of available funds in the Supplemental General Fund.

3. 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 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.

3. DEPOSITS AND INVESTMENTS (cont.)

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 cash and certificates of deposit was \$1,644,539. The bank balance was \$1,873,680. The bank balance was held by one bank 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, \$250,000 was covered by F.D.I.C. insurance and the remaining \$1,623,680 was collateralized 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.

4. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Authority	Statutory Amount
General	Capital Outlay	K.S.A. 72-6428	\$ 208,537
General	Contingency Reserve	K.S.A. 72-6428	25,000
General	Food Service	K.S.A. 72-6428	7,507
General	Special Education	K.S.A. 72-6428	420,605
General	Vocational Education	K.S.A. 72-6428	59,366
General	At Risk	K.S.A. 72-6428	129,456
General	At Risk (4 year old)	K.S.A. 72-6428	707
Supplemental General	Food Service	K.S.A. 72-6433	4,834
Supplemental General	Special Education	K.S.A. 72-6433	222,277
Supplemental General	Vocational Education	K.S.A. 72-6433	130,875
Supplemental General	At Risk	K.S.A. 72-6433	53,371
Supplemental General	At Risk (4 year old)	K.S.A. 72-6433	18,978
Supplemental General	Professional Development	K.S.A. 72-6433	53,324

5. 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 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 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

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Statutory Revenues			
General Property Taxes			
Ad Valorem Property			
Prior Year	\$ 27,982	\$ 23,249	\$ 4,733
Current Year	688,094	669,421	18,673
Delinquent Tax	5,752	7,327	(1,575)
Mineral Production Tax	2,114	-	2,114
State Aid	1,847,014	2,029,905	(182,891)
Federal Aid - ARRA	57,125	57,125	-
Special Education State Aid	420,605	420,968	(363)
Federal Aid - ARRA - Education Jobs	100,025	-	100,025
Miscellaneous reimbursements	47,896	-	47,896
Total Statutory Revenues	<u>3,196,708</u>	<u>\$ 3,207,995</u>	<u>\$ (11,287)</u>
Expenditures			
Instruction	1,373,120	\$ 1,397,715	\$ 24,595
Student Support Services	61,382	63,200	1,818
Instructional Support Staff	162,011	179,120	17,109
General Administration	179,811	199,600	19,789
School Administration	195,138	221,700	26,562
Operations & Maintenance	240,905	263,585	22,680
Other Support Services	53,300	52,050	(1,250)
Transportation - Vehicle Operating Services	41,866	57,068	15,202
Transportation - Vehicle & Maintenance Services	31,362	35,000	3,638
Other Student Transportation Services	6,640	8,050	1,410
Outgoing Transfers	851,174	730,907	(120,267)
Adjustment to Comply with Legal Max	-	(59,182)	(59,182)
Legal General Fund Budget	3,196,709	3,148,813	(47,896)
Adjustment for qualifying budget credits	-	47,896	47,896
Total Expenditures	<u>3,196,709</u>	<u>\$ 3,196,709</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	(1)		
Prior Year Cancelled Encumbrances	-		
Modified Unencumbered Cash, June 30, 2010	<u>1</u>		
Modified Unencumbered Cash, June 30, 2011	<u>\$ -</u>		

5. 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	\$ 34,010	\$ 32,712	\$ 1,298
Current Year	826,003	857,810	(31,807)
Delinquent Tax	7,940	8,563	(623)
Motor Vehicle Tax	105,553	100,950	4,603
State Aid	44,288	44,529	(241)
Miscellaneous reimbursements	4,262	-	4,262
Total Statutory Revenues	<u>1,022,167</u>	<u>\$ 1,044,564</u>	<u>\$ (22,397)</u>
Expenditures			
Instruction	257,390	\$ 291,176	\$ 33,786
Student Support Services	6,183	6,000	(183)
Instructional Support Staff	41,084	38,000	(3,084)
General Administration	31,580	34,500	2,920
School Administration	43,160	36,000	(7,160)
Other Support Service	3,620	1,000	(2,620)
Operations & Maintenance	122,150	158,000	35,850
Transportation - Vehicle Operating Services	19,121	22,000	2,879
Food Service Operation	41,694	42,000	306
Outgoing Transfers	483,660	418,965	(64,695)
Adjustment to Comply with Legal Max	-	(2,261)	(2,261)
Legal General Fund Budget	1,049,642	1,045,380	(4,262)
Adjustment for qualifying budget credits	-	4,262	-
Total Expenditures	<u>1,049,642</u>	<u>\$ 1,049,642</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	(27,475)		
Modified Unencumbered Cash, June 30, 2010	<u>81,426</u>		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 53,951</u>		

6. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Refunding Bonds - 2005 Series	3.00% to 3.80%	03-1-05	\$ 2,960,000	09-01-17	\$ 2,175,000	\$ -	\$ 260,000	\$ 1,915,000	\$ 71,525
School Building - 2007 Series	3.65% to 4.00%	01-1-07	1,200,000	09-01-17	1,055,000	-	105,000	950,000	38,150
Capital Leases:									
Temperature Control System - MES	6.30%	06-06-02	99,327	07-15-12	51,683	-	10,542	41,141	3,237
Total Long-Term Debt					<u>\$ 3,281,683</u>	<u>\$ -</u>	<u>\$ 375,542</u>	<u>\$ 2,906,141</u>	<u>\$ 112,912</u>

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

Unified School District Number 423
Moundridge, Kansas
STATEMENT OF MATURITY OF LONG-TERM DEBT
For the Year Ended June 30, 2011

	Year						Total
	2012	2013	2014	2015	2016	2017-2018	
Principal:							
General Obligation Refunding Bonds - Series 2005	\$ 270,000	\$ 280,000	\$ 285,000	\$ 300,000	\$ 310,000	\$ 470,000	\$ 1,915,000
General Obligation School Building Bonds - Series 2007	115,000	120,000	130,000	135,000	140,000	310,000	950,000
Capital Lease - Temperature Control System - MES	11,187	11,892	18,062	-	-	-	41,141
Total Principal	<u>396,187</u>	<u>411,892</u>	<u>433,062</u>	<u>435,000</u>	<u>450,000</u>	<u>780,000</u>	<u>2,906,141</u>
Interest:							
General Obligation Refunding Bonds - Series 2005	63,175	54,095	44,348	34,110	23,280	14,550	233,558
General Obligation School Building Bonds - Series 2007	33,750	29,050	24,180	19,145	14,025	11,655	131,805
Capital Lease - Temperature Control System - MES	2,593	1,888	1,139	-	-	-	5,620
Total Interest	<u>99,518</u>	<u>85,033</u>	<u>69,667</u>	<u>53,255</u>	<u>37,305</u>	<u>26,205</u>	<u>370,983</u>
Total Principal and Interest	<u>\$ 495,705</u>	<u>\$ 496,925</u>	<u>\$ 502,729</u>	<u>\$ 488,255</u>	<u>\$ 487,305</u>	<u>\$ 806,205</u>	<u>\$ 3,277,124</u>

7. LEAVE POLICIES

Compensated vacation absences are recorded as expenditures in governmental funds when they are paid.

Sick leave benefits and other compensated absences 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.

8. 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. Kansas currently contributes 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), \$140,318,395 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.

9. 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 20, 2011, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, if any, 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 operation 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; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2009 to 2010, and there were no settlements that exceeded insurance coverage in the past three years.

10. EARLY RETIREMENT INCENTIVE

The District provides an early retirement program for certain eligible employees. Employees are eligible if they are currently certified employees, are at least fifty-five years of age and not more than sixty-six years of age on or before December 31 of the calendar year in which the employee intends to retire, and have a minimum of twenty years of employment in a public school system, ten of which must be in U.S.D. 423. At least five years of employment within U.S.D. 423 must have been half-time or more.

For certified employees hired prior to July 1, 2000, the total retirement benefit shall be an amount equal to the final average salary between the applicant and U.S.D. 423 plus one percent of the final average salary for each year of service to U.S.D. 423. The early retirement benefit shall be paid monthly, payable over a five year period. One-third of the benefit is to be paid in each of the first two years of the benefit period and one-ninth of the benefit is paid in each of the final three years of the benefit period. For each year in which the employee delays retirement during the last five years of the eligible benefit period, the total benefit shall be reduced by the amount of benefit due during that year.

10. EARLY RETIREMENT INCENTIVE (cont.)

For certified employees who were hired after July 1, 2000, the total retirement benefit shall be an amount equal to the certified employee's accumulated unused sick days times the District's daily substitute teacher rate for the final school year taught. The benefit will be paid with a single payment of the entire amount due.

Payments to retired employees under this plan were \$65,594 for the year ended June 30, 2011.

11. 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.

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.