

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
VALLEY CENTER, KANSAS

FINANCIAL STATEMENTS
JUNE 30, 2011

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited the accompanying financial statements of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2011**, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the District's 2010 financial statements and, in our report dated November 22, 2010, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

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 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.

As described more fully in Note 1, **Valley Center Unified School District No. 262, Valley Center, Kansas**, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of **June 30, 2011**, or changes in the financial position for the year then ended.

**Board of Education
Valley Center Unified School District No. 262**

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of **June 30, 2011**, and its cash receipts and expenditures and budgetary comparisons 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 November 9, 2011, on our consideration of **Valley Center Unified School District No. 262, Valley Center, 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 the 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 performed for the purpose of forming an opinion on the financial statements of **Valley Center Unified School District No. 262, Valley Center, Kansas**, taken 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. 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.


Busby Ford & Reimer, LLC
November 9, 2011

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Unencumbered Cash Balance		Prior Year Canceled Encumbrances		Cash Receipts	Expenditures	Ending Unencumbered Cash Balance		Add Outstanding Encumbrances and Accounts Payable		Ending Cash Balance
	\$	(1,378,353)	\$	0			\$	(1,248,178)	\$	610,421	
General Fund											
Special Revenue Funds											
Supplemental General	(278,833)		0	0	4,468,667	4,263,633	(73,799)	257,114		183,315	
At Risk (4 Year Old)	10,770		0	0	85,600	86,350	10,020			10,020	
At Risk (K-12)	10,407		1,382	0	1,171,552	929,256	254,085	5,912		259,997	
Bilingual Education	99		0	0	90,718	90,727	90	0		90	
Capital Outlay	4,058,532		3,703	0	851,312	658,246	4,255,301	325,653		4,580,954	
Driver Training	93,103		0	0	25,926	22,715	96,314	317		96,631	
Food Service	367,352		0	0	1,258,436	1,245,483	380,305	493		380,798	
Professional Development	36,232		25	0	100,000	33,657	102,600	6,056		108,656	
Summer School	36,007		0	0	42,730	38,335	40,402	319		40,721	
Special Education	530,405		89,478	0	2,997,232	2,997,930	589,185	7,552		596,737	
Vocational Education	372		23	0	388,200	388,271	324	42,348		42,672	
KPERS Contribution	0		0	0	1,087,266	1,087,266	0	0		0	
Recreation Commission	18,111		0	0	489,650	507,761	0	0		0	
Recreation Commission Employee Benefits	0		0	0	75,582	75,582	0	0		0	
Federal Funds	8,884		0	0	611,701	620,085	500	9,305		9,805	
Gifts and Grants	4,036		0	0	5,890	1,682	8,244	0		8,244	
Contingency Reserve	1,406,491		0	0	0	0	1,406,491	0		1,406,491	
Textbook and Student Material											
Revolving	264,428		1,608	0	118,961	140,265	244,732	63,539		308,271	
Title I Network	89		0	0	0	89	0	0		0	
District Activity Funds	76,797		0	0	268,234	245,762	99,269	0		99,269	
Debt Service Funds											
Bond and Interest	1,836,498		0	0	4,286,876	4,901,345	1,222,029	0		1,222,029	
Special Assessments	9,840		0	0	10	0	9,850	0		9,850	
Capital Projects	7,098,211		149,393	0	829,131	7,674,641	402,094	10,264,035		10,666,129	
	<u>\$ 14,209,478</u>		<u>\$ 245,612</u>		<u>\$ 34,188,937</u>	<u>\$ 40,844,169</u>	<u>\$ 7,799,858</u>	<u>\$ 11,593,064</u>		<u>\$ 19,392,922</u>	
Composition of Cash:											
											\$ 13,413,943
Checking and Money Market Accounts											0
Savings Accounts											6,077,241
Certificates of Deposit											19,491,184
Agency Funds											(98,262)
											<u>\$ 19,392,922</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
		Comply with Legal Max	Qualifying Budget Credits	Qualifying Budget Credits	Chargeable to Current Year			
General Fund	\$ 14,909,419	\$ (90,157)	\$ 15,826	\$ 14,835,088	\$ 14,835,088	\$ 0	0	
Special Revenue Funds								
Supplemental General	4,263,633	0	0	4,263,633	4,263,633	0	0	
At Risk (4 Year Old)	86,350	0	0	86,350	86,350	0	0	
At Risk (K-12)	978,710	0	0	978,710	929,256	49,454	49,454	
Bilingual Education	106,900	0	0	106,900	90,727	16,173	16,173	
Capital Outlay	945,000	0	0	945,000	658,246	286,754	286,754	
Driver Training	45,575	0	0	45,575	22,715	22,860	22,860	
Food Service	1,931,175	0	0	1,931,175	1,245,483	685,692	685,692	
Professional Development	50,220	0	0	50,220	33,657	16,563	16,563	
Summer School	44,980	0	0	44,980	38,335	6,645	6,645	
Special Education	3,024,430	0	0	3,024,430	2,997,930	26,500	26,500	
Vocational Education	400,800	0	0	400,800	388,271	12,529	12,529	
KPERS Contribution	958,142	0	0	958,142	1,087,266	(129,124)	(129,124)	
Recreation Commission	517,260	0	0	517,260	507,761	9,499	9,499	
Recreation Commission Employee								
Benefits	79,988	0	0	79,988	75,582	4,406	4,406	
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	620,085	XXXXXXXXXX	XXXXXXXXXX	
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1,682	XXXXXXXXXX	XXXXXXXXXX	
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX	XXXXXXXXXX	
Textbook and Student Material								
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	140,265	XXXXXXXXXX	XXXXXXXXXX	
Title I Network	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	89	XXXXXXXXXX	XXXXXXXXXX	
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	245,762	XXXXXXXXXX	XXXXXXXXXX	
Debt Service Funds								
Bond and Interest	4,901,395	0	0	4,901,395	4,901,345	50	50	
Special Assessments	9,839	0	0	9,839	0	9,839	9,839	
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	7,674,641	XXXXXXXXXX	XXXXXXXXXX	
	<u>\$ 33,253,816</u>	<u>\$ (90,157)</u>	<u>\$ 15,826</u>	<u>\$ 33,179,485</u>	<u>\$ 40,844,169</u>	<u>\$ 1,017,840</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Local Sources	\$ 1,943,022	\$ 2,001,671	\$ 1,892,929	\$ 108,742
County Sources	155	0	0	0
State Sources	12,563,976	12,266,907	12,763,242	(496,335)
Federal Sources	<u>674,374</u>	<u>696,685</u>	<u>253,248</u>	<u>443,437</u>
	<u>15,181,527</u>	<u>14,965,263</u>	<u>\$ 14,909,419</u>	<u>\$ 55,844</u>
Expenditures				
Instruction	6,420,057	6,560,150	\$ 7,475,784	\$ 915,634
Student Support Services	570,271	536,898	536,300	(598)
Instructional Support Staff	412,987	612,552	402,200	(210,352)
General Administration	534,457	538,147	571,250	33,103
School Administration	1,016,047	1,076,517	1,041,500	(35,017)
Operations & Maintenance	1,539,668	1,237,877	1,167,900	(69,977)
Student Transportation Services	886,391	897,151	1,091,360	194,209
Other Supplemental Services	127,655	132,843	132,400	(443)
Transfers	3,157,844	3,242,953	2,490,725	(752,228)
Adjustment to Comply with Legal Max	0	0	(90,157)	(90,157)
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>15,826</u>	<u>15,826</u>
	<u>14,665,377</u>	<u>14,835,088</u>	<u>\$ 14,835,088</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	516,150	130,175		
Unencumbered Cash, Beginning	(1,894,503)	(1,378,353)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (1,378,353)</u>	<u>\$ (1,248,178)</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Supplemental General Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,711,718	\$ 1,686,100	\$ 1,610,496	\$ 75,604
County Sources	235,061	237,220	247,664	(10,444)
State Sources	1,837,488	2,545,347	2,224,082	321,265
Federal Sources	596,076	0	0	0
	<u>4,380,343</u>	<u>4,468,667</u>	<u>\$ 4,082,242</u>	<u>\$ 386,425</u>
Expenditures				
Instruction	1,086,066	868,268	\$ 964,478	\$ 96,210
Student Support Services	1,658	1,071	600	(471)
Instructional Support Staff	206,547	208,304	210,000	1,696
General Administration	122,161	118,090	116,950	(1,140)
School Administration	171,475	179,519	183,700	4,181
Operations & Maintenance	211,390	746,706	718,550	(28,156)
Other Supplemental Services	243,471	258,647	248,100	(10,547)
Transfers	2,247,728	1,883,028	1,821,255	(61,773)
	<u>4,290,496</u>	<u>4,263,633</u>	<u>\$ 4,263,633</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	89,847	205,034		
Unencumbered Cash, Beginning	(368,680)	(278,833)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (278,833)</u>	<u>\$ (73,799)</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>At Risk Fund (4 Year Old)</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Transfers	\$ 63,000	\$ 85,600	\$ 80,000	\$ 5,600
	<u>63,000</u>	<u>85,600</u>	<u>\$ 80,000</u>	<u>\$ 5,600</u>
Expenditures				
Instruction	\$ 82,260	86,350	\$ 86,350	\$ 0
	<u>82,260</u>	<u>86,350</u>	<u>\$ 86,350</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(19,260)	(750)		
Unencumbered Cash, Beginning	30,030	10,770		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 10,770</u>	<u>\$ 10,020</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>At Risk Fund (K-12)</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Local Sources	\$ 6,141	\$ 3,865	\$ 200,000	\$ (196,135)
Transfers	<u>770,900</u>	<u>1,167,687</u>	<u>772,410</u>	<u>395,277</u>
	<u>777,041</u>	<u>1,171,552</u>	<u>\$ 972,410</u>	<u>\$ 199,142</u>
 Expenditures				
Instruction	692,174	771,913	\$ 910,560	\$ 138,647
Student Support Services	0	44,048	48,650	4,602
Instructional Support Staff	68,961	32,491	6,000	(26,491)
School Administration	4,301	66,158	2,500	(63,658)
Operations & Maintenance	<u>11,242</u>	<u>14,646</u>	<u>11,000</u>	<u>(3,646)</u>
	<u>776,678</u>	<u>929,256</u>	<u>\$ 978,710</u>	<u>\$ 49,454</u>
 Receipts Over (Under) Expenditures	363	242,296		
 Unencumbered Cash, Beginning	10,044	10,407		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>1,382</u>		
 Unencumbered Cash, Ending	<u>\$ 10,407</u>	<u>\$ 254,085</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Bilingual Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Federal Sources	\$ 2,294	\$ 1,918	\$ 0	\$ 1,918
Transfers	72,500	88,800	106,900	(18,100)
	74,794	90,718	\$ 106,900	\$ (16,182)
Expenditures				
Instruction	76,289	90,555	\$ 106,900	\$ 16,345
School Administration	412	172	0	(172)
	76,701	90,727	\$ 106,900	\$ 16,173
Receipts Over (Under) Expenditures	(1,907)	(9)		
Unencumbered Cash, Beginning	1,998	99		
Prior Year Canceled Encumbrances	8	0		
Unencumbered Cash, Ending	\$ 99	\$ 90		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Capital Outlay Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 677,936	\$ 591,204	\$ 524,554	\$ 66,650
County Sources	63,633	60,547	63,245	(2,698)
Federal Sources	10,497	31,961	0	31,961
Transfers	0	167,600	0	167,600
	752,066	851,312	\$ 587,799	\$ 263,513
Expenditures				
Instruction	10,829	0	\$ 75,000	\$ 75,000
Student Support Services	8,336	0	50,000	50,000
Instructional Support Staff	0	0	50,000	50,000
General Administration	736	520	50,000	49,480
School Administration	2,231	16,232	10,000	(6,232)
Central Services	1,998	0	10,000	10,000
Operations & Maintenance	74,300	0	150,000	150,000
Transportation	263,046	379,358	200,000	(179,358)
Other Support Services	0	0	50,000	50,000
Facility Acquisition & Construction Services	76,004	262,136	300,000	37,864
	437,480	658,246	\$ 945,000	\$ 286,754
Receipts Over (Under) Expenditures	314,586	193,066		
Unencumbered Cash, Beginning	3,743,440	4,058,532		
Prior Year Canceled Encumbrances	506	3,703		
Unencumbered Cash, Ending	\$ 4,058,532	\$ 4,255,301		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Driver Training Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 20,682	\$ 19,340	\$ 21,000	\$ (1,660)
State Sources	4,212	6,586	6,230	356
	24,894	25,926	\$ 27,230	\$ (1,304)
Expenditures				
Instruction	21,722	21,978	\$ 39,875	\$ 17,897
School Administration	190	420	700	280
Operations & Maintenance	642	317	5,000	4,683
	22,554	22,715	\$ 45,575	\$ 22,860
Receipts Over (Under) Expenditures	2,340	3,211		
Unencumbered Cash, Beginning	90,763	93,103		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 93,103	\$ 96,314		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 672,487	\$ 611,846	\$ 679,379	\$ (67,533)
State Sources	12,174	12,357	9,808	2,549
Federal Sources	434,730	478,985	431,192	47,793
Transfers	<u>384,250</u>	<u>155,248</u>	<u>443,600</u>	<u>(288,352)</u>
	<u>1,503,641</u>	<u>1,258,436</u>	<u>\$ 1,563,979</u>	<u>\$ (305,543)</u>
 Expenditures				
Operations & Maintenance	213,502	60,712	\$ 430,075	\$ 369,363
Food Service Operation	<u>1,251,503</u>	<u>1,184,771</u>	<u>1,501,100</u>	<u>316,329</u>
	<u>1,465,005</u>	<u>1,245,483</u>	<u>\$ 1,931,175</u>	<u>\$ 685,692</u>
 Receipts Over (Under) Expenditures	38,636	12,953		
 Unencumbered Cash, Beginning	328,716	367,352		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 367,352</u>	<u>\$ 380,305</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Professional Development Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 6,406	\$ 0	\$ 0	\$ 0
Transfers	30,000	100,000	14,000	86,000
	36,406	100,000	\$ 14,000	\$ 86,000
Expenditures				
Instructional	0	1,623	\$ 0	\$ (1,623)
Instructional Support Staff	19,633	30,224	47,220	16,996
Other Support Services	602	1,810	3,000	1,190
	20,235	33,657	\$ 50,220	\$ 16,563
Receipts Over (Under) Expenditures	16,171	66,343		
Unencumbered Cash, Beginning	20,061	36,232		
Prior Year Canceled Encumbrances	0	25		
Unencumbered Cash, Ending	\$ 36,232	\$ 102,600		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Summer School Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 8,673	\$ 12,730	\$ 9,000	\$ 3,730
Transfers	<u>10,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
	<u>18,673</u>	<u>42,730</u>	<u>\$ 9,000</u>	<u>\$ 33,730</u>
Expenditures				
Instruction	<u>34,098</u>	<u>38,335</u>	<u>\$ 44,980</u>	<u>\$ 6,645</u>
	<u>34,098</u>	<u>38,335</u>	<u>\$ 44,980</u>	<u>\$ 6,645</u>
Receipts Over (Under) Expenditures	(15,425)	4,395		
Unencumbered Cash, Beginning	51,432	36,007		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 36,007</u>	<u>\$ 40,402</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Special Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Federal Sources	\$ 0	\$ 24,386	\$ 0	\$ 24,386
Transfers	<u>3,064,314</u>	<u>2,942,846</u>	<u>2,494,155</u>	<u>448,691</u>
	<u>3,064,314</u>	<u>2,967,232</u>	<u>\$ 2,494,155</u>	<u>\$ 473,077</u>
Expenditures				
Instruction	2,725,324	2,707,765	\$ 2,659,230	\$ (48,535)
Student Transportation Services	<u>311,371</u>	<u>290,165</u>	<u>365,200</u>	<u>75,035</u>
	<u>3,036,695</u>	<u>2,997,930</u>	<u>\$ 3,024,430</u>	<u>\$ 26,500</u>
Receipts Over (Under) Expenditures	27,619	(30,698)		
Unencumbered Cash, Beginning	502,786	530,405		
Prior Year Canceled Encumbrances	<u>0</u>	<u>89,478</u>		
Unencumbered Cash, Ending	<u>\$ 530,405</u>	<u>\$ 589,185</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Transfers	\$ 407,000	\$ 388,200	\$ 400,915	\$ (12,715)
	<u>407,000</u>	<u>388,200</u>	<u>\$ 400,915</u>	<u>\$ (12,715)</u>
Expenditures				
Instruction	391,574	376,870	\$ 390,500	\$ 13,630
Student Support Services	15,481	0	5,300	5,300
Instruction Support Staff	0	11,334	5,000	(6,334)
Operations & Maintenance	0	67	0	(67)
	<u>407,055</u>	<u>388,271</u>	<u>\$ 400,800</u>	<u>\$ 12,529</u>
Receipts Over (Under) Expenditures	(55)	(71)		
Unencumbered Cash, Beginning	427	372		
Prior Year Canceled Encumbrances	<u>0</u>	<u>23</u>		
Unencumbered Cash, Ending	<u>\$ 372</u>	<u>\$ 324</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>KPERS Contribution Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 409,876	\$ 1,087,266	\$ 958,142	\$ 129,124
	409,876	1,087,266	\$ 958,142	\$ 129,124
Expenditures				
Instruction	266,419	703,114	\$ 617,844	\$ (85,270)
Student Support Services	15,165	40,665	36,050	(4,615)
Instructional Support Staff	16,823	35,103	26,267	(8,836)
General Administration	10,975	28,684	25,067	(3,617)
School Administration	34,191	91,728	81,340	(10,388)
Other Supplemental Services	10,228	31,197	29,484	(1,713)
Operations & Maintenance	21,830	62,787	57,721	(5,066)
Student Transportation Services	22,262	62,694	57,033	(5,661)
Food Service Operation	11,983	31,294	27,336	(3,958)
	409,876	1,087,266	\$ 958,142	\$ (129,124)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ 0		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Recreation Commission Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 434,632	\$ 429,751	\$ 438,233	\$ (8,482)
County Sources	<u>63,479</u>	<u>59,899</u>	<u>62,514</u>	<u>(2,615)</u>
	<u>498,111</u>	<u>489,650</u>	<u>\$ 500,747</u>	<u>\$ (11,097)</u>
Expenditures				
Community Service Operations	<u>480,000</u>	<u>507,761</u>	<u>\$ 517,260</u>	<u>\$ 9,499</u>
	<u>480,000</u>	<u>507,761</u>	<u>\$ 517,260</u>	<u>\$ 9,499</u>
Receipts Over (Under) Expenditures	18,111	(18,111)		
Unencumbered Cash, Beginning	0	18,111		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 18,111</u>	<u>\$ 0</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Recreation Commission Employee</u> <u>Benefit Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 62,032	\$ 66,897.03	\$ 71,091	\$ (4,194)
County Sources	<u>7,506</u>	<u>8,685</u>	<u>9,075</u>	<u>(390)</u>
	<u>69,538</u>	<u>75,582</u>	<u>\$ 80,166</u>	<u>\$ (4,584)</u>
Expenditures				
Community Service Operations	<u>69,538</u>	<u>75,582</u>	\$ 79,988	\$ 4,406
	<u>69,538</u>	<u>75,582</u>	<u>\$ 79,988</u>	<u>\$ 4,406</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Bond and Interest Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 2,134,437	\$ 2,167,478	\$ 2,841,627	\$ (674,149)
County Sources	257,981	290,260.19	303,249	(12,989)
State Sources	<u>1,920,274</u>	<u>1,829,138</u>	<u>1,829,138</u>	<u>0</u>
	<u>4,312,692</u>	<u>4,286,876</u>	<u>\$ 4,974,014</u>	<u>\$ (687,138)</u>
 Expenditures				
Debt Service	<u>4,879,889</u>	<u>4,901,345</u>	<u>\$ 4,901,395</u>	<u>\$ 50</u>
	<u>4,879,889</u>	<u>4,901,345</u>	<u>\$ 4,901,395</u>	<u>\$ 50</u>
 Receipts Over (Under) Expenditures	(567,197)	(614,469)		
 Unencumbered Cash, Beginning	2,403,695	1,836,498		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 1,836,498</u>	<u>\$ 1,222,029</u>		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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)

<u>Special Assessments Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 36	\$ 10	\$ 0	\$ 10
	36	10	0	10
Expenditures				
Site Improvement Services	4	0	\$ 9,839	\$ 9,839
	4	0	\$ 9,839	\$ 9,839
Receipts Over (Under) Expenditures	32	10		
Unencumbered Cash, Beginning	9,808	9,840		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 9,840	\$ 9,850		

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Federal Funds</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 1,250	\$ 500
Federal Sources	<u>315,122</u>	<u>611,201</u>
	<u>316,372</u>	<u>611,701</u>
Expenditures		
Instruction	282,475	553,952
Student Support Services	10,167	143
Instructional Support Staff	<u>28,516</u>	<u>65,990</u>
	<u>321,158</u>	<u>620,085</u>
Receipts Over (Under) Expenditures	(4,786)	(8,384)
Unencumbered Cash, Beginning	13,670	8,884
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 8,884</u>	<u>\$ 500</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Gifts and Grants Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 220	\$ 5,890
	<u>220</u>	<u>5,890</u>
 Expenditures		
Instruction	0	1,402
Instructional Support Staff	0	280
	<u>0</u>	<u>1,682</u>
 Receipts Over (Under) Expenditures	220	4,208
 Unencumbered Cash, Beginning	3,816	4,036
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 4,036</u>	<u>\$ 8,244</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Contingency Reserve Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Transfers	\$ 603,608	\$ 0
	<u>603,608</u>	<u>0</u>
 Expenditures		
Instruction	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
 Receipts Over (Under) Expenditures	 603,608	 0
Unencumbered Cash, Beginning	802,883	1,406,491
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,406,491</u>	<u>\$ 1,406,491</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Textbook and Student Material
Revolving Fund

	<u>Prior Year</u> <u>Actual</u>	<u>Current Year</u> <u>Actual</u>
Cash Receipts		
Local Sources	\$ 138,994	\$ 118,961
	<u>138,994</u>	<u>118,961</u>
 Expenditures		
Instruction	10,141	67,878
Student Support Services	98,954	72,387
	<u>109,095</u>	<u>140,265</u>
 Receipts Over (Under) Expenditures	29,899	(21,304)
 Unencumbered Cash, Beginning	234,169	264,428
 Prior Year Canceled Encumbrances	<u>360</u>	<u>1,608</u>
 Unencumbered Cash, Ending	<u>\$ 264,428</u>	<u>\$ 244,732</u>

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

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Title I Network Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 0	\$ 0
	0	0
Expenditures		
Instruction	0	89
	0	89
Receipts Over (Under) Expenditures	0	(89)
Unencumbered Cash, Beginning	89	89
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	\$ 89	\$ 0

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - CAPITAL PROJECTS
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
Cash Receipts		
Local Sources	\$ 1,021,110	\$ 176,994
Bond Proceeds	0	0
State Sources	79,105	76,722
Federal Sources	<u>593,288</u>	<u>575,415</u>
	<u>1,693,503</u>	<u>829,131</u>
 Expenditures		
Facility Acquisition & Construction Services	15,878	17,457
Architectural & Engineering Services	634,004	488,991
New Building Acquisition & Construction	6,893,102	2,750,985
Site Improvements	85,264	9,000
Building Improvements	2,552,559	2,189,253
Other Services	<u>56,363</u>	<u>2,218,955</u>
	<u>10,237,170</u>	<u>7,674,641</u>
 Receipts Over (Under) Expenditures	(8,543,667)	(6,845,510)
 Unencumbered Cash, Beginning	15,590,037	7,098,211
 Prior Year Canceled Encumbrances	<u>51,841</u>	<u>149,393</u>
 Unencumbered Cash, Ending	<u>\$ 7,098,211</u>	<u>\$ 402,094</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Kansas Beef Council	\$ 0	\$ 250	\$ 250	\$ 0
Math Department	104	475	610	(31)
Skills USA/TSA	0	2,915	741	2,174
Character Counts	0	200	135	65
Pepsi	3,600	4,561	2,577	5,584
Seminar Activity	0	663	712	(49)
Scrap Metal/Goodwill	54	0	0	54
Field Trip	0	144	0	144
Pep Club	139	836	849	126
FBLA	414	3,959	1,006	3,367
Art Club	199	0	35	164
Girls Club	0	1,280	335	945
Student Services	1,337	1,175	1,352	1,160
Library/Media	691	0	209	482
State Sales Tax	976	9,603	8,568	2,011
Bus/Transportation	190	0	0	190
All School Play	3,089	4,866	4,488	3,467
Band Activity	214	7,028	7,246	(4)
Buzz Barn	1,754	4,742	5,331	1,165
Chess Club	1,992	6,596	7,153	1,435
Choir Activities	4,792	9,482	10,254	4,020
Contest/Inst/Vocal	1,765	0	0	1,765
Creative Writing Club	101	0	0	101
Crime Stoppers	705	0	0	705
Debate	62	8,556	8,618	0
Drama Club	684	43	259	468
Educational Memorial Fund	426	0	150	276
FCA	393	1,302	1,508	187
French Club	129	0	0	129
German Club	233	0	0	233
Gifted	1,947	300	62	2,185
Journalism	2,821	3,521	2,445	3,897
Marketing Club	222	11,378	10,840	760
Musical	3,779	4,585	6,498	1,866

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
National Forensics League	\$ 309	\$ 3,254	\$ 3,570	\$ (7)
National Honor Society	42	2,390	1,798	634
Office Club	872	929	1,691	110
Radio Club	792	0	0	792
SADD	733	1,521	1,598	656
Scholars Bowl	799	1,080	799	1,080
Science Club	22	0	0	22
Spanish Club	103	2,073	842	1,334
Student Council	630	5,465	6,183	(88)
TATU	268	49	0	317
Varsity Club	831	0	54	777
FCCLA	4,233	2,313	4,300	2,246
History Club	1,041	0	0	1,041
Counselor Activity	339	5,734	4,072	2,001
Women's Locker Room	2,558	1,325	1,364	2,519
Friendship Club	(1,681)	2,570	611	278
Class of 2007	756	0	756	0
Class of 2008	153	0	153	0
Class of 2010	3,432	0	3,432	0
Class of 2011	2,054	1,985	3,072	967
Class of 2012	1,016	5,675	4,969	1,722
Class of 2013	0	1,404	300	1,104
Class of 2014	0	3,090	2,026	1,064
	<u>52,114</u>	<u>129,317</u>	<u>123,821</u>	<u>57,610</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Revolving	\$ 0	\$ 0	\$ 0	\$ 0
Faculty Services	2,039	(30)	1,081	928
Student Services	2,829	19,656	18,754	3,731
Fundraiser	2,176	0	2,079	97
Student Council	253	0	227	26
Faculty Courtesy	264	245	274	235
Grants	1,950	0	1,488	462
Principal Acct	4,038	0	3,793	245
Video Production	690	(265)	86	339
Leadership Program	0	1,010	162	848
FCA	0	1,113	1,113	0
Friendship Club	1,708	0	1,708	0
	<u>15,947</u>	<u>21,729</u>	<u>30,765</u>	<u>6,911</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Abilene Elementary				
Revolving Acct	\$ 14	\$ 0	\$ 14	\$ 0
Faculty Services	2,228	1,474	1,242	2,460
Student Services	7,618	3,448	3,089	7,977
Courtesy Committee	589	1,600	1,957	232
Sales Tax	125	932	814	243
	<u>10,574</u>	<u>7,454</u>	<u>7,116</u>	<u>10,912</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
West Elementary				
Revolving	\$ 834	\$ 1,383	\$ 2,062	\$ 155
Faculty Account	24	2,499	2,363	160
Student	141	4,722	3,548	1,315
PE	1,147	1,044	1,157	1,034
Sales Tax	3	1,264	1,267	0
Clubs	156	0	(7)	163
Owls	222	0	0	222
	<u>2,527</u>	<u>10,912</u>	<u>10,390</u>	<u>3,049</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Wheatland Elementary				
Revolving	\$ 0	\$ 1,302	\$ 1,302	\$ 0
Faculty Services	480	1,023	1,019	484
Student Services	6,250	8,678	7,390	7,538
Sales Tax	3	562	471	94
Clubs	491	851	808	534
	<u>7,224</u>	<u>12,416</u>	<u>10,990</u>	<u>8,650</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Scholarship and Memorials				
Ireland Scholarship	\$ 6,210	\$ 5	\$ 750	\$ 5,465
Dawson Scholarship	5,782	286	403	5,665
	<u>11,992</u>	<u>291</u>	<u>1,153</u>	<u>11,130</u>
 Total Agency Funds	 <u>\$ 100,378</u>	 <u>\$ 182,119</u>	 <u>\$ 184,235</u>	 <u>\$ 98,262</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
School Projects							
High School	\$ 3,847	\$ 0	\$ 6	\$ 792	\$ 3,061	\$ 0	\$ 3,061
High School Athletics	62,159	0	251,351	228,545	84,965	0	84,965
Middle School	506	0	2,822	3,181	147	0	147
Abilene Elementary	2,249	0	6,101	5,445	2,905	0	2,905
West Elementary	3,509	0	3,114	1,687	4,936	0	4,936
Wheatland Elementary	4,527	0	4,840	6,112	3,255	0	3,255
Total District Activity Funds	\$ 76,797	\$ 0	\$ 268,234	\$ 245,762	\$ 99,269	\$ 0	\$ 99,269

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Valley Center Unified School District No. 262 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Valley Center, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The following types of funds comprise the financial activities of the District for the year:

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 receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Capital Projects Fund-To account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

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

Agency Funds-To account for resources held by the District as an agent for others.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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. 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. 75-110a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality 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 expense, liabilities such as deferred revenue, 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 accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service 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. There was one amendment for the year ended June 30, 2011.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	Textbook and Student Material Revolving Fund
Title I Network Fund	District Activity Funds

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.

Note 2 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2011, the State made contributions of \$698,690. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

Note 4 - Prior Year Balances:

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2010, financial statements in order to conform to the June 30, 2011, presentation.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 5 - Deposits:

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may 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%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$19,392,922 and the bank balance was \$21,459,128. The bank balance is held by two banks. Of the bank balance, \$261,992 was covered by depository insurance, and the remaining \$21,197,136 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 6 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:									
	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Capital Outlay	Food Service	Professional Development	Summer School	Special Education	Vocational Education	Total
Transfer from:										
General Fund	\$ 0	\$ 127,259	\$ 0	\$ 167,600	\$ 5,248	\$ 0	\$ 0	\$ 2,942,846	\$ 0	\$ 3,242,953
Supplemental General Fund	<u>85,600</u>	<u>1,040,428</u>	<u>88,800</u>	<u>0</u>	<u>150,000</u>	<u>100,000</u>	<u>30,000</u>	<u>0</u>	<u>388,200</u>	<u>1,883,028</u>
	<u>\$ 85,600</u>	<u>\$ 1,167,687</u>	<u>\$ 88,800</u>	<u>\$ 167,600</u>	<u>\$ 155,248</u>	<u>\$ 100,000</u>	<u>\$ 30,000</u>	<u>\$ 2,942,846</u>	<u>\$ 388,200</u>	<u>\$ 5,125,981</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 7 - Postemployment 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 local government 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.

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

Note 8 - Defined Benefit Pension Plan:

Plan Description

The District 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 S Kansas Ave., 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 a minimum of 4% 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 contributed 9.17% of covered payroll for the year ended June 30, 2011. These contribution requirements are established by KPERs and are periodically revised. Kansas contributions to KPERs for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186 and \$242,277,363 respectively, equal to the required contributions for each year.

Note 9 - Capital Projects:

At year-end, capital project authorization compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
School Construction and Improvements	<u>\$60,666,643</u>	<u>\$60,264,549</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 11 - Reimbursed Expenses:

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

Note 12 - Advance Refunding of Bond Obligation:

On July 1, 2003, the District issued \$11,130,000 in General Obligation Bonds with interest rates ranging from 2.00% to 5.00%. Of the issue, \$6,638,673 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 1996 bonds. As a result, this portion of the 1996 bonds is considered defeased and not included in long-term debt below.

On April 1, 2004, the District issued \$3,835,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.60%. Of the issue, \$3,709,817 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 1997 bonds. As a result, this portion of the 1997 bonds is considered defeased and not included in long-term debt below.

On July 15, 2008, the District issued \$58,880,000 in General Obligation Bonds with interest rates ranging from 4.00% to 5.00%. Of the issue, \$1,337,593 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2003 bonds. As a result, this portion of the 2003 bonds is considered defeased and not included in long-term debt below.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 13 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1 and November 1. Interest payments are due semi-annually on March 1, September 1 and November 1.

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
1995 Series	3.95 - 5.70	10/30/95	2,310,053	11/1/10
2003 Series	2.00 - 5.00	7/1/03	11,130,000	11/1/11
2004 Series	2.00 - 3.60	4/1/04	3,835,000	11/1/17
2008 Series	4.00 - 5.00	7/15/08	58,880,000.00	9/1/28

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
1995 Series	\$ 281,896	\$ 0	\$ 281,896	\$ 0	\$ 373,104
2003 Series	6,890,000	0	635,000	6,255,000	286,900
2004 Series	3,220,000	0	330,000	2,890,000	98,433
2008 Series	58,880,000	0	0	58,880,000	2,894,513
	<u>\$ 69,271,896</u>	<u>\$ 0</u>	<u>\$ 1,246,896</u>	<u>\$ 68,025,000</u>	<u>\$ 3,652,950</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

	<u>Principal</u>	<u>Interest</u>	
	General	General	
	Obligation	Obligation	Total Principal
	Bonds	Bonds	and Interest
2012	\$ 1,020,000	\$ 3,238,195	\$ 4,258,195
2013	1,565,000	3,181,120	4,746,120
2014	1,645,000	3,108,275	4,753,275
2015	1,730,000	3,039,986	4,769,986
2016	1,960,000	2,972,164	4,932,164
2017 - 2021	14,330,000	13,285,896	27,615,896
2022 - 2026	24,480,000	8,591,563	33,071,563
2027 - 2031	<u>21,295,000</u>	<u>1,650,969</u>	<u>22,945,969</u>
	<u>\$ 68,025,000</u>	<u>\$ 39,068,168</u>	<u>\$ 107,093,168</u>

Note 14 - Termination Benefits:

The District had an early retirement program adopted on an annual basis. Under the program, a full-time employee must be at least 57 years of age with 15 or more years with the District and have 20 or more service credits under the KPERS to elect retirement under the program. Benefits include monthly payments of an amount equal to a percentage (25% to 27% depending on years of service with the District) of the employee's final basis contract annual salary and continues for a maximum of eight years or until the person becomes eligible for full social security benefits. The District discontinued the program on July 1, 2007 but is obligated to continue making payments to retirees through August of 2016.

It is the policy of the District to record these benefits as expenditures when paid. Payments under the program for the year ended June 30, 2011 were \$275,416.

Note 15 - Subsequent Events:

The District has evaluated subsequent events through November 9, 2011, the date which the financial statements were available to be issued.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 16 - 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 the Statutes.

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

	<u>General Fund</u>		Variance - Favorable (Unfavorable)
	Statutory Transactions	Budget	
Statutory Revenues			
Local Sources	\$ 2,001,671	\$ 1,892,929	\$ 108,742
State Sources	12,136,732	12,763,242	(626,510)
Federal Sources	696,685	253,248	443,437
	14,835,088	\$ 14,909,419	\$ (74,331)
Expenditures			
Instruction	6,560,150	\$ 7,475,784	\$ 915,634
Student Support Services	536,898	536,300	(598)
Instructional Support Staff	612,552	402,200	(210,352)
General Administration	538,147	571,250	33,103
School Administration	1,076,517	1,041,500	(35,017)
Operations & Maintenance	1,237,877	1,167,900	(69,977)
Student Transportation Services	897,151	1,091,360	194,209
Other Supplemental Services	132,843	132,400	(443)
Transfers	3,242,953	2,490,725	(752,228)
Adjustment to Comply with Legal Max	0	(90,157)	(90,157)
Adjustment for Qualifying Budget Credits	0	15,826	15,826
	14,835,088	\$ 14,835,088	\$ 0
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	0		
Modified Unencumbered Cash, Ending	\$ 0		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

Supplemental General Fund

	<u>Statutory</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
	<u>Transactions</u>		
Statutory Revenues			
Local Sources	\$ 1,686,100	\$ 1,610,496	\$ 75,604
County Sources	237,220	247,664	(10,444)
State Sources	2,216,829	2,224,082	(7,253)
	<u>4,140,149</u>	<u>\$ 4,082,242</u>	<u>\$ 57,907</u>
Expenditures			
Instruction	868,268	\$ 964,478	\$ 96,210
Student Support Services	1,071	600	(471)
Instructional Support Staff	208,304	210,000	1,696
General Administration	118,090	116,950	(1,140)
School Administration	179,519	183,700	4,181
Operations & Maintenance	746,706	718,550	(28,156)
Other Supplemental Services	258,647	248,100	(10,547)
Transfers	1,883,028	1,821,255	(61,773)
	<u>4,263,633</u>	<u>\$ 4,263,633</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(123,484)		
Modified Unencumbered Cash, Beginning	181,391		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 57,907</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

KPERS Contribution Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Transactions</u>		
Statutory Revenues			
State Sources	\$ 698,690	\$ 958,142	(259,452)
	<u>698,690</u>	<u>\$ 958,142</u>	<u>\$ (259,452)</u>
Expenditures			
Instruction	450,541	\$ 617,844	\$ 167,303
Student Support Services	26,288	36,050	9,762
Instructional Support Staff	19,154	26,267	7,113
General Administration	18,279	25,067	6,788
School Administration	59,314	81,340	22,026
Other Supplemental Services	21,500	29,484	7,984
Operations & Maintenance	42,091	57,721	15,630
Student Transportation Services	41,589	57,033	15,444
Food Service Operation	19,934	27,336	7,402
	<u>698,690</u>	<u>\$ 958,142</u>	<u>\$ 259,452</u>
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**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**

Board of Education

**Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited the financial statements of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2011**, and have issued our report thereon dated November 9, 2011, which was adverse because of the District's policy to prepare its financial statements 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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

Management of **Valley Center Unified School District No. 262, Valley Center, Kansas**, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting.

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.

**Board of Education
Valley Center Unified School District No. 262**

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Valley Center Unified School District No. 262, Valley Center, 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*.

This report is intended solely for the information and use of the Board of Education and management of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
November 9, 2011



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

Compliance

We have audited **Valley Center Unified School District No. 262, Valley Center, 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs for the year ended **June 30, 2011**. **Valley Center Unified School District No. 262, Valley Center, 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** management. Our responsibility is to express an opinion on **Valley Center Unified School District No. 262, Valley Center, 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 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 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 **Valley Center Unified School District No. 262, Valley Center, 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with those requirements.

In our opinion, **Valley Center Unified School District No. 262, Valley Center, 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**.

**Board of Education
Valley Center Unified School District No. 262**

Internal Control Over Compliance

Management of **Valley Center Unified School District No. 262, Valley Center, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Valley Center Unified School District No. 262, Valley Center, 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 **Valley Center Unified School District No. 262, Valley Center, 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 the Board of Education and management of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Busby Ford & Reimer, LLC
November 9, 2011

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Unencumbered	
			Cash 7-1-10	Receipts	Expenditures	Cash 6-30-11
Department of Education	84.215	\$ 270,520	\$ 8,653	\$ 270,520	\$ 279,173	\$ 0
FIE Earmark Grants (Passes Through Kansas Department of Education)						
Department of Agriculture	10.553	71,840				
National School Breakfast Program	10.555	407,145				
National School Lunch Program		478,985	0	478,985	478,985	0
Department of Education	84.010	201,453	0	201,453	201,453	0
Title I	84.186	5,190	41	5,190	5,231	0
Drug Free	84.318	681	0	681	681	0
Title II Tech Literacy	84.367	65,682	0	65,682	65,682	0
Title II	84.389	61,893	0	61,893	61,893	0
Title I ARRA	84.394	253,248	0	253,248	253,248	0
Stabilization	84.410	443,437	0	443,437	443,437	0
Education Jobs Fund		1,031,584	41	1,031,584	1,031,625	0
(Passes Through Educational Services and Staff Development Association of Central Kansas)						
Department of Education	84.048	5,782	0	5,782	5,782	0
Carl Perkins	84.365	1,918	0	1,918	1,918	0
Title III		7,700	0	7,700	7,700	0
(Passes Through Kansas SRS)						
Department of Health and Human Services	93.778	56,347	0	56,347	56,347	0
Medicaid						
(Passes Through Kansas Department of Emergency Management)						
Department of Homeland Security	97.039	575,415	0	575,415	575,415	0
Hazard Mitigation Grant						
Total Federal Financial Assistance		\$ 2,420,551	\$ 8,694	\$ 2,420,551	\$ 2,429,245	\$ 0

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. 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."

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an adverse opinion on the financial statements of **Valley Center Unified School District No. 262, Valley Center, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the 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*.
3. No instances of noncompliance material to the financial statements of **Valley Center Unified School District No. 262, Valley Center, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the 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.
5. The auditors' report on compliance for the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**, expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**.
7. The programs tested as major programs were:

Stabilization	84.394
Education Jobs Fund	84.410
Hazard Mitigation Grant	97.039
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Valley Center Unified School District No. 262, Valley Center, Kansas**, was determined not to be a low-risk auditee.

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

Finding 2010-01 Activity Fund

In 2010 a finding was noted related to the support for disbursements in one of the activity funds. Procedures were followed in the current year to ensure proper support was available for disbursements. No finding was noted for 2011.