

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464

STATUTORY BASIS FINANCIAL STATEMENTS
For the year ended June 30, 2012

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA
A Professional Association
Certified Public Accountants

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Board of Education
Unified School District No. 464
Tonganoxie, Kansas 66086

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Unified School District No. 464, Tonganoxie, Kansas, 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 that our audit provides a reasonable basis for our opinion.

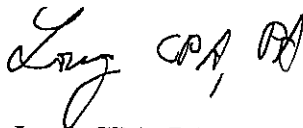
As described more fully in Note 1, Unified School District No. 464 has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting 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 reasonable 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 Unified School District No. 464 as of June 30, 2012, or the changes in its financial position for the year then ended.

In our opinion the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 464, as of June 30, 2012, and its cash receipts and expenditures, budgetary comparisons, and changes in long-term debt and long-term debt maturities for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2012, on our consideration of Unified School District No. 464's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 464's basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Unified School District No. 464. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Long CPA, PA
A Professional Association
Certified Public Accountant

November 21, 2012

USD #464 TONGANOXIE, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Statement 1

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General	\$ (503,106)	0	\$ 10,310,674	\$ 10,234,948	\$ (427,380)	\$	\$ (427,380)
Supplemental General	(64,022)	180	3,689,370	3,447,954	177,574	1,956	179,530
Special Revenue Funds							
Vocational Education	0	0	389,783	375,000	14,783		14,783
Special Education	234,071	0	2,335,694	2,290,500	279,265		279,265
Driver Education	74,372	0	18,677	11,892	81,157		81,157
Food Service	94,954	0	803,503	754,065	144,392		144,392
Capital Outlay	969,311	0	1,019,676	912,962	1,076,025		1,076,025
Gifts and Grants	2,868	0	13,070	10,991	4,947		4,947
Recreation Commission Fund	0	0	376,566	376,566	0		0
Recreation Benefits Fund	0	0	96,652	96,652	0		0
Professional Development	49,988	0	13,000	42,022	20,966	65	21,031
KPERS Special Contribution	0	0	850,644	850,644	0		0
Parent Education	0	0	17,300	17,300	0		0
At Risk (K-12)	0	0	836,345	836,345	0		0
District Activity Funds	63,175	0	431,899	432,013	63,061		63,061
Textbook Student Materials Fund	162,324	0	129,550	58,840	233,034		233,034
Contingency Reserve Fund	450,000	0	50,000	58,698	441,302		441,302
Title I	0	0	178,569	178,569	0		0
PEP Grant	3	0	184,155	213,054	(28,896)	28,896	0
Carl Perkins Grant	0	0	3,151	1,640	1,511		1,511
Title IIA - Teacher Quality	0	0	43,081	43,081	0		0
Title III	0	0	0	0	0		0
Debt Service Funds							
Bond and Interest Fund	1,256,154	0	1,727,198	1,750,715	1,232,637		1,232,637
Total Reporting Entity	\$ 2,790,092	\$ 180	\$ 23,518,557	\$ 22,994,451	\$ 3,314,378	\$ 30,917	\$ 3,345,295
Composition of Cash							
Checking Accounts							\$ (801,245)
Savings Accounts							4,316,740
Certificates of Deposit							300,000
Total Cash							3,815,495
Agency Funds per Statement 4							470,200
Total Reporting Entity							\$ 3,345,295

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

USD #464 TONGANOXIE, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

Statement 2

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Governmental Type Funds</u>						
General Funds						
General	\$ 11,162,718	\$ (983,556)	\$ 55,786	\$ 10,234,948	\$ 10,234,948	\$ 0
Supplemental General	3,550,000	(102,046)	0	3,447,954	3,447,954	0
Special Revenue Funds						
Vocational Education	375,000	0	0	375,000	375,000	0
Special Education	2,290,500	0	0	2,290,500	2,290,500	0
Driver Training	78,600	0	0	78,600	11,892	66,708
Food Service	925,000	0	0	925,000	754,065	170,935
Capital Outlay	1,870,000	0	0	1,870,000	912,962	957,038
Gifts and grants	292,871	0	0	292,871	10,991	281,880
Extraordinary Growth Facilities Program	390,000	0	0	390,000	376,566	13,434
Professional Development	107,000	0	0	107,000	42,022	64,978
KPERS Special Contribution	945,840	0	0	945,840	850,644	95,196
Parent Education	17,300	0	0	17,300	17,300	0
At-Risk Fund (K-12)	925,000	0	0	925,000	836,345	88,655
Bond and Interest	1,750,715	0	0	1,750,715	1,750,715	0

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

USD #464 TONGANOXIE, KS
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			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,637,664	\$ 1,550,541	\$ 87,123
Delinquent tax	69,349	35,084	34,265
Motor vehicle tax			0
RV tax			0
Federal grants	4,753	0	4,753
State aid/grants	8,543,122	9,576,768	(1,033,646)
Charges for services			0
Interest income			0
Miscellaneous revenues	55,786		55,786
Operating transfers			0
Total Cash Receipts	<u>10,310,674</u>	<u>11,162,393</u>	<u>(851,719)</u>
EXPENDITURES			
Instruction	5,631,821	6,072,732	440,911
Student support services	179,844	181,000	1,156
Instruction support staff	137,009	135,300	(1,709)
General administration	57,652	255,000	197,348
School administration	0	0	0
Operations and maintenance	0	0	0
Student transportation services	473,177	712,100	238,923
Central support services			0
Other support services	0	100,100	100,100
Food service operations			0
Student activities	65,214	50,000	(15,214)
Facility acquisition and construction services	(5,063)	25,000	30,063
Debt service			0
Operating transfers	3,695,294	3,631,486	(63,808)
Adjustment to comply with legal max		(983,556)	(983,556)
Adjustment for qualifying budget credits		55,786	55,786
Total Expenditures	<u>10,234,948</u>	<u>\$ 10,234,948</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	75,726		
Unencumbered Cash, Beginning	(503,106)		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (427,380)</u>		

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

USD #464 TONGANOXIE, KS
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			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,819,173	\$ 1,971,196	\$ (152,023)
Delinquent tax	65,011	33,360	31,651
Motor vehicle tax	230,291	234,570	(4,279)
RV tax	4,071	4,387	(316)
Federal grants			0
State aid/grants	1,570,824	1,548,386	22,438
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>3,689,370</u>	<u>3,791,899</u>	<u>(102,529)</u>
EXPENDITURES			
Instruction	238,433	393,650	155,217
Student support services	15,569	18,713	3,144
Instruction support staff	372,861	437,100	64,239
General administration	215,901	214,000	(1,901)
School administration	673,578	320,000	(353,578)
Operations and maintenance	1,288,745	1,431,537	142,792
Student transportation services		0	0
Central support services		0	0
Other support services	124,195	10,000	(114,195)
Food service operations		0	0
Student activities	81,404	0	(81,404)
Facility acquisition and construction services		0	0
Debt service		0	0
Operating transfers	437,268	725,000	287,732
Adjustment to comply with legal max		(102,046)	(102,046)
Adjustment for qualifying budget credits			0
Total Expenditures	<u>3,447,954</u>	<u>\$ 3,447,954</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	241,416		
Unencumbered Cash, Beginning	(64,022)		
Prior Year Cancelled Encumbrances	<u>180</u>		
Unencumbered Cash, Ending	<u>\$ 177,574</u>		

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

USD #464 TONGANOXIE, KS
 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>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>389,783</u>	<u>375,000</u>	<u>14,783</u>
Total Cash Receipts	<u>389,783</u>	<u>375,000</u>	<u>14,783</u>
EXPENDITURES			
Instruction	375,000	375,000	0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>375,000</u>	<u>\$ 375,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	14,783		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 14,783</u>		

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

USD #464 TONGANOXIE, KS
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>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		30,000	(30,000)
Operating transfers	<u>2,335,694</u>	<u>2,350,000</u>	<u>(14,306)</u>
Total Cash Receipts	<u>2,335,694</u>	<u>2,380,000</u>	<u>(44,306)</u>
EXPENDITURES			
Instruction	2,055,541	1,988,500	(67,041)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	234,959	297,000	62,041
Central support services			0
Other support services		5,000	5,000
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,290,500</u>	<u>\$ 2,290,500</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	45,194		
Unencumbered Cash, Beginning	234,071		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>279,265</u>		

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

USD #464 TONGANOXIE, KS
 DRIVER TRAINING 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	6,956	11,100	(4,144)
Charges for services	11,721	15,000	(3,279)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>18,677</u>	<u>26,100</u>	<u>(7,423)</u>
EXPENDITURES			
Instruction	8,854	33,100	24,246
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	3,038	45,500	42,462
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>11,892</u>	<u>\$ 78,600</u>	<u>\$ 66,708</u>
Receipts Over (Under) Expenditures	6,785		
Unencumbered Cash, Beginning	74,372		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 81,157</u>		

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

USD #464 TONGANOXIE, KS
 FOOD SERVICE 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants	368,605	405,714	(37,109)
State aid/grants	9,391	8,925	466
Charges for services	425,507	473,050	(47,543)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>803,503</u>	<u>887,689</u>	<u>(84,186)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration	703		(703)
School administration			0
Operations and maintenance	30,025	45,000	14,975
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	723,337	880,000	156,663
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>754,065</u>	<u>\$ 925,000</u>	<u>\$ 170,935</u>
Receipts Over (Under) Expenditures	49,438		
Unencumbered Cash, Beginning	94,954		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 144,392</u>		

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

USD #464 TONGANOXIE, KS
CAPITAL OUTLAY 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 373,370	\$ 373,379	\$ (9)
Delinquent tax	22,782	13,318	9,464
Motor vehicle tax	93,313	94,954	(1,641)
RV tax	1,650	1,776	(126)
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	20,707	50,000	(29,293)
Miscellaneous revenues	17,414	35,000	(17,586)
Operating transfers	<u>490,440</u>	<u>556,486</u>	<u>(66,046)</u>
Total Cash Receipts	<u>1,019,676</u>	<u>1,124,913</u>	<u>(105,237)</u>
EXPENDITURES			
Instruction	9,085	90,000	80,915
Student support services			0
Instruction support staff	176,468	210,000	33,532
General administration			0
School administration		35,000	35,000
Operations and maintenance	59,827	250,000	190,173
Student transportation services	37,030	150,000	112,970
Central support services			0
Other support services	17,905	60,000	42,095
Food service operations			0
Student activities	13,679		(13,679)
Facility acquisition and construction services	598,968	1,075,000	476,032
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>912,962</u>	<u>\$ 1,870,000</u>	<u>\$ 957,038</u>
Receipts Over (Under) Expenditures	106,714		
Unencumbered Cash, Beginning	969,311		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 1,076,025</u>		

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

USD #464 TONGANOXIE, KS
GIFTS & GRANTS 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	13,070	290,000	(276,930)
Operating transfers			0
	<u>13,070</u>	<u>290,000</u>	<u>(276,930)</u>
Total Cash Receipts			
	<u>13,070</u>	<u>290,000</u>	<u>(276,930)</u>
EXPENDITURES			
Instruction	10,991	289,883	278,892
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services		2,988	2,988
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>10,991</u>	<u>292,871</u>	<u>281,880</u>
Total Expenditures			
	<u>10,991</u>	<u>\$ 292,871</u>	<u>\$ 281,880</u>
Receipts Over (Under) Expenditures	2,079		
Unencumbered Cash, Beginning	2,868		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>4,947</u>		

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

USD #464 TONGANOXIE, KS
PROFESSIONAL DEVELOPMENT 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>13,000</u>	<u>100,000</u>	<u>(87,000)</u>
Total Cash Receipts	<u>13,000</u>	<u>100,000</u>	<u>(87,000)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	42,022	107,000	64,978
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>42,022</u>	<u>\$ 107,000</u>	<u>\$ 64,978</u>
Receipts Over (Under) Expenditures	(29,022)		
Unencumbered Cash, Beginning	49,988		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 20,966</u>		

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

USD #464 TONGANOXIE, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants	850,644	945,840	(95,196)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>850,644</u>	<u>945,840</u>	<u>(95,196)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	596,472	595,506	(966)
Student support services	15,809	25,000	9,191
Instruction support staff	33,400	30,000	(3,400)
General administration	16,707	35,000	18,293
School administration	61,002	65,000	3,998
Operations and maintenance	51,434	50,334	(1,100)
Student transportation services	33,983	60,000	26,017
Central support services			0
Other support services	11,650	30,000	18,350
Food service operations	30,187	55,000	24,813
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>850,644</u>	<u>\$ 945,840</u>	<u>\$ 95,196</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

USD #464 TONGANOXIE, KS
 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>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>17,300</u>	<u>25,000</u>	<u>(7,700)</u>
Total Cash Receipts	<u>17,300</u>	<u>25,000</u>	<u>(7,700)</u>
EXPENDITURES			
Instruction			0
Student support services	17,300	17,300	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>17,300</u>	<u>\$ 17,300</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #464 TONGANOXIE, KS
 AT RISK FUND (K-12)
 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>836,345</u>	<u>925,000</u>	<u>(88,655)</u>
Total Cash Receipts	<u>836,345</u>	<u>925,000</u>	<u>(88,655)</u>
EXPENDITURES			
Instruction	771,181	925,000	153,819
Student support services			0
Instruction support staff	65,164		(65,164)
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>836,345</u>	<u>\$ 925,000</u>	<u>\$ 88,655</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 0</u>		

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

USD #464 TONGANOXIE, KS
BOND AND INTEREST 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 943,827	\$ 891,701	\$ 52,126
Delinquent tax	43,586	20,511	23,075
Motor vehicle tax	142,031	144,645	(2,614)
RV tax	2,511	2,705	(194)
Federal grants			0
State aid/grants	595,243	595,000	243
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>1,727,198</u>	<u>1,654,562</u>	<u>72,636</u>
Total Cash Receipts			
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	1,750,715	1,750,715	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>1,750,715</u>	<u>\$ 1,750,715</u>	<u>\$ 0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(23,517)		
Unencumbered Cash, Beginning	1,256,154		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,232,637</u>		

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

USD #464 TONGANOXIE, KS
 RECREATION COMMISSION 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 315,479	\$ 298,019	\$ 17,460
Delinquent tax	13,414	6,755	6,659
Motor vehicle tax	46,845	47,722	(877)
RV tax	828	892	(64)
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		50,000	(50,000)
Operating transfers			0
Total Cash Receipts	<u>376,566</u>	<u>403,388</u>	<u>(26,822)</u>
EXPENDITURES			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Community service operations	376,566	390,000	13,434
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>376,566</u>	<u>\$ 390,000</u>	<u>\$ 13,434</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ 0</u>		

See Note 5

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

USD #464 TONGANOXIE, KS
 RECREATION COMMISSION EMPLOYEE BENEFITS 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			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 87,925	\$ 82,771	\$ 5,154
Delinquent tax	1,922	965	957
Motor vehicle tax	6,687	6,820	(133)
RV tax	118	127	(9)
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>96,652</u>	<u>90,683</u>	<u>5,969</u>
EXPENDITURES			
Instruction			0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Community service operations	96,652	84,850	(11,802)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>96,652</u>	<u>\$ 84,850</u>	<u>\$ (11,802)</u>
Total Expenditures	<u>96,652</u>	<u>\$ 84,850</u>	<u>\$ (11,802)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

See Note 5

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

USD #464 TONGANOXIE, KS
 NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	Textbook Student material Revolving	Contingency Reserve	Title 1
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Federal grants			
State aid/grants			178,569
Charges for services	129,550		
Interest income			
Miscellaneous revenues			
Operating transfers		50,000	
Total Cash Receipts	<u>129,550</u>	<u>50,000</u>	<u>178,569</u>
EXPENDITURES			
Instruction	58,840	58,698	169,324
Student support services			
Instruction support staff			9,245
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
Total Expenditures	<u>58,840</u>	<u>58,698</u>	<u>178,569</u>
Receipts Over (Under) Expenditures	70,710	(8,698)	0
Unencumbered Cash, Beginning	162,324	450,000	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 233,034</u>	<u>\$ 441,302</u>	<u>\$ 0</u>

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

USD #464 TONGANOXIE, KS
 NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	PEP Grant	Carl Perkins Grant
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Federal grants	184,155	3,151
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<hr/>	<hr/>
Total Cash Receipts	184,155	3,151
	<hr/>	<hr/>
EXPENDITURES		
Instruction	199,766	1,640
Student support services		
Instruction support staff		
General administration	10,300	
School administration		
Operations and maintenance		
Student transportation services	2,988	
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<hr/>	<hr/>
Total Expenditures	213,054	1,640
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(28,899)	1,511
Unencumbered Cash, Beginning	3	0
Prior Year Cancelled Encumbrances	0	0
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ (28,896)	\$ 1,511
	<hr/>	<hr/>

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

USD #464 TONGANOXIE, KS
 NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Title II-A</u> <u>Teacher Quality</u>	<u>Title III</u>
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Federal grants		
State aid/grants	43,081	
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<hr/>	<hr/>
Total Cash Receipts	43,081	0
	<hr/>	<hr/>
EXPENDITURES		
Instruction	43,081	
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<hr/>	<hr/>
Total Expenditures	43,081	0
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Cancelled Encumbrances	0	0
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>

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

Statement of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll Liabilities	\$ 384,744	\$	\$ 14,227	\$ 370,517
High School Activity Funds				
Art Club	1,178		313	865
Band	4,503	10,158	4,077	10,584
Baseball	697	2,451	3,037	111
Benefit for Golf	235	1,204	1,325	114
Builders Club	1,039	580	792	827
Cheerleading	6,605	14,654	13,998	7,261
Chieftain singers	5,951	12,993	7,590	11,354
Class of 2011	707	115	822	0
Class of 2012	1,929		250	1,679
Class of 2013	1,538	5,347	3,796	3,089
Class of 2014	595	969	526	1,038
Class of 2015	0	375	0	375
Cool school	0	2,500	120	2,380
Dance team	1,718	12,110	11,519	2,309
Destination imagination	0	2,300	2,300	0
Entrepreneurship	873	13,607	12,598	1,882
FBLA	522	887	108	1,301
FCA	154			154
FCCLA	444	45,470	45,537	377
FFA	3,215	5,761	7,638	1,338
Foreign language	239	10	19	230
Gift baskets	292		292	0
Girls letterclub	2,243	3,168	3,229	2,182
Leadership	0	0	0	0
Multimedia class	290	340	450	180
National Honor Society	1,242	4,827	4,903	1,166
Performing Arts	3,932	10,583	11,620	2,895
Scholars Bowl	437		150	287
Science club	2,080	1,064	105	3,039
Science Olympiad	394	680	430	644
Skills	200			200
Spanish	117			117
Student activities	71	14,222	14,143	150
Student Council	1,827	6,166	5,339	2,654
Student Council R.	1,458	317	85	1,690
Tongie, Inc	3,175	5,362	5,988	2,549
T club	666	0	130	536
T-Town	626	1,513	500	1,639
THS Faculty Scholarship	501	425	500	426
THS Golf	209	1,757	1,870	96
Weight room	1,356	1,069	689	1,736
Wrestling	3,565	2,447	4,507	1,505
Yearbook	2,080	22,013	18,218	5,875
Middle School Activity Funds				
Activity	656	10,306	10,951	11
Band Club	5,440	1,636	2,483	4,593
Clubs & Classes	33	1,024	660	397
DARE	327	0	327	0
Destinaton Imagination	700	7,649	8,329	20
Electives	345	300	332	313
Environmental Fund	653	214	562	305
FACS	1,125	3,775	3,263	1,637
FCCLA	972	7,050	7,501	521
Fine Arts	408	1,959	1,538	829
History	161	10,489	10,725	(75)
I/A Student resale	0	7,880	7,895	(15)
I/A Technology	106	177	182	101
Music	37	878	580	335
PRIDE	197		174	23
Science Olympiad	723	655	837	541
Spec Ed	390	326	448	268
STAR 5th Grade	91	2,065	1,853	303
STAR 6th Grade	(161)	3,397	3,236	0
STAR 7th Grade	(171)	2,755	2,584	0
STAR 8th Grade	101	3,638	3,739	0
STUCO	1,571	535	1,045	1,061
Yearbook	1,870	11,489	10,487	2,872
Elementary Activity Funds				
STUCO	8,609	13,311	13,111	8,809
Choir Club	0	840	840	0
Total	\$ 467,830	\$ 299,792	\$ 297,422	\$ 470,200

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

USD #464 TONGANOXIE, KANSAS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts	\$ 21,033	\$	\$ 117,443	\$ 119,535	\$ 18,941	\$	\$ 18,941
High school	10,431		43,781	42,481	11,731	-	11,731
Middle School							
Subtotal Gate Receipts	31,464	0	161,224	162,016	30,672	0	30,672
School Projects							
High School							
AG Mechanics	0		1,427	1,427	0	-	-
Automotive	0				0	-	-
Lunch	0		29,949	29,934	15	-	15
Industrial Arts	23		2,892	2,915	0	-	-
Library	1,230		676		1,906	-	1,906
Pop machine sales	2,790		11,758	14,140	408	-	408
Sales Tax	886		10,462	10,480	868	-	868
Special Education	298		21	147	172	-	172
Textbook	15		39,282	39,254	43	-	43
Middle School							
Admin discretion	2,424		10,408	8,386	4,446	-	4,446
Counseling	1,059		0	500	559	-	559
Lunch	0		20,801	20,801	0	-	-
Library	325		3,237	3,132	430	-	430
MS musical	4,819		2,237	4,734	2,322	-	2,322
PE	182		2,648	2,822	8	-	8
Pencil money	110		553	374	289	-	289
Pep Club	1,905		3,099	3,848	1,156	-	1,156
Pepsi money	91		2,920	2,174	837	-	837
Sales tax	0		3,640	3,640	0	-	-
School store	1,938		606	337	2,207	-	2,207
Student emergency	21		3,891	1,303	2,609	-	2,609
Textbook	0		36,694	36,694	0	-	-
Elementary School							
Library	2,664		613	172	3,105	-	3,105
Lunch/Enrollment fees/	0		77,190	77,190	0	-	-
Pop Fund	10,931		5,128	5,128	10,860	-	10,860
Sales tax	0		614	465	149	-	149
Subtotal School Projects	31,711	0	270,675	269,997	32,389	0	32,389
Total District Activity Funds	\$ 63,175	\$ 0	\$ 431,899	\$ 432,013	\$ 63,061	\$ 0	\$ 63,061

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

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.464 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.464 (b) organizations for which USD No. 464 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.464 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

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

The following types of funds comprise the financial activities of the District for the year 2012:

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

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

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

Fiduciary Funds

Agency Funds – 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.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (continued)

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 municipality 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 (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, 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 revenues and matured principle and interest payable, and reservations of 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 United States generally accepted accounting principles. Capital 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.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$55,786 as classified as reimbursed expenses in the General Fund. Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement. Such expenditures are exempt from the budget laws under K.S.A. 79-2934

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues 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 budget amendments during the year 2012.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (continued)

The statutes permit transferring budgeted amounts between accounts 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 city 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 and trust funds and the following special revenue funds:

Textbook Student Material Fund	PEP Grant
Contingency Reserve Fund	Title IIA Fund
Title I Fund	Title III 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.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimates.

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the government. The statute requires banks eligible to hold the government's funds have a main or branch bank in the county in which the government 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 government's investments 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 government has no investment policy that would further limit its investment choices. The District's investments are categorized to give an indication of the level or risk assumed by the entity at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in risk Category 1 have the least risk to the municipality.

Concentration of Credit Risk

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

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the government's carrying amount of deposits was \$ 3,345,295 and the bank balance was \$ 4,369,504. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance 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 possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 232 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; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (continued)

members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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 statutory required employers share.

NOTE 4 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 5 – Compliance with Kansas Statutes

We noted no violations of Kansas Statutes for the period under audit.

NOTE 6 – Compensated Absences

The District's policy regarding sick pay is to grant certified and full – time classified personnel sick leave at the rate of one day per month up to maximum accumulation of the 10 days per contract year. The maximum number of sick days accumulated overall cannot exceed 120. Certified staff who use five or fewer days of their annual 10 sick days accumulation have the option of carrying one – half of their unused days over the next year, and being paid for the other half. The reimbursement is computed at .3% at the base salary per day, and is paid prior to June30.

After ten years of service to the District, classified employees who are age 55 or older, and teachers who are eligible for full KEPERS retirement, are eligible to receive the current substitute rate per day for any unused accumulated sick leave at retirement.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Compensated Absences (continued)

Vacation leave is earned only by the Districts full – time employees. Any unused vacation time at June 30 may be accumulated only with the superintendent's permission.

NOTE 7 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 8 – Interfund Transactions

General Fund	Special Education Fund	K.S.A. 72-6428	1,898,426
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	836,345
General Fund	Contengency Reserve	K.S.A. 72-6428	50,000
General Fund	Parent Education Fund	K.S.A. 72-6428	17,300
General Fund	Professional Development	K.S.A. 72-6428	13,000
General Fund	Capital Outlay Fund	K.S.A. 72-6428	490,440
General Fund	Vocational Education Fund	K.S.A. 72-6425	389,783
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	437,268

NOTE 9 – Subsequent Events

Subsequent events for management's review have been evaluated through November 21, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

The District issued debt subsequent to the end of the fiscal year. The District entered a lease agreement for school buses in the amount of \$ 254,349

NOTE 10 – Cash Basis Exception

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 11 – 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

Note 11 -

USD #464 TONGANOXIE, KANSAS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,637,664	\$ 1,550,541	\$ 87,123
Delinquent tax	69,349	35,084	34,265
Motor vehicle tax			0
RV tax			0
Federal grants	4,753		4,753
State aid/grants	8,467,072	9,576,768	(1,109,696)
Charges for services			0
Interest income			0
Miscellaneous revenues	55,786		55,786
Operating transfers			0
	<u>10,234,624</u>	<u>11,162,393</u>	<u>(927,769)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	5,631,821	6,072,732	440,911
Student support services	179,844	181,000	1,156
Instruction support staff	137,009	135,300	(1,709)
General administration	57,652	255,000	197,348
School administration			0
Operations and maintenance			0
Student transportation services	473,177	712,100	238,923
Central support services			0
Other support services		100,100	100,100
Food service operations			0
Student activities	65,214	50,000	(15,214)
Facility acquisition and construction services	(5,063)	25,000	30,063
Debt service			0
Operating transfers	3,695,294	3,631,486	(63,808)
Adjustment to comply with legal max		(983,556)	(983,556)
Adjustment for qualifying budget credits		55,786	55,786
	<u>10,234,948</u>	<u>\$ 10,234,948</u>	<u>\$ 0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(324)		
Unencumbered Cash, Beginning	324		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

Note 11 -

USD #464 TONGANOXIE, KANSAS
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,819,173	\$ 1,971,196	\$ (152,023)
Delinquent tax	65,011	33,360	31,651
Motor vehicle tax	230,291	234,570	(4,279)
RV tax	4,071	4,387	(316)
Federal grants			0
State aid/grants	1,560,046	1,548,386	11,660
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>3,678,592</u>	<u>3,791,899</u>	<u>(113,307)</u>
EXPENDITURES			
Instruction	238,433	393,650	155,217
Student support services	15,569	18,713	3,144
Instruction support staff	372,861	437,100	64,239
General administration	215,901	214,000	(1,901)
School administration	673,578	320,000	(353,578)
Operations and maintenance	1,288,745	1,431,537	142,792
Student transportation services			0
Central support services			0
Other support services	124,195	10,000	(114,195)
Food service operations			0
Student activities	81,404		(81,404)
Facility acquisition and construction services			0
Debt service			0
Operating transfers	437,268	725,000	287,732
Adjustment to comply with legal max		(102,046)	(102,046)
Adjustment for qualifying budget credits			0
Total Expenditures	<u>3,447,954</u>	<u>\$ 3,447,954</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	230,638		
Unencumbered Cash, Beginning	33,246		
Prior Year Cancelled Encumbrances	<u>180</u>		
Unencumbered Cash, Ending	<u>\$ 264,064</u>		

USD #464 TONGANOXIE, KANSAS
Statement of Changes in Long-Term Debt
For the Year Ended June 30, 2012

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
2005-A Issue	3.00% - 5.00%	3/15/05	\$ 15,725,000	9/1/30	\$ 14,180,000	\$	\$ 700,000	\$ (700,000)	\$ 13,480,000	\$ 591,610
2007-A Issue	3.90% - 4.10%	5/1/07	9,905,000	9/1/28	9,780,000		35,000	(35,000)	9,745,000	397,605
2008-A Issue	5.00%	6/30/08	530,000	9/1/31	530,000		0	0	530,000	26,500
Capital leases payable										
Facility Conservation Program										
Computer Lease	3.06%	2/13/12	2,005,104	7/15/23	2,108,208		103,104	(103,104)	2,005,104	103,669
Bus Lease	3.50% - 4.11%	10/3/08	320,593	5/4/13	166,527		81,637	(81,637)	84,890	6,627
Equipment Lease	4.42% - 4.51%	8/8/06	311,510	7/2/12	116,464		59,722	(59,722)	56,742	8,118
Technology upgrades	3.97%	5/14/10	147,390	1/30/14	100,167		32,075	(32,075)	68,092	4,050
Bus Lease	3.67%	4/18/11	168,915	4/18/15	168,915		30,396	(30,396)	138,519	15,777
Technology upgrades	1.91%	6/15/12	326,000	12/1/16	0	326,000		326,000	326,000	-
	1.87%	6/15/12	218,000	12/1/15	0	218,000		218,000	218,000	-
Total Long Term Debt			\$ 27,150,281		\$ 27,150,281	\$ 544,000	\$ 1,041,934	\$ (497,934)	\$ 26,652,347	\$ 1,153,956
Principal										
General Obligation Bonds	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2032	Total
Special Assessment Bonds	\$ 830,000	\$ 865,000	\$ 890,000	\$ 920,000	\$ 955,000	\$ 5,430,000	\$ 6,780,000	\$ 7,085,000	\$	\$ 23,755,000
Certificates of Participation										0
Capital Leases	433,912	408,067	333,599	286,598	237,425	933,884	263,862			2,897,347
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
Total Principal	1,263,912	1,273,067	1,223,599	1,206,598	1,192,425	6,363,884	7,043,862	7,085,000	0	26,652,347
Interest										
General Obligation Bonds	989,605	960,478	928,880	895,520	859,162	3,628,805	2,263,338	714,018		11,239,806
Special Assessment Bonds										0
Certificates of Participation	70,074	70,672	58,204	49,299	41,864	120,747	7,432			0
Capital Leases										418,292
Revenue Bonds										0
No-Fund Warrants										0
Temporary Notes										0
Total Interest	1,059,679	1,031,150	987,084	944,819	901,026	3,749,552	2,270,770	714,018	0	11,658,098
Total Principal and Interest	\$ 2,323,591	\$ 2,304,217	\$ 2,210,683	\$ 2,151,417	\$ 2,093,451	\$ 10,113,436	\$ 9,314,632	\$ 7,799,018	\$ 0	\$ 38,310,445

Long CPA, PA

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Board of Education
Unified School District No. 464
Tonganoxie, Kansas 66086

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

We have audited the financial statements of Unified School District No. 464, Tonganoxie, Kansas as of and for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Unified School District No. 464'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 Unified School District No. 464's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization'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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

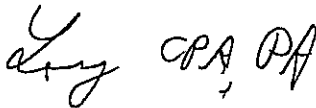
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Board of Education
Unified School District No. 464
Tonganoxie, Kansas 66086

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 464's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

A handwritten signature in black ink, appearing to read 'Long CPA, PA'.

Long CPA, PA
A Professional Association
Certified Public Accountant

November 21, 2012

Long CPA, PA

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Board of Education
Unified School District No. 464
Tonganoxie, Kansas 66086

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Unified School District No. 464 Tonganoxie, Kansas with the types of compliance requirements described in the U.S. Office 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. Unified School District No. 464's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 464's management. Our responsibility is to express an opinion on Unified School District No. 464's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 464's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 464's compliance with those requirements.

In our opinion, Unified School District No. 464 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.

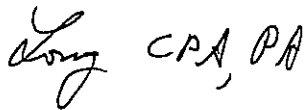
Board of Education
Unified School District No. 464
Tonganoxie, Kansas 66086

Internal Control Over Compliance

The management of Unified School District No. 464 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 464'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.



Long CPA, PA
A Professional Association
Certified Public Accountant

November 21, 2012

UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
<hr/>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 178,569
Title II	84.367	*	43,081
Education Jobs Fund	84.410	*	4,753
<hr/>			
U.S. Department of Agriculture			
<hr/>			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	53,507
National School Lunch Program	10.555	*	313,747
Team Nutrition Training Grant	10.574	*	1,350
Total Federal Assistance			<u>\$ 595,007</u>

* Not available

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

TONGANOIXE UNIFIED SCHOOL DISTRICT # 464
Tonganoxie, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2012

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Tonganoxie USD # 464.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Tonganoxie USD # 464 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Tonganoxie USD # 464 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Tonganoxie USD # 464 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education
National School Lunch Program Cluster CFDA 10.553 and 10.555
7. Tonganoxie USD # 464 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education
National School Lunch Program Cluster CFDA 10.553 and 10.555

No findings of noncompliance or questioned costs were noted.

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

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 464
Tonganoxie, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 464 Tonganoxie, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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.

Unified School District No. 464 has obtained a waiver from generally accepted accounting principles which allows the district to revert to 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 noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

TONGANOXIE UNIFIED SCHOOL DISTRICT NO. 232
Tonganoxie, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district 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.

NOTE 2 – Pass-Through Awards

Unified School District No. 464 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The National School Lunch Programs have been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.