

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

June 30, 2012

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

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ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Manhattan, Kansas

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September 4, 2012

Board of Education
Abilene Unified School District No. 435
Abilene, Kansas

Independent Auditor's Report

We have audited the accompanying financial statements of Abilene Unified School District No. 435 (the District) as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the District prepared these financial statements in conformity with the accounting practices prescribed in the State of Kansas to demonstrate compliance with the cash basis and budget laws for the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2012, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

September 4, 2012
Abilene Unified School District No. 435
(Continued)

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 2012, on our consideration of the District's internal control over financial reporting and 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 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 accessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the statutory basis financial statements of the District, taken as a whole. The information identified in the table of contents as supplementary information, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 statutory basis financial statements of Abilene Unified School District No. 435, Abilene, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Vainey & Associates, CPAs
Certified Public Accountants
Manhattan, Kansas

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

For the Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS						
General Fund	\$ -	\$ 9,158,794	\$ 9,158,794	\$ -	\$ -	\$ -
Supplemental General Fund	413,008	3,055,775	2,983,305	144,540	360,953	505,493
Special Revenue Funds						
Capital Outlay Fund	1,556,281	1,514,160	1,468,055	1,602,386	-	1,602,386
Driver Training Fund	100,000	20,000	23,863	96,137	-	96,137
At-Risk (K-12) Fund	1,280,689	-	357,582	923,107	-	923,107
Food Service Fund	265,652	884,097	838,044	311,705	-	311,705
Special Education Fund	2,839,394	1,429,141	1,911,874	2,356,661	-	2,356,661
Professional Development Fund	300,000	770	41,972	258,798	-	258,798
Adult Supplemental Education Fund	25,000	-	-	25,000	-	25,000
Recreation Commission Fund	-	169,967	169,967	-	-	-
Recreation Commission Employee Benefit Fund	-	62,741	62,741	-	-	-
Parent Education Fund	153,281	68,596	99,000	122,877	-	122,877
Vocational Education Fund	327,869	942,375	583,697	686,547	-	686,547
KPERS Special Retirement Contribution Fund	-	877,321	877,321	-	-	-
Contingency Reserve Fund	843,360	-	150,000	693,360	-	693,360
Bilingual Education Fund	28,497	329	5,602	23,224	-	23,224
Title I Fund	-	244,658	241,041	3,617	-	3,617
Title IV Fund	2,713	-	2,713	-	-	-
Title IID Fund	10	-	10	-	-	-
Title IIA Fund	8,468	48,159	46,212	10,415	-	10,415
Extraordinary School Program Fund	242,107	6,288	40,572	207,823	-	207,823
Charter Virtual School Fund	180,960	101,645	81,319	201,286	-	201,286
Family Fitness Challenge Fund	2,807	85,379	87,198	988	-	988
Garfield School Grant Fund	910	-	402	508	-	508

(Continued)

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (CONTINUED)

For the Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS (CONTINUED)						
Special Revenue Funds (Continued)						
Carl Perkins Grant Fund	-	18,912	18,912	-	-	-
LIFE 21st Century (6-8) Fund	-	113,664	92,496	21,168	-	21,168
Activity Fund	-	48,951	48,951	-	-	-
Debt Service						
Bond and Interest #1 Fund	900,943	455,255	334,285	1,021,913	-	1,021,913
Total Reporting Entity (Excluding Agency Funds)	\$ 9,471,949	\$19,306,977	\$19,725,928	\$ 8,712,060	\$ 360,953	\$ 9,073,013
Composition of Cash						
Checking and Money Market - Astra Bank						\$ 9,066,413
Petty Cash						6,600
Total Cash						\$ 9,073,013
Total Entity (Excluding Agency Funds)						\$ 9,073,013

STATEMENT 1
(CONTINUED)

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
General Fund	\$ 8,935,409	\$ 223,385	\$ 9,158,794	\$ 9,158,794	\$ -
Supplemental General Fund	2,983,305	-	2,983,305	2,983,305	-
Special Revenue Funds					
Capital Outlay Fund	1,800,000	-	1,800,000	1,468,055	331,945
Driver Training Fund	25,000	-	25,000	23,863	1,137
At-Risk (K-12) Fund	983,000	-	983,000	357,582	625,418
Food Service Fund	878,650	-	878,650	838,044	40,606
Special Education Fund	2,107,614	-	2,107,614	1,911,874	195,740
Professional Development Fund	70,000	-	70,000	41,972	28,028
Adult Supplemental Education Fund	25,000	-	25,000	-	25,000
Recreation Commission Fund	184,519	-	184,519	169,967	14,552
Recreation Commission Employee Benefit Fund	68,267	-	68,267	62,741	5,526
Parent Education Fund	99,000	-	99,000	99,000	-
Vocational Education Fund	584,300	-	584,300	583,697	603
Bond and Interest #1 Fund	356,270	-	356,270	334,285	21,985
KPERS Special Retirement Contribution Fund	910,941	-	910,941	877,321	33,620
Bilingual Education Fund	26,000	-	26,000	5,602	20,398
Extraordinary School Program Fund	125,000	-	125,000	40,572	84,428
Charter Virtual School Fund	187,500	-	187,500	81,319	106,181
Total Funds	\$ 20,349,775	\$ 223,385	\$ 20,573,160	\$ 19,037,993	\$ 1,535,167

STATEMENT 2

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS AND TRANSFERS			
Ad Valorem property tax	\$ 1,320,311	\$ 1,283,907	\$ 36,404
Delinquent tax	19,012	20,380	(1,368)
State equalization aid	6,064,619	6,109,425	(44,806)
Special education state aid	1,375,306	1,464,164	(88,858)
ARRA grant	3,969	-	3,969
PL 874	2,192	2,100	92
Reimbursed expenses	223,385	-	223,385
Transfers	150,000	150,000	-
Total Cash Receipts	<u>\$ 9,158,794</u>	<u>\$ 9,029,976</u>	<u>\$ 128,818</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 5,252,878	\$ 4,421,232	\$ (831,646)
Student support services	330,534	349,630	19,096
Instructional support staff	394,592	384,880	(9,712)
General administration	412,092	343,020	(69,072)
School administration	751,432	762,524	11,092
Operations and Maintenance	89,143	-	(89,143)
Student transportation	339,417	338,900	(517)
Other supplemental services	57,271	53,890	(3,381)
Operating transfers	1,531,435	2,281,333	749,898
Adjustments for qualifying budget credits	-	223,385	223,385
Total Expenditures and Transfers	<u>\$ 9,158,794</u>	<u>\$ 9,158,794</u>	<u>\$ -</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (128,818)</u>	<u>\$ 128,818</u>
UNENCUMBERED CASH - BEGINNING	-		
Prior year canceled encumbrances	-		
UNENCUMBERED CASH - ENDING	<u>\$ -</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Ad Valorem property tax	\$ 1,498,964	\$ 1,613,188	\$ (114,224)
Delinquent tax	20,409	21,538	(1,129)
Motor vehicle tax	172,462	159,688	12,774
State aid	1,363,940	1,314,832	49,108
Total Cash Receipts	<u>\$ 3,055,775</u>	<u>\$ 3,109,246</u>	<u>\$ (53,471)</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 776,889	\$ 275,320	\$ (501,569)
General administration	14,672	18,000	3,328
School administration	8,450	20,000	11,550
Operations and maintenance	1,280,201	2,069,985	789,784
Transfers	903,093	600,000	(303,093)
Total Expenditures and Transfers	<u>\$ 2,983,305</u>	<u>\$ 2,983,305</u>	<u>\$ -</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 72,470</u>	<u>\$ 125,941</u>	<u>\$ (53,471)</u>
UNENCUMBERED CASH - BEGINNING (as restated)	413,008		
Prior year canceled encumbrances	<u>(340,938)</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 144,540</u>		

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Ad Valorem property tax	\$ 42,459	\$ 40,306	\$ 2,153
Delinquent tax	3,686	2,266	1,420
Motor vehicle tax	40,500	30,352	10,148
Recreation vehicle tax	372	-	372
Interest	16,600	13,000	3,600
Other income	1,360,543	1,300,000	60,543
Transfers in	50,000	-	50,000
Total Cash Receipts	<u>\$ 1,514,160</u>	<u>\$ 1,385,924</u>	<u>\$ 78,236</u>
EXPENDITURES AND TRANSFERS			
Capital outlay	<u>\$ 1,468,055</u>	<u>\$ 1,800,000</u>	<u>\$ 331,945</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 46,105	<u>\$ (414,076)</u>	<u>\$ (253,709)</u>
UNENCUMBERED CASH - BEGINNING	1,556,281		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 1,602,386</u>		

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
State aid	\$ 6,110	\$ 6,290	\$ (180)
Student fees	13,890	14,000	(110)
Total Cash Receipts	<u>\$ 20,000</u>	<u>\$ 20,290</u>	<u>\$ (290)</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 13,165	\$ 17,700	\$ 4,535
Vehicle operations and maintenance	10,698	7,300	(3,398)
Total Expenditures and Transfers	<u>\$ 23,863</u>	<u>\$ 25,000</u>	<u>\$ 1,137</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (3,863)</u>	<u>\$ (4,710)</u>	<u>\$ 847</u>
UNENCUMBERED CASH - BEGINNING	100,000		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 96,137</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
AT-RISK (K-12) FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Transfers	\$ -	\$ 682,668	\$ (682,668)
EXPENDITURES AND TRANSFERS			
Instruction	\$ 357,582	\$ 983,000	\$ 625,418
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (357,582)	<u>\$ (300,332)</u>	<u>\$ (57,250)</u>
UNENCUMBERED CASH - BEGINNING	1,280,689		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 923,107</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
State aid	\$ 9,669	\$ 7,195	\$ 2,474
Federal aid	441,574	371,987	69,587
Sales	283,259	268,374	14,885
Other income	113,637	132,197	(18,560)
Transfers	35,958	-	35,958
Total Cash Receipts	<u>\$ 884,097</u>	<u>\$ 779,753</u>	<u>\$ 104,344</u>
EXPENDITURES AND TRANSFERS			
Operations and maintenance	<u>\$ 838,044</u>	<u>\$ 878,650</u>	<u>\$ 40,606</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 46,053</u>	<u>\$ (98,897)</u>	<u>\$ 63,738</u>
UNENCUMBERED CASH- BEGINNING	265,652		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 311,705</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
SPECIAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Other	\$ 53,835	\$ -	\$ 53,835
Transfers	1,375,306	1,464,164	(88,858)
Total Cash Receipts	<u>\$ 1,429,141</u>	<u>\$ 1,464,164</u>	<u>\$ (35,023)</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 1,865,071	\$ 2,010,264	\$ 145,193
Student transportation	36,734	94,850	58,116
Operations and maintenance	10,069	2,500	(7,569)
Total Expenditures and Transfers	<u>\$ 1,911,874</u>	<u>\$ 2,107,614</u>	<u>\$ 195,740</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (482,733)</u>	<u>\$ (643,450)</u>	<u>\$ (230,763)</u>
UNENCUMBERED CASH - BEGINNING	2,839,394		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 2,356,661</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
PROFESSIONAL DEVELOPMENT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
State aid	\$ 75	\$ -	\$ 75
Other income	695	-	695
Total Cash Receipts	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 770</u>
EXPENDITURES AND TRANSFERS			
Instructional support staff	\$ 23,470	\$ 60,500	\$ 37,030
Other supplemental service	18,502	9,500	(9,002)
Total Expenditures and Transfers	<u>\$ 41,972</u>	<u>\$ 70,000</u>	<u>\$ 28,028</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (41,202)	<u>\$ (70,000)</u>	<u>\$ 28,798</u>
UNENCUMBERED CASH - BEGINNING	300,000		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 258,798</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
ADULT SUPPLEMENTAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Transfers	\$ -	\$ -	\$ -
EXPENDITURES AND TRANSFERS			
Instruction	\$ -	\$ 25,000	\$ 25,000
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	<u>\$ (25,000)</u>	<u>\$ 25,000</u>
UNENCUMBERED CASH - BEGINNING	25,000		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 25,000</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
RECREATION COMMISSION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Ad Valorem property tax	\$ 147,394	\$ 164,188	\$ (16,794)
Delinquent tax	2,314	2,266	48
Motor vehicle tax	20,074	18,065	2,009
Recreational vehicle tax	185	-	185
Total Cash Receipts	<u>\$ 169,967</u>	<u>\$ 184,519</u>	<u>\$ (14,552)</u>
EXPENDITURES AND TRANSFERS			
Appropriations to City of Abilene	<u>\$ 169,967</u>	<u>\$ 184,519</u>	<u>\$ 14,552</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
UNENCUMBERED CASH - BEGINNING	-		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u><u>\$ -</u></u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
RECREATION COMMISSION EMPLOYEE BENEFIT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Ad Valorem property tax	\$ 53,875	\$ 60,274	\$ (6,399)
Delinquent tax	695	856	(161)
Motor vehicle tax	8,097	7,137	960
Recreational vehicle tax	74	-	74
Total Cash Receipts	<u>\$ 62,741</u>	<u>\$ 68,267</u>	<u>\$ (5,526)</u>
EXPENDITURES AND TRANSFERS			
Appropriations to City of Abilene	<u>\$ 62,741</u>	<u>\$ 68,267</u>	<u>\$ 5,526</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
UNENCUMBERED CASH - BEGINNING	-		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ -</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
PARENT EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
State aid	\$ 59,286	\$ 55,191	\$ 4,095
Grant income	5,154	1,000	4,154
Other income	4,156	-	4,156
Total Cash Receipts	<u>\$ 68,596</u>	<u>\$ 56,191</u>	<u>\$ 12,405</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 96,630	\$ 95,009	\$ (1,621)
Student support services	1,370	3,991	2,621
Other supplemental service	1,000	-	(1,000)
Total Expenditures and Transfers	<u>\$ 99,000</u>	<u>\$ 99,000</u>	<u>\$ -</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (30,404)</u>	<u>\$ (42,809)</u>	<u>\$ 12,405</u>
UNENCUMBERED CASH - BEGINNING	153,281		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 122,877</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Other income	\$ 67,898	\$ 70,000	\$ (2,102)
Reimbursed expenses	1,383	-	1,383
Transfers	873,094	744,774	128,320
Total Cash Receipts	<u>\$ 942,375</u>	<u>\$ 814,774</u>	<u>\$ 127,601</u>
EXPENDITURES AND TRANSFERS			
Instruction	<u>\$ 583,697</u>	<u>\$ 584,300</u>	<u>\$ 603</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 358,678</u>	<u>\$ 230,474</u>	<u>\$ 128,204</u>
UNENCUMBERED CASH - BEGINNING	327,869		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 686,547</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

BOND AND INTEREST #1 FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Ad Valorem property tax	\$ 281,740	\$ 273,590	\$ 8,150
Delinquent tax	4,398	4,275	123
Motor vehicle tax	38,387	34,284	4,103
Recreational vehicle tax	176	-	176
State aid	124,693	124,693	-
Interest on idle funds	5,861	-	-
Total Cash Receipts	<u>\$ 455,255</u>	<u>\$ 436,842</u>	<u>\$ 12,552</u>
EXPENDITURES AND TRANSFERS			
Principal	\$ 210,000	\$ 210,000	\$ -
Interest	124,024	146,005	21,981
Commission and postage	261	265	4
Total Expenditures and Transfers	<u>\$ 334,285</u>	<u>\$ 356,270</u>	<u>\$ 21,985</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 120,970</u>	<u>\$ 80,572</u>	<u>\$ 34,537</u>
UNENCUMBERED CASH - BEGINNING	900,943		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 1,021,913</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
KPERS contributions	\$ 877,321	\$ 910,941	\$ (33,620)
EXPENDITURES AND TRANSFERS			
Instruction	\$ 604,250	\$ 631,381	\$ 27,131
Student support services	33,669	34,550	881
Instructional support staff	27,091	27,064	(27)
General administration	25,361	26,337	976
School administration	71,421	74,294	2,873
Other supplemental services	5,409	5,396	(13)
Operations and maintenance	49,960	51,904	1,944
Student transportation	23,016	21,949	(1,067)
Food service	37,144	38,066	922
Total Expenditures and Transfers	<u>\$ 877,321</u>	<u>\$ 910,941</u>	<u>\$ 33,620</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
UNENCUMBERED CASH - BEGINNING	-		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u><u>\$ -</u></u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
BILINGUAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	Actual	Budget	Variance - Favorable (Unfavorable)
CASH RECEIPTS			
Miscellaneous	\$ 329	\$ -	\$ 329
Transfers	-	4,914	(4,914)
Total Cash Receipts	<u>\$ 329</u>	<u>\$ 4,914</u>	<u>\$ (4,585)</u>
EXPENDITURES AND TRANSFERS			
Instruction	<u>\$ 5,602</u>	<u>\$ 26,000</u>	<u>\$ 20,398</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (5,273)</u>	<u>\$ (21,086)</u>	<u>\$ 15,813</u>
UNENCUMBERED CASH - BEGINNING	28,497		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 23,224</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
EXTRAORDINARY SCHOOL PROGRAM FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
Federal aid	\$ -	\$ 70,000	\$ (70,000)
Student fees	6,288	60,000	(53,712)
Total Cash Receipts	<u>\$ 6,288</u>	<u>\$ 130,000</u>	<u>\$ (123,712)</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 40,572	\$ 95,000	\$ 54,428
General administration	-	10,000	10,000
Student transportation	-	20,000	20,000
Total Expenditures and Transfers	<u>\$ 40,572</u>	<u>\$ 125,000</u>	<u>\$ 84,428</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (34,284)</u>		
UNENCUMBERED CASH - BEGINNING	242,107		
Prior year canceled encumbrances	<u>-</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 207,823</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

CHARTER VIRTUAL SCHOOL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2012

	Actual	Budget	Variance Favorable - (Unfavorable)
CASH RECEIPTS			
Student fees	\$ 1,450	\$ 1,500	\$ (50)
Other revenue	25	-	25
Transfers	100,170	79,380	20,790
Total Cash Receipts	<u>\$ 101,645</u>	<u>\$ 80,880</u>	<u>\$ 20,765</u>
EXPENDITURES AND TRANSFERS			
Instruction	\$ 79,820	\$ 187,500	\$ 107,680
Instructional support staff	(1,051)	-	1,051
General administration	2,550	-	(2,550)
Total Expenditures and Transfers	<u>\$ 81,319</u>	<u>\$ 187,500</u>	<u>\$ 106,181</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 20,326		
UNENCUMBERED CASH - BEGINNING	180,960		
Prior year canceled encumbrances	-		
UNENCUMBERED CASH - ENDING	<u>\$ 201,286</u>		

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
CONTINGENCY RESERVE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
 For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
Transfer from general fund	<u>\$ -</u>
EXPENDITURES AND TRANSFERS	
Instructional support staff	<u>\$ 150,000</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (150,000)</u>
UNENCUMBERED CASH - BEGINNING	843,360
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 693,360</u></u>

Financial Statements

STATEMENT 3

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
TITLE I FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
State aid	<u>\$ 244,658</u>
EXPENDITURES AND TRANSFERS	
Instruction	<u>\$ 241,041</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,617
UNENCUMBERED CASH - BEGINNING	-
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 3,617</u></u>

Financial Statements

STATEMENT 3

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
TITLE IV FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2012

	Actual
CASH RECEIPTS	
State aid	\$ -
EXPENDITURES AND TRANSFERS	
Instruction	\$ 2,713
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,713)
UNENCUMBERED CASH - BEGINNING	2,713
Prior year canceled encumbrances	-
UNENCUMBERED CASH - ENDING	\$ -

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
TITLE IID FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
 For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
State aid	<u>\$ -</u>
EXPENDITURES AND TRANSFERS	
Instruction	<u>\$ 10</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (10)
UNENCUMBERED CASH - BEGINNING	10
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ -</u></u>

Financial Statements

STATEMENT 3

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
TITLE IIA FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
State aid	<u>\$ 48,159</u>
EXPENDITURES AND TRANSFERS	
Instruction	<u>\$ 46,212</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,947
UNENCUMBERED CASH - BEGINNING	8,468
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 10,415</u></u>

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
FAMILY FITNESS CHALLENGE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
Federal grant	<u>\$ 85,379</u>
EXPENDITURES AND TRANSFERS	
Other	<u>\$ 87,198</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (1,819)
UNENCUMBERED CASH - BEGINNING	2,807
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 988</u></u>

Financial Statements

STATEMENT 3

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
GARFIELD SCHOOL GRANT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
Grant	<u>\$ -</u>
EXPENDITURES AND TRANSFERS	
Instruction	<u>\$ 402</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ (402)
UNENCUMBERED CASH - BEGINNING	910
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 508</u></u>

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
CARL PERKINS GRANT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
 For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
State aid	\$ 16,340
Other revenue	2,572
Total Cash Receipts	<u>\$ 18,912</u>
EXPENDITURES AND TRANSFERS	
Instruction	<u>\$ 18,912</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH - BEGINNING	-
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ -</u></u>

Financial Statements

STATEMENT 3

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
LIFE 21ST CENTURY (6-8) FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
 For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
Student fees	\$ 41,509
Grant revenue	71,560
Other revenue	595
Total Cash Receipts	<u>\$ 113,664</u>
EXPENDITURES AND TRANSFERS	
Instruction	\$ 70,826
General administration	21,670
Total Expenditures and Transfers	<u>\$ 92,496</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ 21,168
UNENCUMBERED CASH - BEGINNING	-
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ 21,168</u></u>

Financial Statements

STATEMENT 3

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
ACTIVITY FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2012

	<u>Actual</u>
CASH RECEIPTS	
Student fees	\$ 48,951
EXPENDITURES AND TRANSFERS	
Purchased services	\$ 21,755
Supplies	27,196
Total Expenditures and Transfers	<u>\$ 48,951</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	\$ -
UNENCUMBERED CASH - BEGINNING	-
Prior year canceled encumbrances	<u>-</u>
UNENCUMBERED CASH - ENDING	<u><u>\$ -</u></u>

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ACTUAL

For the Year Ended June 30, 2012

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
A-Club	\$ 34,010	\$ 67,284	\$ 73,075	\$ 28,219
Art Club	71	83	154	-
Breakfast Buddies Club	606	-	-	606
Band Club	32,212	35,497	33,632	34,077
Class '10	290	-	290	-
Class '11	1,139	-	1,139	-
Class '12	642	-	454	188
Class '13	18	10,086	9,764	340
Concessions	2,567	37,274	37,135	2,706
Cookies and More	100	-	-	100
Drama Society	5,770	1,681	1,580	5,871
Dance Team Club	188	5,402	4,099	1,491
FBLA	6,635	18,561	11,219	13,977
FCA	1,360	403	130	1,633
FFA	1,528	42,732	41,503	2,757
FCCLA	2,094	9,515	10,620	989
German Club	2,545	46,472	44,446	4,571
Debate	594	40	-	634
Horticulture Club	4,007	12,922	12,609	4,320
Library Club	2,689	340	191	2,838
National Honor Society	635	850	469	1,016
Spanish Club	253	2,781	2,401	633
Spirit and Pride	-	12,854	12,067	787
SPURS	61	905	549	417
Student Council	8,363	5,646	7,042	6,967
Vocal Music	-	5,069	4,754	315
Weight Club	2,481	7,024	5,758	3,747
Subtotal High School	\$ 110,858	\$ 323,421	\$ 315,080	\$ 119,199
Middle School				
Student Council	\$ 14,109	\$ 45,114	\$ 43,967	\$ 15,256
Subtotal Middle School	\$ 14,109	\$ 45,114	\$ 43,967	\$ 15,256
Total Student Organization Funds	\$ 124,967	\$ 368,535	\$ 359,047	\$ 134,455

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

DISTRICT ACTIVITY FUNDS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

For the Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Ending Cash Balance
School Projects Funds					
Middle School					
General	\$ 61	\$ 6,016	\$ 3,842	\$ 2,235	\$ 2,235
Library	86	62	26	122	122
Yearbook	371	3,828	3,624	575	575
Laundry	93	375	394	74	74
Total District Activity Funds	\$ 611	\$ 10,281	\$ 7,886	\$ 3,006	\$ 3,006

STATEMENT 5

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

Financial Statements

ABILENE UNIFIED SCHOOL DISTRICT NO. 435

Abilene, Kansas

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

The Abilene Unified School District No. 435 (the District) has established a system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented after applying memorandum adjustments, where applicable, to record accrued revenues, expenses and inventories, resulting in financial statements presented on a modified accrual basis of accounting.

Basis of Presentation

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. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles - The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. 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.

Property taxes recognized as revenue for the year ended June 30, 2012 represent the tax in process from the previous year which is collected plus the taxes collected from the 2011 levy by June 30, 2012. The remaining taxes from the 2011 levy are measurable but are not available to finance June 30, 2011 expenditures and are considered to be budgeted to finance June 30, 2012 expenditures.

Fund Descriptions

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

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Descriptions (Continued)

The following types of funds comprise the financial activities of the District for the year ended June 30, 2012:

Governmental Funds

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

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

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

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Those include expendable trust funds and agency funds. The activity funds are considered an agency fund and the balance on hand is payable to student organizations.

Waiver of Financial Reporting Requirements

The District's Board of Education has determined by resolution that financial statements prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Board, the Unified School District or the members of the general public of the District. The District submitted a waiver form with the Division of Accounts and Reports of the State of Kansas which served as notice of the Board's election to waive the requirements for reporting of its financial data in conformity with generally accepted accounting principles, as provided for and authorized by K.S.A. 75-1120a(c).

Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and are distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and is distributed to the District by June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 2: Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) 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 twelve month period on or before August 1 of each year.
2. Publication in a local newspaper of the proposed budget and this notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

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 were no such amendments this year.

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

All legal annual operating budgets are prepared using the 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:

Carl Perkins Fund	LIFE 21st Century (6-8) Fund	Garfield School Grant Fund
Title IIA Fund	Title I Fund	Title IV Fund
Title IID Fund	Family Fitness Challenge Fund	
Contingency Reserve Fund	Activity Fund	

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

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 3: Deposits and Investments

As of June 30, 2012, the District had no investments.

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

K.S.A. 12-1675 limits the District's 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 limits its investment choices.

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

Custodial credit risk-deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas District, 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, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$9,073,012 and the bank balance was \$9,670,369. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by the federal depository insurance, and the remaining \$9,420,369 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk-investments - For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the position of an outside party. State statutes require investments to be adequately secured.

Note 4: Interfund Transfers

From	To	Statutory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 72-7063	\$ 50,000
General Fund	Charter Virtual School Fund	K.S.A. 72-7063	100,170
General Fund	Special Education Fund	K.S.A. 72-7063	1,375,306
General Fund	Food Service Fund	K.S.A. 72-7063	5,959
Supplemental General Fund	Vocational Fund	K.S.A. 72-7063	873,094
Supplemental General Fund	Food Service Fund	K.S.A. 72-7063	29,999
			<u>\$ 2,434,528</u>

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 5: Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all public school municipality employees for the years ending June 30, 2012, 2011 and 2010 were \$298,635,383, \$253,834,044 and \$248,468,186, respectively, equal to the required contributions for each year.

Note 6: Compensated Absences

Sick Leave

Certified Employees - All certified teachers shall be credited at the beginning of the school year with 11 days of sick leave, which shall accumulate to not more than 70 days. A teacher may begin a year with the 70 day maximum accumulated and use sick days from the 11 days allowed for the year prior to dropping below the 70 day maximum.

Payment will be made for unused sick leave for those days lost beyond the 70 day maximum use. The reimbursement will be made at the same rate as payment made at retirement, which is \$12 for those under 15 years of service and \$15 for those having 15 or more years of service.

Non-Certified Employees - Classified staff shall receive sick leave for personal illnesses equal to one day of sick leave per month of contract duty plus one day (9 month contract = $9 + 1 = 10$ days), cumulative to 7 times the number of months employed. An employee may begin a year with the maximum accumulated sick leave and use the annual allowance before dropping below the maximum. Partial day employees who work daily will receive the same number of partial sick days as do the full time employees.

Sick leave is to be used only for the employee's illness, illness of the immediate family or funeral days. Sick leave will be reimbursed on not more than 8 hours per day.

Payment will be made for unused sick leave for those days lost beyond the maximum accumulation. The reimbursement will be made at the same rate as payment made for unused sick leave at retirement, which is \$12 for those having less than 15 years of service with the District and \$15 for those having 15 or more years of service with the District (the payment shall not exceed one-half of the daily pay).

All administrators shall be provided with the same sick leave and personal leave provisions provided other full time personnel.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 6: Compensated Absences (Continued)

Vacation Leave

Only 12-month employees are entitled to paid vacation. Unless stated differently in policy or contract, two weeks paid vacation will be provided. Vacations are to be taken within the contract year earned and must be totally used by June 30 of the following year or they are forfeited. Vacation leave will be paid on the normal contract work.

Beginning the sixth year of service, 1 additional day of vacation will be added (to the 10 day leave), and a second day will be added on and after the tenth year of service. Full-time classified staff having ten or more years of service will then have 12 days of vacation per year.

Personal Leave

Each classified employee will be allowed two days of personal leave per year. Personal leave can be accumulated to a maximum of 3 days. Personal leave should be requested 1 week in advance and should not be scheduled prior to or following a holiday or the last week school is in session. Leave required for emergency purposes may be granted by the administration. A payment for unused personal leave that might be lost will be \$25 per day.

Note 7: Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level 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 District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 8: Termination Benefits

The District provides an early retirement program for certain eligible employees. Those eligible under this program may receive benefits for up to 5 years. Payments to retired employees under this plan were \$158,499 for the year ended June 30, 2012.

Note 9: Federal and State Grants

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Cost charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement which may arise as the result of these audits is not believed to be material.

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 10: Long-Term Debt
Changes in long-term liabilities for the District for the year ended June 30, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
General Obligation - Bonds										
Series 2004	3.78%	7/1/03	\$4,951,763	9/1/12	\$4,065,000	\$ -	\$ 3,840,000	\$ (3,840,000)	\$ 225,000	\$124,024
Series 2011	2-3%	10/1/11	\$3,775,000	9/1/23	-	3,775,000	-	3,775,000	3,775,000	-
CKCE building	0.00%	6/30/03	97,800	6/30/13	19,560	-	9,780	(9,780)	9,780	-
Lease Purchase										
Apple computers 10	6.75%	5/12/10	136,812	7/16/12	45,539	-	45,539	(45,539)	-	3,074
Apple computers 11	2.08%	5/20/11	146,890	6/15/13	96,914	-	47,958	(47,958)	48,956	2,018
Apple computers 12	2.85%	5/15/12	508,464	5/15/15	-	508,464	132,523	375,941	375,941	-
Total Long-Term Debt					<u>\$4,227,013</u>	<u>\$4,283,464</u>	<u>\$4,075,800</u>	<u>\$207,664</u>	<u>\$4,434,677</u>	<u>\$129,116</u>

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Note 10: Long-Term Debt (Continued)

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

	2013	2014	2015	2016	2017	2017-2021	2022-2026	Total
Principal								
General Obligation - Bonds								
Series 2004	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,000
Series 2011	40,000	280,000	290,000	305,000	320,000	1,850,000	690,000	3,775,000
CKCE building	9,780	-	-	-	-	-	-	9,780
Lease Purchase								
Apple computers 11	48,956	-	-	-	-	-	-	48,956
Apple computers 12	121,809	125,281	128,851	-	-	-	-	375,941
Total Principal	\$ 445,545	\$ 405,281	\$ 418,851	\$ 305,000	\$ 320,000	\$ 1,850,000	\$ 690,000	\$ 4,434,677
Interest								
General Obligation - Bonds								
Series 2004	\$ 6,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,975
Series 2011	91,813	91,013	85,413	79,613	73,513	247,313	27,800	696,478
CKCE building	-	-	-	-	-	-	-	-
Lease Purchase								
Apple computers 11	1,019	-	-	-	-	-	-	1,019
Apple computers 12	10,714	7,243	3,672	-	-	-	-	21,629
Total Interest	\$ 110,521	\$ 98,256	\$ 89,085	\$ 79,613	\$ 73,513	\$ 247,313	\$ 27,800	\$ 726,101
TOTAL PRINCIPAL AND INTEREST	\$ 556,066	\$ 503,537	\$ 507,936	\$ 384,613	\$ 393,513	\$ 2,097,313	\$ 717,800	\$ 5,160,778

Notes to Financial Statements

SUPPLEMENTAL INFORMATION



September 4, 2012

Board of Education
Abilene Unified School District No. 435
Abilene, Kansas

**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**

We have audited the financial statements of Abilene Unified School District No. 435 (the District) as of and for the year ended June 30, 2012 and have issued our report thereon dated September 4, 2012. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal controls 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control 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.

September 4, 2012
Abilene Unified School District No. 435
(Continued)

Compliance and Other Matters

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

We noted certain matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated September 4, 2012.

This report is intended solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Vannoy + Associates, CPAs
Certified Public Accountants
Manhattan, Kansas



September 4, 2012

Board of Education
Abilene Unified School District No. 435
Abilene, Kansas

**Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Abilene Unified School District No. 435 (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The District's major federal program is 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audits 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audits provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the District's internal control over compliance.

September 4, 2012
Abilene Unified School District No. 435
(Continued)

Internal Control over Compliance (Continued)

A deficiency in internal control over compliance 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 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Vainey & Associates, CPAs

Certified Public Accountants
Manhattan, Kansas

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

	<u>Federal CFDA Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Expenditures</u>
U.S. Dept. of Agriculture			
Passed thru State Department of Education			
Food Assistance - Breakfast	10.553 *	D0435	\$ 77,562
Food Assistance - Lunch	10.555 *	D0435	345,715
Food Assistance - Summer Food	10.559 *	D0435	17,067
Food Assistance - Team Nutrition Training Grant	10.574	D0435	<u>1,230</u>
Total U.S. Dept. of Agriculture			<u>\$ 441,574</u>
U.S. Dept. of Education			
Passed thru State Department of Education			
Title I	84.010	D0435	\$ 244,658
Title IV 21st Century	84.287	D0435	120,000
Education Jobs Fund	84.410	D0435	3,969
Title IIA Fund	84.367	D0435	48,159
Aids Education	93.938	D0435	300
Carl Perkins/Program imp.	84.048	D0435	18,912
Direct Programs			
School assistance in Federally Affected Area - PL 874	84.041		<u>9,373</u>
Total U.S. Dept. of Education			<u>\$ 445,371</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 886,945</u></u>

* Major Program

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
 Abilene, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified
 Internal control over financial reporting:
 Material weaknesses identified? ☐ Yes ☒ None
 Significant deficiencies identified not considered
 to be material weaknesses? ☐ Yes ☒ None reported
 Noncompliance material to financial statements noted? ☐ Yes ☒ None

Federal Awards

Internal controls over major programs:
 Material weaknesses identified? ☐ Yes ☒ No
 Significant deficiencies identified not considered
 to be material weaknesses? ☐ Yes ☒ None reported
 Type of auditor's report issued on compliance for
 major programs: Unqualified
 Any audit findings disclosed that are required to be
 reported in accordance with OMB Circular A-133,
 Section .510(a)? ☒ Yes ☐ No

Identification of major programs:

Name of Federal Program	CFDA Number
Food Assistance - Breakfast	10.553
Food Assistance - Lunch	10.555
Food Assistance - Summer Food	10.559

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

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

Finding: 01

Criteria: In accordance with guidelines, pre-verification must be completed by October 1 and post-verification must be completed by November 15.

Condition: Pre-verification was completed October 6, 2011 and post-verification was completed November 24, 2011.

Effect: No effect on program.

Cause: Human error in applying the criteria in the guidance.

Recommendation: Some type of calendar system should be used to make sure the dates are adhered to.

Views of responsible officials and planned corrective actions: The District agrees with the finding and will implement a system to prevent delinquent verifications.

The accompanying notes are an integral part of these financial statements.
 See Independent Auditor's Report.

Supplemental Information

ABILENE UNIFIED SCHOOL DISTRICT NO. 435
Abilene, Kansas
RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
June 30, 2012

There were no prior year audit findings cited in the previously issued report for Unified School District No. 435 for the year ended June 30, 2011.

Supplemental Information