

**UNIFIED SCHOOL DISTRICT NO. 211**

Norton, Kansas

Independent Audit Report

July 1, 2008 to June 30, 2009

**MAPES & MILLER**

Certified Public Accountants

Norton, Kansas

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

Financial Statements

For the Fiscal Year Ended June 30, 2009

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# MAPES & MILLER

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A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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and the Kansas Society of Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

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We have audited the accompanying financial statements of Unified School District No. 211, Norton, Kansas, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the District's primary government, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

As described more fully in Note 1, the Unified School District No. 211, Norton, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the omission of the component unit, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 211, Norton, Kansas, as of June 30, 2009, or the changes in its financial position for the year then ended.

To the Board of Education  
Unified School District No. 211  
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the Unified School District No. 211, Norton, Kansas as of June 30, 2009, and its cash receipts and expenditures and budget to actual comparisons, for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of the Unified School District No. 211, Norton, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports and other federal and state agencies to whose jurisdiction the District is subject, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which, upon acceptance by the Board of Education, is a matter of public record.

## Mapes & Miller

Certified Public Accountants

Norton, Kansas  
January 11, 2010

**UNIFIED SCHOOL DISTRICT NO. 211**

Norton, Kansas

STATEMENT 1

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Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2009

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 Type Funds:</b>							
<b>General Funds:</b>							
General	\$ (402,059)	0	5,216,449	5,522,295	(707,905)	24,834	(683,071)
Supplemental General	(9,887)	8,990	1,217,443	1,315,792	(99,246)	40,536	(58,710)
<b>Special Revenue Funds:</b>							
At Risk K-12	0	0	330,702	330,702	0	0	0
Capital Outlay	767,671	0	260,640	252,228	776,083	96,005	872,088
Driver Training	28,835	0	5,662	9,778	24,719	0	24,719
Food Service	72,051	0	352,996	350,733	74,314	4,271	78,585
Professional Development	33,350	0	0	1,791	31,559	0	31,559
Summer School	21,565	0	0	1,172	20,393	0	20,393
Special Education	126,207	0	1,129,478	897,747	357,938	400	358,338
Vocational Education	65	0	128,527	128,592	0	0	0
KPERs Special Retirement Contribution	0	0	284,993	284,993	0	0	0
Recreation Commission	50,196	0	88,017	86,236	51,977	0	51,977
Federal Funds	2,537	0	133,469	123,682	12,324	1,131	13,455
Gifts and Grants	15,544	0	9,781	10,962	14,363	2,235	16,598
Contingency Reserve	170,026	0	371,000	0	541,026	0	541,026
Textbook Rental and Student Material Revolving	7,337	192	16,082	373	23,238	0	23,238
Outdoor Wildlife Learning Site	294	0	0	18	276	0	276
District Activity	7,052	0	59,698	54,836	11,914	0	11,914
<b>Fiduciary Type Funds:</b>							
<b>Private Purpose Trust Funds:</b>							
Eicher Butler Scholarship	200,439	0	11,076	11,000	200,515	11,000	211,515
Louis Welter Scholarship	14,053	0	578	600	14,031	600	14,631
Tansil Scholarship	200,842	0	11,018	11,000	200,860	11,500	212,360
Ford Farber Scholarship	0	0	1,671	0	1,671	0	1,671
Bishop Scholarship	1,000	0	0	0	1,000	0	1,000
Total Primary Government (Excluding Agency Funds)	\$ <u>1,307,118</u>	<u>9,182</u>	<u>9,629,280</u>	<u>9,394,530</u>	<u>1,551,050</u>	<u>192,512</u>	<u>1,743,562</u>

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

Composition of Cash

For the Fiscal Year Ended June 30, 2009

STATEMENT 1

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First State Bank, Norton, Kansas	
Checking Account	\$ 1,000
NOW Accounts	(439,828)
Money Market Account	1,070,478
Certificates of Deposit	438,006
First Security Bank and Trust, Norton, Kansas	
Checking Accounts	10,477
NOW Accounts	25,805
Money Market Account	89,134
Savings Account	502,910
Almena State Bank, Norton, Kansas	
Certificate of Deposit	<u>100,000</u>
Total Cash	1,797,982
Agency Funds per Statement 4	<u>(54,420)</u>
Total Primary Government (Excluding Agency Funds)	\$ <u>1,743,562</u>

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

**UNIFIED SCHOOL DISTRICT NO. 211**

STATEMENT 2

Norton, Kansas

Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2009

Description	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds:						
General	\$ 5,485,410	(75,240)	112,125	5,522,295	5,522,295	0
Supplemental General	1,315,792	0	0	1,315,792	1,315,792	0
Special Revenue Funds:						
At Risk K-12	330,702	0	0	330,702	330,702	0
Capital Outlay	912,997	0	0	912,997	252,228	(660,769)
Driver Training	19,721	0	0	19,721	9,778	(9,943)
Food Service	376,767	0	0	376,767	350,733	(26,034)
Professional Development	22,888	0	0	22,888	1,791	(21,097)
Summer School	14,124	0	0	14,124	1,172	(12,952)
Special Education	1,305,788	0	0	1,305,788	897,747	(408,041)
Vocational Education	128,905	0	0	128,905	128,592	(313)
KPERs Special Retirement Contribution	339,682	0	0	339,682	284,993	(54,689)
Recreation Commission	100,000	0	0	100,000	86,236	(13,764)
Federal Funds	137,586	0	0	137,586	123,682	*
Gifts and Grants	15,838	0	0	15,838	10,962	*

\* Exempt from Budget Law.

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 12,077	4,036	8,041
Current Tax	406,846	383,443	23,403
Delinquent Tax	10,997	6,269	4,728
Mineral Tax	4,006	0	4,006
Tuition - Other School District In State	111,826	0	111,826
State Equalization Aid	4,037,693	4,096,773	(59,080)
State Special Education Aid	623,602	880,059	(256,457)
Machinery & Equipment State Aid	5,085	0	5,085
Federal Aid (PL 382)	4,009	0	4,009
Excess Federal Aid (PL 382)	299	0	299
Miscellaneous	9	0	9
<b>Total Cash Receipts</b>	<b>5,216,449</b>	<b>5,370,580</b>	<b>(154,131)</b>
Expenditures:			
Instruction	2,359,398	2,451,234	(91,836)
Student Support Services	145,373	141,566	3,807
Instructional Support Staff	234,551	241,490	(6,939)
General Administration	152,445	146,335	6,110
School Administration	393,828	390,694	3,134
Operations and Maintenance	403,910	562,423	(158,513)
Student Transportation Services	189,588	254,530	(64,942)
Other Supplemental Services	86,369	86,447	(78)
Transfer to Capital Outlay	55,000	0	55,000
Transfer to Food Service	11,369	0	11,369
Transfer to Special Education	804,822	880,059	(75,237)
Transfer to Contingency Reserve	371,000	0	371,000
Transfer to At Risk K-12	314,642	330,702	(16,060)
Adjustment to Comply With Legal Max			
Legal General Fund Budget	0	(75,240)	75,240
<b>Total Legal General Fund Budget</b>	<b>5,522,295</b>	<b>5,410,240</b>	<b>112,055</b>

(Continued)

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
(Continued)			
Adjustment for Qualifying Budget Credits:			
Tuition - Other School District In State	\$ 0	111,826	(111,826)
Excess Federal Aid (PL 382)	<u>0</u>	<u>229</u>	<u>(229)</u>
 Total Expenditures	 <u>5,522,295</u>	 <u><b>5,522,295</b></u>	 <u><b>0</b></u>
 Cash Receipts Over (Under) Expenditures	 (305,846)		
Unencumbered Cash, Beginning	<u>(402,059)</u>		
 Unencumbered Cash, Ending*	 \$ <u><b>(707,905)</b></u>		

\* See Note 14 (Cash Basis Violation)  
See Note 15 (Statutory Presentation)

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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**Supplemental General Fund**  
 Statement of Cash Receipts and Expenditures  
 Actual and Budget  
For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Tax in Process	\$ 11,501	7,246	4,255
Current Tax	443,357	409,275	34,082
Delinquent Tax	17,252	5,726	11,526
Motor Vehicle Tax	54,679	57,642	(2,963)
Recreational Vehicle Tax	1,448	1,225	223
State Aid	684,712	798,554	(113,842)
Machinery and Equipment State Aid	<u>4,494</u>	<u>0</u>	<u>4,494</u>
 Total Cash Receipts	 <u>1,217,443</u>	 <u>1,279,668</u>	 <u>(62,225)</u>
Expenditures:			
Instruction	346,819	506,912	(160,093)
Operations and Maintenance	257,782	158,000	99,782
Student Transportation Services	35,109	20,000	15,109
Other Supplemental Services	203,209	206,868	(3,659)
Transfer to Food Service	20,000	0	20,000
Transfer to Special Education	324,346	299,012	25,334
Transfer to Vocational Education	<u>128,527</u>	<u>125,000</u>	<u>3,527</u>
 Total Expenditures	 <u>1,315,792</u>	 <u>1,315,792</u>	 <u>0</u>
Cash Receipts Over (Under) Expenditures	(98,349)		
Prior Year Cancelled Encumbrance	8,990		
Unencumbered Cash, Beginning	<u>(9,887)</u>		
 Unencumbered Cash, Ending*	 \$ <u><u>(99,246)</u></u>		

\* See Note 14 (Cash Basis Exemption)  
 See Note 15 (Statutory Presentation)

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

At Risk K-12 Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Local Sources	16,060	0	16,060
Transfer from General	\$ <u>314,642</u>	<u>330,702</u>	<u>(16,060)</u>
 Total Cash Receipts	 <u>330,702</u>	 <u><b>330,702</b></u>	 <u><b>0</b></u>
 Expenditures:			
Instruction	<u>330,702</u>	<u><b>330,702</b></u>	<u><b>0</b></u>
 Cash Receipts Over (Under) Expenditures	 0		
Unencumbered Cash, Beginning	<u>0</u>		
 Unencumbered Cash, Ending	 \$ <u><b>0</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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Capital Outlay Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 1,949	1,376	573
Current Tax	93,589	88,991	4,598
Delinquent Tax	2,192	1,094	1,098
Motor Vehicle Tax	9,444	9,174	270
Recreational Vehicle Tax	234	195	39
State Aid	44,433	44,496	(63)
Interest on Idle Funds	33,659	0	33,659
Other Revenue from Local Sources	17,480	0	17,480
Federal Aid	1,749	0	1,749
Machinery & Equipment State Aid	911	0	911
Transfer from General	55,000	0	55,000
	<u>260,640</u>	<u>145,326</u>	<u>115,314</u>
Total Cash Receipts			
Expenditures:			
Instruction	62,998	90,641	(27,643)
Student Support Services	0	7,356	(7,356)
School Administration	0	40,000	(40,000)
Operations and Maintenance	38,653	50,000	(11,347)
Transportation	10,200	100,000	(89,800)
Facilities Acquisition and Construction	140,377	625,000	(484,623)
	<u>252,228</u>	<u>912,997</u>	<u>(660,769)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	8,412		
Unencumbered Cash, Beginning	<u>767,671</u>		
Unencumbered Cash, Ending	<u>\$ 776,083</u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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**Driver Training Fund**

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Other Revenue from Local Sources	\$ 4,370	0	4,370
State Aid	<u>1,292</u>	<u>5,400</u>	<u>(4,108)</u>
Total Cash Receipts	<u>5,662</u>	<u>5,400</u>	<u>262</u>
Expenditures:			
Instruction	9,062	18,066	(9,004)
Vehicle Operations, Maintenance Services	<u>716</u>	<u>1,655</u>	<u>(939)</u>
Total Expenditures	<u>9,778</u>	<u>19,721</u>	<u>(9,943)</u>
Cash Receipts Over (Under) Expenditures	(4,116)		
Unencumbered Cash, Beginning	<u>28,835</u>		
Unencumbered Cash, Ending	\$ <u>24,719</u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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Food Service Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Federal Aid	\$ 169,711	151,169	18,542
State Aid	4,389	4,282	107
Food Service	145,677	149,265	(3,588)
Miscellaneous	1,850	0	1,850
Transfer from General	11,369	0	11,369
Transfer from Supplemental General	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Cash Receipts	<u>352,996</u>	<u>304,716</u>	<u>48,280</u>
Expenditures:			
Operations and Maintenance	3,845	2,000	1,845
Food Service Operations	<u>346,888</u>	<u>374,767</u>	<u>(27,879)</u>
Total Expenditures	<u>350,733</u>	<u>376,767</u>	<u>(26,034)</u>
Cash Receipts Over (Under) Expenditures	2,263		
Unencumbered Cash, Beginning	<u>72,051</u>		
Unencumbered Cash, Ending	\$ <u>74,314</u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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**Professional Development Fund**  
 Statement of Cash Receipts and Expenditures  
 Actual and Budget  
For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
State Aid	\$ <u>0</u>	<u>800</u>	<u>(800)</u>
Expenditures:			
Instructional Support Staff	1,791	20,388	(18,597)
Other Supplemental Service	<u>0</u>	<u>2,500</u>	<u>(2,500)</u>
Total Expenditures	<u>1,791</u>	<u><b>22,888</b></u>	<u><b>(21,097)</b></u>
Cash Receipts Over (Under) Expenditures	(1,791)		
Unencumbered Cash, Beginning	<u>33,350</u>		
Unencumbered Cash, Ending	\$ <u><b>31,559</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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Summer School Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts	\$ <u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Instruction	1,172	13,624	(12,452)
Student Support Services	<u>0</u>	<u>500</u>	<u>(500)</u>
Total Expenditures	<u>1,172</u>	<u>14,124</u>	<u>(12,952)</u>
Cash Receipts Over (Under) Expenditures	(1,172)		
Unencumbered Cash, Beginning	<u>21,565</u>		
Unencumbered Cash, Ending	\$ <u><u>20,393</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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Special Education Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Other Revenue from Local Sources	\$ 310	0	310
Transfer from General	804,822	880,059	(75,237)
Transfer from Supplemental General	<u>324,346</u>	<u>299,012</u>	<u>25,334</u>
Total Cash Receipts	<u>1,129,478</u>	<u><b>1,179,071</b></u>	<u><b>(49,593)</b></u>
Expenditures:			
Instruction	882,988	1,117,204	(234,216)
Operations & Maintenance	0	50,510	(50,510)
Student Transportation Services	<u>14,759</u>	<u>138,074</u>	<u>(123,315)</u>
Total Expenditures	<u>897,747</u>	<u><b>1,305,788</b></u>	<u><b>(408,041)</b></u>
Cash Receipts Over (Under) Expenditures	231,731		
Unencumbered Cash, Beginning	<u>126,207</u>		
Unencumbered Cash, Ending	<u><b>\$ 357,938</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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Vocational Education Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from Supplemental General	<u>128,527</u>	<u>125,000</u>	<u>3,527</u>
Expenditures:			
Instruction	127,847	127,905	(58)
Operations & Maintenance	<u>745</u>	<u>1,000</u>	<u>(255)</u>
Total Expenditures	<u>128,592</u>	<u>128,905</u>	<u>(313)</u>
Cash Receipts Over (Under) Expenditures	(65)		
Unencumbered Cash, Beginning	<u>65</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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KPERS Special Retirement Contribution Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
State Aid	\$ 284,993	<u>339,682</u>	<u>(54,689)</u>
Expenditures:			
Instruction	176,695	210,603	(33,908)
Student Support	8,550	10,190	(1,640)
Instructional Support	14,250	16,984	(2,734)
General Administration	8,550	10,190	(1,640)
School Administration	22,799	27,175	(4,376)
Other Supplemental Services	17,099	20,381	(3,282)
Operations and Maintenance	19,950	23,778	(3,828)
Student Transportation Services	8,550	10,190	(1,640)
Food Service	<u>8,550</u>	<u>10,191</u>	<u>(1,641)</u>
Total Expenditures	<u>284,993</u>	<u><u>339,682</u></u>	<u><u>(54,689)</u></u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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**Recreation Commission Fund**

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Tax in Process	\$ 2,210	1,392	818
Current Tax	70,193	66,744	3,449
Delinquent Tax	2,310	1,094	1,216
Motor Vehicle Tax	12,238	11,960	278
Recreational Vehicle Tax	298	254	44
Machinery and Equipment State Aid	<u>768</u>	<u>0</u>	<u>768</u>
Total Cash Receipts	<u>88,017</u>	<u>81,444</u>	<u>6,573</u>
Expenditures:			
Community Service Operations	<u>86,236</u>	<u>100,000</u>	<u>(13,764)</u>
Cash Receipts Over (Under) Expenditures	1,781		
Unencumbered Cash, Beginning	<u>50,196</u>		
Unencumbered Cash, Ending	\$ <u>51,977</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 211**

Norton, Kansas

**Federal Funds**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Title I</u>	<u>Title II Part A</u>	<u>Title II Part D</u>	<u>Drug Free Schools</u>	<u>Total</u>	<u>Budget*</u>	<u>Variance Over (Under)</u>
Cash Receipts:							
Federal Aid	\$ <u>99,160</u>	<u>30,930</u>	<u>948</u>	<u>2,431</u>	<u>133,469</u>	<b><u>137,586</u></b>	<b><u>(4,117)</u></b>
Expenditures:							
Instruction	99,160	21,265	968	2,289	123,682	133,986	(10,304)
Instructional Support Staff	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,600</u>	<u>(3,600)</u>
Total Expenditures	<u>99,160</u>	<u>21,265</u>	<u>968</u>	<u>2,289</u>	<u>123,682</u>	<b><u>137,586</u></b>	<b><u>(13,904)</u></b>
Receipts Over (Under) Expenditures	0	9,665	(20)	142	9,787		
Unencumbered Cash, Beginning	<u>0</u>	<u>2,264</u>	<u>20</u>	<u>253</u>	<u>2,537</u>		
Unencumbered Cash, Ending	\$ <b><u>0</u></b>	<b><u>11,929</u></b>	<b><u>0</u></b>	<b><u>395</u></b>	<b><u>12,324</u></b>		

\* Exempt from Budget Law per K.S.A. 12-1663.

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

STATEMENT 3

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**Gifts and Grants Funds**

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Gifts &amp; Grants</u>	<u>Gardner Memorial Library</u>	<u>Coordinated School Health</u>	<u>Totals</u>	<u>Budget*</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:						
Interest on Idle Funds	\$ 0	230	0	230	0	230
Grant Proceeds	0	50	8,130	8,180	0	8,180
Donations	<u>1,371</u>	<u>0</u>	<u>0</u>	<u>1,371</u>	<u>0</u>	<u>1,371</u>
Total Cash Receipts	<u>1,371</u>	<u>280</u>	<u>8,130</u>	<u>9,781</u>	<u>0</u>	<u>9,781</u>
Expenditures:						
Instruction	<u>3,332</u>	<u>0</u>	<u>7,630</u>	<u>10,962</u>	<u>15,838</u>	<u>(4,876)</u>
Receipts Over (Under) Expenditures	(1,961)	280	500	(1,181)		
Unencumbered Cash, Beginning	<u>3,237</u>	<u>12,307</u>	<u>0</u>	<u>15,544</u>		
Unencumbered Cash, Ending	\$ <u>1,276</u>	<u>12,587</u>	<u>500</u>	<u>14,363</u>		

\* Exempt from Budget Law per K.S.A. 79-2925 and K.S.A. 12-16,111.

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Contingency Reserve</u>	<u>Textbook Rental and Student Material Revolving</u>	<u>Outdoor Wildlife Learning Site</u>
Cash Receipts:			
Fees	\$ 0	15,825	0
Miscellaneous	0	257	0
Transfer from General	<u>371,000</u>	<u>0</u>	<u>0</u>
 Total Cash Receipts	 <u>371,000</u>	 <u><b>16,082</b></u>	 <u><b>0</b></u>
 Expenditures:			
Instruction	<u>0</u>	<u>373</u>	<u>18</u>
 Cash Receipts Over (Under) Expenditures	371,000	15,709	(18)
Prior Year Cancelled Encumbrance	0	192	0
Unencumbered Cash, Beginning	<u>170,026</u>	<u>7,337</u>	<u>294</u>
 Unencumbered Cash, Ending	 \$ <u><b>541,026</b></u>	 <u><b>23,238</b></u>	 <u><b>276</b></u>

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Eicher Butler Scholarship</u>	<u>Louis Welter Scholarship</u>	<u>Tansil Scholarship</u>
Cash Receipts:			
Interest on Idle Funds	\$ 11,076	578	11,018
Expenditures:			
Scholarships	11,000	600	11,000
Cash Receipts Over (Under) Expenditures	76	(22)	18
Unencumbered Cash, Beginning	<u>200,439</u>	<u>14,053</u>	<u>200,842</u>
Unencumbered Cash, Ending	<u>\$ 200,515</u>	<u>14,031</u>	<u>200,860</u>

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

UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Ford Farber Scholarship</u>	<u>Bishop Scholarship</u>
Cash Receipts:		
Interest	21	0
Donations	<u>1,650</u>	<u>0</u>
Total Cash Receipts	<u><u>1,671</u></u>	<u><u>0</u></u>
Expenditures:		
Scholarships	<u>0</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	1,671	0
Unencumbered Cash, Beginning	<u>0</u>	<u>1,000</u>
Unencumbered Cash, Ending	<u><u>1,671</u></u>	<u><u>1,000</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 211

STATEMENT 4

Norton, Kansas

Agency Funds

Summary of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2009

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Funds:				
Senior High:				
Class of 2008	955	0	955	0
Class of 2009	698	148	310	536
Class of 2010	228	25,581	23,377	2,432
Class of 2011	256	1	134	123
Class of 2012	0	481	0	481
F.F.A.	3,781	31,453	31,368	3,866
FCCLA	4,117	3,943	4,920	3,140
Yearbook	1,951	14,299	11,495	4,755
Concessions	3,300	26,348	24,930	4,718
KAYS	4,372	8,534	8,408	4,498
Blue Crew	5,323	3,196	6,895	1,624
National Honor Society	676	577	876	377
Nugget	1,466	613	1,824	255
Student Advisory Council	2,099	3,831	3,617	2,313
Drama Club	2,651	2,901	2,652	2,900
Art Projects Club	7	0	0	7
Vocal Music Club	508	5,395	3,775	2,128
Students Against Drunk Driving	571	3	0	574
Dance Club	12	10,670	7,503	3,179
NCSTV Club	1,583	1,957	1,022	2,518
Junior High:				
Student Council	1,068	391	560	899
KAYS	2,813	13,045	13,560	2,298
Pep Club	292	1,815	1,777	330
Concessions	491	1	0	492
	<u>39,218</u>	<u>155,183</u>	<u>149,958</u>	<u>44,443</u>
Total Student Organization Funds				
Other Agency Funds:				
Employee Benefits	4,975	12,099	7,097	9,977
	<u>4,975</u>	<u>12,099</u>	<u>7,097</u>	<u>9,977</u>
Total Agency Funds				
	<u>\$ 44,193</u>	<u>167,282</u>	<u>157,055</u>	<u>54,420</u>

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

**UNIFIED SCHOOL DISTRICT NO. 211**

Norton, Kansas

**District Activity Funds**

Statement of Cash Receipts, Expenditures and Unencumbered Cash

For the Fiscal Year Ended June 30, 2009

STATEMENT 5

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
High School Athletics	\$ 3,644	0	46,054	42,635	7,063	0	7,063
Junior High Athletics	3,194	0	11,401	10,291	4,304	0	4,304
Junior High Music	214	0	2,243	1,910	547	0	547
 Total District Activity Funds	\$ <u>7,052</u>	<u>0</u>	<u>59,698</u>	<u>54,836</u>	<u>11,914</u>	<u>0</u>	<u>11,914</u>

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

# UNIFIED SCHOOL DISTRICT NO. 211

Norton, Kansas

Notes to the Financial Statements

June 30, 2009

## 1. Summary of Significant Accounting Policies

### Reporting Entity

Unified School District No. 211, Norton, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation.

### Principles Determining Scope of Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Norton Recreation Commission is a component unit of the District. Financial information for the Norton Recreation Commission has not been reported in the District's financial statements. Accordingly, these financial statements present the activities of the primary government only and are not a complete presentation in accordance with generally accepted accounting principles.

Norton Recreation Commission. The Norton Recreation Commission oversees recreational activities. A five-member board is appointed to oversee the operation. Two members of the board are appointed by the District's board with two more members appointed by the City of Norton's council. The remaining member is appointed by the other four members. The District annually levies a tax for the operation of the Commission. Unaudited financial reports for the Norton Recreation Commission are available from the Recreation Commission Director, P.O. Box 96, Norton, Kansas 67654.

### Fund Accounting

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

The following types of funds comprise the financial activities of the District for the fiscal year ended June 30, 2009:

#### Governmental Funds:

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

Special Revenue Funds--To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Fiduciary Funds:

Private Purpose Trust and Agency Funds--To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

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

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

Departure from Accounting Principles Generally Accepted in the United States of America

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

2. **Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The General and Vocational Education funds were amended in this manner as of June 30, 2009.

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 related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. Any unused budgeted expenditure authority lapses at year-end.

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

	<u>Statutory Authority for Exemption</u>
Title I	K.S.A. 12-1663
Title II, Part A	K.S.A. 12-1663
Title II, Part D	K.S.A. 12-1663
Drug Free Schools	K.S.A. 12-1663
Gifts & Grants	K.S.A. 79-2925
Gardner Memorial Library	K.S.A. 79-2925
Coordinated School Health	K.S.A. 12-16,111
Contingency Reserve	K.S.A. 72-6426
Textbook Rental and Student Material Revolving	K.S.A. 72-8250
Outdoor Wildlife Learning Site	K.S.A. 79-2925
High School Athletics	K.S.A. 72-8208a
Junior High Athletics	K.S.A. 72-8208a
Junior High Music	K.S.A. 72-8208a

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

### 3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due 1/2 on December 20th and 1/2 the following May 10th. Any taxes unpaid at the due dates are considered delinquent. 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. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the District and therefore are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

### 4. Lease Obligations

There were no operating leases which require disclosure. Capital lease obligations are reported in Note 11.

### 5. Inventories and Prepaid Expense

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

### 6. Compensated Absences

#### Sick Leave

The employees of Unified School District No. 211 are allowed twelve days of sick leave per year. This can be carried over and accumulated to eighty days. Unused sick leave in excess of the eighty days maximum accumulation will be bought back by the District at the rate of \$30.00 per day for certified employees and at a rate of one hour for every four hours of entitlement for classified employees payable on August 20 for employees returning to the District or under contract at that time. No payment for unused sick leave is made when an employee terminates employment with the District unless the employee is retiring or is disabled. When an employee retires from the District or is disabled, 25 percent of all unused sick leave shall be purchased at full salary. The cost of accumulated sick leave as of June 30, 2009 was \$31,567 and is included in long-term debt in Note 11.

#### Vacation Pay

The superintendent is allowed fifteen days of vacation per year. Vacation time is allowed for the following classified employees: maintenance director, maintenance and grounds assistant, clerk, treasurer, unified office secretary, and twelve-month custodial. Vacation time is based on years of continuous employment according to the following schedule:

<u>Years of Employment</u>	<u>Vacation Days</u>
Zero to 1 year	.833 days per month
After 1 to 6 years	10 days per year or .833 days per month
After 7 to 9 years	11 days per year or .9166 days per month
After 10 to 12 years	12 days per year or 1.0 days per month
After 13 to 15 years	13 days per year or 1.083 days per month
After 16 or more years	15 days per year or 1.25 days per month

The cost of accumulated vacation pay as of June 30, 2009 was \$30,011 and is included in long-term debt in Note 11.

## 7. Defined Benefit Pension Plan

### Plan Description

Unified School District No. 211, Norton, Kansas participates in 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 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

### Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. Member-employee 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 7.97% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. Kansas' contribution to KPERs for all school municipalities for the years ending June 30, 2009, 2008, and 2007 were \$242,277,363, \$220,815,154, and \$192,425,626 respectively, equal to the required contributions for each year.

## 8. Early Retirement Program

Faculty members of the District who may find it necessary or desirable to retire from employment with the District prior to normal retirement age may elect to take early retirement under the terms set out in Article XVIII of the negotiated agreement. Early retirement is entirely voluntary and at the discretion of eligible faculty members. Eligibility for full benefits is determined as follows:

1. Currently a certified faculty member or administrator.
2. Not less than 60 years of age and not more than 64 years of age as of September 1 of the year of selection.
3. Ten (10) years of more of continuous service with the District and an additional five (5) years of employment with the District, or another Kansas school district, or service with KPERs.

Faculty members electing the reduced retirement benefit must meet requirement 1 and 3 above in addition to the following requirement:

1. Eligible for retirement with the Kansas Public Employees Retirement System (KPERs) or age 55.

Any faculty member wishing to retire at the end of a contract year must file for benefits by May 1<sup>st</sup> of that contract year.

A faculty member who takes early retirement is entitled to receive annually from the District a sum of money equal to the teachers' highest salary while employed by the District less the base salary from the District's salary schedule multiplied by 40% for full benefit. The difference between the teachers' highest salary while employed by the District less the base salary from the District's salary schedule shall be multiplied by 90% and divided by 60 to determine the monthly amount for reduced benefit. The reduced benefit will cease to be paid after 60 months or when the participant reaches 65 or is Medicare qualified, whichever is sooner.

These benefits will be paid monthly on the regular payday set by the District. A faculty member taking early retirement has the option to maintain health insurance coverage through the District's health insurance program. All early retirement benefits, including the option to maintain health insurance automatically terminate at the time the faculty member reaches age 65 or is eligible for Medicare. In the event of death of the retiree, the monthly benefit will be paid to the deceased's named beneficiary for a period of twelve months, or until the end of the benefit's life, whichever is sooner.

The District's liability for faculty members approved for early retirement is presented as a component of long-term debt in Note 11.

9. **Other Post Employment Benefits**

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

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

10. **Deposits and Investments**

At June 30, 2009, the District had no investments except for certificates of deposit which are considered to be a component of deposits.

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 municipality is located and the banks provide an acceptable rate of return on the funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

**Concentration of Credit Risk**

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated any "peak periods" with eligible depositories. All deposits were legally secured at June 30, 2009.

At June 30, 2009, the District's carrying amount of deposits was \$1,797,981 and the bank balance was \$2,510,380. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$601,671 was covered by federal depository insurance, \$397,147 by an irrevocable letter of credit from the Federal Home Loan Bank, Topeka and \$1,511,562 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, there is the risk that in the event of the failure of the issuer or counter party, 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.

11. General Long-term Debt

Changes in long-term liabilities for Unified School District No. 211, Norton, Kansas for the year ended June 30, 2009 were as follows:

Issue	Interest Rates	Date Issued	Amount of Original Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Lease Purchase Agreements:										
Qualified Zone Academy Bonds										
(OZAB) (Note 11)	0.00%	01/28/06	\$ 600,000	01/28/15	\$ 430,530	0	58,426		372,104	0
Compensated Absences:										
Sick Leave	N/A	N/A	N/A	N/A	43,992			(12,425)	31,567	0
Vacation Pay	N/A	N/A	N/A	N/A	23,104			6,907	30,011	0
Total Compensated Absences					67,096			(5,518)	61,578	0
Early Retirement Program (Note 8)	N/A	N/A	N/A	N/A	330,767	123,751	104,471		350,047	0
Total Long-term Debt					\$ 828,393	123,751	162,897	(5,518)	783,729	0

Current maturities for long-term debt for Unified School District No. 211, Norton, Kansas for the next five years and in five-year increments after that are as follows:

	2010	2011	2012	2013	2014	2015-2019	Total
<b>PRINCIPAL</b>							
Lease Purchase Agreements:							
Qualified Zone Academy Bonds (QZAB)							
Lease Payments (Note 11)	\$ 55,543	55,543	55,543	55,543	55,543	55,543	333,258
Interest Earnings (Note 11)	3,877	4,897	5,925	6,979	8,041	9,127	38,846
<b>Total Principal</b>	<b>59,420</b>	<b>60,440</b>	<b>61,468</b>	<b>62,522</b>	<b>63,584</b>	<b>64,670</b>	<b>372,104</b>
<b>INTEREST</b>							
Lease Purchase Agreements:							
Qualified Zone Academy Bonds (QZAB)							
	0	0	0	0	0	0	0
<b>Total Principal and Interest</b>	<b>\$ 59,420</b>	<b>60,440</b>	<b>61,468</b>	<b>62,522</b>	<b>63,584</b>	<b>64,670</b>	<b>372,104</b>
<b>Early Retirement Program</b>	<b>\$ 93,368</b>	<b>83,099</b>	<b>67,756</b>	<b>52,369</b>	<b>31,129</b>	<b>22,325</b>	<b>350,046</b>

### Qualified Zone Academy Bonds

On January 28, 2005 the District entered into a \$600,000 Qualified Zone Academy Bond (QZAB) agreement with Bank of America, N.A., for the financing of renovations, repairs and improvements to existing school buildings. The agreement is a lease purchase with the District scheduled to pay Bank of America, N.A., ten annual lease payments of \$55,543. The lease payments are to be placed in an interest bearing custodial account. At the end of the tenth year, the balance of this account will be made to balance to \$600,000 by adjusting the final lease payment. The custodian will then release the funds in the account to Bank of America, N.A. to retire the bonds and the lease will be terminated.

## 12. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the District purchases commercial insurance.

During the year ended June 30, 2009, the District did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

13. **Interfund Transfers**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Capital Outlay	K.S.A. 72-6428	\$ 55,000
General	Food Service	K.S.A. 72-6428	11,369
General	Special Education	K.S.A. 72-6428	804,822
General	At Risk K-12	K.S.A. 72-6428	314,642
General	Contingency Reserve	K.S.A. 72-6428	371,000
Supplemental General	Food Service	K.S.A. 72-6433	20,000
Supplemental General	Special Education	K.S.A. 72-6433	324,346
Supplemental General	Vocational Education	K.S.A. 72-6433	128,527

14. **Compliance with Kansas Statutes****Cash Basis Violation**

K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The General Fund had a negative unencumbered cash balance of \$707,945 as of June 30, 2009. This is due to the late distribution of general state aid and special education services aid. The general state aid payment of \$527,342 was received July 9, 2009. The special education services aid payment of \$181,220 was received July 1, 2009. Expenditures by school districts in excess of current revenues due to late general state aid are exempted by K.S.A. 10-1116(a). However, there is no such statutory exemption for expenditures by school districts in excess of current revenues due to the late distribution of special education aid. Thus, the General Fund is in violation of K.S.A. 10-1113.

**Cash Basis Exemption**

K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The Supplemental General Fund had a negative unencumbered cash balance of \$99,246 for the year ending June 30, 2009. K.S.A. 10-1116a exempts from the cash basis law expenditures by school districts that are in excess of current revenues if the deficit in revenues is caused by the late distribution of state aid. The June state aid payment for the Supplemental General Fund of \$159,710 was received on July 9, 2009. This fund meets the criteria of K.S.A. 10-1116a, and therefore is not deemed to be in violation of K.S.A. 10-1113.

15. **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) requires 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 June 30. The following shows the revenue as required by the statutes.

In addition, the General Fund Statement also includes special education aid for the fiscal year ended June 30, 2009, as confirmed by the Kansas State Department of Education. Inclusion of the special education aid is not required by the statutes but has been included in this statement to be in conformity with the budget laws of Kansas.

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

STATUTORY REVENUES AND EXPENDITURES – STATUTORY AND BUDGET  
For the Year Ended June 30, 2009

GENERAL FUND			
	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues:			
Tax in Process	\$ 12,077	4,036	8,041
Current Tax	406,846	383,443	23,403
Delinquent Tax	10,997	6,269	4,728
Mineral Tax	4,006	0	4,006
Tuition - Other School District In State	111,826	0	111,826
State Equalization Aid	4,162,324	4,096,773	65,551
Special Education State Aid	804,822	880,059	(75,237)
Federal Aid (PL 382)	4,009	0	4,009
Miscellaneous	5,094	0	5,094
Excess Federal Aid (PL 382)	299	0	299
	<u>5,522,300</u>	<u>5,370,580</u>	<u>151,720</u>
Total Statutory Revenues			
Expenditures:			
Instruction	2,359,398	2,451,234	(91,836)
Student Support Services	145,373	141,566	3,807
Instructional Support Staff	234,551	241,490	(6,939)
General Administration	152,445	146,335	6,110
School Administration	393,828	390,694	3,134
Operations and Maintenance	403,910	562,423	(158,513)
Student Transportation Services	189,588	254,530	(64,942)
Other Supplemental Services	86,369	86,447	(78)
Transfer to Capital Outlay	55,000	0	55,000
Transfer to Food Service	11,369	0	11,369
Transfer to Special Education	804,892	880,059	(75,167)
Transfer to Contingency Reserve	371,000	0	371,000
Transfer to At Risk K-12	314,642	330,702	(16,060)
Adjustment to Comply With Legal Max Legal General Fund Budget	0	(75,240)	75,240
	<u>5,522,365</u>	<u>5,410,240</u>	<u>112,125</u>
Total General Legal Budget			
Adjustment for Qualifying Budget Credits:			
Tuition - Other School District In State	0	111,826	(111,826)
Excess Federal Aid (PL 382)	0	299	(299)
	<u>5,522,365</u>	<u>5,522,365</u>	<u>0</u>
Total Expenditures			
Revenue Over (Under) Expenditures	(65)		
Modified Unencumbered Cash, Beginning	<u>652</u>		
Modified Unencumbered Cash, Ending	<u>\$ 587</u>		

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

STATUTORY REVENUES AND EXPENDITURES – STATUTORY AND BUDGET  
For the Year Ended June 30, 2009

SUPPLEMENTAL GENERAL

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues:			
Tax in Process	\$ 11,501	7,246	4,255
Current Tax	443,357	409,275	34,082
Delinquent Tax	17,252	5,726	11,526
Motor Vehicle Tax	54,679	57,642	(2,963)
Recreational Vehicle Tax	1,448	1,225	223
State Aid	798,554	798,554	0
Machinery and Equipment State Aid	<u>4,494</u>	<u>0</u>	<u>4,494</u>
Total Statutory Revenues	<u>1,331,285</u>	<u>1,279,668</u>	<u>51,617</u>
Expenditures:			
Instruction	346,819	506,912	(160,093)
Operations and Maintenance	257,782	158,000	99,782
Student Transportation Services	35,109	20,000	
Other Supplemental Services	203,209	206,868	(3,659)
Transfer to Food Service	20,000	0	20,000
Transfer to Special Education	324,346	299,012	25,334
Transfer to Vocational Education	<u>128,527</u>	<u>125,000</u>	<u>3,527</u>
Total General Legal Budget	<u>1,315,792</u>	<u>1,315,792</u>	<u>0</u>
Revenue Over (Under) Expenditures	15,493		
Prior Year Cancelled Encumbrance	8,990		
Modified Unencumbered Cash, Beginning	<u>35,981</u>		
Modified Unencumbered Cash, Ending	<u>\$ 60,464</u>		

# MAPES & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

JOHN D. MAPES, CPA  
DENIS W. MILLER, CPA

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

THOMAS CARPENTER, CPA  
DON TILTON, CPA

Members of American Institute of Certified Public Accountants  
and the Kansas Society of Certified Public Accountants

## REPORT ON FEDERAL FINANCIAL ASSISTANCE

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Board of Education  
Unified School District No. 211  
Norton, Kansas 67654

We have audited the financial statements of Unified School District No. 211, Norton, Kansas, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 11, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of Federal Financial Assistance is presented for purposes of additional analysis as requested by the Kansas State Department of Education and is not a required part of the financial statements of Unified School District No. 211, Norton, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the governing body and management of the Unified School District No. 211, Norton, Kansas, and the Kansas State Department of Education and other federal and state agencies to whose jurisdiction the District is subject, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Board of Education, is a matter of public record.

## Mapes & Miller

Certified Public Accountants

**UNIFIED SCHOOL DISTRICT NO. 211**

Norton, Kansas

Schedule of Federal Financial Assistance  
For the Fiscal Year Ended June 30, 2009

	Federal CFDA Number	Beginning Balance	Prior Year Cancelled Encumbrances	Revenue Recognized	Expenditures	Transfers	Ending Balance
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>							
Passed through State Department of Education:							
National School Breakfast Program	10.553	\$ 0		32,373	32,373	0	0
National School Lunch Program	10.555	0	0	116,745	116,745	0	0
		<u>0</u>	<u>0</u>	<u>149,118</u>	<u>149,118</u>	<u>0</u>	<u>0</u>
Total U. S. Department of Agriculture		<u>0</u>	<u>0</u>	<u>149,118</u>	<u>149,118</u>	<u>0</u>	<u>0</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>							
Direct Programs:							
Impact Aid (PL382)	84.041	0	0	5,829	5,829	0	0
Passed through State Department of Education:							
Title I	84.010	0	0	99,160	99,160	0	0
Title II, Part A	84.367	2,264	0	30,930	21,265	0	11,929
Title II, Part D	84.318	20	0	948	968	0	0
Drug Free Schools	84.186	253	0	2,431	2,289	0	395
		<u>2,537</u>	<u>0</u>	<u>139,298</u>	<u>129,511</u>	<u>0</u>	<u>12,324</u>
Total U. S. Department of Education		<u>2,537</u>	<u>0</u>	<u>139,298</u>	<u>129,511</u>	<u>0</u>	<u>12,324</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		\$ <u>2,537</u>	<u>0</u>	<u>288,416</u>	<u>278,629</u>	<u>0</u>	<u>12,324</u>

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

# MAPES & MILLER

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and the Kansas Society of Certified Public Accountants

JOHN D. MAPES, CPA  
DENIS W. MILLER, CPA

THOMAS CARPENTER, CPA  
DON TILTON, CPA

January 11, 2010

418 E. Holme  
Norton, KS 67654-1412  
(785) 877-5833  
FAX - (785) 877-5442  
email - mmcpcas@ruraltel.net

To the Board of Education  
Unified School District No. 211  
Norton, Kansas 67654

711 3<sup>rd</sup> Street  
P.O. Box 266  
Phillipsburg, KS 67661-0266  
(785) 543-6561  
FAX - (785) 543-6563  
email - mmpburg@ruraltel.net

We have audited the primary government financial statements of the Unified School District No. 211 for the year ended June 30, 2009, and have issued our report thereon dated January 11, 2010.

503 Main St.  
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Stockton, KS 67669-0508  
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email - mmstkn@ruraltel.net

In planning and performing our audit of the financial statements of the Unified School District No. 211 as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Unified School District No. 211's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 211's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified School District No. 211's internal control.

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A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

117 N. Main St.  
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WaKeeney, KS 67672-0073  
(785) 743-5512  
FAX - (785) 743-5513  
email - mapeswak@ruraltel.net

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

306 N. Pomeroy  
Hill City, KS 67642-1720  
(785) 421-2163  
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email - mapeshc@ruraltel.net

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

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 25, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 25, 2009.

#### Significant Audit Findings

##### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Unified School District No. 211 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the Unified School District No. 211 during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them differ significantly from those expected. No estimates were made by management for the year ended June 30, 2009.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures can be particularly sensitive because of their significance to financial statement users. For the year ended June 30, 2009, there were no sensitive disclosures that were included in the financial statements.

##### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 11, 2010.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This communication is intended solely for the information and use of the governing body and management of the District, others within the organization, and 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.