

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS

FINANCIAL STATEMENTS
(with Independent Auditors' Report thereon)

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
FINANCIAL STATEMENTS
Year ended June 30, 2011

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
STATEMENT 1	
Summary of cash receipts, expenditures and unencumbered cash	3
STATEMENT 2	
Summary of expenditures - actual and budget	4
STATEMENT 3	
Statement of cash receipts and expenditures - actual and budget	
General fund	5
Supplemental general fund	6
At risk fund	7
Capital outlay fund	8
Drivers education fund	9
Food service fund	10
Professional development fund	11
Parent education fund	12
Summer school fund	13
Special education fund	14
Vocational education fund	15
KPERS retirement contributions fund	16
Contingency reserve fund	17
Textbook rental fund	18
Joint recreation commission fund	19
Federal funds	20
Grant funds	21
Farm fund	22
Bond and interest fund	23
Memorial funds	24
Estate funds	25
STATEMENT 4	
Statement of cash receipts and disbursements - actual	
Agency funds	26 - 27
STATEMENT 5	
Statement of cash receipts, expenditures and unencumbered cash - actual	
District activity funds	28
Notes to the financial statements	29 - 37
ADDITIONAL INFORMATION	
Schedule of expenditures of federal awards	38
Note to the schedule of expenditures of federal awards	39



Kramer & Associates CPAs, LLC

Making the right move for your business

*Tony Kramer, CPA
Joseph J. Wood, CPA
Deb Taylor, CPA
Megan Todd, CPA
Amy Schwinn, CPA
Sherrie Hodges, CPA
John Vohs, CPA
Dana Splichal, CPA*

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 429,
Troy, Kansas

We have audited the accompanying financial statements of Unified School District No. 429, Troy, Kansas, as of and for the year ended June 30, 2011, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2010. In our report dated December 13, 2010, we expressed an unqualified opinion on the financial statements in accordance with the cash basis and budget laws of the State of Kansas and an adverse opinion on the financial statements in accordance with generally accepted accounting principles (see Note 1).

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 and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Unified School District No. 429, Troy, Kansas, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 429, Troy, Kansas, as of June 30, 2011, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 429, Troy, Kansas, as of June 30, 2011, and its cash receipts and expenditures, and budgetary comparisons, taken as a whole, for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, on the basis of accounting described in Note 1, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Board of Education and committees thereto, management, others within the entity, federal awarding agencies, the Kansas Division of Accounts and Reports, and the Kansas State Department of Education and is not intended and should not be used by anyone other than these specified parties.

KRAMER & ASSOCIATES CPAs, L.L.C.

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
November 9, 2011

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Year ended June 30, 2011

Funds	Beginning unencumbered cash balance	Prior year canceled encumbrances	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Governmental type funds:							
General	\$ (238,150)	—	\$3,105,208	\$3,042,218	\$ (175,160)	\$ 166,151	\$ (9,009)
Supplemental general	(84,642)	—	866,075	788,000	(6,567)	65,001	58,434
Special revenue funds:							
At risk	—	—	225,050	225,050	—	25,861	25,861
Capital outlay	558,611	—	75,788	—	634,399	989	635,388
Drivers education	9,990	—	10,010	2,310	17,690	—	17,690
Food service	148,894	—	235,025	188,486	195,433	30,453	225,886
Professional development	14,164	—	6,383	7,257	13,290	547	13,837
Parent education	—	—	5,200	5,200	—	—	—
Summer school	7,155	—	4,207	1,362	10,000	20	10,020
Special education	225,764	—	488,600	489,100	225,264	—	225,264
Vocational education	789	—	50,000	45,097	5,692	598	6,290
KPERS retirement contributions	—	—	105,220	105,220	—	—	—
Contingency reserve	272,254	—	—	—	272,254	—	272,254
Textbook rental	15,310	—	26,941	28,576	13,675	2,783	16,458
Joint recreation commission	—	—	41,891	41,891	—	—	—
Federal	1,752	—	101,752	99,193	4,311	2,902	7,213
Grant	525	—	500	—	1,025	—	1,025
Farm	70,525	—	19,474	16,371	73,628	89	73,717
Gate receipts	7,922	—	34,965	33,658	9,229	—	9,229
School projects	12,060	—	28,547	34,949	5,658	—	5,658
Debt service fund:							
Bond and interest	66	—	—	—	66	—	66
Fiduciary type funds:							
Private purpose trust funds:							
Memorials	14,205	—	161	2,252	12,114	—	12,114
Estates	427,123	—	6,243	4,000	429,366	138	429,504
Total reporting entity (excluding agency fund)	\$1,464,317	—	\$5,437,240	\$5,160,190	\$1,741,367	\$ 295,532	\$2,036,899
Composition of cash:							
					Checking		\$1,507,022
					Activity accounts		61,361
					Farm account		73,717
					Estate		429,504
					Memorial		11,769
					Total cash		2,083,373
					Less agency funds		(46,474)
					Total reporting entity (excluding agency funds)		\$2,036,899

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Year ended June 30, 2011

Funds	Certified budget	Adjustment to comply with legal max	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance - over (under)
Governmental type funds:						
General	\$ 2,751,430	\$ (54,191)	\$ 344,979	\$ 3,042,218	\$ 3,042,218	\$ -
Supplemental general	\$ 788,000	\$ -	\$ -	\$ 788,000	\$ 788,000	\$ -
Special revenue funds:						
At risk	\$ 225,050	\$ -	\$ -	\$ 225,050	\$ 225,050	\$ -
Capital Outlay	\$ 360,000	\$ -	\$ -	\$ 360,000	\$ -	\$ 360,000
Drivers education	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ 2,310	\$ 5,190
Food service	\$ 271,600	\$ -	\$ -	\$ 271,600	\$ 188,486	\$ 83,114
Professional development	\$ 29,164	\$ -	\$ -	\$ 29,164	\$ 7,257	\$ 21,907
Parent education	\$ 5,200	\$ -	\$ -	\$ 5,200	\$ 5,200	\$ -
Summer school	\$ 7,155	\$ -	\$ -	\$ 7,155	\$ 1,362	\$ 5,793
Special education	\$ 572,708	\$ -	\$ -	\$ 572,708	\$ 489,100	\$ 83,608
Vocational education	\$ 50,790	\$ -	\$ -	\$ 50,790	\$ 45,097	\$ 5,693
KPFERS retirement contributions	\$ 144,656	\$ -	\$ -	\$ 144,656	\$ 105,220	\$ 39,436
Joint recreation commission	\$ 75,000	\$ -	\$ -	\$ 75,000	\$ 41,891	\$ 33,109
Federal funds	\$ 55,396	\$ -	\$ 47,648	\$ 103,044	\$ 99,193	\$ 3,851
Debt service fund:						
Bond and interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 GENERAL FUND
 Year ended June 30, 2011

	Prior year actual	Current year		Variance - over (under)
		Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 8,262	\$ 11,008	\$ 7,163	\$ 3,845
Ad valorem property - current taxes	251,514	307,973	297,849	10,124
Delinquent	1,333	3,203	120	3,083
State aid:				
Equalization aid	1,912,833	1,961,018	1,992,534	(31,516)
Special education services	339,121	346,442	406,296	(59,854)
Federal aid:				
ARRA Stabilization	129,031	47,468	47,468	-
Education jobs fund	-	83,117	-	83,117
Reimbursed expenses	282,744	344,979	-	344,979
Total cash receipts	2,924,838	3,105,208	\$ 2,751,430	\$ 353,778
Expenditures and transfers subject to budget:				
Instruction	1,700,643	1,802,152	\$ 1,810,000	\$ 7,848
General administration	151,769	177,095	163,150	(13,945)
School administration	58,581	67,585	65,959	(1,626)
Operations and maintenance	242,524	296,305	131,725	(164,580)
Student transportation services	94,417	105,325	69,100	(36,225)
Transfers out	738,497	593,756	511,496	(82,260)
Adjustment to comply with legal max	-	-	(54,191)	(54,191)
Legal general fund budget	2,986,431	3,042,218	2,697,239	(344,979)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	344,979	344,979
Total expenditures and transfers subject to budget	2,986,431	3,042,218	\$ 3,042,218	\$ -
Receipts over (under) expenditures	(61,593)	62,990		
Unencumbered cash, beginning of year	(176,557)	(238,150)		
Unencumbered cash, end of year	\$ (238,150)	\$ (175,160)		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 SUPPLEMENTAL GENERAL FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 10,535	\$ 14,347	\$ 11,192	\$ 3,155
Ad valorem property - current taxes	308,273	333,156	324,784	8,372
Delinquent	1,892	5,070	147	4,923
Motor vehicle	35,168	45,651	42,428	3,223
Recreational vehicle	715	849	1,079	(230)
State aid:				
Equalization aid	314,700	467,002	408,370	58,632
Federal aid:				
ARRA Stabilization	102,967	-	-	-
Total cash receipts	774,250	866,075	\$ 788,000	\$ 78,075
Expenditures and transfers subject to budget:				
Instruction	304,242	217,663	\$ 207,000	\$ (10,663)
Instructional support staff	-	91	-	(91)
General administration	9,487	4,516	10,000	5,484
School administration	3,297	3,929	6,000	2,071
Operations and maintenance	287,019	256,023	260,000	3,977
Student transportation services	-	78	-	(78)
Student activities	3,381	-	-	-
Transfers out	159,365	305,700	305,000	(700)
Adjustment to comply with legal max	-	-	-	-
Legal supplemental general fund budget	766,791	788,000	788,000	-
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	766,791	788,000	\$ 788,000	\$ -
Receipts over (under) expenditures	7,459	78,075		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	(92,101)	(84,642)		
Unencumbered cash, end of year	\$ (84,642)	\$ (6,567)		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 AT RISK FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 150,600	\$ 125,050	\$ 125,050	\$ -
Supplemental general fund	46,347	100,000	100,000	-
Total cash receipts	<u>196,947</u>	<u>225,050</u>	<u>\$ 225,050</u>	<u>\$ -</u>
Expenditures subject to budget:				
Instruction	196,947	225,050	\$ 225,050	\$ -
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>196,947</u>	<u>225,050</u>	<u>\$ 225,050</u>	<u>\$ -</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 CAPITAL OUTLAY FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Revenue from other local source	\$ -	\$ 3,017	\$ -	\$ 3,017
Interest on idle funds	18,549	22,271	-	22,271
Miscellaneous	-	500	-	500
Transfers in:				
General fund	40,682	50,000	-	50,000
Total cash receipts	59,231	75,788	\$ -	\$ 75,788
Expenditures subject to budget:				
Instruction	23	-	\$ 50,000	\$ 50,000
General administration	-	-	10,000	10,000
School administration	-	-	10,000	10,000
Operations and maintenance	-	-	15,000	15,000
Student transportation services	-	-	75,000	75,000
Facilities acquisition and construction	-	-	200,000	200,000
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	23	-	\$ 360,000	\$ 360,000
Receipts over (under) expenditures	59,208	75,788		
Unencumbered cash, beginning of year	499,403	558,611		
Unencumbered cash, end of year	\$ 558,611	\$ 634,399		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 DRIVERS EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Revenue from other local source	\$ 1,750	\$ 1,500	\$ -	\$ 1,500
Driver training	-	-	840	(840)
Transfers in:				
General fund	7,500	3,510	-	3,510
Supplemental general fund	-	5,000	-	5,000
Total cash receipts	9,250	10,010	\$ 840	\$ 9,170
Expenditures subject to budget:				
Instruction	4,080	2,310	\$ 7,500	\$ 5,190
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	4,080	2,310	\$ 7,500	\$ 5,190
Receipts over (under) expenditures	5,170	7,700		
Unencumbered cash, beginning of year	4,820	9,990		
Unencumbered cash, end of year	\$ 9,990	\$ 17,690		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FOOD SERVICE FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
School food assistance	\$ 2,075	\$ 2,093	\$ 1,622	\$ 471
Federal aid:				
Federal child nutrition program	83,784	91,523	79,118	12,405
Charge for service	92,242	89,718	94,207	(4,489)
Miscellaneous	345	185	-	185
Transfers in:				
General fund	-	21,506	-	21,506
Supplemental general fund	25,000	30,000	30,000	-
Total cash receipts	<u>203,446</u>	<u>235,025</u>	<u>\$ 204,947</u>	<u>\$ 30,078</u>
Expenditures subject to budget:				
Instruction	345	418	\$ -	\$ (418)
Operations and maintenance	4,758	3,416	6,500	3,084
Food service operations	149,838	184,652	265,100	80,448
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures subject to budget	<u>154,941</u>	<u>188,486</u>	<u>\$ 271,600</u>	<u>\$ 83,114</u>
Receipts over (under) expenditures	48,505	46,539		
Unencumbered cash, beginning of year	<u>100,389</u>	<u>148,894</u>		
Unencumbered cash, end of year	<u>\$ 148,894</u>	<u>\$ 195,433</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 PROFESSIONAL DEVELOPMENT FUND
 Year ended June 30, 2011

	Prior year actual	Current year		Variance - over (under)
		Actual	Budget	
Cash receipts:				
Transfers in:				
General fund	\$ 15,000	\$ -	\$ -	\$ -
Supplemental general fund	-	6,383	15,000	(8,617)
Total cash receipts	15,000	6,383	\$ 15,000	\$ (8,617)
Expenditures subject to budget:				
Instructional support staff	9,044	7,257	\$ 29,164	\$ 21,907
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	9,044	7,257	\$ 29,164	\$ 21,907
Receipts over (under) expenditures	5,956	(874)		
Unencumbered cash, beginning of year	8,208	14,164		
Unencumbered cash, end of year	\$ 14,164	\$ 13,290		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 PARENT EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 5,200	\$ 5,200	\$ 5,200	\$ -
Total cash receipts	5,200	5,200	\$ 5,200	\$ -
Expenditures subject to budget:				
Student support services	5,300	5,200	\$ 5,200	\$ -
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	5,300	5,200	\$ 5,200	\$ -
Receipts over (under) expenditures	(100)	-		
Unencumbered cash, beginning of year	100	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 SUMMER SCHOOL FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ -	\$ 4,207	\$ -	\$ 4,207
Total cash receipts	-	4,207	-	4,207
Expenditures subject to budget:				
Instruction	1,309	1,362	\$ 7,155	\$ 5,793
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	1,309	1,362	\$ 7,155	\$ 5,793
Receipts over (under) expenditures	(1,309)	2,845		
Unencumbered cash, beginning of year	8,464	7,155		
Unencumbered cash, end of year	\$ 7,155	\$ 10,000		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 SPECIAL EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 443,905	\$ 384,283	\$ 406,296	\$ (22,013)
Supplemental general fund	38,018	104,317	100,000	4,317
Total cash receipts	<u>481,923</u>	<u>488,600</u>	<u>\$ 506,296</u>	<u>\$ (17,696)</u>
Expenditures subject to budget:				
Instruction	446,541	489,100	\$ 572,708	\$ 83,608
Student transportation services	17,106	-	-	-
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>463,647</u>	<u>489,100</u>	<u>\$ 572,708</u>	<u>\$ 83,608</u>
Receipts over (under) expenditures	18,276	(500)		
Unencumbered cash, beginning of year	<u>207,488</u>	<u>225,764</u>		
Unencumbered cash, end of year	<u>\$ 225,764</u>	<u>\$ 225,264</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 VOCATIONAL EDUCATION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
Supplemental general fund	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Total cash receipts	<u>50,000</u>	<u>50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
Expenditures subject to budget:				
Instruction	53,898	45,097	\$ 50,790	\$ 5,693
Adjustment for qualifying budget credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures subject to budget	<u>53,898</u>	<u>45,097</u>	<u>\$ 50,790</u>	<u>\$ 5,693</u>
Receipts over (under) expenditures	(3,898)	4,903		
Unencumbered cash, beginning of year	<u>4,687</u>	<u>789</u>		
Unencumbered cash, end of year	<u>\$ 789</u>	<u>\$ 5,692</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 KPERS RETIREMENT CONTRIBUTIONS FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
KPERS contributions	\$ 125,788	\$ 105,220	\$ 144,656	\$ (39,436)
Total cash receipts	<u>125,788</u>	<u>105,220</u>	<u>\$ 144,656</u>	<u>\$ (39,436)</u>
Expenditures subject to budget:				
Instruction	90,567	75,758	\$ 104,152	\$ 28,394
General administration	12,579	10,522	14,466	3,944
School administration	6,289	5,261	7,233	1,972
Operations and maintenance	16,353	13,679	18,805	5,126
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>125,788</u>	<u>105,220</u>	<u>\$ 144,656</u>	<u>\$ 39,436</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 CONTINGENCY RESERVE FUND*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Transfers in:		
General fund	\$ 75,610	\$ -
Total cash receipts	75,610	-
Expenditures:		
Instruction	-	-
Total expenditures	-	-
Receipts over (under) expenditures	75,610	-
Unencumbered cash, beginning of year	196,644	272,254
Unencumbered cash, end of year	\$ 272,254	\$ 272,254

* This fund is not required to be budgeted.

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 TEXTBOOK RENTAL FUND*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Charge for services	\$ 12,937	\$ 16,941
Transfers in:		
Supplemental general fund	-	10,000
Total cash receipts	<u>12,937</u>	<u>26,941</u>
Expenditures:		
Instruction	<u>7,213</u>	<u>28,576</u>
Total expenditures	<u>7,213</u>	<u>28,576</u>
Receipts over (under) expenditures	5,724	(1,635)
Unencumbered cash, beginning of year	<u>9,586</u>	<u>15,310</u>
Unencumbered cash, end of year	<u>\$ 15,310</u>	<u>\$ 13,675</u>

* This fund is not required to be budgeted.

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 JOINT RECREATION COMMISSION FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Revenue from other local source	\$ -	\$ -	\$ 10,000	\$ (10,000)
Taxes and shared revenue:				
Ad valorem property - taxes in process	1,054	1,307	1,064	243
Ad valorem property - current taxes	29,816	35,480	32,932	2,548
Delinquent	234	527	13	514
Motor vehicle	4,420	4,494	4,288	206
Recreational vehicle	90	83	109	(26)
Total cash receipts	<u>35,614</u>	<u>41,891</u>	<u>\$ 48,406</u>	<u>\$ (6,515)</u>
Expenditures subject to budget:				
Community services	36,359	41,891	\$ 75,000	\$ 33,109
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	<u>36,359</u>	<u>41,891</u>	<u>\$ 75,000</u>	<u>\$ 33,109</u>
Receipts over (under) expenditures	(745)	-		
Unencumbered cash, beginning of year	<u>745</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 FEDERAL FUNDS
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
Title I	\$ 39,273	\$ 57,650	\$ 39,105	\$ 18,545
Title II	15,948	14,999	14,999	-
Rural education achievement program	-	29,103	-	29,103
Total cash receipts	<u>55,221</u>	<u>101,752</u>	<u>\$ 54,104</u>	<u>\$ 47,648</u>
Expenditures subject to budget:				
Instruction	58,862	99,193	\$ 55,396	\$ (43,797)
Instructional support staff	233	-	-	-
Adjustment for qualifying budget credits:				
Federal funds received in excess of budget	-	-	47,648	47,648
Total expenditures subject to budget	<u>59,095</u>	<u>99,193</u>	<u>\$ 103,044</u>	<u>\$ 3,851</u>
Receipts over (under) expenditures	(3,874)	2,559		
Unencumbered cash, beginning of year	<u>5,626</u>	<u>1,752</u>		
Unencumbered cash, end of year	<u>\$ 1,752</u>	<u>\$ 4,311</u>		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 GRANT FUNDS*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Revenue from other local sources	\$ -	\$ 500
Total cash receipts	-	500
Expenditures:		
Community services	-	-
Total expenditures	-	-
Receipts over (under) expenditures	-	500
Unencumbered cash, beginning of year	525	525
Unencumbered cash, end of year	\$ 525	\$ 1,025

* This fund is not required to be budgeted.

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 FARM FUND*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Interest on idle funds	\$ 716	\$ 873
Miscellaneous	19,060	18,601
Total cash receipts	<u>19,776</u>	<u>19,474</u>
Expenditures:		
Community service operations	9,256	16,371
Total expenditures	<u>9,256</u>	<u>16,371</u>
Receipts over (under) expenditures	10,520	3,103
Unencumbered cash, beginning of year	<u>60,005</u>	<u>70,525</u>
Unencumbered cash, end of year	<u>\$ 70,525</u>	<u>\$ 73,628</u>

* This fund is not required to be budgeted.

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 BOND & INTEREST FUND
 Year ended June 30, 2011

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Investment income	\$ -	\$ -	\$ -	\$ -
Total cash receipts	-	-	\$ -	\$ -
Expenditures subject to budget:				
Principal	-	-	\$ -	\$ -
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures subject to budget	-	-	\$ -	\$ -
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	66	66		
Unencumbered cash, end of year	\$ 66	\$ 66		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 MEMORIAL FUNDS*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Interest	\$ 152	\$ 161
Revenue from other local source	50	-
Total cash receipts	<u>202</u>	<u>161</u>
Expenditures:		
Community services	500	2,252
Total expenditures	<u>500</u>	<u>2,252</u>
Receipts over (under) expenditures	(298)	(2,091)
Unencumbered cash, beginning of year	<u>14,503</u>	<u>14,205</u>
Unencumbered cash, end of year	<u>\$ 14,205</u>	<u>\$ 12,114</u>

* This fund is not required to be budgeted.

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 ESTATE FUNDS*
 Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Interest	\$ 5,969	\$ 6,243
Total cash receipts	<u>5,969</u>	<u>6,243</u>
Expenditures:		
Community services	<u>3,000</u>	<u>4,000</u>
Total expenditures	<u>3,000</u>	<u>4,000</u>
Receipts over (under) expenditures	2,969	2,243
Unencumbered cash, beginning of year	<u>424,154</u>	<u>427,123</u>
Unencumbered cash, end of year	<u>\$ 427,123</u>	<u>\$ 429,366</u>

* This fund is not required to be budgeted.

The accompanying notes are an integral
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
 AGENCY FUNDS
 Year ended June 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
High school student activity funds:				
Baseball	\$ -	\$ 829	\$ 821	\$ 8
Boys basketball	471	3,769	4,240	-
Cheerleaders	206	167	276	97
Concession stand	3,042	21,653	20,687	4,008
Dance team	153	720	467	406
Middle school cheerleading	-	882	770	112
Football	112	5,399	4,475	1,036
FBLA	334	1,989	1,943	380
Girls basketball	53	1,647	1,587	113
National Honor Society	103	509	97	515
SADD	313	-	250	63
STUCO	1,837	4,437	4,123	2,151
Girls volleyball	-	1,249	762	487
Hoops for the Hungry	-	86	86	-
Kayettes	1,185	96	456	825
Softball	818	985	866	937
7th grade class	253	361	614	-
8th grade class	-	372	252	120
Freshman class	615	1,181	1,795	1
Sophomore class	1,677	719	1,215	1,181
Junior class	3,311	3,109	4,805	1,615
Senior class	-	18,314	14,602	3,712
Safe driving	-	200	200	-
Technology club	2,429	687	961	2,155
FFA	1,526	12,338	11,732	2,132
Total high school student activity funds	<u>18,438</u>	<u>81,698</u>	<u>78,082</u>	<u>22,054</u>
Elementary school student activity funds:				
Band	187	342	219	310
Fifth grade quilts	410	1,169	868	711
STUCO	1,775	1,596	1,863	1,508
Total elementary school student activity funds	<u>2,372</u>	<u>3,107</u>	<u>2,950</u>	<u>2,529</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
 AGENCY FUNDS
 Year ended June 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Fee and user charges:				
Elementary school:				
Lunch fund	43	43,771	43,771	43
Book rental	-	8,849	8,792	57
High school:				
Lunch fund	-	46,152	46,152	-
Art	54	802	708	148
Band	5,490	41,804	28,036	19,258
Textbooks	-	7,399	7,399	-
AG ED	890	867	198	1,559
Total fees and user charges	<u>6,477</u>	<u>149,644</u>	<u>135,056</u>	<u>21,065</u>
Other agency funds:				
Sales tax	12	16,567	16,544	35
Flexible spending	1,269	3,947	4,425	791
Subtotal other agency funds	<u>1,281</u>	<u>20,514</u>	<u>20,969</u>	<u>826</u>
Total agency fund	<u>\$ 28,568</u>	<u>\$ 254,963</u>	<u>\$ 237,057</u>	<u>\$ 46,474</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH - ACTUAL
DISTRICT ACTIVITY FUNDS
Year ended June 30, 2011

	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Gate receipts:						
High school athletics	\$ 6,886	\$ 27,018	\$ 26,787	\$ 7,117	\$ -	\$ 7,117
Play	1,036	7,947	6,871	2,112	-	2,112
Subtotal gate receipts	7,922	34,965	33,658	9,229	-	9,229
School projects:						
Elementary school:						
Book fair	1,195	4,943	4,098	2,040	-	2,040
Townsend	-	849	849	-	-	-
Flower and gift	90	601	621	70	-	70
Book club	-	3,012	3,012	-	-	-
Yearbook	549	1,579	1,576	552	-	552
District	-	200	200	-	-	-
Instructional supplies	479	1,130	1,040	569	-	569
High school:						
Flower fund	22	276	295	3	-	3
Yearbook	4,652	7,215	11,377	490	-	490
Industrial arts	1,250	-	1,250	-	-	-
District	1,678	7,178	8,856	-	-	-
Library	616	34	20	630	-	630
Lift-a-thon	6	31	-	37	-	37
Middle school	1,119	949	1,205	863	-	863
Building trades	404	-	-	404	-	404
Nike account	-	550	550	-	-	-
Subtotal school projects	12,060	28,547	34,949	5,658	-	5,658
Total district activities	\$ 19,982	\$ 63,512	\$ 68,607	\$ 14,887	\$ -	\$ 14,887

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2011

1. Summary of significant accounting policies

a. Reporting entity

Unified School District No. 429, Troy, ("the District") is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 429, Troy (the primary government).

Troy Recreation Commission is considered a component unit of the District. As reflected in Statement 3.15, the District collects county tax revenue for the Commission and subsequently remits those amounts to the Commission. The operations of the component unit have not been included in these financial statements.

b. Reimbursed expenses

Certain expenditures are classified as reimbursed expenses. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934. The following expenditures are classified as reimbursed expenses for the year ended June 30, 2011:

General fund	\$344,979
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Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

c. Basis of accounting

1. Statutory basis of accounting

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

1. Statutory basis of accounting (continued)

The District has adopted 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.

2. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

d. Cash and investments

Cash consists of checking accounts and certificates of deposit. These certificates of deposit are carried at cost, which approximates market value.

Cash balances in all funds are considered in determining the amount to be invested and further, unless specifically designated, all investment income is credited to the capital outlay fund.

e. Inventories and prepaid expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

f. Fund descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

f. Fund descriptions (continued)

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

1. Governmental funds

- a. General fund - to account for all unrestricted resources except those required to be accounted for in another fund.
- b. Special revenue funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.
- c. Debt service funds - to account for the accumulation of resources for and the payments of, interest and principal and related costs, on general long-term debt.

2. Fiduciary funds

- a. Trust and agency funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

g. Prior year partial comparative information

The financial statements include prior year partial comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which such partial information was derived.

2. Stewardship, compliance, and accountability

a. Budgetary information

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

a. Budgetary information (continued)

The statutes allow for the District 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. The At Risk fund budget was amended in April 2011 from an original budget amount of \$200,000 to an amended budget amount \$225,050.

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 document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

Textbook rental	Grant
Contingency reserve	Farm

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

b. Compliance with Kansas Statutes

The General Fund showed negative ending unencumbered cash balances of \$175,160 and \$238,150 for the years ended June 30, 2011 and 2010, respectively. Additionally, the Supplemental General Fund showed negative ending unencumbered cash balances of \$6,567 and \$84,642 for the years ended June 30, 2011 and 2010, respectively. K.S.A. 10-1116a provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, be exempt from the cash basis law of the State of Kansas (K.S.A. 10-1113). The District is not deemed to be in violation of the Kansas cash basis law for the year ending June 30, 2011.

See Note 10 for presentation of the General Fund and Supplemental General Fund under compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d).

During nine months of year, bank deposits were undersecured at 1st Bank of Troy (K.S.A. 9-1402).

The Contingency reserve fund exceeded the general fund budget statutory limit (K.S.A. 72-6426).

Management is aware of no other statutory violations for the period covered by the audit.

3. Deposits and investments

As of June 30, 2011, the District had no 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 bank 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 - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$2,083,373 and the bank balance was \$2,212,375. The bank balance was held by three banks, resulting in a concentration of credit risk. Of the bank balance, \$750,816 was covered by federal depository insurance, and the remaining \$1,461,559 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

4. Estate funds

The Dean Estate was created February 22, 1994, to benefit the elementary school students for purposes other than athletics. The unencumbered cash balance as of June 30, 2011 and 2010 was \$289,733 and \$287,429, respectively.

The Lucille S. Hays Estate was created November 16, 2005. The funds do not have a donor-restricted purpose and as of June 30, 2011, the Board of Education had not designated a purpose for the use of the funds. The unencumbered cash balance as of June 30, 2011 and 2010 was \$139,633 and \$139,694, respectively.

5. Interfund transfers

Operating transfers were as follows:

From	To	Statutory authority	Amount
General	At Risk	K.S.A. 72-6428	\$ 125,050
General	Capital Outlay	K.S.A. 72-6428	50,000
General	Drivers Education	K.S.A. 72-6428	3,510
General	Food Service	K.S.A. 72-6428	21,506
General	Parent Education	K.S.A. 72-6428	5,200
General	Summer School	K.S.A. 72-6428	4,207
General	Special Education	K.S.A. 72-6428	384,283
Total transfers from the General Fund			593,756
Supplemental			
General	At Risk	K.S.A. 72-6433	100,000
Supplemental			
General	Drivers Education	K.S.A. 72-6433	5,000
Supplemental			
General	Food Service	K.S.A. 72-6433	30,000
Supplemental			
General	Professional Development	K.S.A. 72-6433	6,383
Supplemental			
General	Special Education	K.S.A. 72-6433	104,317
Supplemental			
General	Vocational Education	K.S.A. 72-6433	50,000
Supplemental			
General	Textbook Rental	K.S.A. 72-6433	10,000
Total transfers from the Supplemental General Fund			305,700
Total interfund transfers			\$ 899,456

6. Commitments

The District has the following lease agreements:

- a. Noncancelable operating lease - copiers and related equipment are being leased, requiring total monthly payments of \$2,080.
- b. Future minimum rental payments required under the non-cancelable operating lease as of June 30, 2011 are as follows:

2012	\$ 24,960
2013	14,560
Total	\$ 39,520

7. Defined benefit plan

a. Plan description

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

b. Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% for employees hired after July 1, 2009. 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 8.57% of covered payroll for fiscal year 2010, and 9.17% of covered payroll for fiscal year 2011.

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 \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$105,220, \$125,788, and \$141,924, respectively.

8. Other post employment benefits

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.

9. Compensated absences

The policy of the District for sick leave provides for the compensation of certified employees at \$10 per day for a maximum of 75 days of sick leave accumulated upon retirement. Accumulated earned sick leave as of June 30, 2011, was immaterial.

10. 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

	Prior Year Statutory Transactions	Current year		
		Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 8,262	\$ 11,008	\$ 7,163	\$ 3,845
Ad valorem property - current taxes	251,514	307,973	297,849	10,124
Delinquent	1,333	3,203	120	3,083
State aid:				
Equalization aid	1,973,354	1,898,028	1,992,534	(94,506)
Special education services	339,121	346,442	406,296	(59,854)
Federal aid:				
ARRA Stabilization	129,031	47,468	47,468	-
Education jobs fund	-	83,117	-	83,117
Reimbursed expenses	282,744	344,979	-	344,979
Total statutory revenues	2,985,359	3,042,218	\$ 2,751,430	\$ 290,788
Expenditures:				
Instruction	1,700,643	1,802,152	\$ 1,810,000	\$ 7,848
General administration	151,769	177,095	163,150	(13,945)
School administration	58,581	67,585	65,959	(1,626)
Operations and maintenance	242,524	296,305	131,725	(164,580)
Student transportation services	94,417	105,325	69,100	(36,225)
Transfers out	738,497	593,756	511,496	(82,260)
Adjustment to comply with legal max	-	-	(54,191)	(54,191)
Legal general fund budget	2,986,431	3,042,218	2,697,239	(344,979)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	344,979	344,979
Total expenditures	2,986,431	3,042,218	\$ 3,042,218	\$ -
Statutory revenue over (under) expenditures	(1,072)	-		
Modified unencumbered cash, beginning of year	1,072	-		
Modified unencumbered cash, end of year	\$ -	\$ -		

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (continued)

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

	Prior Year Statutory Transactions	- Current year		Variance - over (under)
		Statutory Transactions	Budget	
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 10,535	\$ 14,347	\$ 11,192	\$ 3,155
Ad valorem property - current taxes	308,273	333,156	324,784	8,372
Delinquent	1,892	5,070	147	4,923
Motor vehicle	35,168	45,651	42,428	3,223
Recreational vehicle	715	849	1,079	(230)
State aid:				
Equalization aid	303,055	406,330	408,370	(2,040)
Federal aid:				
ARRA Stabilization	102,967	-	-	-
Reimbursed expenses	-	-	-	-
Total statutory revenues	<u>762,605</u>	<u>805,403</u>	<u>\$ 788,000</u>	<u>\$ 17,403</u>
Expenditures:				
Instruction	304,242	217,663	\$ 207,000	\$ (10,663)
Instructional support staff	-	91	-	(91)
General administration	9,487	4,516	10,000	5,484
School administration	3,297	3,929	6,000	2,071
Operations and maintenance	287,019	256,023	260,000	3,977
Student transportation services	-	78	-	(78)
Student activities	3,381	-	-	-
Transfers out	159,365	305,700	305,000	(700)
Adjustment to comply with legal max	-	-	-	-
Legal supplemental general fund budget	766,791	788,000	788,000	-
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures	<u>766,791</u>	<u>788,000</u>	<u>\$ 788,000</u>	<u>\$ -</u>
Statutory revenues over (under) expenditures	(4,186)	17,403		
Modified unencumbered cash, beginning of year	4,186	-		
Modified unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 17,403</u>		

ADDITIONAL INFORMATION

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
 Year ended June 30, 2011

Federal Grantor/ pass-through grantor/ program title/ U.S. Department of Education	Federal CFDA number	Program or award amount	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances	Ending cash balance
Direct:								
Rural Education Achievement Program	85.358	\$ 29,103	\$ 149	\$ 29,103	\$ 28,060	\$ 1,192	\$ 2,674	\$ 3,866
Passed through Kansas Department of Education:								
Title I grant to local educational agencies cluster:								
Title I grants to local educational agencies	84.010	39,105	1,292	39,105	37,589	2,808	-	2,808
Title I grants to local educational agencies, recovery act	84.389	18,545	-	18,545	18,545	-	-	-
Subtotal Title I grants to local educational agencies cluster		57,650	1,292	57,650	56,134	2,808	-	2,808
Title V Innovative programs	84.298	-	-	-	-	-	228	228
Education technology state grants	84.318	132	311	132	132	311	-	311
Improving teacher quality state grants	84.367	14,867	-	14,867	14,867	-	-	-
State fiscal stabilization fund - education state grants, recovery act	84.394	47,468	-	47,468	47,468	-	-	-
Education jobs fund	84.410	83,117	-	83,117	83,117	-	-	-
Total U.S. Department of Education		232,337	1,752	232,337	229,778	4,311	2,902	7,213
U.S. Department of Agriculture								
Passed through Kansas Department of Education:								
Child nutrition cluster:								
School breakfast program	10.553	19,481	-	19,481	19,481	-	-	-
National school lunch program	10.555	71,687	-	71,687	71,687	-	-	-
Subtotal child nutrition cluster		91,168	-	91,168	91,168	-	-	-
Team nutrition grants	10.574	355	-	355	355	-	-	-
Total U.S. Department of Agriculture		91,523	-	91,523	91,523	-	-	-
Total federal assistance		\$ 323,860	\$ 1,752	\$ 323,860	\$ 321,301	\$ 4,311	\$ 2,902	\$ 7,213

*Note 1 on page 39 is an integral part of this Schedule of Expenditures of Federal Awards.

UNIFIED SCHOOL DISTRICT NO. 429, TROY, KANSAS
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

1. Basis of accounting

a. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of this schedule of expenditures of federal awards, 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 is charged in the fund from which the transfer is made.

The District has adopted a resolution in accordance with K.S.A. 75-1120a(c) to waive reporting in accordance with accounting principles generally accepted in the United States of America, which allows the District to utilize the statutory basis of accounting.

b. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, and cash and unencumbered cash balances.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America.