UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS

FINANCIAL STATEMENTS
(with Independent Auditors' Report thereon)

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
FINANCIAL STATEMENTS
Year ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 449,
Easton, Kansas

We have audited the accompanying financial statements of Unified School District No. 449, Easton, 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 September 8, 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. 449, Easton, 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. 449, Easton, 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. 449, Easton, 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.

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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 to be and should not be used by anyone other than these specified parties.

Kramer & Associates CPAs, L.L.C.

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
September 14, 2011

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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	$ (512,504)	$ –	$ 5,131,250	$ 5,030,486	$ (411,740)	$ 49,481	$ (362,259)
Supplemental general	(100,665)	500	1,841,362	1,706,797	34,400	64,713	99,113
Special revenue funds:							
At risk	124,583	–	235,600	242,465	117,718	136	117,854
Capital outlay	629,312	–	486,580	204,596	911,296	–	911,296
Drivers education	4,903	–	9,026	5,572	8,357	–	8,357
Food service	96,621	–	365,136	363,086	98,671	1,893	100,564
Professional development	9,920	–	6,000	4,844	11,076	–	11,076
Summer school	–	–	–	–	–	–	–
Special education	243,300	–	998,569	963,466	278,403	310	278,713
Vocational education	155,979	–	311,871	322,100	145,750	6,395	152,145
KPERS contribution	–	–	262,745	262,745	–	–	–
Textbook rental	102,952	–	32,488	2,148	133,292	–	133,292
Contingency reserve	477,452	–	–	184,889	292,563	121,443	414,006
Memorial	33,471	–	3,340	2,276	34,535	–	34,535
Federal	(61)	–	100,403	94,679	5,663	2,657	8,320
Grant	3,000	–	2,005	255	4,750	–	4,750
Gate receipts	11,327	–	41,987	36,238	17,076	–	17,076
School projects	21,473	–	46,088	45,662	21,899	–	21,899
Debt service fund:							
Bond and interest	624,716	–	662,117	579,460	707,373	–	707,373
Total reporting entity (excluding agency fund)	$1,925,779	$ 500	$10,536,567	$10,051,764	$2,411,082	$ 247,028	$2,658,110

Composition of cash:	
Checking	$ 128,054
Checking - activity accounts	103,002
Petty cash	1,600
Investments	2,468,383
Certificates of deposit	21,098
Total cash	2,722,137
Less agency funds	(64,027)
Total reporting entity (excluding agency funds)	$2,658,110

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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	$ 5,293,834	$ (281,246)	$ 18,385	$ 5,030,973	$ 5,030,486	$ 487
Supplemental general	$ 1,779,808	$ (73,011)	$ –	$ 1,706,797	$ 1,706,797	$ –
Special revenue funds:						
At risk	$ 414,539	$ –	$ –	$ 414,539	$ 242,465	$ 172,074
Capital outlay	$ 524,000	$ –	$ –	$ 524,000	$ 204,596	$ 319,404
Drivers education	$ 11,053	$ –	$ –	$ 11,053	$ 5,572	$ 5,481
Food service	$ 485,018	$ –	$ –	$ 485,018	$ 363,086	$ 121,932
Professional development	$ 16,732	$ –	$ –	$ 16,732	$ 4,844	$ 11,888
Summer school	$ –	$ –	$ –	$ –	$ –	$ –
Special education	$ 1,281,704	$ –	$ –	$ 1,281,704	$ 963,466	$ 318,238
Vocational education	$ 515,979	$ –	$ –	$ 515,979	$ 322,100	$ 193,879
KPERS contribution	$ 330,112	$ –	$ –	$ 330,112	$ 262,745	$ 67,367
Federal	$ 80,540	$ –	$ 19,863	$ 100,403	$ 94,679	$ 5,724
Debt service fund:						
Bond and interest	$ 653,747	$ –	$ –	$ 653,747	$ 579,460	$ 74,287

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

GENERAL FUND

Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over(under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 20,273	$ 20,516	$ 13,783	$ 6,733
Ad valorem property - current taxes	514,962	531,220	514,965	16,255
Delinquent	8,863	8,456	9,591	(1,135)
State aid:				
Equalization aid	3,651,290	3,685,224	4,068,276	(383,052)
Special education services	634,429	618,736	596,125	22,611
Mineral production tax	1,167	575	1,100	(525)
Federal aid:				
PL-382 impact aid	-	570	-	570
ARRA Stabilization	232,392	89,992	89,992	-
Education Jobs Fund	-	157,576	-	157,576
Reimbursed expenses	13,952	18,385	-	18,385
Total cash receipts	5,077,328	5,131,250	$ 5,293,832	$ (162,582)
Expenditures and transfers subject to budget:				
Instruction	2,384,940	2,501,217	$ 2,598,493	$ 97,276
Student support services	133,692	135,080	153,147	18,067
Instructional support staff	147,462	129,287	137,658	8,371
General administration	159,354	176,887	151,182	(25,705)
School administration	453,286	484,901	489,851	4,950
Central services	146,563	81,065	90,300	9,235
Operations and maintenance	384,686	290,989	542,420	251,431
Student transportation services	49,144	252,790	110,258	(142,532)
Student activities	1,040	-	-	-
Transfers out	1,269,430	978,270	1,020,525	42,255
Adjustment to comply with legal max	-	-	(281,246)	(281,246)
Legal general fund budget	5,129,597	5,030,486	5,012,588	(17,898)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	18,385	18,385
Total expenditures and transfers subject to budget	5,129,597	5,030,486	$ 5,030,973	$ 487
Receipts over (under) expenditures	(52,269)	100,764		
Unencumbered cash, beginning of year	(460,235)	(512,504)		
Unencumbered cash, end of year	$ (512,504)	$ (411,740)		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
SUPPLEMENTAL GENERAL FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 22,109	$ 29,263	$ 20,035	$ 9,228
Ad valorem property - current taxes	717,045	686,122	645,901	40,221
Delinquent	9,587	12,159	13,373	(1,214)
Motor vehicle	112,490	118,432	116,460	1,972
Recreational vehicle	2,433	2,118	2,563	(445)
State aid:				
Equalization aid	618,872	993,268	921,869	71,399
Federal aid:				
ARRA Stabilization	218,726	–	–	–
Total cash receipts	1,701,262	1,841,362	$ 1,720,201	$ 121,161
Expenditures and transfers subject to budget:				
Instruction	228,135	190,554	$ 202,193	$ 11,639
Student support services	9,612	–	5,290	5,290
Instructional support staff	6,312	2,975	24,830	21,855
General administration	9,114	37,895	500	(37,395)
School administration	31,056	1,450	13,330	11,880
Central services	706	69,566	–	(69,566)
Operations and maintenance	247,285	401,714	415,100	13,386
Student transportation services	390,459	15,810	105,700	89,890
Transfers out	785,979	986,833	1,012,865	26,032
Adjustment to comply with legal max	–	–	(73,011)	(73,011)
Legal supplemental general fund budget	1,708,658	1,706,797	1,706,797	–
Adjustment for qualifying budget credits:				
Reimbursements	–	–	–	–
Total expenditures and transfers subject to budget	1,708,658	1,706,797	$ 1,706,797	$ –
Receipts over (under) expenditures	(7,396)	134,565		
Prior year canceled encumbrances	–	500		
Unencumbered cash, beginning of year	(93,269)	(100,665)		
Unencumbered cash, end of year	$ (100,665)	$ 34,400		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
AT RISK FUND
Year ended June 30, 2011

	Prior year actual	Current year Actual	Current year Budget	Current year Variance - over (under)
Cash receipts:				
Revenue from other local source	$ –	$ 600	$ –	$ 600
Transfers in:				
Supplemental general fund	294,600	235,000	295,000	(60,000)
Total cash receipts	294,600	235,600	$ 295,000	$ (59,400)
Expenditures subject to budget:				
Instruction	291,241	242,465	$ 407,839	$ 165,374
Student support services	–	–	6,700	6,700
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	291,241	242,465	$ 414,539	$ 172,074
Receipts over (under) expenditures	3,359	(6,865)		
Unencumbered cash, beginning of year	121,224	124,583		
Unencumbered cash, end of year	$ 124,583	$ 117,718		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
CAPITAL OUTLAY FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 3,470	$ –	$ –	$ –
Ad valorem property - current taxes	–	87,938	85,666	2,272
Delinquent	1,531	756	–	756
Motor vehicle	17,702	12,933	11,455	1,478
Recreational vehicle	383	254	252	2
Investment income	2,140	1,895	2,000	(105)
Other revenue from local sources	30,561	23,026	32,000	(8,974)
Federal aid:				
PL-382 impact aid	–	244	–	244
Transfers in:				
General fund	335,001	359,534	250,000	109,534
Total cash receipts	390,788	486,580	$ 381,373	$ 105,207
Expenditures and transfers subject to budget:				
Instruction	–	30,228	$ 10,000	$ (20,228)
Operations and maintenance	24,855	17,595	300,000	282,405
Student transportation services	138,088	156,348	180,000	23,652
Facilities acquisition and construction	41,157	425	34,000	33,575
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures and transfers subject to budget	204,100	204,596	$ 524,000	$ 319,404
Receipts over (under) expenditures	186,688	281,984		
Unencumbered cash, beginning of year	442,624	629,312		
Unencumbered cash, end of year	$ 629,312	$ 911,296		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
DRIVERS EDUCATION FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over(under)
Cash receipts:				
State aid:				
Driver training	$ 1,600	$ 1,406	$ 3,150	$ (1,744)
Other revenue from local sources	3,675	4,620	–	4,620
Transfers in:				
Supplemental general fund	–	3,000	3,000	–
Total cash receipts	5,275	9,026	$ 6,150	$ 2,876
Expenditures subject to budget:				
Instruction	4,493	5,572	$ 10,453	$ 4,881
Vehicle operations and maintenance services	–	–	600	600
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	4,493	5,572	$ 11,053	$ 5,481
Receipts over (under) expenditures	782	3,454		
Unencumbered cash, beginning of year	4,121	4,903		
Unencumbered cash, end of year	$ 4,903	$ 8,357		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOOD SERVICE FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
National school lunch/breakfast program	$ 133,378	$ 145,770	$ 136,300	$ 9,470
State aid:				
School food assistance	4,037	3,894	3,302	592
Charge for services	177,385	162,472	168,795	(6,323)
Miscellaneous	20	–	–	–
Transfers in:				
General fund	–	–	80,000	(80,000)
Supplemental general fund	–	53,000	–	53,000
Total cash receipts	314,820	365,136	$ 388,397	$ (23,261)
Expenditures subject to budget:				
Food service operations	333,076	363,086	$ 485,018	$ 121,932
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	333,076	363,086	$ 485,018	$ 121,932
Receipts over (under) expenditures	(18,256)	2,050		
Unencumbered cash, beginning of year	114,877	96,621		
Unencumbered cash, end of year	$ 96,621	$ 98,671		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
PROFESSIONAL DEVELOPMENT FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over(under)
Cash receipts:				
Transfers in:				
Supplemental general fund	$ 7,500	$ 6,000	$ 8,000	$ (2,000)
Total cash receipts	7,500	6,000	$ 8,000	$ (2,000)
Expenditures subject to budget:				
Instruction	3,927	4,758	$ –	$ (4,758)
Instructional support staff	623	86	16,732	16,646
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	4,550	4,844	$ 16,732	$ 11,888
Receipts over (under) expenditures	2,950	1,156		
Unencumbered cash, beginning of year	6,970	9,920		
Unencumbered cash, end of year	$ 9,920	$ 11,076		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
SUMMER SCHOOL FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Revenue from other local source	$ –	$ –	$ –	$ –
Total cash receipts	–	–	$ –	$ –
Expenditures subject to budget:				
Instruction	7,540	–	$ –	$ –
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	7,540	–	$ –	$ –
Receipts over (under) expenditures	(7,540)	–		
Unencumbered cash, beginning of year	7,540	–		
Unencumbered cash, end of year	$ –	$ –		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
SPECIAL EDUCATION FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over(under)
Cash receipts:				
Transfers in:				
General fund	$ 934,429	$ 618,736	$ 690,525	$ (71,789)
Supplemental general fund	113,879	379,833	346,865	32,968
Total cash receipts	1,048,308	998,569	$ 1,037,390	$ (38,821)
Expenditures subject to budget:				
Instruction	1,121,181	914,847	$ 1,107,484	$ 192,637
Vehicle operating services	98,210	48,619	174,220	125,601
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	1,219,391	963,466	$ 1,281,704	$ 318,238
Receipts over (under) expenditures	(171,083)	35,103		
Unencumbered cash, beginning of year	414,383	243,300		
Unencumbered cash, end of year	$ 243,300	$ 278,403		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
VOCATIONAL EDUCATION FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Other revenue from local source	$ 2,215	$ 1,871	$ –	$ 1,871
Transfers in:				
Supplemental general fund	370,000	310,000	360,000	(50,000)
Total cash receipts	372,215	311,871	$ 360,000	$ (48,129)
Expenditures subject to budget:				
Instruction	357,862	321,023	$ 515,979	$ 194,956
School administration	–	1,077	–	(1,077)
Operations and maintenance	15	–	–	–
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	357,877	322,100	$ 515,979	$ 193,879
Receipts over (under) expenditures	14,338	(10,229)		
Unencumbered cash, beginning of year	141,641	155,979		
Unencumbered cash, end of year	$ 155,979	$ 145,750		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
KPERS CONTRIBUTION FUND
Year ended June 30, 2011

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
KPERS contributions	$ 294,743	$ 262,745	$ 330,112	$ (67,367)
Total cash receipts	294,743	262,745	$ 330,112	$ (67,367)
Expenditures subject to budget:				
Instruction	256,427	212,823	$ 268,462	$ 55,639
Student support services	3,537	2,628	4,200	1,572
Instructional support staff	4,126	5,255	5,000	(255)
General administration	2,947	5,255	5,100	(155)
School administration	12,969	13,137	16,900	3,763
Central services	3,065	5,255	6,500	1,245
Operations and maintenance	5,011	5,255	5,350	95
Student transportation services	–	7,882	11,000	3,118
Food service operations	6,661	5,255	7,600	2,345
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	294,743	262,745	$ 330,112	$ 67,367
Receipts over (under) expenditures	–	–		
Unencumbered cash, beginning of year	–	–		
Unencumbered cash, end of year	$ –	$ –		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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	$ 35,916	$ 32,488
Total cash receipts	35,916	32,488
Expenditures:		
Instruction	11,303	2,148
Total expenditures	11,303	2,148
Receipts over (under) expenditures	24,613	30,340
Unencumbered cash, beginning of year	78,339	102,952
Unencumbered cash, end of year	$ 102,952	$ 133,292

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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	$ –	$ –
Total cash receipts	–	–
Expenditures:		
Community service operations	–	184,889
Total expenditures	–	184,889
Receipts over (under) expenditures	–	(184,889)
Unencumbered cash, beginning of year	477,452	477,452
Unencumbered cash, end of year	$ 477,452	$ 292,563

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
MEMORIAL FUND*
Year ended June 30, 2011

	Prior year actual	Current year actual
Cash receipts:		
Investment income	$ 343	$ 202
Other revenue from local sources	2,395	3,138
Total cash receipts	2,738	3,340
Expenditures:		
Instruction	2,977	2,276
Total expenditures	2,977	2,276
Receipts over (under) expenditures	(239)	1,064
Unencumbered cash, beginning of year	33,710	33,471
Unencumbered cash, end of year	$ 33,471	$ 34,535

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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	$ 60,843	$ 74,550	$ 55,153	$ 19,397
Title II	26,506	25,378	25,387	(9)
Advance placement	10,139	475	–	475
School preparedness	750	–	–	–
Total cash receipts	98,238	100,403	$ 80,540	$ 19,863
Expenditures subject to budget:				
Instruction	101,509	94,670	$ 80,540	$ (14,130)
Central services	1,487	9	–	(9)
Adjustment for qualifying budget credits:				
Federal funds received in excess of budget	–	–	19,863	19,863
Total expenditures subject to budget	102,996	94,679	$ 100,403	$ 5,724
Receipts over (under) expenditures	(4,758)	5,724		
Unencumbered cash, beginning of year	4,697	(61)		
Unencumbered cash, end of year	$ (61)	$ 5,663		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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	$ 200	$ 2,005
Total cash receipts	200	2,005
Expenditures:		
Instruction	–	255
Total expenditures	–	255
Receipts over (under) expenditures	200	1,750
Unencumbered cash, beginning of year	2,800	3,000
Unencumbered cash, end of year	$ 3,000	$ 4,750

* This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
BOND & INTEREST FUND
Year ended June 30, 2011

	Prior year actual	Current year Actual	Current year Budget	Current year Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 13,310	$ 13,333	$ 9,128	$ 4,205
Ad valorem property - current taxes	326,696	314,475	306,403	8,072
Delinquent	5,869	6,191	6,093	98
Motor vehicle	64,952	66,025	63,756	2,269
Recreational vehicle	1,403	1,202	1,404	(202)
Miscellaneous	–	5,931	–	5,931
State aid:				
School district capital improvement	240,738	254,960	254,960	–
Total cash receipts	652,968	662,117	$ 641,744	$ 20,373
Expenditures subject to budget:				
Principal	390,000	410,000	$ 410,000	$ –
Interest	260,643	169,456	243,743	74,287
Fiscal charges	4	4	4	–
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures subject to budget	650,647	579,460	$ 653,747	$ 74,287
Receipts over (under) expenditures	2,321	82,657		
Unencumbered cash, beginning of year	622,395	624,716		
Unencumbered cash, end of year	$ 624,716	$ 707,373		

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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
Pleasant Ridge High student activities:				
Art club	$ –	$ 494	$ 461	$ 33
Baseball	939	1,619	1,735	823
Basketball club - Lady Rams	310	4,001	2,820	1,491
Spirit squad	–	6,221	6,173	48
Ram basketball club	1,631	3,695	5,126	200
Dance club	1,600	4,036	5,063	573
Boys/Girls state	583	1,687	1,329	941
Play productions	1,090	1,030	556	1,564
Track club	554	4,183	3,863	874
Football club - Rambackers	1,168	15,320	11,183	5,305
FBLA	3,168	9,586	10,890	1,864
Scholars' club	237	–	61	176
RSVP	301	1,964	2,026	239
SADD	212	1,086	1,159	139
School improvement club	1,050	–	449	601
Student council	5,968	3,490	4,133	5,325
Student assistant fund	257	–	–	257
Technology student association	10	–	–	10
Wrestling club	2,630	4,913	4,133	3,410
Student recognition	444	715	967	192
Lady Rams volleyball club	2,209	1,655	1,348	2,516
Cross country	365	652	892	125
Softball	258	753	840	171
Graduated classes	2,400	–	1,974	426
Freshman class	–	456	–	456
Sophomore class	2,960	–	740	2,220
Junior class	679	9,779	9,242	1,216
Senior class	2,887	1,295	3,205	977
Technology club	2,982	–	1,760	1,222
Vo-Ag club	10,479	17,157	20,236	7,400
Total PRHS student activity funds	47,371	95,787	102,364	40,794

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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
Pleasant Ridge Middle student activities:				
Cheerleaders	1,206	10,908	10,098	2,016
Track	–	695	695	–
STUCO	5,576	10,562	10,704	5,434
Volleyball	–	358	266	92
6th grade class	6,334	11,406	13,851	3,889
7th grade class	6,008	8,962	8,213	6,757
8th grade class	1,456	9,724	6,137	5,043
Total PRMS student activity funds	20,580	52,615	49,964	23,231
Salt Creek Valley student activities:				
STUCO	43	–	41	2
Fundraiser	75	–	75	–
Total SCV student activity funds	118	–	116	2
Other agency funds:				
Sales tax	–	4,897	4,897	–
Subtotal other agency funds	–	4,897	4,897	–
Total agency funds	$ 68,069	$ 153,299	$ 157,341	$ 64,027

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

UNIFIED SCHOOL DISTRICT NO.. 449, EASTON, 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:						
Middle school athletics	$ 7,562	$ 13,297	$ 8,818	$ 12,041	$ –	$ 12,041
High school athletics	3,765	28,690	27,420	5,035	–	5,035
Subtotal gate receipts	11,327	41,987	36,238	17,076	–	17,076
School projects:						
Pleasant Ridge Elementary:						
Book fair/library	2,332	3,260	2,311	3,281	–	3,281
Kindergarten	15	397	377	35	–	35
First grade	–	235	235	–	–	–
Second grade	–	250	204	46	–	46
Third grade	6	–	6	–	–	–
Yearbook	193	2,029	1,735	487	–	487
Teachers	591	956	1,327	220	–	220
Social skills	65	–	–	65	–	65
Resource	289	277	41	525	–	525
Teacher funds	7	–	–	7	–	7
Salt Creek Valley Elementary:						
Book fair	903	1,859	2,520	242	–	242
Fourth grade	621	3,304	3,536	389	–	389
Fifth grade	298	739	839	198	–	198
Resource	64	–	–	64	–	64
Yearbook	117	688	805	–	–	–

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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
Salt Creek Valley Elementary (continued):						
Coin machine	1,113	503	516	1,100	–	1,100
Recycling	699	684	847	536	–	536
Booster	77	–	77	–	–	–
Teacher funds	353	3,065	2,188	1,230	–	1,230
Pleasant Ridge Middle:						
Book fair	541	1,582	1,341	782	–	782
Quiz bowl	–	100	65	35	–	35
Class gift	2,287	1,400	3,277	410	–	410
Yearbook	572	1,984	1,892	664	–	664
Science	65	–	9	56	–	56
Technology	1,765	–	–	1,765	–	1,765
Concrete	1,741	414	–	2,155	–	2,155
Faculty, staff	500	841	951	390	–	390
KC Reading	114	–	–	114	–	114
Teacher funds	–	1,400	1,400	–	–	–
Pleasant Ridge High:						
Music	718	14,068	13,248	1,538	–	1,538
Yearbook	3,767	4,068	3,811	4,024	–	4,024
Faculty, staff	1,660	1,985	2,104	1,541	–	1,541
Subtotal school projects	21,473	46,088	45,662	21,899	–	21,899
Total district activities	$ 32,800	$ 88,075	$ 81,900	$ 38,975	$ –	$ 38,975

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

1. Summary of significant accounting policies

a. Reporting entity

Unified School District No. 449, Easton, Kansas ("the District"), is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 449, Easton (the primary government). There are no component units.

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	$ 18,385

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.

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.

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. See Note 3 for additional cash information.

Investments consist of deposits in the State Municipal Investment Pool (MIP). These investments are carried at cost. See Note 3 for additional investment information.

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. There were no such budget amendments for this year.

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

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 documents 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, and the following special revenue funds:

Textbook rental fund
Contingency reserve fund
Memorial fund
Grant fund

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 $411,740 and $512,504 for the years ended June 30, 2011 and 2010, respectively. Additionally, the Supplemental General Fund showed a negative ending unencumbered cash balance of $100,665 for the year ended June 30, 2010. 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 years ending June 30, 2011 and 2010 in the General and Supplemental General funds.

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).

Management is not aware of any statutory violations for the period covered by the audit.

3. Deposits and investments

As of June 30, 2011, the District had the following investments with maturities less than one year:

Investment Type	Fair Value	Rating
Kansas Municipal Investment Pool	$ 2,468,383	S&P AAAf/S1+
Total	$ 2,468,383	

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. The rating of the District's investments is noted above.

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. The District's allocation of investments as of June 30, 2011, is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100%

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 $253,754 and the bank balance was $633,518. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $348,081 was covered by federal depository insurance, and the remaining $285,437 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.

3. Deposits and investments (continued)

At June 30, 2011, the District had invested $2,468,383 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. Long-term debt

On October 1, 1998, the District issued $1,475,000 in general obligation bonds for the purpose of refunding an equal amount of Series 1992 bonds outstanding. The bonds refunded represented all Series 1992 bonds maturing in the years 2004 and thereafter. The proceeds of the bonds were placed in an irrevocable trust escrow account until September 1, 2003, the first date on which the District could refund the Series 1992 bonds maturing in the years 2004 and thereafter.

On March 25, 2004, the District issued $1,480,000 in general obligation bonds for the purpose of refunding these Series 1998 bonds outstanding.

A portion of the Series 1998 bond issue consists of capital appreciation bonds. These bonds were sold at a discount and will be redeemed at maturity at their face value of $5,000 each. For financial statement purposes, the discount is being accreted over the life of the bonds using the effective interest method. These bonds payable are reflected in the notes to the financial statements net of remaining unaccreted discount. At June 30, 2011, the cumulative discount accreted is $80,179 and the remaining unaccreted discount is $14,821.

On April 1, 2002, the District issued $5,900,000 in general obligation bonds for the purpose of constructing a new elementary school and additions to the existing high school.

On November 10, 2010, the District issued $4,645,000 in general obligation bonds for the purpose of refunding $4,450,000 of Series 2002 bonds outstanding. The bonds to be refunded represent all Series 2002 bonds maturing in the years 2012 and thereafter. The proceeds of the bonds were placed in an irrevocable trust escrow account until September 1, 2011, the first date on which the District can refund the Series 2002 bonds maturing in year 2012 and thereafter.

The District executed a lease agreement on June 9, 2010 to purchase eleven buses. This lease is classified as a capital lease in the accompanying schedule.

The District executed a lease agreement in November 2010 to purchase a 1,500 gallon double wall, two compartment refined fuel tank valued at $7,541. The District will pay five cents per gallon plus the cost of fuel for each gallon delivered to the District until the lease has been paid off. This lease is classified as a capital lease in the accompanying schedule.

4. Long-term debt (continued)

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

Issue	Interest rate	Date of issue	Amount of issue	Date of final maturity	Balance beginning of year	Additions	Reductions/ payments	Balance end of year	Interest Paid
General obligation bonds:									
Series 1998	3.85-5.625%	10/01/1998	$1,475,000	09/01/2013	$ 104,921	$ 5,258	$ –	$ 110,179	$ –
Series 2002	4.40-5.50%	04/01/2002	$5,900,000	09/01/2022	4,930,000	–	(230,000)	4,700,000	125,004
Series 2004	1.00-3.20%	03/25/2004	$1,480,000	09/01/2012	495,000	–	(180,000)	315,000	12,185
Series 2010	2.00-3.20%	11/10/2010	$4,645,000	09/01/2022	–	4,645,000	–	4,645,000	32,268
Capital leases:									
Buses	3.00%	06/09/2010	$ 728,500	07/01/2015	628,500	–	(118,833)	509,667	17,015
Fuel tank	0.00%	11/01/2010	$ 7,541		–	7,541	(734)	6,807	–
Total long-term debt					$6,158,421	$4,657,799	$ (529,567)	$10,286,653	$ 186,472
					Less: Amount held in escrow			(4,450,000)	
					Total long-term debt payable by District			$ 5,836,653	

4. Long-term debt (continued)

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

	Year ended June 30,								
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	Total
Principal:									
G.O. Bonds:									
Series 1998	$ –	$ –	$ 110,179	$ –	$ –	$ –	$ –	$ –	$ 110,179
Series 2002	250,000	–	–	–	–	–	–	–	250,000
Series 2004	185,000	130,000	–	–	–	–	–	–	315,000
Series 2010	115,000	355,000	375,000	335,000	360,000	2,100,000	1,005,000	–	4,645,000
Capital leases:									
Buses	121,860	125,595	129,405	132,807	–	–	–	–	509,667
Fuel tank	900	900	900	900	900	2,307	–	–	6,807
Total principal	672,760	611,495	615,484	468,707	360,900	2,102,307	1,005,000	–	5,836,653
Interest:									
G.O. Bonds:									
Series 1998	–	–	–	–	–	–	–	–	–
Series 2002	6,063	–	–	–	–	–	–	–	6,063
Series 2004	6,935	2,080	–	–	–	–	–	–	9,015
Series 2010	127,920	123,220	115,920	108,820	100,070	323,200	32,315	–	931,465
Capital leases:									
Buses	13,987	10,253	6,442	3,041	–	–	–	–	33,723
Fuel tank	–	–	–	–	–	–	–	–	–
Total interest	154,905	135,553	122,362	111,861	100,070	323,200	32,315	–	980,266
Total payments	$ 827,665	$747,048	$ 737,846	$ 580,568	$ 460,970	$2,425,507	$1,037,315	$ –	$6,816,919

5. Interfund transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay	K.S.A. 72-6428	$ 359,534
General Fund	Special Education	K.S.A. 72-6428	618,736
Total general fund transfers			978,270
Supplemental General Fund	At Risk	K.S.A. 72-6433	235,000
Supplemental General Fund	Drivers Education	K.S.A. 72-6433	3,000
Supplemental General Fund	Food Service	K.S.A. 72-6433	53,000
Supplemental General Fund	Professional Development	K.S.A. 72-6433	6,000
Supplemental General Fund	Special Education	K.S.A. 72-6433	379,833
Supplemental General Fund	Vocational Education	K.S.A. 72-6433	310,000
Total supplemental general fund transfers			986,833
Total interfund transfers			$ 1,965,103

6. Commitments and contingencies

The District entered into the following lease agreement during the year ended June 30, 2010:

a. Noncancelable operating lease - Copiers and related equipment are being leased, requiring total monthly payments of $1,017.

b. Future minimum rental payments required under the noncancelable operating lease as of June 30, 2011, are as follows:

2012	$ 12,204
2013	12,204
2014	12,204
2015	9,153
Total	$ 45,765

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 $262,745, $294,743, and $282,166, respectively.

8. Other post employment benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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 government under this program.

9. Compensated absences

Employees employed for a twelve month period are allowed 14 days of chargeable leave, accumulative to 78 days. Employees who accumulate over 78 days of leave at the end of each school year will be paid for one half of the accumulated leave times their hourly rate of pay for each day over 78 days.

Employees employed for a nine month period are allowed 12 days of chargeable leave, accumulative to 70 days. Employees who accumulate over 70 days of leave at the end of each school year will be paid for one half of the accumulated leave times their hourly rate of pay for each day over 70 days.

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

		Current year		
	Prior Year Statutory Transactions	Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 20,273	$ 20,516	$ 13,783	$ 6,733
Ad valorem property - current taxes	514,962	531,220	514,965	16,255
Delinquent	8,863	8,456	9,591	(1,135)
State aid:				
Equalization aid	3,704,789	3,582,799	4,068,276	(485,477)
Special education services	634,429	618,736	596,125	22,611
Mineral production tax	1,167	575	1,100	(525)
Federal aid:				
PL-382 impact aid	–	570	–	570
ARRA Stabilization	232,392	89,992	89,992	–
Education Jobs Fund	–	157,576	–	157,576
Reimbursed expenses	13,952	18,385	–	18,385
Total statutory revenues	5,130,827	5,028,825	$ 5,293,832	$ (265,007)
Expenditures:				
Instruction	2,384,940	2,501,217	$ 2,598,493	$ 97,276
Student support services	133,692	135,080	153,147	18,067
Instructional support staff	147,462	129,287	137,658	8,371
General administration	159,354	176,887	151,182	(25,705)
School administration	453,286	484,901	489,851	4,950
Central services	146,563	81,065	90,300	9,235
Operations and maintenance	384,686	290,989	542,420	251,431
Student transportation services	49,144	252,790	110,258	(142,532)
Student activities	1,040	–	–	–
Transfers out	1,269,430	978,270	1,020,525	42,255
Adjustment to comply with legal max	–	–	(281,246)	(281,246)
Legal General Fund Budget	5,129,597	5,030,486	5,012,588	(17,898)
Adjustment for qualifying budget credits:				
Reimbursements	–	–	18,385	18,385
Total expenditures	5,129,597	5,030,486	$ 5,030,973	$ 487
Statutory revenue over (under) expenditures	1,230	(1,661)		
Modified unencumbered cash, beginning of year	431	1,661		
Modified unencumbered cash, end of year	$ 1,661	$ –		

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

		Current year		
	Prior Year Statutory Transactions	Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 22,109	$ 29,263	$ 20,035	$ 9,228
Ad valorem property - current taxes	717,045	686,122	645,901	40,221
Delinquent	9,587	12,159	13,373	(1,214)
Motor vehicle	112,490	118,432	116,460	1,972
Recreational vehicle	2,433	2,118	2,563	(445)
State aid:				
Equalization aid	642,224	881,170	921,869	(40,699)
Federal aid:				
ARRA Stabilization	218,726	–	–	–
Total statutory revenues	1,724,614	1,729,264	$ 1,720,201	$ 9,063
Expenditures:				
Instruction	228,135	190,554	$ 202,193	$ 11,639
Student support services	9,612	–	5,290	5,290
Instructional support staff	6,312	2,975	24,830	21,855
General administration	9,114	37,895	500	(37,395)
School administration	31,056	1,450	13,330	11,880
Central services	706	69,566	–	(69,566)
Operations and maintenance	247,285	401,714	415,100	13,386
Student transportation services	390,459	15,810	105,700	89,890
Transfers out	785,979	986,833	1,012,865	26,032
Adjustment to comply with legal max	–	–	(73,011)	(73,011)
Legal Supplemental General Fund budget	1,708,658	1,706,797	1,706,797	–
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures	1,708,658	1,706,797	$ 1,706,797	$ –
Statutory revenues over (under) expenditures	15,956	22,467		
Prior year canceled encumbrances	–	500		
Modified unencumbered cash, beginning of year	43,600	59,556		
Modified unencumbered cash, end of year	$ 59,556	$ 82,523		

ADDITIONAL INFORMATION

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

Federal Grantor/ pass-through grantor/program title	Federal CFDA number	Program or award amount	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances	Ending cash balance
U.S. Department of Education								
Direct: PL-382 Impact Aid	84.041	$ 814	$ –	$ 814	$ 814	$ –	$ –	$ –
Passed through Kansas Department of Education:								
Title I, Part A Cluster:								
Title I Grants to LEAs	84.010	55,335	–	55,335	55,335	–	–	–
Title I Grants to LEAs, Recovery Act	84.389	19,215	–	19,215	19,215	–	–	–
Title V	84.298	–	(61)	–	–	(61)	–	(61)
Education Technology State Grants	84.318	187	–	187	187	–	–	–
Advanced placement program	84.330	475	–	475	475	–	–	–
Improving teacher quality	84.367	25,191	–	25,191	19,467	5,724	2,657	8,381
State fiscal stabilization fund, Recovery Act	84.394	89,992	–	89,992	89,992	–	–	–
Education jobs fund	84.410	157,576	–	157,576	157,576	–	–	–
Total U.S. Department of Education		348,785	(61)	348,785	343,061	5,663	2,657	8,320
U.S. Department of Agriculture								
Passed through Kansas Department of Education:								
Child Nutrition Cluter:								
School breakfast program	10.553	27,835	–	27,835	27,835	–	–	–
National school lunch program	10.555	117,935	–	117,935	117,935	–	–	–
Total U.S. Department of Agriculture		145,770	–	145,770	145,770	–	–	–
Total federal assistance		$ 494,555	$ (61)	$ 494,555	$ 488,831	$ 5,663	$ 2,657	$ 8,320

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

UNIFIED SCHOOL DISTRICT NO. 449, EASTON, 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.