

UNIFIED SCHOOL DISTRICT NO. 439

SEDGWICK, KANSAS

Special Financial Statements

June 30, 2011

Unified School District No. 439

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# Knudsen Monroe & Company LLC

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 439  
Sedgwick, Kansas 67135

We have audited the accompanying primary government financial statements of the individual funds of Unified School District No. 439, Sedgwick, 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 financial information has been derived from the District's 2010 financial statements and, in our report dated October 19, 2010, we expressed an unqualified opinion on the financial statements taken as a whole.

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

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component units. The District has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component unit, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the District has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the omission of the discretely presented component unit, as discussed above, and 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 Unified School District No. 439, Sedgwick, Kansas, as of June 30, 2011, or the results of its operations 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 the Primary Government of Unified School District No. 439, Sedgwick, Kansas, as of June 30, 2011, and its cash receipts and expenditures for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

*Knudsen, Monroe & Company, LLC*

Certified Public Accountants  
August 31, 2011

## Unified School District No. 439

## SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH

Year ended June 30, 2011

<u>FUNDS</u>	Unencumbered Cash Balance 06/30/10	Prior Year Canceled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 06/30/11	Liabilities and Encumbrances	Cash Balance 06/30/11
<b>General</b>							
General	\$ (478,886)	20	3,968,256	3,861,288	(371,898)	49,826	(322,072)
Supplemental general	(62,912)	-	621,048	575,000	(16,864)	6,070	(10,794)
<b>Special revenue</b>							
At risk (K-12)	185,000	-	273,335	213,001	245,334	-	245,334
Capital outlay	2,102,201	-	173,302	38,540	2,236,963	10,823	2,247,786
Driver training	20,875	-	34,464	7,683	47,656	-	47,656
Food service	108,000	-	311,235	315,810	103,425	435	103,860
Professional development	33,075	-	35,300	17,063	51,312	-	51,312
Summer school	1,550	-	-	1,550	-	-	-
Special education	697,011	-	713,063	635,091	774,983	-	774,983
Vocational education	120,001	-	195,973	160,166	155,808	3,352	159,160
KPERS employer contribution	-	-	170,729	170,729	-	-	-
Contingency reserve	406,000	-	-	-	406,000	-	406,000
Textbook revolving	79,524	-	37,000	16,453	100,071	6,393	106,464
Recreation	13,091	-	33,777	34,000	12,868	-	12,868
Federal government programs	(111)	-	139,694	139,583	-	-	-
Activity gate receipts	10,300	-	52,216	51,509	11,007	-	11,007
School projects	9,069	-	35,494	34,279	10,284	-	10,284
<b>Debt service</b>							
Bond and interest	261,765	-	311,520	316,165	257,120	-	257,120
<b>Fiduciary</b>							
Student organizations	-	-	25,941	25,941	-	12,244	12,244
	<u>\$ 3,505,553</u>	<u>20</u>	<u>7,132,347</u>	<u>6,613,851</u>	<u>4,024,069</u>	<u>89,143</u>	<u>4,113,212</u>

## Unified School District No. 439

SUMMARY STATEMENT OF EXPENDITURES -  
ACTUAL AND BUDGET

Year ended June 30, 2011

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
<b>General</b>						
General	\$ 3,883,215	(63,144)	41,217	3,861,288	3,861,288	-
Supplemental general	575,000	-	499	575,499	575,000	(499)
<b>Special revenue</b>						
At risk (K-12)	335,000	-	-	335,000	213,001	(121,999)
Capital outlay	1,300,000	-	-	1,300,000	38,540	(1,261,460)
Driver training	31,875	-	-	31,875	7,683	(24,192)
Food service	450,820	-	-	450,820	315,810	(135,010)
Professional development	43,075	-	-	43,075	17,063	(26,012)
Summer school	1,550	-	-	1,550	1,550	-
Special education	1,193,619	-	-	1,193,619	635,091	(558,528)
Vocational education	202,001	-	-	202,001	160,166	(41,835)
KPERS employer contributions	221,145	-	-	221,145	170,729	(50,416)
Recreation	34,000	-	-	34,000	34,000	-
<b>Debt service</b>						
Bond and interest	<u>316,265</u>	<u>-</u>	<u>-</u>	<u>316,265</u>	<u>316,165</u>	<u>(100)</u>
	<u>\$ 8,587,565</u>	<u>(63,144)</u>	<u>41,716</u>	<u>8,566,137</u>	<u>6,346,086</u>	<u>(2,220,051)</u>
Add expenditures of unbudgeted funds						
Special revenue					241,824	
Fiduciary					<u>25,941</u>	
Total expenditures, Statement 1					<u>\$ 6,613,851</u>	

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>GENERAL FUND</b>				
Receipts				
Taxes				
Tax in process	\$ 4,903	11,022	11,647	(625)
Current tax	230,151	242,717	240,018	2,699
Delinquent tax	4,907	5,689	5,040	649
General state aid	2,939,589	3,031,946	3,110,334	(78,388)
Special education state aid	406,236	445,458	446,608	(1,150)
Federal ARRA stabilization aid	179,236	69,141	69,141	-
Federal education jobs aid	-	121,066	-	121,066
Reimbursements				
Student fees and activities	23,388	21,403	-	21,403
Grants and other	12,429	19,814	-	19,814
	<u>3,800,839</u>	<u>3,968,256</u>	<u>3,882,788</u>	<u>85,468</u>
Expenditures				
Instruction	1,558,764	1,723,175	1,818,207	(95,032)
Student support services	93,115	98,071	97,500	571
Instructional support staff	170,389	170,019	176,200	(6,181)
General administration	205,800	214,462	218,300	(3,838)
School administration	219,041	225,989	227,800	(1,811)
Other supplemental services	29,395	29,984	30,600	(616)
Operations and maintenance	317,145	281,769	417,000	(135,231)
Student transportation services	66,831	72,663	91,500	(18,837)
Vehicle operating and maintenance services	27,401	15,423	29,500	(14,077)
Operating transfers	1,198,654	1,029,733	776,608	253,125
	<u>3,886,535</u>	<u>3,861,288</u>	<u>3,883,215</u>	<u>(21,927)</u>
Budget adjustments:				
Legal maximum budget	-	-	(63,144)	63,144
Qualifying budget credits	-	-	41,217	(41,217)
	<u>3,886,535</u>	<u>3,861,288</u>	<u>3,861,288</u>	<u>-</u>
Receipts over (under) expenditures	(85,696)	106,968		
Unencumbered cash, beginning	(393,616)	(478,886)		
Canceled prior year encumbrances	426	20		
Unencumbered cash, ending	<u>\$ (478,886)</u>	<u>(371,898)</u>		

See notes to financial statements

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>SUPPLEMENTAL GENERAL FUND</b>				
Receipts				
Taxes				
Tax in process	\$ 2,391	7,252	7,611	(359)
Current tax	149,628	144,153	151,799	(7,646)
Delinquent tax	2,302	3,501	3,278	223
Motor vehicle tax	19,834	22,606	22,739	(133)
Recreational vehicle tax	505	546	563	(17)
Federal ARRA stabilization aid	94,331	-	-	-
State aid	273,382	442,491	393,893	48,598
Reimbursements	2,104	499	-	499
	<u>544,477</u>	<u>621,048</u>	<u>579,883</u>	<u>41,165</u>
Expenditures				
Instruction	252,653	175,765	483,300	(307,535)
Instructional support services	789	2,200	6,500	(4,300)
General administration	-	-	200	(200)
Operating transfers	296,559	397,035	85,000	312,035
	<u>550,001</u>	<u>575,000</u>	<u>575,000</u>	-
Budget adjustments:				
Qualifying budget credits	-	-	499	(499)
	<u>550,001</u>	<u>575,000</u>	<u>575,499</u>	<u>(499)</u>
Receipts over (under) expenditures	(5,524)	46,048		
Unencumbered cash, beginning	<u>(57,388)</u>	<u>(62,912)</u>		
Unencumbered cash, ending	<u>\$ (62,912)</u>	<u>(16,864)</u>		

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>AT RISK FUND (K-12)</b>				
Receipts				
Transfers from other funds	\$ 305,220	273,335	<u>150,000</u>	<u>123,335</u>
Expenditures				
Instruction	<u>229,999</u>	<u>213,001</u>	<u>335,000</u>	<u>(121,999)</u>
Receipts over (under) expenditures	75,221	60,334		
Unencumbered cash, beginning	<u>109,779</u>	<u>185,000</u>		
Unencumbered cash, ending	<u>\$ 185,000</u>	<u>245,334</u>		
<b>CAPITAL OUTLAY FUND</b>				
Receipts				
Taxes				
Tax in process	\$ 1,192	1,904	1,998	(94)
Current tax	39,298	40,916	40,667	249
Delinquent tax	1,187	1,505	861	644
Motor vehicle tax	9,892	8,996	9,224	(228)
Recreational vehicle tax	252	205	228	(23)
Interest	6,587	8,096	10,000	(1,904)
Other	10,168	17,405	-	17,405
Transfers from other funds	<u>142,098</u>	<u>94,275</u>	<u>70,000</u>	<u>24,275</u>
	<u>210,674</u>	<u>173,302</u>	<u>132,978</u>	<u>40,324</u>
Expenditures				
Equipment	-	2,860	400,000	(397,140)
Facility acquisition and construction	<u>115,553</u>	<u>35,680</u>	<u>900,000</u>	<u>(864,320)</u>
	<u>115,553</u>	<u>38,540</u>	<u>1,300,000</u>	<u>(1,261,460)</u>
Receipts over (under) expenditures	95,121	134,762		
Unencumbered cash, beginning	<u>2,007,080</u>	<u>2,102,201</u>		
Unencumbered cash, ending	<u>\$ 2,102,201</u>	<u>2,236,963</u>		

See notes to financial statements

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>DRIVER TRAINING FUND</b>				
Receipts				
State aid	\$ 1,600	2,590	3,500	(910)
Transfers from other funds	10,000	30,000	5,000	25,000
Other	1,724	1,874	2,500	(626)
	<u>13,324</u>	<u>34,464</u>	<u>11,000</u>	<u>23,464</u>
Expenditures				
Instructional salaries and benefits	4,879	7,683	10,600	(2,917)
Equipment	-	-	18,775	(18,775)
Other	362	-	2,500	(2,500)
	<u>5,241</u>	<u>7,683</u>	<u>31,875</u>	<u>(24,192)</u>
Receipts over (under) expenditures	8,083	26,781		
Unencumbered cash, beginning	12,792	20,875		
Unencumbered cash, ending	<u>\$ 20,875</u>	<u>47,656</u>		
<b>FOOD SERVICE FUND</b>				
Receipts				
Lunch and breakfast sales	\$ 141,574	131,108	148,150	(17,042)
Federal aid	132,135	119,141	140,415	(21,274)
State aid	3,705	3,370	3,255	115
Transfers from other funds	53,482	55,000	50,000	5,000
Other	851	2,616	1,000	1,616
	<u>331,747</u>	<u>311,235</u>	<u>342,820</u>	<u>(31,585)</u>
Expenditures				
Operations and maintenance	26,487	29,447	30,820	(1,373)
Food service operation				
Salaries and benefits	89,938	89,861	94,000	(4,139)
Food and supplies	201,266	189,515	212,000	(22,485)
Capital outlay and other	7,702	6,987	114,000	(107,013)
	<u>325,393</u>	<u>315,810</u>	<u>450,820</u>	<u>(135,010)</u>
Receipts over (under) expenditures	6,354	(4,575)		
Unencumbered cash, beginning	101,646	108,000		
Unencumbered cash, ending	<u>\$ 108,000</u>	<u>103,425</u>		

See notes to financial statements

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>PROFESSIONAL DEVELOPMENT FUND</b>				
Receipts				
Other	\$ -	300	-	300
Transfers from other funds	<u>10,000</u>	<u>35,000</u>	<u>10,000</u>	<u>25,000</u>
	<u>10,000</u>	<u>35,300</u>	<u>10,000</u>	<u>25,300</u>
Expenditures				
Instructional support staff				
Salaries and benefits	1,067	2,230	16,300	(14,070)
Purchased professional and technical services	5,126	14,328	16,000	(1,672)
Travel and other	<u>3,443</u>	<u>505</u>	<u>10,775</u>	<u>(10,270)</u>
	<u>9,636</u>	<u>17,063</u>	<u>43,075</u>	<u>(26,012)</u>
Receipts over (under) expenditures	364	18,237		
Unencumbered cash, beginning	<u>32,711</u>	<u>33,075</u>		
Unencumbered cash, ending	<u>\$ 33,075</u>	<u>51,312</u>		
<b>SUMMER SCHOOL FUND</b>				
Receipts	\$ -	-	<u>-</u>	<u>-</u>
Expenditures				
Instruction	<u>8,450</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>
Receipts over (under) expenditures	(8,450)	(1,550)		
Unencumbered cash, beginning	<u>10,000</u>	<u>1,550</u>		
Unencumbered cash, ending	<u>\$ 1,550</u>	<u>-</u>		

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES –  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>SPECIAL EDUCATION FUND</b>				
Receipts				
Special Education federal aid	\$ -	3,185	-	3,185
Other	-	720	-	720
Transfers from other funds	<u>756,808</u>	<u>709,158</u>	<u>496,608</u>	<u>212,550</u>
	<u>756,808</u>	<u>713,063</u>	<u>496,608</u>	<u>216,455</u>
Expenditures				
Instruction				
Payment to Special Education Coop	529,027	572,392	852,877	(280,485)
Supplies	-	4,827	100,000	(95,173)
Student transportation				
Equipment	56,899	-	115,742	(115,742)
Salary and other	<u>64,337</u>	<u>57,872</u>	<u>125,000</u>	<u>(67,128)</u>
	<u>650,263</u>	<u>635,091</u>	<u>1,193,619</u>	<u>(558,528)</u>
Receipts over (under) expenditures	106,545	77,972		
Unencumbered cash, beginning	<u>590,466</u>	<u>697,011</u>		
Unencumbered cash, ending	<u>\$ 697,011</u>	<u>774,983</u>		
<b>VOCATIONAL EDUCATION FUND</b>				
Receipts				
Transfers from other funds	\$ 147,605	193,000	80,000	113,000
Grants and other	<u>2,000</u>	<u>2,973</u>	<u>2,000</u>	<u>973</u>
	<u>149,605</u>	<u>195,973</u>	<u>82,000</u>	<u>113,973</u>
Expenditures				
Instruction				
Salaries and benefits	103,120	106,207	132,000	(25,793)
Supplies and other	14,929	16,862	43,001	(26,139)
Equipment	9,290	36,449	25,000	11,449
Instructional support staff	-	220	2,000	(1,780)
Student transportation services	<u>-</u>	<u>428</u>	<u>-</u>	<u>428</u>
	<u>127,339</u>	<u>160,166</u>	<u>202,001</u>	<u>(41,835)</u>
Receipts over (under) expenditures	22,266	35,807		
Unencumbered cash, beginning	<u>97,735</u>	<u>120,001</u>		
Unencumbered cash, ending	<u>\$ 120,001</u>	<u>155,808</u>		

See notes to financial statements

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES –  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>KPERS EMPLOYER CONTRIBUTION FUND</b>				
Receipts				
State aid	\$ 192,300	170,729	221,145	(50,416)
Expenditures				
Instruction	130,956	116,950	150,600	(33,650)
Student support services	5,384	5,122	6,192	(1,070)
Instructional support services	9,807	8,707	11,278	(2,571)
General administration	9,231	8,195	10,615	(2,420)
School administration	13,269	11,780	15,259	(3,479)
Other supplemental services	1,923	1,707	2,211	(504)
Operations and maintenance	9,615	8,024	11,057	(3,033)
Student transportation services	6,154	5,293	7,077	(1,784)
Food service operations	5,961	4,951	6,856	(1,905)
	<u>192,300</u>	<u>170,729</u>	<u>221,145</u>	<u>(50,416)</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	<u>\$ -</u>	<u>-</u>		
<b>CONTINGENCY RESERVE FUND</b>				
Receipts	\$ -	-		
Expenditures	-	-	NOT APPLICABLE	
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	<u>406,000</u>	<u>406,000</u>		
Unencumbered cash, ending	<u>\$ 406,000</u>	<u>406,000</u>		

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES –  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<b>TEXTBOOK REVOLVING FUND</b>				
Receipts				
Transfers from other funds	\$ 70,000	37,000		
Expenditures				
Textbooks and workbooks	<u>304</u>	<u>16,453</u>	NOT APPLICABLE	
Receipts over (under) expenditures	69,696	20,547		
Unencumbered cash, beginning	<u>9,828</u>	<u>79,524</u>		
Unencumbered cash, ending	<u>\$ 79,524</u>	<u>100,071</u>		
 <b>RECREATION FUND</b>				
Receipts				
Taxes				
Tax in process	\$ 592	1,251	1,312	(61)
Current tax	25,808	26,754	26,588	166
Delinquent tax	578	787	566	221
Motor vehicle tax	4,883	4,871	4,954	(83)
Recreational vehicle tax	<u>124</u>	<u>114</u>	<u>122</u>	<u>(8)</u>
	31,985	33,777	<u>33,542</u>	<u>235</u>
Expenditures				
Appropriation to recreation commission	<u>33,000</u>	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Receipts over (under) expenditures	(1,015)	(223)		
Unencumbered cash, beginning	<u>14,106</u>	<u>13,091</u>		
Unencumbered cash, ending	<u>\$ 13,091</u>	<u>12,868</u>		

See notes to financial statements

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES –  
ACTUAL AND BUDGET\*

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2011				2010 Total
	Title I ESEA	Title II-D Technology Education	Title II-A Class Size Reduction	Small Rural Schools	
<b>FEDERAL GOVERNMENT PROGRAMS</b>					
Receipts					
Federal aid	\$ 74,479	699	17,368	47,148	139,694
Expenditures					
Salaries and benefits	72,643	-	17,368	46,045	136,056
Supplies and other	1,779	645	-	833	3,257
Equipment	-	-	-	270	270
	<u>74,422</u>	<u>645</u>	<u>17,368</u>	<u>47,148</u>	<u>139,583</u>
Receipts over (under) expenditures	57	54	-	-	111
Unencumbered cash, beginning	(57)	(54)	-	-	(111)
Unencumbered cash, ending	\$ -	-	-	-	(111)

\* Legally adopted budget not applicable

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS AND EXPENDITURES –  
ACTUAL AND BUDGET

Year ended June 30, 2011

(With comparable actual totals for the prior year ended June 30, 2010)

	2010 <u>Actual</u>	2011		Variance Over <u>(Under)</u>
		<u>Actual</u>	<u>Budget</u>	
<b>BOND AND INTEREST FUND</b>				
Receipts				
Taxes				
Tax in process	\$ 2,516	4,926	3,434	1,492
Current tax	103,663	102,204	100,019	2,185
Delinquent tax	2,691	3,518	2,232	1,286
Motor vehicle tax	21,842	20,189	20,563	(374)
Recreational vehicle tax	556	469	509	(40)
State aid	<u>181,618</u>	<u>180,214</u>	<u>180,214</u>	<u>-</u>
	<u>312,886</u>	<u>311,520</u>	<u>306,971</u>	<u>4,549</u>
Expenditures				
Principal	290,000	295,000	295,000	-
Interest	28,628	21,165	21,165	-
Other	<u>-</u>	<u>-</u>	<u>100</u>	<u>(100)</u>
	<u>318,628</u>	<u>316,165</u>	<u>316,265</u>	<u>(100)</u>
Receipts over (under) expenditures	(5,742)	(4,645)		
Unencumbered cash, beginning	<u>267,507</u>	<u>261,765</u>		
Unencumbered cash, ending	<u>\$ 261,765</u>	<u>257,120</u>		

## Unified School District No. 439

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES

## School Activity Funds

Year ended June 30, 2011

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
<b>Activity Gate Receipts</b>				
High School				
Athletics	\$ 6,961	33,186	33,419	6,728
Concessions	766	15,811	15,577	1,000
Musicals	1,635	2,350	1,644	2,341
Grade School				
Athletics	-	869	869	-
Concessions	938	-	-	938
Totals to Statement 1	<u>\$ 10,300</u>	<u>52,216</u>	<u>51,509</u>	<u>11,007</u>
<b>School Projects</b>				
High School	\$ 4,115	32,680	31,947	4,848
Grade School	4,954	2,814	2,332	5,436
Totals to Statement 1	<u>\$ 9,069</u>	<u>35,494</u>	<u>34,279</u>	<u>10,284</u>
<b>Student Organizations</b>				
High School				
Class funds	\$ 2,963	6,291	6,512	2,742
Other	7,962	13,978	13,437	8,503
Grade School				
Class funds	1,091	1,787	2,703	175
Other	717	3,885	3,778	824
Total cash basis activity	12,733	25,941	26,430	12,244
Adjustments for encumbrances and payables	(12,733)	-	(489)	(12,244)
Totals to Statement 1	<u>\$ -</u>	<u>25,941</u>	<u>25,941</u>	<u>-</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Unified School District No. 439 is a Kansas municipality governed by an elected seven-member school board. These financial statements present only the primary government of the District.

In addition to the primary government, the Sedgwick Recreation Commission qualifies as a component unit of the District. However, the financial activity of this component unit is not included in the accompanying financial statements.

Fund Descriptions

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

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

Governmental Funds

General Funds - to account for all unrestricted resources except those required to be accounted for in another fund.

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 expend for specified purposes.

Debt Service Fund - to account for the accumulation of resources for, and the payment of interest and principal on general long-term debt.

Fiduciary Funds

To account for assets held in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds.

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. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles (GAAP), 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 GAAP. Capital assets that account for the land, building, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases and compensated absences are not presented in the financial statements.

Activity Funds

Under provisions of K.S.A. 72-8208a, the Board of Education adopted a resolution relating to the school activity funds which results in the activity funds being accounted for under policies and procedures of the Board. In these financial statements, school activity funds of the District are classified as special revenue and fiduciary funds.

2. 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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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. The District's 2011 budget was not amended.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

2. BUDGETARY INFORMATION (Continued)

The budget of the general fund of a unified school district is based on estimated enrollment for the district. After the school year has begun, the enrollment for each district is audited by the Kansas Department of Education. This enrollment will determine the legal maximum budget for the district, and if this "legal max" budget is less than the adopted budget, the general fund budget of the district is automatically reduced to the computed amount. If this "legal max" budget is greater than the adopted budget, the District must amend the budget (see prior paragraph) to the "legal max" amount to have the additional budget authority. The District's general fund budget as originally adopted for the year ended June 30, 2011, was reduced to the "legal max" amount based on enrollment.

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 the purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

- Contingency reserve
- Federal government programs
- Textbook revolving

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

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 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 investment policy that would further limit interest rate risk.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

3. DEPOSITS AND INVESTMENTS (Continued)

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.

As of June 30, 2011, the District’s investments included only bank time deposits with a fair value of \$3,075,000 which are not subject to investment rating.

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, except during designated “peak periods” when required coverage is 50%. The District has not designated peak periods. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the carrying amount of the District's deposits was \$4,113,212. The bank balance totaled \$4,551,251. The balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$433,926 was covered by FDIC insurance, and the remaining \$4,117,325 was collateralized with securities held by the pledging financial institutions’ agents in the District’s name.

Composition of Cash and Investments

The cash of the District at June 30, 2011, consisted of the following accounts with a local financial institution:

Board Funds	
Checking account	\$ (255,598)
Money market account	1,258,025
Certificates of deposit	3,075,000
Petty cash checking	<u>2,250</u>
Total board funds	4,079,677
Activity funds	
Checking accounts	<u>33,535</u>
Total cash balance	<u><u>\$ 4,113,212</u></u>

Unified School District No. 439

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

4. GENERAL LONG-TERM DEBT

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturity Date</u>	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance 06/30/11</u>	<u>Interest Paid 06/30/11</u>
<b>General Obligation Bonds:</b>									
School improvement Series 2004, Refunding	2.00 - 3.15%	4/1/2004	\$ 1,700,000	10/1/2012	\$ 855,000	-	295,000	560,000	21,165

Current maturities of long-term debt and interest through maturity are as follows:

	<u>Year ended June 30</u>		
	<u>2012</u>	<u>2013</u>	<u>Total</u>
<b>PRINCIPAL</b>			
General Obligation Bonds	\$ 305,000	255,000	560,000
<b>INTEREST</b>			
General Obligation Bonds	12,608	4,016	16,624
<b>TOTAL PRINCIPAL AND INTEREST</b>	<u>\$ 317,608</u>	<u>259,016</u>	<u>576,624</u>

5. COMPENSATED ABSENCES

The District grants compensated absences in the form of vacation and sick leave for each school year. Classified full-time staff receive ten days paid vacation during the first two years of employment. After two years of continuous service, full-time staff receive fifteen days paid vacation. Unused vacation time may not be accumulated.

Both certified and classified employees receive a maximum of twelve days per year sick leave and an additional two days for personal business. Sick leave may be accumulated to 60 days, but no compensation is paid for the unused accumulation upon termination.

The total liability for compensated absences at June 30, 2011, has not been recorded in the District's financial statements.

6. COMPLIANCE WITH KANSAS STATUTES

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 schedules show the revenue as required by the Statutes.

Unified School District No. 439

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

6. COMPLIANCE WITH KANSAS STATUTES (Continued)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2011

**GENERAL FUND**

	Statutory <u>Transactions</u>	<u>Budget</u>	Variance Over <u>(Under)</u>
<b>STATUTORY REVENUES</b>			
Taxes			
Tax in process	\$ 11,022	11,647	(625)
Current tax	242,717	240,018	2,699
Delinquent tax	5,689	5,040	649
General state aid	2,924,551	3,110,334	(185,783)
Special education state aid	445,458	446,608	(1,150)
Federal ARRA stabilization aid	69,141	69,141	-
Federal education jobs aid	121,066	-	121,066
Reimbursements	<u>41,217</u>	<u>-</u>	<u>41,217</u>
	<u>3,860,861</u>	<u>3,882,788</u>	<u>(21,927)</u>
<b>EXPENDITURES</b>			
Instruction	1,723,175	1,818,207	(95,032)
Student support services	98,071	97,500	571
Instructional support services	170,019	176,200	(6,181)
General administration	214,462	218,300	(3,838)
School administration	225,989	227,800	(1,811)
Other supplemental services	29,984	30,600	(616)
Operations and maintenance	281,769	417,000	(135,231)
Student transportation services	72,663	91,500	(18,837)
Vehicle operating and maintenance services	15,423	29,500	(14,077)
Operating transfers	1,029,733	776,608	253,125
Adjustment to comply with legal max	-	(63,144)	63,144
Adjustment for qualifying budget credits	<u>-</u>	<u>41,217</u>	<u>(41,217)</u>
	<u>3,861,288</u>	<u>3,861,288</u>	<u>-</u>
Revenues over (under) expenditures	(427)		
MODIFIED UNENCUMBERED CASH, beginning	428		
Canceled prior year encumbrances	<u>20</u>		
MODIFIED UNENCUMBERED CASH, ending	<u>\$ 21</u>		

Unified School District No. 439

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

6. COMPLIANCE WITH KANSAS STATUTES (Continued)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

Year ended June 30, 2011

**SUPPLEMENTAL GENERAL FUND**

	<u>Statutory Transactions</u>	<u>Budget</u>	Variance Over <u>(Under)</u>
<b>STATUTORY REVENUES</b>			
Taxes			
Tax in process	\$ 7,252	7,611	(359)
Current tax	144,153	151,799	(7,646)
Delinquent tax	3,501	3,278	223
Motor vehicle tax	22,606	22,739	(133)
Recreational vehicle tax	546	563	(17)
State aid	392,609	393,893	(1,284)
Reimbursements	499	-	499
	<u>571,166</u>	<u>579,883</u>	<u>(8,717)</u>
<b>EXPENDITURES</b>			
Instruction	175,765	483,300	(307,535)
Instructional support services	2,200	6,500	(4,300)
General administration	-	200	(200)
Operating transfers	397,035	85,000	312,035
	575,000	575,000	-
Adjustment for qualifying budget credits	-	499	(499)
	<u>575,000</u>	<u>575,499</u>	<u>(499)</u>
Revenues over (under) expenditures	(3,834)		
MODIFIED UNENCUMBERED CASH, beginning	10,296		
MODIFIED UNENCUMBERED CASH, ending	<u>\$ 6,462</u>		

7. DEFINED BENEFIT PENSION PLAN

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) or by calling 1-888-275-5737.

NOTES TO FINANCIAL STATEMENTS

Year ended June 30, 2011

7. DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy

K.S.A. 74-4919 established the KPERS member-employee contribution rate at 4-6% 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. The contribution rate for the state for the period from July 1, 2010 through June 30, 2011 was 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 \$253,834,044, \$248,468,186, and \$242,277,363 respectively, equal to the required contributions for each year.

8. INTERFUND TRANSACTIONS

Operating transfers during the year ended June 30, 2011, were as follows:

	Transfers to		Transfers from	
		<u>Total</u>	<u>General</u>	<u>Supplemental General</u>
At Risk (K-12)	\$	273,335	262,000	11,335
Capital Outlay		94,275	94,275	-
Driver Training		30,000	-	30,000
Food Service		55,000	-	55,000
Professional Development		35,000	35,000	-
Special Education		709,158	445,458	263,700
Vocational Education		193,000	193,000	-
Textbook Revolving		37,000	-	37,000
		\$ 1,426,768	1,029,733	397,035

9. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2011, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through August 31, 2011, which is the date at which the financial statements were available to be issued.