

**UNIFIED SCHOOL DISTRICT NO. 466  
SCOTT CITY, KANSAS**

Primary Government Financial Statements  
With Independent Auditors' Report

For the Year Ended June 30, 2011

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
 Primary Government Financial Statements With Independent Auditors' Report  
 For the Year Ended June 30, 2011

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For the Year Ended June 30, 2011

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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
**Unified School District No. 466 Scott City, Kansas**  
Scott City, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 466 Scott City, 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 **Unified School District No. 466 Scott City, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

The financial statements referred to above include only the primary government of **Unified School District No. 466 Scott City, Kansas**, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the District's legal entity. The financial statements do not include financial data for the District's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of **Unified School District No. 466 Scott City, Kansas**, as of June 30, 2011, and the changes in its financial position, and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, **Unified School District No. 466 Scott City, Kansas**, is in the progress of issuing separate reporting entity financial statements for which the report date has not been determined.

As described more fully in Note 1, **Unified School District No. 466 Scott City, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose 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 two paragraphs, 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.**

**Unified School District No. 466 Scott City, Kansas**

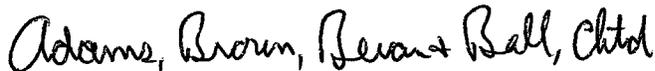
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**466 Scott City, Kansas**, as of June 30, 2011, or the changes in its financial position for the year then ended. Further, **Unified School District No. 466 Scott City, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 466 Scott City, Kansas**, as of June 30, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Unified School District No. 466 Scott City, Kansas'** financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and is 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, in relation to the financial statements as a whole.



**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

December 12, 2011

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Summary of Cash Receipts, Expenditures and Unencumbered Cash**  
 For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Fund Categories</b>							
<b>General Funds</b>	\$ (402,914)	-	6,241,937	6,140,625	(301,602)	33,512	(268,090)
General Fund	231,180	-	2,064,390	2,031,867	263,703	94,451	358,154
Supplemental General Fund							
<b>Special Revenue Funds</b>		12,931					
Capital Outlay Fund	380,988		611,830	640,215	365,514	50,825	416,339
Bilingual Education Fund	15,048		175,000	165,335	24,713	-	24,713
Driver Training Fund	13,816		10,838	8,929	15,725	-	15,725
Food Service Fund	123,273		466,555	433,526	156,302	-	156,302
Professional Development Fund	42,203		38,100	19,990	60,313	1,440	61,753
Parent Education Fund	-		26,000	13,000	13,000	-	13,000
Special Education Fund	158,437		670,073	595,293	233,217	135	233,352
Vocational Education Fund	20,558		220,802	206,550	34,810	2,000	36,810
KPERs Retirement Special Contribution Fund			330,429	330,429	-	-	-
Contingency Reserve Fund	544,481		-	-	544,481	-	544,481
Textbook Rental Fund	47,219		41,106	14,189	74,136	8,000	82,136
At Risk (4 Year Old) Fund	-		80,000	70,000	10,000	-	10,000
At Risk (K-12) Fund	11,976		692,767	704,743	-	7,309	7,309
Virtual Education Fund	-		105,000	95,000	10,000	-	10,000
Title I Low Income Fund	36		213,990	214,026	-	264	264
Title II D ARRA Fund	-		-	2,987	(2,987)	2,987	-
Title III - Technology Literacy Challenge Fund	-		15,638	15,638	-	2,832	2,832
Title II - Improving Teacher Quality Fund	-		36,580	36,580	-	-	-
Title II - Technology Literacy Challenge Fund	-		477	477	-	-	-
21st Century Community Learning Centers Fund	35,160		120,440	91,886	63,714	5,310	69,024
After School Adventures Fund	2,651		1,596	1,469	2,778	-	2,778
Gifts and Grants Fund	130		59,724	30,856	28,998	16,373	45,371
Recreation Commission Fund	16,307		172,992	168,995	20,304	-	20,304
Recreation Commission Employee Benefits Fund	2,675		21,671	21,840	2,506	-	2,506
District Activity Funds	72,781		238,172	225,586	85,367	-	85,367
<b>Debt Service Fund</b>							
Bond and Interest Fund	1,342,877		1,288,816	1,228,058	1,403,635	-	1,403,635
<b>Capital Projects</b>							
Fieldhouse Construction Fund	-		757,000	722,919	34,081	42,353	76,434
<b>Total Primary Government (Excluding Agency Funds)</b>	\$ 2,658,862	12,931	14,701,923	14,231,008	3,142,708	267,791	3,410,499
			<b>Composition of Cash</b>				\$
			Checking Accounts				1,021,310
			Savings Accounts				2,476,503
			Cash on Hand				175
			Total Cash				3,497,988
			Agency Funds per Statement 4				(87,489)
			<b>Total Primary Government (Excluding Agency Funds)</b>				\$ 3,410,499

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

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS  
 Summary of Expenditures - Actual and Budget  
 For the 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)
<b>Governmental Fund Categories</b>						
<b>General Funds</b>						
General Fund	\$ 6,236,274	(252,034)	156,385	6,140,625	6,140,625	-
Supplemental General Fund	2,031,867	-	1,000	2,032,867	2,031,867	(1,000)
<b>Special Revenue Funds</b>						
Capital Outlay Fund	689,604	-	-	689,604	640,215	(49,389)
Bilingual Education Fund	180,048	-	-	180,048	165,335	(14,713)
Driver Training Fund	14,307	-	-	14,307	8,929	(5,378)
Food Service Fund	466,236	-	-	466,236	433,526	(32,710)
Professional Development Fund	54,555	-	-	54,555	19,990	(34,565)
Parent Education Fund	13,500	-	-	13,500	13,000	(500)
Special Education Fund	764,324	-	-	764,324	595,293	(169,031)
Vocational Education Fund	225,071	-	-	225,071	206,550	(18,521)
KPERS Retirement Special Contribution Fund	450,000	-	-	450,000	330,429	(119,571)
At Risk (4 Year Old) Fund	70,000	-	-	70,000	70,000	-
At Risk (K-12) Fund	705,117	-	-	705,117	704,743	(374)
Virtual Education Fund	95,000	-	-	95,000	95,000	-
Gifts and Grants Fund	13,914	-	23,500	37,414	30,856	(6,558)
Recreation Commission Fund	168,995	-	-	168,995	168,995	-
Recreation Commission Employee Benefits Fund	21,840	-	-	21,840	21,840	-
<b>Debt Service Fund</b>						
Bond and Interest Fund	1,228,158	-	-	1,228,158	1,228,058	(100)

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



**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Supplemental General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,681,527	1,692,610	1,419,001	273,609
Delinquent Tax	2,694	11,986	5,219	6,767
Motor Vehicle Tax	125,220	141,892	147,393	(5,501)
Recreational Vehicle Tax	1,957	2,156	2,618	(462)
Intergovernmental Revenues				
Federal Aid - ARRA	36,971	-	-	-
Mentor Teacher Grant	1,700	1,000	-	1,000
Equalization Aid	98,147	214,746	198,611	16,135
<b>Total Cash Receipts</b>	<b>1,948,216</b>	<b>2,064,390</b>	<b>1,772,842</b>	<b>291,548</b>
<b>Expenditures</b>				
Instruction	194,476	303,504	204,960	98,544
Student Support Services	153,752	82,540	175,289	(92,749)
Instructional Support Services	197,782	171,830	199,522	(27,692)
Operations and Maintenance	336,058	345,132	347,306	(2,174)
General Administration	366,541	34,077	40,000	(5,923)
School Administration	-	356,363	444,485	(88,122)
Student Transportation Services	26,844	32,755	34,000	(1,245)
Facility Acquisition and Maintenance		26,500	-	26,500
Transfers Out	691,153	679,166	585,305	93,861
Legal Supplemental General Fund Budget	1,966,606	2,031,867	2,030,867	1,000
(a) Adjustment for Qualifying Budget Credit	-	-	1,000	(1,000)
<b>Total Expenditures</b>	<b>1,966,606</b>	<b>2,031,867</b>	<b>2,031,867</b>	<b>-</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(18,390)</b>	<b>32,523</b>		
<b>Unencumbered Cash - Beginning</b>	<b>249,570</b>	<b>231,180</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 231,180</b>	<b>263,703</b>		
(a) Adjustment for Qualifying Budget Credit Grant Revenue Over Amount Budgeted			<b>\$ 1,000</b>	

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Capital Outlay Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 454,512	475,314	414,662	60,652
Delinquent Tax	2,095	3,236	1,414	1,822
Motor Vehicle Tax	39,969	39,622	41,172	(1,550)
Recreational Vehicle Tax	614	599	731	(132)
Interest on Idle Funds	16,067	17,475	16,067	1,408
Other Revenue	7,494	14,195	8,821	5,374
Transfers In	-	61,389	-	61,389
<b>Total Cash Receipts</b>	<u>520,751</u>	<u>611,830</u>	<u>482,867</u>	<u>128,963</u>
<b>Expenditures</b>				
Central Services	219,039	139,800	75,000	64,800
Student Transportation Services	49,574	84,567	445,000	(360,433)
Facility Acquisition and Construction	257,864	415,848	169,604	246,244
<b>Total Expenditures</b>	<u>526,477</u>	<u>640,215</u>	<u>689,604</u>	<u>(49,389)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(5,726)	(28,385)		
<b>Unencumbered Cash - Beginning</b>	386,694	380,968		
<b>Prior Year Cancelled Encumbrances</b>	-	12,931		
<b>Unencumbered Cash - Ending</b>	\$ <u>380,968</u>	<u>365,514</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Bilingual Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 160,202	<b>175,000</b>	<u>165,000</u>	<u>10,000</u>
<b>Expenditures</b>				
Instruction	145,154	<b>165,335</b>	<u>180,048</u>	<u>(14,713)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	15,048	<b>9,665</b>		
<b>Unencumbered Cash - Beginning</b>	-	<u>15,048</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>15,048</u>	<u>24,713</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Driver Training Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 1,700	2,886	2,730	156
Other Revenue From Local Sources	8,646	7,952	8,000	(48)
<b>Total Cash Receipts</b>	10,346	10,838	10,730	108
<b>Expenditures</b>				
Instruction	7,683	8,929	14,307	(5,378)
<b>Cash Receipts Over (Under) Expenditures</b>	2,663	1,909		
<b>Unencumbered Cash - Beginning</b>	11,153	13,816		
<b>Unencumbered Cash - Ending</b>	\$ 13,816	15,725		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Food Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenues				
State Aid	\$ 5,470	5,129	4,149	980
Federal Aid	225,946	225,155	220,441	4,714
Charges for Services	174,067	173,698	165,046	8,652
Miscellaneous	14,339	12,573	14,339	(1,766)
Transfers In	40,000	50,000	40,000	10,000
<b>Total Cash Receipts</b>	<u>459,822</u>	<u>466,555</u>	<u>443,975</u>	<u>22,580</u>
<b>Expenditures</b>				
Operations and Maintenance	13,720	15,458	15,105	353
Food Service Operation	414,860	418,068	451,131	(33,063)
<b>Total Expenditures</b>	<u>428,580</u>	<u>433,526</u>	<u>466,236</u>	<u>(32,710)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	31,242	33,029		
<b>Unencumbered Cash - Beginning</b>	<u>92,031</u>	<u>123,273</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>123,273</u>	\$ <u>156,302</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Professional Development Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Miscellaneous	\$ -	100	-	100
Transfers In	33,000	38,000	33,000	5,000
<b>Total Cash Receipts</b>	33,000	38,100	33,000	5,100
<b>Expenditures</b>				
Instructional Support Services	21,325	19,990	54,555	(34,565)
<b>Cash Receipts Over (Under) Expenditures</b>	11,675	18,110		
<b>Unencumbered Cash - Beginning</b>	30,528	42,203		
<b>Unencumbered Cash - Ending</b>	\$ 42,203	60,313		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Parent Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 13,500	<b>26,000</b>	<u>13,500</u>	<u>12,500</u>
<b>Expenditures</b>				
Student Support Services	13,500	<b>13,000</b>	<u>13,500</u>	<u>(500)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	-	<b>13,000</b>		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	<b>13,000</b>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Special Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Donations	\$ 3,156	3,250	3,156	94
Transfers In	663,496	666,823	696,657	(29,834)
<b>Total Cash Receipts</b>	666,652	670,073	699,813	(29,740)
<b>Expenditures</b>				
Instruction	609,763	593,742	744,745	(151,003)
Student Transportation Services	-	-	14,500	(14,500)
Instructional Support Staff	-	-	4,000	(4,000)
Student Support Services	2,465	1,551	1,079	472
<b>Total Expenditures</b>	612,228	595,293	764,324	(169,031)
<b>Cash Receipts Over (Under) Expenditures</b>	54,424	74,780		
<b>Unencumbered Cash - Beginning</b>	104,013	158,437		
<b>Unencumbered Cash - Ending</b>	\$ 158,437	233,217		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Vocational Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Miscellaneous	\$ 708	636	708	(72)
Transfers In	217,653	220,166	203,805	16,361
<b>Total Cash Receipts</b>	218,361	220,802	204,513	16,289
<b>Expenditures</b>				
Instruction	182,926	185,035	184,500	535
Student Support Services	12,895	18,279	25,571	(7,292)
Instructional Support Staff	1,982	3,236	15,000	(11,764)
<b>Total Expenditures</b>	197,803	206,550	225,071	(18,521)
<b>Cash Receipts Over (Under) Expenditures</b>	20,558	14,252		
<b>Unencumbered Cash - Beginning</b>	-	20,558		
<b>Unencumbered Cash - Ending</b>	\$ 20,558	34,810		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**KPERS Retirement Special Contribution Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 382,596	330,429	420,856	(90,427)
<b>Expenditures</b>				
Instruction	272,460	235,666	301,604	(65,938)
Student Support Services	7,229	4,838	7,229	(2,391)
Instructional Support	12,281	7,206	12,281	(5,075)
General Administration	6,086	6,529	6,086	443
School Administration	30,517	28,308	30,517	(2,209)
Operations and Maintenance	34,866	31,946	34,866	(2,920)
Student Transportation Services	9,039	7,185	47,300	(40,115)
Food Service	10,118	8,751	10,117	(1,366)
<b>Total Expenditures</b>	382,596	330,429	450,000	(119,571)
<b>Cash Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	-		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Contingency Reserve Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 47,617	-
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	47,617	-
<b>Unencumbered Cash - Beginning</b>	496,864	544,481
<b>Unencumbered Cash - Ending</b>	\$ 544,481	544,481

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Textbook Rental Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Other Income	\$ 20,843	41,106
<b>Expenditures</b>		
Textbooks	-	14,189
<b>Cash Receipts Over (Under) Expenditures</b>	20,843	26,917
<b>Unencumbered Cash - Beginning</b>	26,376	47,219
<b>Unencumbered Cash - Ending</b>	\$ 47,219	74,136

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**At Risk (4 Year Old) Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 67,717	<b>80,000</b>	<u>70,000</u>	<u>10,000</u>
<b>Expenditures</b>				
Instruction	<u>67,717</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	-	<b>10,000</b>		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ <u>-</u>	<u>10,000</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**At Risk (K-12) Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Other Revenue From Local Sources	\$ -	-	30,000	(30,000)
Transfers In	612,775	692,767	603,726	89,041
<b>Total Cash Receipts</b>	612,775	692,767	633,726	59,041
<b>Expenditures</b>				
Instruction	603,831	704,743	705,117	(374)
<b>Cash Receipts Over (Under) Expenditures</b>	8,944	(11,976)		
<b>Unencumbered Cash - Beginning</b>	3,032	11,976		
<b>Unencumbered Cash - Ending</b>	\$ 11,976	-		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Virtual Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Other Revenue From Local Sources	\$ -	-	5,000	(5,000)
Transfers In	-	<b>105,000</b>	95,000	10,000
<b>Total Cash Receipts</b>	-	<b>105,000</b>	<b>100,000</b>	<b>5,000</b>
<b>Expenditures</b>				
Instruction	-	<b>95,000</b>	<b>95,000</b>	-
<b>Cash Receipts Over (Under) Expenditures</b>	-	<b>10,000</b>		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	<b>10,000</b>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Title I Low Income Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenues		
Federal Aid	\$ 143,027	213,990
Federal Aid - ARRA	10,168	-
<b>Total Cash Receipts</b>	<b>153,195</b>	<b>213,990</b>
<b>Expenditures</b>		
Instruction	153,159	214,026
<b>Cash Receipts Over (Under) Expenditures</b>	<b>36</b>	<b>(36)</b>
<b>Unencumbered Cash - Beginning</b>	<b>-</b>	<b>36</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 36</b>	<b>-</b>

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

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS  
 Title II D ARRA Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>	\$ -	-
<b>Expenditures</b>		
Student Assistance Program	-	<b>2,987</b>
<b>Cash Receipts Over (Under) Expenditures</b>	-	<b>(2,987)</b>
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	<b>(2,987)</b>

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Title III - Technology Literacy Challenge Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 15,282	15,638
<b>Expenditures</b>		
Instruction	15,282	15,638
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Title II - Improving Teacher Quality Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 36,373	36,580
<b>Expenditures</b>		
Instruction	36,373	36,580
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Title II - Technology Literacy Challenge Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 1,215	477
<b>Expenditures</b>		
Instruction	1,215	477
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**21st Century Community Learning Centers Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Intergovernmental Revenue		
Federal Aid	\$ 100,000	100,000
Charges for Services	16,866	20,440
<b>Total Cash Receipts</b>	<b>116,866</b>	<b>120,440</b>
<b>Expenditures</b>		
Instruction	100,000	66,750
Student Support Services	-	25,136
<b>Total Expenditures</b>	<b>100,000</b>	<b>91,886</b>
<b>Cash Receipts Over (Under) Expenditures</b>	16,866	28,554
<b>Unencumbered Cash - Beginning</b>	18,294	35,160
<b>Unencumbered Cash - Ending</b>	<b>\$ 35,160</b>	<b>63,714</b>

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**After School Adventures Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended June 30, 2011  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Charges for Services	\$ 2,042	1,596
<b>Expenditures</b>		
Instruction	1,209	1,469
<b>Cash Receipts Over (Under) Expenditures</b>	833	127
<b>Unencumbered Cash - Beginning</b>	1,818	2,651
<b>Unencumbered Cash - Ending</b>	\$ 2,651	2,778

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Gifts and Grants Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental Revenue				
State Aid	\$ 4,320	3,305	-	3,305
Grants	7,500	8,500	-	8,500
Donations	-	15,000	-	15,000
Local Revenue	2,000	32,919	13,820	19,099
<b>Total Cash Receipts</b>	<u>13,820</u>	<u>59,724</u>	<u>13,820</u>	<u>45,904</u>
<b>Expenditures</b>				
Instruction	14,413	15,856	13,914	1,942
Football Field Score Board	-	15,000	-	15,000
(a) Adjustment for Qualifying Budget Credits	-	-	23,500	(23,500)
<b>Total Expenditures</b>	<u>14,413</u>	<u>30,856</u>	<u>37,414</u>	<u>(6,558)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(593)	28,868		
<b>Unencumbered Cash - Beginning</b>	<u>723</u>	<u>130</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>130</u>	<u>28,998</u>		
<b>(a) Adjustment for Qualifying Budget Credits</b>				
Grant Revenue Over Amount Budgeted			\$ 8,500	
Donation Revenue Over Amount Budgeted			<u>15,000</u>	
<b>Total</b>			\$ <u>23,500</u>	

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Recreation Commission Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 151,588	158,452	138,251	20,201
Delinquent Tax	667	1,138	472	666
Motor Vehicle Tax	13,325	13,200	13,721	(521)
Recreational Vehicle Tax	205	202	243	(41)
<b>Total Cash Receipts</b>	165,785	172,992	152,687	20,305
<b>Expenditures</b>				
Community Service Operations	167,176	168,995	168,995	-
<b>Cash Receipts Over (Under) Expenditures</b>	(1,391)	3,997		
<b>Unencumbered Cash - Beginning</b>	17,698	16,307		
<b>Unencumbered Cash - Ending</b>	\$ 16,307	20,304		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Recreation Commission Employee Benefits Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual	Budget	Variance Over (Under)
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 18,937	19,798	17,309	2,489
Delinquent Tax	96	145	59	86
Motor Vehicle Tax	1,706	1,702	1,766	(64)
Recreational Vehicle Tax	26	26	32	(6)
<b>Total Cash Receipts</b>	<u>20,765</u>	<u>21,671</u>	<u>19,166</u>	<u>2,505</u>
<b>Expenditures</b>				
Community Service Operations	<u>21,000</u>	<u>21,840</u>	<u>21,840</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(235)	(169)		
<b>Unencumbered Cash - Beginning</b>	<u>2,910</u>	<u>2,675</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 2,675</u>	<u>2,506</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Bond and Interest Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,129,894	1,182,423	1,030,962	151,461
Delinquent Tax	1,749	3,260	3,517	(257)
Motor Vehicle Tax	93,525	91,854	95,253	(3,399)
Recreational Vehicle Tax	1,433	1,403	1,692	(289)
Excise and Redemption Tax	3,523	5,077	-	5,077
Interest on Idle Funds	8,005	4,799	-	4,799
<b>Total Cash Receipts</b>	<u>1,238,129</u>	<u>1,288,816</u>	<u>1,131,424</u>	<u>157,392</u>
<b>Expenditures</b>				
Principal	690,000	725,000	725,000	-
Commission and Postage	-	-	100	(100)
Interest	530,268	503,058	503,058	-
<b>Total Expenditures</b>	<u>1,220,268</u>	<u>1,228,058</u>	<u>1,228,158</u>	<u>(100)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	17,861	60,758		
<b>Unencumbered Cash - Beginning</b>	<u>1,325,016</u>	<u>1,342,877</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 1,342,877</u>	<u>1,403,635</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**Fieldhouse Construction Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Lease Proceeds	\$ -	300,000
Donations	-	457,000
<b>    Total Cash Receipts</b>	-	757,000
<b>Expenditures</b>		
Construction Costs	-	722,919
<b>Cash Receipts Over (Under) Expenditures</b>	-	34,081
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	34,081

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

## UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

## Agency Funds

## Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>High School</b>				
Art Club	\$ 1,624	1,954	2,242	1,336
Band	2,484	25,489	26,532	1,441
Band Travel	1,258	-	956	302
Cheerleaders	80	14,948	13,985	1,043
Summer School	2,056	540	-	2,596
Class of 2010	47	119	47	119
Class of 2011	2,762	1,060	2,492	1,330
Class of 2012	600	14,249	9,122	5,727
Class of 2013	-	260	50	210
PE Club	187	2,228	2,332	83
Dance Team	2,727	5,240	7,707	260
Faculty	68	110	17	161
FCA	296	-	296	-
FFA	15,506	58,217	65,457	8,266
Foreign Study Club	12	-	12	-
Musical	1,240	5,352	6,567	25
Guitar	259	124	112	271
Comp Tech	454	313	313	454
National Honor Society	516	32	456	92
Pep Club	49	-	49	-
SADD	10	-	10	-
FBLA	2,056	1,938	1,000	2,994
Bio Club	660	5,071	4,389	1,342
Sewing Club	7	-	7	-
Student Council	4,854	4,370	4,908	4,316
Vocal	1,442	4,927	5,639	730
Vocal Travel	4,664	6,063	5,036	5,691
Wood Skills Club	907	3,064	378	3,593
Weightlifting	-	8,167	1,497	6,670
<b>Total High School</b>	<b>46,825</b>	<b>163,835</b>	<b>161,608</b>	<b>49,052</b>
<b>Middle School</b>				
Band	623	974	1,033	564
Cheerleading	584	1,751	2,086	249
Student Council	25,045	5,744	3,173	27,616
<b>Total Middle School</b>	<b>26,252</b>	<b>8,469</b>	<b>6,292</b>	<b>28,429</b>
<b>Elementary School</b>				
Music	168	170	146	192
AR	699	800	691	808
After School	13	1,595	1,595	13
Parent Advisory Group	701	15,533	13,688	2,546
<b>Total Elementary School</b>	<b>\$ 1,581</b>	<b>18,098</b>	<b>16,120</b>	<b>3,559</b>

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

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS  
Agency Funds  
Statement of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2011

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	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School Alumni	\$ 6,402	47	-	6,449
Total	\$ 81,060	190,449	184,020	87,489

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

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
**District Activity Funds**  
 Statement of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Gate Receipts</b>							
High School	\$ 30,404	-	141,385	138,280	33,509	-	33,509
Athletics							
Middle School	5,480	-	11,780	10,648	6,612	-	6,612
Athletics							
<b>Total Gate Receipts</b>	<b>35,884</b>	<b>-</b>	<b>153,165</b>	<b>148,928</b>	<b>40,121</b>	<b>-</b>	<b>40,121</b>
<b>School Projects</b>							
High School	1,991	-	7,249	8,000	1,240	-	1,240
Academics	389	-	-	111	278	-	278
Auditorium	5,233	-	21,190	12,238	14,185	-	14,185
Activities Donations	3	-	666	668	1	-	1
FACS	37	-	1,588	1,312	313	-	313
History Account	120	-	-	101	19	-	19
Hyper Overtones	563	-	8,523	8,389	697	-	697
Hospitality	1,460	-	586	537	1,509	-	1,509
Library	-	-	3,193	3,193	-	-	-
Ag Business	532	-	350	99	783	-	783
Scholar's Bowl	1,403	-	4,796	4,345	1,854	-	1,854
Speech/Debate	4,742	-	17,612	18,359	3,995	-	3,995
Yearbook	1,544	-	3,100	4,583	61	-	61
Physics/Electric Car	1,192	-	1,464	1,562	1,094	-	1,094
Agendas	1,555	-	480	193	1,842	-	1,842
Parking Permits/Lock Rent	1,684	-	2,991	3,599	1,076	-	1,076
All School Play							
<b>Total High School</b>	<b>22,448</b>	<b>-</b>	<b>73,788</b>	<b>67,289</b>	<b>28,947</b>	<b>-</b>	<b>28,947</b>
Middle School	407	-	126	-	533	-	533
Yearbook	437	-	14	125	326	-	326
Library	1,525	-	815	494	1,847	-	1,847
Pop Fund							
<b>Total Middle School</b>	<b>2,369</b>	<b>-</b>	<b>956</b>	<b>619</b>	<b>2,706</b>	<b>-</b>	<b>2,706</b>
Elementary School	10,001	-	8,945	7,141	11,805	-	11,805
Book Fair	493	-	338	112	719	-	719
Library	1,588	-	980	1,497	1,069	-	1,069
Yearbook							
<b>Total Elementary School</b>	<b>12,080</b>	<b>-</b>	<b>10,263</b>	<b>8,750</b>	<b>13,593</b>	<b>-</b>	<b>13,593</b>
<b>Total School Projects</b>	<b>36,897</b>	<b>-</b>	<b>85,007</b>	<b>76,658</b>	<b>45,246</b>	<b>-</b>	<b>45,246</b>
<b>Total District Activity Funds</b>	<b>\$ 72,781</b>	<b>-</b>	<b>238,172</b>	<b>225,586</b>	<b>85,367</b>	<b>-</b>	<b>85,367</b>

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

## UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2011

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Unified School District No. 466 Scott City, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

#### **Reporting Entity**

The District is a municipal corporation governed by an elected seven-member board. These financial statements present the District's (primary government) statements only. They do not include the District's component unit, Scott City Recreation Commission. The component unit is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

#### **Scott City Recreation Commission**

The Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission issues audited financial statements. Contact the Board Clerk for information on how to obtain their financial information.

The District is the primary government as defined in GASB #14 and further amended by GASB #39. The Board of Education is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

#### **Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

#### **Basis of Presentation – Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

#### **Governmental Fund Categories**

**General Fund** – to account for all financial resources except those required to be reported in another fund.

**Special Revenue Funds** – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**District Activity Funds** – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

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

**Capital Projects Fund** – to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Fiduciary Fund Categories**

**Agency Funds** – to account for assets held by the District as trustee or agent for others.

**Student Activity Funds** – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**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 would be charged in the fund from which the transfer is made.

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

**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-

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

**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.

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were two budget amendments for this year for the At Risk (K-12) Fund and the KPERS Retirement Fund.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Low Income Fund, Title II D ARRA Fund, Title III-Technology Literacy Challenge Fund, Title II-Improving Teacher Quality Fund, Title II-Technology Literacy Challenge Fund, 21<sup>st</sup> Century Community Learning Centers Fund, and After School Adventures 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 governing body.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deposits and Investments**

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 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 does not use "peak periods". All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$3,497,988 and the bank balance was \$4,353,664. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$688,898 was covered by federal depository insurance and \$3,664,766 was collateralized with securities held by 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. The District had no investments at June 30, 2011.

**Compensated Absences**

The District's policy with regard to vacation leave does not provide for accumulation or carryover of benefits from one year to the next. All certified employees are allowed 14 days of sick leave per year accumulative to 65 days. No payment is made for unused accumulated sick leave upon resignation or termination unless the employee retires with a minimum of 20 years of service. Incentive leave is an additional 10 days that must be used during the year or paid out at the end of the year for those days in excess of the maximum accumulated sick leave.

UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS

Notes to Financial Statements

June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Compensation Plan**

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

**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 66603-3869) or by calling 1-888-275-5737.

**Funding Policy**

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll and 16.07% for non-licensed KPERS retirees and 20.48% for licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of 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 \$330,429, \$382,596, and \$383,761, respectively.

**Other Post Employment Benefits**

Certified employees who retire with a minimum of 20 years of service in Scott County Schools may receive a benefit in an amount not to exceed a combined total of \$2,000. These benefits are computed on a combined basis of years of service at the rate of \$40 per year and accumulated unused sick leave at the rate of \$35 per day.

District employees will not be eligible for benefits as described in the preceding paragraph unless they have reached a total of 85 years combined age and teaching experience and notify the Board of their plans to retire by March 1 preceding their retirement year. At June 30, 2011, no employees qualified for these retirement benefits.

In addition, certified employees who retire with a minimum of 20 years of service in Scott County Schools, and reach age 62 on or before August 1<sup>st</sup> of the following school year, will be eligible to receive district sponsored health insurance premiums up to \$4,500 per year to age 65. For the year ending June 30, 2011, no retiree health insurance premiums were paid.

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

**Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

**Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

**Reimbursements**

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

**NOTE 2 – INTERFUND TRANSFERS**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 466 Scott City, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2011 were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 436,823
General Fund	Vocational Education Fund	K.S.A. 72-6428	60,000
General Fund	Bilingual Education Fund	K.S.A. 72-6428	110,000
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	672,767
General Fund	Capital Outlay Fund	K.S.A. 72-6428	61,389
General Fund	Virtual Education Fund	K.S.A. 72-6428	95,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	20,000
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6433	26,000
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-6433	65,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	160,166
Supplemental General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-6433	80,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	50,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	38,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	230,000
Supplemental General Fund	Virtual Education Fund	K.S.A. 72-6433	10,000

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 3 – CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable To Date</u>
Fieldhouse Project	\$ 1,005,455	\$ 1,005,455

**NOTE 4 – LITIGATION**

**Unified School District No. 466 Scott City, Kansas** is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

**NOTE 5 – RISK MANAGEMENT**

**Unified School District No. 466 Scott City, Kansas** carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, crime, linebacker, worker's compensation and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 6 – GRANTS AND SHARED REVENUES**

**Unified School District No. 466 Scott City, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

**NOTE 7 – COMPARATIVE DATA**

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 466 Scott City, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

**NOTE 8 – OPERATING LEASES**

**Unified School District No. 466 Scott City, Kansas** entered into a software maintenance agreement on July 1, 2010 that extends to June 30, 2011, with Management Advisory Computer Systems (MACS). The minimum annual lease payment applied to the agreement is \$3,285. The expenses paid for the year ended June 30, 2011, were \$3,285.

The District entered into a lease agreement on July 1, 2009 that extends to June 30, 2014, with Southwest Plains Regional Service Center to establish an interactive two-way educational television

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

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**NOTE 8 – OPERATING LEASES (continued)**

network for instruction. The District agreed to pay on or before each 1<sup>st</sup> day of June for the term of the agreement. The total expenses paid for the year ended June 30, 2011 were \$19,635. The future annual lease payment requirements as of June 30, are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$17,920
2013	17,920
2014	17,920

**NOTE 9 – LONG-TERM DEBT**

**Unified School District No. 466 Scott City, Kansas** has the following types of long-term debt.

**General Obligation Bond**

On June 1, 2002, the District issued \$14,750,000 in Series 2002 General Obligation Bonds to renovate and improve District buildings.

**Refunded Bonds**

On February 23, 2006, the District issued \$9,765,000 in General Obligation Refunding bonds. A portion of the proceeds from the sale of the bonds were used to establish an escrow account that will provide for payment of the callable portion of the District's General Obligation Refunding and school building bonds, Series 2002 and to redeem, on September 1, 2015, and thereafter (the "Refunded Bonds"). The refunding plan was undertaken in order to achieve interest cost savings and to provide a more orderly plan of financing for the District.

According to the terms of this refunding plan, the refunded bonds will be called on September 1, 2012, and redeemed at such time, all in accordance with the resolution authorizing their issuance. The refunded bonds represent the entire callable portion of the District's General Obligation Bonds, Series 2002. All refunded bonds will be called at a price equal to 100% of the par value thereof, without premium.

The defeasance clause in the Series 2002 issues allows the District to establish an irrevocable escrow account to hold any early bond payments. The District does not have control over this escrow account and the bond holder cannot hold the District liable for the series 2002 outstanding debt to be refunded with these bonds, only the escrow account. The District's financial statements do not include the escrow balance nor does it include the Series 2002 debt to be paid with these funds.

**Capital Leases**

A capital lease obligation in the amount of \$956,081, entered into on April 11, 2005, consists of an obligation for the purchase of Energy Management Systems. The effective interest rate is 4.67 percent per annum. This lease contains a fiscal funding clause.

A capital lease obligation in the amount of \$139,950 entered into on May 20, 2008, consists of an obligation for the purchase of a 2000 activity bus. The effective interest rate is 3.65 percent per annum.

A capital lease obligation in the amount of \$300,000 entered into on March 28, 2011, consists of an obligation for the construction of the fieldhouse.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
Notes to Financial Statements  
June 30, 2011

**NOTE 9 - LONG-TERM DEBT (continued)**

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2002	2.8%-5.25%	6/1/2002	\$ 14,750,000	9/1/2022	\$ 3,590,000	-	625,000	(625,000)	2,965,000	145,683
<b>General Refunding Bonds</b>										
Series 2006	3.5%-4.0%	2/23/2006	\$ 9,765,000	9/1/2022	9,445,000	-	100,000	(100,000)	9,345,000	357,375
<b>Capital Leases</b>										
Lease Purchase/Energy Management	4.670%	4/1/2005	\$ 956,081	9/16/2020	735,025	-	55,677	(55,677)	679,348	33,683
Fieldhouse Lease	0.000%	3/28/2011	300,000	3/28/2021	-	300,000	-	300,000	300,000	-
2000 BlueBird LT C40 Activity Bus	3.650%	5/20/2008	139,950	2/1/2011	47,819	-	47,819	(47,819)	-	1,746
<b>Total Long-Term Debt</b>			<b>\$</b>		<b>\$ 13,817,844</b>	<b>300,000</b>	<b>828,496</b>	<b>(528,496)</b>	<b>13,289,348</b>	<b>538,487</b>

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

	YEAR						Total
	2012	2013	2014	2015	2016	2017-2021	
<b>Principal</b>							
General Obligation Bonds	\$ 670,000	715,000	765,000	815,000	-	-	2,965,000
General Refunding Bonds	100,000	100,000	100,000	110,000	920,000	5,415,000	9,345,000
Capital Leases	88,308	91,063	93,948	96,969	100,133	508,927	979,348
<b>Total Principal</b>	<b>858,308</b>	<b>906,063</b>	<b>958,948</b>	<b>1,021,969</b>	<b>1,020,133</b>	<b>5,923,927</b>	<b>13,289,348</b>
<b>Interest</b>							
General Obligation Bonds	119,448	90,688	59,235	21,394	-	-	290,775
General Refunding Bonds	353,875	350,375	346,825	342,990	324,395	1,055,603	2,879,463
Capital Leases	31,053	28,288	25,413	22,392	19,228	43,194	169,578
<b>Total Interest</b>	<b>504,376</b>	<b>469,371</b>	<b>431,473</b>	<b>386,776</b>	<b>343,623</b>	<b>1,098,797</b>	<b>3,339,816</b>
<b>Total Principal and Interest</b>	<b>\$ 1,362,684</b>	<b>1,375,434</b>	<b>1,390,421</b>	<b>1,408,745</b>	<b>1,363,756</b>	<b>7,022,724</b>	<b>16,629,164</b>

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

**NOTE 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.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

**General Fund**

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2011

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>Statutory Revenues</b>			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,495,999	1,301,109	194,890
Delinquent Tax	8,654	4,437	4,217
Intergovernmental Revenues			
Mineral Severance Tax	46,028	18,007	28,021
Reimbursed Expenses	155,900	-	155,900
Special Education Aid	436,823	466,657	(29,834)
Equalization Aid	3,691,121	4,082,937	(391,816)
Federal Aid - Title VI	485	-	485
Federal Aid - Education Jobs	194,523	-	194,523
Federal Aid - ARRA	111,093	111,093	-
<b>Total Statutory Revenues</b>	<u>6,140,626</u>	<u>5,984,240</u>	<u>156,386</u>
<b>Expenditures</b>			
Instruction	3,081,663	3,187,995	(106,332)
Instructional Support Services	61,656	35,748	25,908
General Administration	338,594	319,970	18,624
School Administration	175,689	164,199	11,490
Operation and Maintenance	691,708	702,038	(10,330)
Student Transportation Services	284,067	285,750	(1,683)
Other Supplemental Service	-	81,600	(81,600)
Reimbursed Expenses	71,269	-	71,269
Transfers Out	1,435,979	1,335,383	100,596
Adjustment to Comply with Legal Max	-	(128,443)	128,443
Legal General Fund Budget	6,140,625	5,984,240	156,385
(a) Adjustment for Qualifying Budget Credit	-	156,385	(156,385)
<b>Total Expenditures and Legal General Fund Budget</b>	<u>6,140,625</u>	<u>6,140,625</u>	<u>-</u>
<b>Statutory Revenues Over (Under) Expenditures</b>	1		
<b>Modified Unencumbered Cash - Beginning</b>	<u>(1)</u>		
<b>Modified Unencumbered Cash - Ending</b>	\$ <u>-</u>		
<b>(a) Adjustment for Qualifying Budget Credit</b>			
Reimbursements Over Amount Budgeted		\$ 155,900	
Federal Aid Over Amount Budgeted		485	
<b>Total</b>		<u>156,385</u>	

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Financial Statements

June 30, 2011

**NOTE 10 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)**

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.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

**Supplemental General Fund**

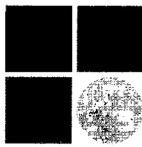
Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2011

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>Statutory Revenues</b>			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,692,610	1,419,001	273,609
Delinquent Tax	11,986	5,219	6,767
Motor Vehicle Tax	141,892	147,393	(5,501)
Recreational Vehicle Tax	2,156	2,618	(462)
Intergovernmental Revenues			
Mentor Teacher Grant	1,000	-	1,000
Equalization Aid	<u>197,963</u>	<u>198,611</u>	<u>(648)</u>
<b>Total Statutory Revenues</b>	<u><b>2,047,607</b></u>	<u><b>1,772,842</b></u>	<u><b>274,765</b></u>
<b>Expenditures</b>			
Instruction	303,504	204,960	98,544
Student Support Services	82,540	175,289	(92,749)
Instructional Support Services	171,830	199,522	(27,692)
Operations and Maintenance	345,132	347,306	(2,174)
General Administration	34,077	40,000	(5,923)
School Administration	356,363	444,485	(88,122)
Student Transportation Services	32,755	34,000	(1,245)
Facility Acquisition and Maintenance	26,500	-	26,500
Transfers Out	<u>679,166</u>	<u>585,305</u>	<u>93,861</u>
Legal Supplemental General Fund Budget	2,031,867	2,030,867	1,000
(a) Adjustment for Qualifying Budget Credit	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
<b>Total Expenditures and Legal Supplemental General Fund Budget</b>	<u><b>2,031,867</b></u>	<u><b>2,031,867</b></u>	<u><b>-</b></u>
<b>Statutory Revenues Over (Under) Expenditures</b>	<b>15,740</b>		
<b>Modified Unencumbered Cash - Beginning</b>	<u><b>259,725</b></u>		
<b>Modified Unencumbered Cash - Ending</b>	<u><b>\$ 275,465</b></u>		
<b>(a) Adjustment for Qualifying Budget Credit</b>			
Grant Revenue Over Amount Budgeted		<u><b>\$ 1,000</b></u>	

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Supplementary Information



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education  
**Unified School District No. 466 Scott City, Kansas**  
Scott City, Kansas

We have audited the primary government financial statements of **Unified School District No. 466 Scott City, Kansas** as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 466 Scott City, Kansas'** internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. See 2011-1.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. See 2011-2.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Unified School District No. 466 Scott City, Kansas**' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Unified School District No. 466, Scott City, Kansas** in a separate letter dated December 12, 2011.

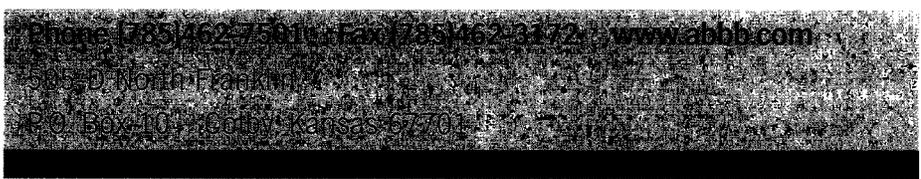
**Unified School District No. 466 Scott City, Kansas**' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Unified School District No. 466 Scott City, Kansas**' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

December 12, 2011



Certified  
Public  
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education  
**Unified School District No. 466 Scott City, Kansas**  
Scott City, Kansas

**Compliance**

We have audited **Unified School District No. 466 Scott City, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 466 Scott City, Kansas'** major federal programs for the year ended June 30, 2011. **Unified School District No. 466 Scott City, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Unified School District No. 466 Scott City, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 466 Scott City, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, the audit guide and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 466 Scott City, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Unified School District No. 466 Scott City, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 466 Scott City, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of **Unified School District No. 466 Scott City, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 466 Scott City, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control

over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 466 Scott City, Kansas'** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

December 12, 2011

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2011

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

Internal control over financial reporting

- Material weakness identified?   X   Yes            No
- Significant deficiency identified?   X   Yes            No
- Noncompliance material to financial statements noted?            Yes   X   No

**FEDERAL AWARDS**

Internal control over major programs:

- Material weakness identified?            Yes   X   No
- Significant deficiency identified?            Yes   X   None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*?            Yes   X   No

Identification of major programs:

CFDA Number	Name of Federal Program
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program
84.394	State Fiscal Stabilization Fund - Education States Grant, Recovery Act
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$          300,000

Auditee qualified as low-risk auditee?            Yes   X   No

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**A. Material Weakness in Internal Control**

**2011-1**

Criteria

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Effect

Management may not become aware of the problems or irregularities within a timely manner.

Cause

The District is unable to hire additional personnel due to its size.

Recommendation

Procedures should be established and implemented where the District implements segregation of duties in the receipts and expenditures cycles and implements additional internal control.

Views of responsible officials and planned corrective actions

The District is aware that employees have incompatible duties, and that additional control measures can be implemented to compensate for this. The District will work on implementing additional controls to compensate for the lack of segregation of duties.

**B. Significant Deficiency in Internal Control**

**2011-2**

Criteria

Client personnel responsible for the accounting and reporting function should have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements.

Condition

Client personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles.

Effect

Financial transactions and financial statements may not properly reflect financial information in accordance with generally accepted accounting principles.

Cause

The District's employees are unable to obtain the training necessary to obtain these skills due to its size and financial resources.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

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Recommendation

Continual training of accounting personnel should be implemented to ensure financial transactions and financial statements are being presented as accurately as possible.

Views of responsible officials and planned corrective actions

The District is aware that personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles. However, due to the size and financial resources of the District, it would not be feasible to obtain the necessary training.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011

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No material findings or questioned costs for the year ended June 30, 2010 are required to be disclosed under OMB Circular A-133.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Kansas State Department of Education			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	10.553	3529-3490 3490 9904	\$ 33,097
National School Lunch Program	10.555	3530-3500 3500 9902/03/12	191,101
Special Milk Program	10.556	3230-3020 3020 9901	<u>957</u>
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>			<u>225,155</u>
<b>U.S. Department of Education</b>			
Passed Through Kansas State Department of Education			
<b>Title I, Part A Cluster</b>			
Title I Grants to Local Educational Agencies	84.010	3532-3520 3520	140,996
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	3532-3525 3525	<u>73,030</u>
<b>Total Title I, Part A Cluster</b>			<u>214,026</u>
<b>State Fiscal Stabilization Fund Cluster</b>			
State Fiscal Stabilization Fund - Education			
State Grants - Recovery Act	84.394	3790-3790 3790	<u>111,093</u>
<b>Education Technology State Grants Cluster</b>			
Education Technology State Grants	84.318	3233-3040 3040 9962	<u>477</u>
Education Jobs Fund	84.410	3551-3551 3551	194,523
Grants for State Assessments and Related Activities	84.369	3520-3800 S984	485
21st Century Community Learning Center	84.287	3519-3890 3890	91,886
English Language Acquisition	84.365	3522-3820 3820	15,638
Improving Teacher Quality State Grants	84.367	3526-3860 3860	<u>36,580</u>
<b>Total U.S. Department of Education</b>			<u>664,708</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 889,863</u>

See accompanying notes to schedule of expenditures of federal awards.

**UNIFIED SCHOOL DISTRICT NO. 466 SCOTT CITY, KANSAS**

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 466 Scott City, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



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P.O. Box 10, Colby, Kansas 67701

Certified  
Public  
Accountants

December 12, 2011

To the Board of Education and Management  
**Unified School District No. 466 Scott City, Kansas**  
Scott City, Kansas

In planning and performing our audit of the primary government financial statements of **Unified School District No. 466 Scott City, Kansas** as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the District's internal control to be a material weakness.

- **Unified School District No. 466 Scott City, Kansas** does not have proper segregation of duties necessary to establish a good system of internal control. We understand that the size of the District's accounting and administrative staff and related budget constraints preclude management from hiring additional personnel to achieve proper segregation of duties. However, limited segregation can and should be implemented to reduce the risk of errors or fraud. Where possible, duties should be segregated. Involvement by the Board can also mitigate the risks of error or fraud. The Board should remain involved in the financial affairs of the District to provide oversight and independent review functions.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency.

- Statement on Auditing Standard No. 115 (SAS No. 115) requires client personnel responsible for the accounting and reporting function to have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements. Due to the limited size of the District, it is not practical to hire fully qualified staff to the extent that they possess all the skills in order to apply generally accepted accounting principles

**Unified School District No. 466 Scott City, Kansas**

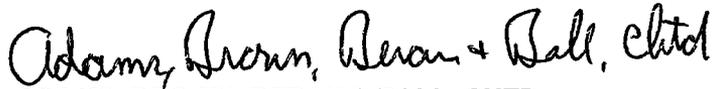
Page 2

December 12, 2011

when preparing financial statements, including relevant footnote disclosures. It is important to note the accounting personnel of the District are not expected to have this kind of knowledge. In order to obtain the necessary knowledge, the personnel would have to obtain extensive and continuous training, which is not feasible.

We would like to express our appreciation for the opportunity to perform the June 30, 2011 audit for **Unified School District No. 466 Scott City, Kansas** and to the employees for the cooperation and assistance given to us during the audit.

This communication is intended solely for the information and the use of management, the Board of Education, others within the organization, State of Kansas, and applicable federal agencies, and is not intended to be and should not be used by anyone other than these specified parties.



**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants