

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
CHENEY, KANSAS

FINANCIAL STATEMENTS
JUNE 30, 2011

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Cheney Unified School District No. 268
Cheney, Kansas**

We have audited the accompanying financial statements of **Cheney Unified School District No. 268, Cheney, 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 September 7, 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 and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, **Cheney Unified School District No. 268, Cheney, 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 **Cheney Unified School District No. 268, Cheney, Kansas**, as of **June 30, 2011**, or the changes in its financial position for the year then ended.

**Board of Education
Cheney Unified School District No. 268**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Cheney Unified School District No. 268, Cheney, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of **Cheney Unified School District No. 268, Cheney, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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
October 3, 2011

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Unencumbered		Prior Year Canceled		Cash Receipts	Expenditures	Ending Unencumbered		Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
	Cash Balance	Encumbrances	Encumbrances	Cash Balance			Cash Balance	Payable		
General Fund	\$ (461,760)	\$ 0	\$ 0	\$ 5,260,349	\$ 5,243,817	\$ (445,228)	\$ 40,698	\$ (404,530)		
Special Revenue Funds										
Supplemental General At Risk (4 Year Old)	(141,601)	0	0	1,836,805	1,732,247	(37,043)	10,009	(27,034)		
At Risk (K-12)	0	0	0	35,635	35,635	0	382	382		
Capital Outlay	656,930	0	0	201,329	201,329	0	0	0		
Driver Training	48,317	0	0	430,412	364,733	722,609	117,331	839,940		
Food Service	60,757	0	0	14,554	15,084	47,787	31	47,818		
Professional Development	38,318	0	0	319,809	306,463	74,103	1,213	75,316		
Parent Education	0	0	0	28,345	26,127	40,536	65	40,601		
Special Education	261,518	0	0	58,834	83,930	(25,096)	0	(25,096)		
Vocational Education	0	0	0	930,005	891,523	300,000	109	300,109		
KPERS Contribution	0	0	0	299,744	299,744	0	4,028	4,028		
Recreation Commission	51,363	0	0	452,815	452,815	0	0	0		
Recreation Comm. Employee Benefits & Special Liability	4,435	0	0	91,835	110,000	33,198	0	33,198		
Federal Funds	1,500	0	0	22,320	23,737	3,018	0	3,018		
Gifts and Grants	17,150	0	0	80,626	82,126	0	540	540		
Contingency Reserve	523,325	0	0	4,641	2,109	19,682	0	19,682		
Textbook Rental	28,738	0	0	0	968	522,357	0	522,357		
Scholarship	16,407	0	0	35,326	35,383	28,681	21,130	49,811		
Student Assistance	5,186	0	0	1,846	2,100	16,153	0	16,153		
District Activity Funds	31,454	0	0	300	351	5,135	0	5,135		
Debt Service Fund				71,403	65,448	37,409	0	37,409		
Bond and Interest	644,553	0	0	613,448	646,110	611,891	0	611,891		
	<u>\$ 1,786,590</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,790,381</u>	<u>\$ 10,621,779</u>	<u>\$ 1,955,192</u>	<u>\$ 195,536</u>	<u>\$ 2,150,728</u>		

Composition of Cash:	
Checking Accounts	\$ (151,009)
Savings Accounts	1,575
Certificates of Deposit	2,499,675
Agency Funds	2,350,241
	<u>(199,513)</u>
	<u>\$ 2,150,728</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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	Legal Max	Qualifying Budget Credits	Qualifying Budget Credits			
General Fund	\$ 5,258,528	\$ (92,397)	\$ 77,686	\$ 5,243,817	\$ 5,243,817	\$ 5,243,817	\$ 0	
Special Revenue Funds								
Supplemental General	1,741,724	(12,235)	2,758	1,732,247	1,732,247	1,732,247	0	
At Risk (4 Year Old)	43,192	0	0	43,192	43,192	35,635	7,557	
At Risk (K-12)	207,254	0	0	207,254	207,254	201,329	5,925	
Capital Outlay	861,774	0	0	861,774	861,774	364,733	497,041	
Driver Training	47,300	0	0	47,300	47,300	15,084	32,216	
Food Service	361,444	0	0	361,444	361,444	306,463	54,981	
Professional Development	38,318	0	0	38,318	38,318	26,127	12,191	
Parent Education	84,413	0	0	84,413	84,413	83,930	483	
Special Education	1,046,518	0	0	1,046,518	1,046,518	891,523	154,995	
Vocational Education	325,000	0	0	325,000	325,000	299,744	25,256	
KPERS Contribution	398,187	0	0	398,187	398,187	452,815	(54,628)	
Recreation Commission	110,000	0	0	110,000	110,000	110,000	0	
Recreation Comm. Employee Benefits & Special Liability	23,737	0	0	23,737	23,737	23,737	0	
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	82,126	XXXXXXXXXX	
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2,109	XXXXXXXXXX	
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	968	XXXXXXXXXX	
Textbook Rental	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	35,383	XXXXXXXXXX	
Scholarship	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2,100	XXXXXXXXXX	
Student Assistance	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	351	XXXXXXXXXX	
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	65,448	XXXXXXXXXX	
Debt Service Fund								
Bond and Interest	646,112	0	0	646,112	646,112	646,110	2	
	<u>\$ 11,193,501</u>	<u>\$ (104,632)</u>	<u>\$ 80,444</u>	<u>\$ 11,169,313</u>	<u>\$ 11,169,313</u>	<u>\$ 10,621,779</u>	<u>\$ 736,019</u>	

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 631,973	\$ 575,149	\$ 509,772	\$ 65,377
State Sources	4,486,066	4,427,441	4,655,059	(227,618)
Federal Sources	259,340	257,759	93,697	164,062
	<u>5,377,379</u>	<u>5,260,349</u>	<u>\$ 5,258,528</u>	<u>\$ 1,821</u>
Expenditures				
Instruction	2,130,346	2,146,146	\$ 2,225,543	\$ 79,397
Student Support Services	104,437	108,395	110,016	1,621
Instructional Support Staff	161,066	158,800	158,212	(588)
General Administration	158,825	164,542	178,226	13,684
School Administration	453,553	454,823	477,098	22,275
Operations & Maintenance	817,917	803,647	871,754	68,107
Student Transportation Services	274,021	272,400	337,240	64,840
Other Supplemental Services	119,319	119,008	124,557	5,549
Transfers	1,074,020	1,016,056	775,882	(240,174)
Adjustment to Comply With Legal Max	0	0	(92,397)	(92,397)
Adjustment for Qualifying Budget Credits	0	0	77,686	77,686
	<u>5,293,504</u>	<u>5,243,817</u>	<u>\$ 5,243,817</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	83,875	16,532		
Unencumbered Cash, Beginning	(545,635)	(461,760)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (461,760)</u>	<u>\$ (445,228)</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 681,197	\$ 685,549	\$ 670,255	\$ 15,294
County Sources	82,775	83,606	80,240	3,366
State Sources	724,076	1,067,650	943,485	124,165
Federal Sources	244,757	0	0	0
	<u>1,732,805</u>	<u>1,836,805</u>	<u>\$ 1,693,980</u>	<u>\$ 142,825</u>
Expenditures				
Instruction	744,669	705,077	\$ 763,468	\$ 58,391
Student Support Services	133,123	135,440	140,296	4,856
Instructional Support Staff	164,286	154,913	168,142	13,229
General Administration	11,719	16,368	17,000	632
Operations & Maintenance	31,624	36,925	35,000	(1,925)
Transfers	643,935	683,524	617,818	(65,706)
Adjustment to Comply With Legal Max	0	0	(12,235)	(12,235)
Adjustment for Qualifying Budget Credits	0	0	2,758	2,758
	<u>1,729,356</u>	<u>1,732,247</u>	<u>\$ 1,732,247</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	3,449	104,558		
Unencumbered Cash, Beginning	(145,050)	(141,601)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (141,601)</u>	<u>\$ (37,043)</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 35,782	\$ 35,635	\$ 43,192	\$ (7,557)
	<u>35,782</u>	<u>35,635</u>	<u>\$ 43,192</u>	<u>\$ (7,557)</u>
Expenditures				
Instruction	35,782	35,635	\$ 43,192	\$ 7,557
	<u>35,782</u>	<u>35,635</u>	<u>\$ 43,192</u>	<u>\$ 7,557</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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 168,218	\$ 201,329	\$ 207,254	\$ (5,925)
	<u>168,218</u>	<u>201,329</u>	<u>\$ 207,254</u>	<u>\$ (5,925)</u>
Expenditures				
Instruction	\$ 168,218	201,329	\$ 207,254	\$ 5,925
	<u>168,218</u>	<u>201,329</u>	<u>\$ 207,254</u>	<u>\$ 5,925</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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 282,371	\$ 211,171	\$ 174,222	\$ 36,949
County Sources	33,107	31,915	30,622	1,293
Transfers	107,000	187,326	0	187,326
	<u>422,478</u>	<u>430,412</u>	<u>\$ 204,844</u>	<u>\$ 225,568</u>
Expenditures				
Instruction	148	0	\$ 70,000	\$ 70,000
Student Support Services	0	0	15,000	15,000
Instructional Support Staff	2,440	0	40,000	40,000
General Administration	0	89,854	20,000	(69,854)
School Administration	105,413	17,845	30,000	12,155
Operations & Maintenance	1,750	1,750	100,000	98,250
Student Transportation Services	68,623	91,515	150,000	58,485
Other Support Services	19,123	23,808	110,000	86,192
Land Acquisition	0	0	50,000	50,000
Land Improvement	20,269	5,985	30,000	24,015
Architectural & Engineering Services	0	2,890	50,000	47,110
Building Improvements	90,626	131,086	196,774	65,688
	<u>308,392</u>	<u>364,733</u>	<u>\$ 861,774</u>	<u>\$ 497,041</u>
Receipts Over (Under) Expenditures	114,086	65,679		
Unencumbered Cash, Beginning	542,844	656,930		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 656,930</u>	<u>\$ 722,609</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 9,808	\$ 10,410	\$ 0	\$ 10,410
State Sources	3,650	4,144	4,550	(406)
Transfers	23,734	0	0	0
	<u>37,192</u>	<u>14,554</u>	<u>\$ 4,550</u>	<u>\$ 10,004</u>
Expenditures				
Instruction	14,862	15,054	\$ 45,700	\$ 30,646
Student Support Services	0	22	0	(22)
Vehicle Operations, Maintenance Services	1,132	8	1,600	1,592
	<u>15,994</u>	<u>15,084</u>	<u>\$ 47,300</u>	<u>\$ 32,216</u>
Receipts Over (Under) Expenditures	21,198	(530)		
Unencumbered Cash, Beginning	27,119	48,317		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 48,317</u>	<u>\$ 47,787</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 203,356	\$ 184,431	\$ 177,870	\$ 6,561
State Sources	4,369	4,160	3,523	637
Federal Sources	118,141	130,949	119,294	11,655
Transfers	<u>0</u>	<u>269</u>	<u>0</u>	<u>269</u>
	<u>325,866</u>	<u>319,809</u>	<u>\$ 300,687</u>	<u>\$ 19,122</u>
 Expenditures				
Food Service Operation	<u>309,539</u>	<u>306,463</u>	<u>\$ 361,444</u>	<u>\$ 54,981</u>
	<u>309,539</u>	<u>306,463</u>	<u>\$ 361,444</u>	<u>\$ 54,981</u>
 Receipts Over (Under) Expenditures	16,327	13,346		
 Unencumbered Cash, Beginning	44,430	60,757		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 60,757</u>	<u>\$ 74,103</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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				
Local Sources	\$ 279	\$ 345	\$ 0	\$ 345
State Sources	2,529	0	0	0
Transfers	30,000	28,000	0	28,000
	32,808	28,345	\$ 0	\$ 28,345
Expenditures				
Instructional Support Staff	22,261	26,127	\$ 38,318	\$ 12,191
	22,261	26,127	\$ 38,318	\$ 12,191
Receipts Over (Under) Expenditures	10,547	2,218		
Unencumbered Cash, Beginning	27,771	38,318		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 38,318	\$ 40,536		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>Parent Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 40,563	\$ 25,580	\$ 51,159	\$ (25,579)
Transfers	42,399	33,254	33,254	0
	82,962	58,834	\$ 84,413	\$ (25,579)
Expenditures				
Student Support Services	74,609	77,994	\$ 77,849	\$ (145)
Instructional Support Staff	0	850	1,000	150
Other Supplemental Services	0	3,485	5,564	2,079
Operations & Maintenance	348	1,601	0	(1,601)
	74,957	83,930	\$ 84,413	\$ 483
Receipts Over (Under) Expenditures	8,005	(25,096)		
Unencumbered Cash, Beginning	(8,005)	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ (25,096)		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Federal Sources	\$ 0	\$ 15,982	\$ 0	\$ 15,982
Transfers	<u>900,271</u>	<u>914,023</u>	<u>785,000</u>	<u>129,023</u>
	<u>900,271</u>	<u>930,005</u>	<u>\$ 785,000</u>	<u>\$ 145,005</u>
Expenditures				
Instruction	773,696	810,294	\$ 971,473	\$ 161,179
Student Transportation Services	<u>58,038</u>	<u>81,229</u>	<u>75,045</u>	<u>(6,184)</u>
	<u>831,734</u>	<u>891,523</u>	<u>\$ 1,046,518</u>	<u>\$ 154,995</u>
Receipts Over (Under) Expenditures	68,537	38,482		
Unencumbered Cash, Beginning	192,981	261,518		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 261,518</u>	<u>\$ 300,000</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	<u>(Unfavorable)</u>
Cash Receipts				
Federal Sources	\$ 3,491	\$ 0	\$ 0	\$ 0
Transfers	<u>317,131</u>	<u>299,744</u>	<u>325,000</u>	<u>(25,256)</u>
	<u>320,622</u>	<u>299,744</u>	<u>\$ 325,000</u>	<u>\$ (25,256)</u>
 Expenditures				
Instruction	<u>320,622</u>	<u>299,744</u>	<u>\$ 325,000</u>	<u>\$ 25,256</u>
	<u>320,622</u>	<u>299,744</u>	<u>\$ 325,000</u>	<u>\$ 25,256</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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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	\$ 165,139	\$ 452,815	\$ 398,187	\$ 54,628
	165,139	452,815	\$ 398,187	\$ 54,628
Expenditures				
Instruction	82,819	157,254	\$ 230,826	\$ 73,572
Student Support Services	13,550	46,500	27,000	(19,500)
Instructional Support Staff	12,980	41,000	25,000	(16,000)
General Administration	4,310	18,700	11,000	(7,700)
School Administration	16,970	60,500	32,000	(28,500)
Other Supplemental Services	4,530	18,300	10,000	(8,300)
Operations & Maintenance	14,500	52,000	30,000	(22,000)
Student Transportation Services	9,110	36,700	20,000	(16,700)
Food Service	6,370	21,861	12,361	(9,500)
	165,139	452,815	\$ 398,187	\$ (54,628)
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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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	\$ 96,471	\$ 79,890	\$ 83,624	\$ (3,734)
County Sources	<u>12,274</u>	<u>11,945</u>	<u>11,549</u>	<u>396</u>
	<u>108,745</u>	<u>91,835</u>	<u>\$ 95,173</u>	<u>\$ (3,338)</u>
 Expenditures				
Community Service Operations	<u>110,000</u>	<u>110,000</u>	<u>\$ 110,000</u>	<u>\$ 0</u>
	<u>110,000</u>	<u>110,000</u>	<u>\$ 110,000</u>	<u>\$ 0</u>
 Receipts Over (Under) Expenditures	(1,255)	(18,165)		
 Unencumbered Cash, Beginning	52,618	51,363		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 51,363</u>	<u>\$ 33,198</u>		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>Benefits & Special Liability Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 16,352	\$ 20,200	\$ 20,518	\$ (318)
County Sources	1,454	2,120	2,036	84
	17,806	22,320	\$ 22,554	\$ (234)
Expenditures				
Community Service Operations	17,336	23,737	\$ 23,737	\$ 0
	17,336	23,737	\$ 23,737	\$ 0
Receipts Over (Under) Expenditures	470	(1,417)		
Unencumbered Cash, Beginning	3,965	4,435		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 4,435	\$ 3,018		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 345,199	\$ 299,496	\$ 304,560	\$ (5,064)
County Sources	42,464	42,772	41,042	1,730
State Sources	285,255	271,180	271,408	(228)
	672,918	613,448	\$ 617,010	\$ (3,562)
 Expenditures				
Debt Service	643,540	646,110	\$ 646,112	\$ 2
	643,540	646,110	\$ 646,112	\$ 2
 Receipts Over (Under) Expenditures	29,378	(32,662)		
 Unencumbered Cash, Beginning	615,175	644,553		
 Prior Year Canceled Encumbrances	0	0		
 Unencumbered Cash, Ending	\$ 644,553	\$ 611,891		

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 9,670	\$ 0
Federal Sources	85,861	80,626
	<u>95,531</u>	<u>80,626</u>
 Expenditures		
Instruction	85,940	80,353
Student Support Services	7,776	178
General Administration	405	1,595
	<u>94,121</u>	<u>82,126</u>
 Receipts Over (Under) Expenditures	1,410	(1,500)
 Unencumbered Cash, Beginning	90	1,500
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 1,500</u>	<u>\$ 0</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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	\$ 761	\$ 4,641
	<u>761</u>	<u>4,641</u>
 Expenditures		
Instruction	0	1,567
General Administration	<u>83</u>	<u>542</u>
	<u>83</u>	<u>2,109</u>
 Receipts Over (Under) Expenditures	678	2,532
 Unencumbered Cash, Beginning	16,472	17,150
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 17,150</u>	<u>\$ 19,682</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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	\$ 93,420	\$ 0
	<u>93,420</u>	<u>0</u>
 Expenditures		
Instruction	1,469	968
	<u>1,469</u>	<u>968</u>
 Receipts Over (Under) Expenditures	 91,951	 (968)
 Unencumbered Cash, Beginning	 431,374	 523,325
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 523,325</u>	 <u>\$ 522,357</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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 Rental Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 36,732	\$ 35,326
	<u>36,732</u>	<u>35,326</u>
 Expenditures		
Instruction	<u>22,846</u>	<u>35,383</u>
	<u>22,846</u>	<u>35,383</u>
 Receipts Over (Under) Expenditures	13,886	(57)
 Unencumbered Cash, Beginning	14,852	28,738
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 28,738</u>	<u>\$ 28,681</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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)

Scholarship Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 1,905	\$ 1,846
	<u>1,905</u>	<u>1,846</u>
 Expenditures		
General Administration	<u>1,700</u>	<u>2,100</u>
	<u>1,700</u>	<u>2,100</u>
 Receipts Over (Under) Expenditures	 205	 (254)
 Unencumbered Cash, Beginning	 16,202	 16,407
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 16,407</u>	 <u>\$ 16,153</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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)

Student Assistance Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 1,964	\$ 300
	<u>1,964</u>	<u>300</u>
 Expenditures		
Instruction	572	351
	<u>572</u>	<u>351</u>
 Receipts Over (Under) Expenditures	1,392	(51)
 Unencumbered Cash, Beginning	3,794	5,186
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 5,186</u>	<u>\$ 5,135</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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				
Cheerleaders	\$ 856	\$ 8,509	\$ 8,234	\$ 1,131
BPA	1,618	10,403	12,021	0
Debate/Forensics	3,448	980	2,265	2,163
Art Club	102	56	55	103
Scholars Bowl	976	240	660	556
Dramatics	1,520	1,461	214	2,767
Home Ec Club	1,230	250	0	1,480
Music Club	25,864	19,908	20,774	24,998
Student Council	9,051	9,184	13,149	5,086
Social Studies	175	0	0	175
Dance	671	1,435	1,030	1,076
Band Supplies	1,080	2,845	3,448	477
Spanish Club	0	323	198	125
Class Funds	690	0	0	690
Class of 2010	1,825	0	135	1,690
Class of 2011	6,408	1,025	5,962	1,471
Class of 2012	9,181	4,373	7,764	5,790
Class of 2013	220	26,435	18,119	8,536
Class of 2014	0	296	18	278
National Honor Society	222	218	366	74
Friends of Rachel	427	1,064	1,241	250
Now Account Interest	0	479	479	0
	65,564	89,484	96,132	58,916

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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				
Student Council	\$ 512	\$ 2,204	\$ 1,794	\$ 922
Ambassador	510	783	858	435
Lifetouch	404	0	0	404
Misc. Activities	0	1,081	936	145
EPI	0	1,649	1,649	0
Honor Flight	0	1,458	0	1,458
Now Account Interest	129	12	141	0
	<u>1,555</u>	<u>7,187</u>	<u>5,378</u>	<u>3,364</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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
Elementary School				
Student Activity	\$ 1,191	\$ 1,004	\$ 551	\$ 1,644
Taxes	13	267	275	5
Student Council	114	13	0	127
	<u>1,318</u>	<u>1,284</u>	<u>826</u>	<u>1,776</u>
Yoder Scholarship	<u>35,511</u>	\$ 371	<u>2,000</u>	<u>33,882</u>
Weerts Scholarship	<u>102,283</u>	\$ 1,575	<u>2,283</u>	<u>101,575</u>
Total Agency Funds	<u>\$ 206,231</u>	<u>\$ 99,901</u>	<u>\$ 106,619</u>	<u>\$ 199,513</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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
High School							
Sales Tax	\$ 238	\$ 0	\$ 8,041	\$ 8,219	\$ 60	\$ 0	\$ 60
Special Projects	1,119	0	12,356	12,488	987	0	987
Staff Social Fund	302	0	285	139	448	0	448
Staff Appreciation Fund	912	0	1,569	1,944	537	0	537
Weight Room Fund	38	0	0	0	38	0	38
IA Project Fund	1,657	0	3,843	4,593	907	0	907
Basketball Tournament Fund	13,680	0	29,458	22,282	20,856	0	20,856
Crime Stopper	1,686	0	0	0	1,686	0	1,686
Renaissance Awards	2,376	0	271	557	2,090	0	2,090
Activity Awards	5,176	0	2,726	2,815	5,087	0	5,087
	<u>27,184</u>	<u>0</u>	<u>58,549</u>	<u>53,037</u>	<u>32,696</u>	<u>0</u>	<u>32,696</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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
Middle School							
Sales Tax	\$ 67	0	\$ 50	117	\$ 0	0	\$ 0
Teacher Vending Machines	128	0	1,649	1,566	211	0	211
Special Projects	9	0	45	0	54	0	54
	<u>204</u>	<u>0</u>	<u>1,744</u>	<u>1,683</u>	<u>265</u>	<u>0</u>	<u>265</u>

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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
Elementary School							
Pencil & Paper	\$ 183	\$ 0	\$ 302	\$ 145	\$ 340	\$ 0	\$ 340
Accelerated Reader	115	0	0	0	115	0	115
Courtyard (PALS)	852	0	0	547	305	0	305
Book Fair	2,009	0	5,476	4,473	3,012	0	3,012
Cooperative Learning	0	0	850	691	159	0	159
Music Recorders	4	0	0	0	4	0	4
Special Projects	3	0	444	441	6	0	6
School Supplies	43	0	3,187	3,230	0	0	0
Love and Logic	140	0	0	0	140	0	140
Student Supply Reserve	221	0	240	133	328	0	328
Yearbook	496	0	611	1,068	39	0	39
	<u>4,066</u>	<u>0</u>	<u>11,110</u>	<u>10,728</u>	<u>4,448</u>	<u>0</u>	<u>4,448</u>
Total District Activity Funds	\$ 31,454	\$ 0	\$ 71,403	\$ 65,448	\$ 37,409	\$ 0	\$ 37,409

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

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Cheney Unified School District No. 268 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Cheney, 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.

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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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. The budget was not amended during the year.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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 Rental Fund
Scholarship Fund	Student Assistance 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 \$452,815. 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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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.

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 \$2,350,241 and the bank balance was \$2,862,770. The bank balance is held by one bank. Of the bank balance, \$250,000 was covered by depository insurance, and the remaining \$2,612,770 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:								Total
	At Risk (4 Year Old)	At Risk (K-12)	Capital Outlay	Food Service	Professional Development	Parent Education	Special Education	Vocational Education	
Transfer from:									
General Fund	\$ 12,443	\$ 60,666	\$ 187,326	\$ 269	\$ 28,000	\$ 0	\$ 648,317	\$ 79,035	\$ 1,016,056
Supplemental									
General Fund	<u>23,192</u>	<u>140,663</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,254</u>	<u>265,706</u>	<u>220,709</u>	<u>683,524</u>
	<u>\$ 35,635</u>	<u>\$ 201,329</u>	<u>\$ 187,326</u>	<u>\$ 269</u>	<u>\$ 28,000</u>	<u>\$ 33,254</u>	<u>\$ 914,023</u>	<u>\$ 299,744</u>	<u>\$ 1,699,580</u>

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 9 - 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 10 - 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 11 - Advance Refunding of Bond Obligation:

On August 1, 2008, the District issued \$435,000 in General Obligation Bonds with interest rates ranging from 3.00% to 3.70%. Of the issue, \$818,255 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 2001 bonds. As a result, this portion of the 2001 bonds is considered defeased and not included in long-term debt below.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 12 - Nonexpendable Trust Scholarships:

The Yoder Scholarship and Weerts Scholarship are nonexpendable trusts held by the District for the purpose of granting scholarships to students in accordance with the requirements of the endowments. According to the terms of the endowments, scholarships are to be granted from the earnings of the principal of the contributions to the fund. The principal of the fund is invested in certificates of deposit.

Note 13 - Termination Benefits:

The District supports an early retirement plan for teachers under the negotiated agreement. A full-time certified teacher who has served at least twelve full years of full-time continuous service in the district, or is currently a part-time teacher who has previously served at least twelve years as a full-time teacher in the District is eligible. When the employee's age and length of service under KPERS total eighty-five and the employee retires under the KPERS plan, or when the employee reaches age sixty, but not more than age sixty-four years of age on or before June 30. Upon retirement, the District will pay the retired employee 10% of their highest teaching salary earned as a District employee. The District will make this payment for a maximum of five years or until the age of sixty-five of the employee.

It is the policy of the District to record early retirement benefits as expenditures when paid. The District paid \$34,841 in retirement benefits for former employees during the year ended June 30, 2011.

Note 14 - Subsequent Events:

The District has evaluated subsequent events through October 3, 2011, the date which the financial statements were available to be issued.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 15 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on October 1. Interest payments are due semi-annually on April 1 and October 1.

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

<u>Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds				
2002 Series	2.00 - 4.00	12/1/02	4,280,000	10/1/14
2008 Series	3.00 - 3.70	8/1/08	835,000	10/1/16

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

<u>Issue</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds					
2002 Series	\$ 2,205,000	\$ 0	\$ 450,000	\$ 1,755,000	\$ 72,265
2008 Series	745,000	0	100,000	645,000	23,845
	<u>\$ 2,950,000</u>	<u>\$ 0</u>	<u>\$ 550,000</u>	<u>\$ 2,400,000</u>	<u>\$ 96,110</u>

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
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>		Total Principal and Interest
	General Obligation Bonds	Total Principal	General Obligation Bonds	Total Interest	
2012	\$ 575,000	\$ 575,000	\$ 77,029	\$ 77,029	\$ 652,029
2013	595,000	595,000	56,440	56,440	651,440
2014	620,000	620,000	34,378	34,378	654,378
2015	400,000	400,000	15,289	15,289	415,289
2016	110,000	110,000	5,653	5,653	115,653
2017 - 2021	<u>100,000</u>	<u>100,000</u>	<u>1,849</u>	<u>1,849</u>	<u>101,849</u>
	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>	<u>\$ 190,638</u>	<u>\$ 190,638</u>	<u>\$ 2,590,638</u>

Note 16 - Compliance with Kansas Statutes:

For the year ended June 30, 2011, expenditures in the KPERS Contribution Fund exceeded the budget by \$54,628. This is a violation of K.S.A. 79-2935.

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 17 - 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 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 -
	<u>Statutory</u>		Favorable
	<u>Transactions</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Statutory Revenues			
Local Sources	\$ 575,149	\$ 509,772	\$ 65,377
State Sources	4,410,909	4,655,059	(244,150)
Federal Sources	<u>257,759</u>	<u>93,697</u>	<u>164,062</u>
	<u>5,243,817</u>	<u>\$ 5,258,528</u>	<u>\$ (14,711)</u>
Expenditures			
Instruction	2,146,146	\$ 2,225,543	\$ 79,397
Student Support Services	108,395	110,016	1,621
Instructional Support Staff	158,800	158,212	(588)
General Administration	164,542	178,226	13,684
School Administration	454,823	477,098	22,275
Operations & Maintenance	803,647	871,754	68,107
Student Transportation Services	272,400	337,240	64,840
Other Supplemental Services	119,008	124,557	5,549
Transfers	1,016,056	775,882	(240,174)
Adjustment to Comply With Legal Max	0	(92,397)	(92,397)
Adjustment for Qualifying Budget Credits	0	77,686	77,686
	<u>5,243,817</u>	<u>\$ 5,243,817</u>	<u>\$ 0</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>		

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

<u>Supplemental General Fund</u>			Variance -
	Statutory		Favorable
	Transactions	Budget	(Unfavorable)
Statutory Revenues			
Local Sources	\$ 685,549	\$ 670,255	\$ 15,294
County Sources	83,606	80,240	3,366
State Sources	933,802	943,485	(9,683)
Federal Sources	0	0	0
	<u>1,702,957</u>	<u>\$ 1,693,980</u>	<u>\$ 8,977</u>
Expenditures			
Instruction	705,077	\$ 763,468	\$ 58,391
Student Support Services	135,440	140,296	4,856
Instructional Support Staff	154,913	168,142	13,229
General Administration	16,368	17,000	632
Operations & Maintenance	36,925	35,000	(1,925)
Transfers	683,524	617,818	(65,706)
Adjustment to Comply With Legal Max	0	(12,235)	(12,235)
Adjustment for Qualifying Budget Credits	0	2,758	2,758
	<u>1,732,247</u>	<u>\$ 1,732,247</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(29,290)		
Modified Unencumbered Cash, Beginning	47,744		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 18,454</u>		

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

<u>Parent Education Fund</u>		Statutory	Budget	Variance - Favorable (Unfavorable)
		<u>Transactions</u>	<u> </u>	<u> </u>
Statutory Revenues				
State Sources	\$	50,676	\$ 51,159	\$ (483)
Transfers		33,254	33,254	0
		<u>83,930</u>	<u>\$ 84,413</u>	<u>\$ (483)</u>
Expenditures				
Student Support Services		77,994	\$ 77,849	\$ (145)
Instructional Support Staff		850	1,000	150
Other Supplemental Services		3,485	5,564	2,079
Operations & Maintenance		1,601	0	(1,601)
		<u>83,930</u>	<u>\$ 84,413</u>	<u>\$ 483</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>		

CHENEY UNIFIED SCHOOL DISTRICT NO. 268
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

<u>KPERS Contribution Fund</u>			
	Statutory	Budget	Variance - Favorable (Unfavorable)
	<u>Transactions</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Statutory Revenues			
State Sources	\$ 287,052	\$ 398,187	\$ (111,135)
	<u>287,052</u>	<u>\$ 398,187</u>	<u>\$ (111,135)</u>
Expenditures			
Instruction	113,691	\$ 230,826	\$ 117,135
Student Support Services	29,000	27,000	(2,000)
Instructional Support Staff	25,000	25,000	0
General Administration	11,000	11,000	0
School Administration	34,000	32,000	(2,000)
Other Supplemental Services	10,000	10,000	0
Operations & Maintenance	32,000	30,000	(2,000)
Student Transportation Services	20,000	20,000	0
Food Service	12,361	12,361	0
	<u>287,052</u>	<u>\$ 398,187</u>	<u>\$ 111,135</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

**CHENEY UNIFIED SCHOOL DISTRICT NO. 268
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal CFDA No.	Program Amount	Unencumbered		Receipts	Expenditures	Unencumbered Cash 6-30-11
			Unencumbered Cash 7-1-10				
(Passes Through Kansas Department of Education)							
Department of Agriculture							
School Breakfast Program	10.553	\$ 14,153					
National School Lunch Program	10.555	116,796					
		<u>130,949</u>	\$ 0	\$ 130,949	\$ 130,949	\$ 0	
Department of Education							
Title I Low Income	84.010	46,822	0	46,822	46,822	0	
Drug Free	84.186	88	90	88	178	0	
Education Technology/Title II-D	84.318	228	0	228	228	0	
Teacher Quality/Title II-A	84.367	24,150	(185)	24,150	23,965	0	
T II Tech Literacy - ARRA	84.386	760	0	760	760	0	
Title I - ARRA	84.389	8,578	0	8,578	8,578	0	
Stabilization - ARRA	84.394	93,697	0	93,697	93,697	0	
Education Jobs Fund	84.410	164,062	0	164,062	164,062	0	
		<u>338,385</u>	(95)	<u>338,385</u>	<u>338,290</u>	<u>0</u>	
(Passes Through Kansas SRS)							
Department of Health and Human Services							
Medicaid	93.778	15,982	0	15,982	15,982	0	
		<u>15,982</u>	<u>0</u>	<u>15,982</u>	<u>15,982</u>	<u>0</u>	
Total Federal Financial Assistance		\$ 485,316	\$ (95)	\$ 485,316	\$ 485,221	\$ 0	