

**UNIFIED SCHOOL DISTRICT NUMBER 480**  
**LIBERAL, KANSAS**

**FINANCIAL STATEMENT AND SUPPLEMENTAL INFORMATION**

**For the Year Ended June 30, 2012**

BYRON BIRD AND ASSOCIATES, CHARTERED  
Certified Public Accountants  
224 N. Lincoln  
Liberal, Kansas 67901

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**Financial Statement and Supplemental Information**  
**For the Year Ended June 30, 2012**

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**BYRON BIRD AND ASSOCIATES, CHARTERED**  
CERTIFIED PUBLIC ACCOUNTANTS

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LIBERAL, KANSAS 67901

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Unified School District Number 480  
Liberal, Kansas 67901

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of Unified School District No. 480, Liberal, Kansas, as of and for the year ended June 30, 2012. The financial statement is the responsibility of Unified School District No. 480's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit 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 the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the 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. 480 has prepared this financial statement 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 effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 480, Liberal, Kansas, as of June 30, 2012, or the respective changes in financial position, and changes in cash flows, where applicable, for the year then ended. Further, the Unified School District No. 480 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 480 as of June 30, 2012, and the aggregate cash receipts and expenditures 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 February 13, 2013, on our consideration of Unified School District No. 480'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 an opinion on the financial statement. The summary of expenditures - actual and budget, individual fund schedules of cash receipts and expenditures - actual and budget, schedule of cash receipts and expenditures - agency funds and schedule of cash receipts, expenditures and unencumbered cash - district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. The accompanying reports, schedule of expenditures of federal awards, summary schedule of prior audit findings and schedule of findings and questioned costs identified in the table of contents as supplemental information is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

*Byron Bird and Associates, Chartered*

BYRON BIRD AND ASSOCIATES, CHARTERED  
February 13, 2013

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**Summary of Cash Receipts, Expenditures and Unencumbered Cash**  
**For the Year Ended June 30, 2012**

**Statement 1**

<u>Funds</u>	Beginning Unencumbered <u>Cash Balance</u>	*	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbrances and Accounts <u>Payable</u>	Ending <u>Cash Balance</u>
Governmental Type Funds:								
General Funds								
General	\$ 131,467	\$	- \$	29,536,357	\$ 29,667,824	\$ -	\$ 1,533,411	\$ 1,533,411
Supplemental General	63,110		-	6,158,239	6,130,000	91,349	598,242	689,591
Special Revenue Funds								
Capital Outlay	1,902,282		-	818,205	915,345	1,805,142	231,962	2,037,104
Driver Education	118,228		-	73,600	81,883	109,945	10,284	120,229
Professional Development	93,023		-	430	1,445	92,008	-	92,008
Special Education	1,505,168		-	3,320,929	3,547,499	1,278,598	191,171	1,469,769
KPERS Special Retirement Fund	-		-	3,124,727	3,124,727	-	-	-
Bilingual Education	-		-	1,982,508	1,982,508	-	198,079	198,079
Vocational Fund	-		-	400,000	400,000	-	-	-
4 Year Old At Risk Fund	20,085		-	333,300	321,300	32,085	63,301	95,386
At Risk Fund	-		-	6,865,139	6,865,139	-	834,057	834,057
Gifts	100,021		-	178,796	185,484	93,333	-	93,333
Other Operations	255,837		-	67,605	26,479	296,963	33,256	330,219
Textbook Rental	394,128		-	106,236	44,290	456,074	430	456,504
Special Ed Private School	-		-	2,226	2,226	-	-	-
Grants	912		-	-	912	-	-	-
Secondary Program Improvement	-		-	44,214	44,214	-	4,735	4,735
1003G Cottonwood	-		-	100,000	100,000	-	23,906	23,906
Contingency Reserve	1,689,660		-	-	-	1,689,660	-	1,689,660
Technology Rich Classroom	(73,825)		-	85,000	11,175	-	-	-
Advance Placement Program	(3,603)		-	22,389	18,786	-	3,909	3,909
1003G South Middle School	(103,110)		-	1,709,007	1,605,897	-	675,921	675,921
Title I	3,608		-	950,871	960,109	(5,630)	96,338	90,708
Early Childhood Pass Thru	-		-	11,301	11,301	-	-	-
Migrant	29,256		-	342,366	371,622	-	27,719	27,719
Early Childhood Preschool	29,144		-	70,919	127,835	(27,772)	11,948	(15,824)
Title III English Language	-		-	188,776	188,776	-	84,094	84,094
Education For Homeless	-		-	11,909	11,909	-	-	-
21st Century Grant	8,285		-	189,238	184,997	12,526	30,041	42,567
Chapter I Carryover	-		-	167,000	167,000	-	-	-
Title VI-B Pass Thru	-		-	808,586	808,586	-	96,736	96,736
Title II-A Teacher Quality	-		-	201,297	201,297	-	152,561	152,561
Title VI-B Discretionary	-		-	33,084	33,084	-	150	150
District Activity Funds	157,437		-	577,423	609,038	125,822	-	125,822

(The notes to the financial statement are an integral part of this statement)

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**Summary of Cash Receipts, Expenditures and Unencumbered Cash (continued)**  
**For the Year Ended June 30, 2012**

**Statement 1**

<u>Funds</u>	Beginning Unencumbered <u>Cash Balance</u>	*	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbrances and Accounts <u>Payable</u>	Ending <u>Cash Balance</u>
Debt Service Funds								
Bond and Interest	2,324,229		-	1,824,207	2,052,476	2,095,960	-	2,095,960
Proprietary Type Funds:								
Enterprise Funds								
Food Service	<u>453,985</u>		<u>-</u>	<u>2,599,328</u>	<u>2,644,398</u>	<u>408,915</u>	<u>-</u>	<u>408,915</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u>9,099,327</u>	\$	<u>-</u>	\$ <u>62,905,212</u>	\$ <u>63,449,561</u>	\$ <u>8,554,978</u>	\$ <u>4,902,251</u>	\$ <u>13,457,229</u>

Composition of Cash:

Checking Account, First National Bank	\$ 13,324,420
Cafeteria Fund Checking, First National Bank	5,381
Activity Checking Accounts, First National Bank	25,804
Activity Checking Accounts, Sunflower Bank	25,737
Activity Checking Accounts, Community Bank	306
Activity Savings Account, First National Bank	220,407
Petty Cash	1,600
Employee Deduction Checking Account, First National Bank	<u>55,150</u>
Total Cash	13,658,805
Agency Funds per Schedule 3	<u>(201,576)</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u>13,457,229</u>

\* See Note 1G and 1J as restated for General, Supplemental General and District Activity Funds

(The notes to the financial statement are an integral part of this statement)

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 1: Summary of Significant Accounting Policies**

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**A: Reporting Entity**

The Unified School District No. 480 is a municipal corporation governed by an elected seven member board and the board is the basic level of government which has oversight responsibility and control over all activities related to the public school education in the City of Liberal. This report includes all of the funds of Unified School District No. 480.

**B: Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of this statutory basis financial statement, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. 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 District to use the statutory basis of accounting.

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

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

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 1: Summary of Significant Accounting Policies (continued)**

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**D: Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

**Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following types of governmental funds are used by the District:

1. General Funds – to account for all unrestricted resources except those required to be accounted for in another fund.
2. Special Revenue Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.
3. Capital Project Fund – to account for all financial resources segregated for the purpose of acquisition, construction, reconstruction, repairs, furnishing and equipping of major facilities (other than those financed by Enterprise Funds).
4. Debt Service Fund – to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Proprietary Funds**

Proprietary funds are classified as either enterprise or internal service.

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's only enterprise fund is the Food Service Fund. This fund accounts for the financial transactions related to the food service operations of the School District.

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost - reimbursement basis.



**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 1: Summary of Significant Accounting Policies (continued)**

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**D: Fund Accounting (continued)**

**Fiduciary Funds**

Trust and 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 or other funds. These include Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds and Agency Funds.

**E: Reimbursements**

Unified School District No. 480 records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

**F: Cash and Investments**

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the District. Cash includes amount in demand deposits, time deposits and certificates of deposit. Interest income earned is allocated as designated by the Board.

**G. In-substance Receipt in Transit**

The District received \$3,378,373 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

Beginning unencumbered cash balances for the General and Supplemental General funds have been restated to reflect the application of KMAg Technical Amendment 2011-1 which allows Districts to record state aid payments received subsequent to the end of the fiscal year as in-substance receipts in transit.

**H. Interfund Transactions**

Quasi-external transactions (i.e., transactions that would be treated as revenues or expenses if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as cash receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 1: Summary of Significant Accounting Policies (continued)**

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**I: Tax Cycle**

The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payments.

Taxes are assessed on a calendar year basis. These taxes become a lien on property on November 1<sup>st</sup>. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20<sup>th</sup> and May 10<sup>th</sup> of the following year.

Taxes levied to finance the budget are made available to the School District after January 1<sup>st</sup> and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

**J: Presentation of Prior Year**

A student activity fund previously listed as a district activity fund, instead of an agency fund, has been reclassified. The immaterial decrease to district activity fund's beginning balance is \$4,811. The immaterial increase to agency activity fund's beginning balance is \$4,811.

**Note 2: Stewardship, Compliance, and Accountability**

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**A: 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. Although directory rather than mandatory, 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 fiscal year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

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.

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 2: Stewardship, Compliance, and Accountability (continued)**

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**A: Budgetary Information (continued)**

The budgets for the general and special education funds were amended for the year ended June 30, 2012 with an increase of \$579,852 and \$202,300, respectively.

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 requiring a budget, showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and certain special revenue funds: Gifts, Other Operations, Textbook Rental, Special Ed Private School, Grants, Secondary Program Improvement, 1003G Cottonwood, Contingency Reserve, Technology Rich Classroom, Advance Placement Program, 1003G South Middle School, Title I, Early childhood Pass Thru, Migrant, Early Childhood Preschool, Title III English Language, Education For Homeless, 21<sup>st</sup> Century Grant, Chapter I Carryover, Title VI-B Pass Thru, Title II-A Teacher Quality, Title VIB Discretionary, and 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.

**B: Compliance with Finance-Related Legal and Contractual Provisions**

References made herein to the statutes are not intended as interpretations of the law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representation of the District. Finance-related legal and contractual provisions include Kansas statutes, regulations, contracts, debt covenants or other agreements. The General Fund shows adjustments for qualifying budget credits of \$259,424 on the budgetary comparison schedule. This is made up of reimbursed expenditures of \$186,749 and \$72,675 of state and federal reimbursement grants which are budget credits. No material violations were noted; however, the following violations were noted:

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 2: Stewardship, Compliance, and Accountability (continued)**

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**B: Compliance with Finance–Related Legal and Contractual Provisions (continued)**

Kansas statutes 10-1113 and 10-1121 require no indebtedness be created in excess of available monies in any fund. At June 30, 2012, the Early Childhood Preschool Fund and Title I Fund had deficit unencumbered cash balances of \$27,772 and \$5,630, respectively.

Two activity funds had deficit unencumbered cash balances totally \$3,669.

**Budget Violations**

No material budget violations were noted during the year ended June 30, 2012, however a budget violation in the amount of \$12,375 did occur in the Food Service fund.

Management is aware of no material statutory violations for the year ended June 30, 2012.

**Note 3 – Deposits and Investments**

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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, or in an adjoining county if such institution has been designated as an official depository, 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 limit its investment choices.

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

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

At year-end the carrying amount of the District's deposits was \$13,658,805. The bank balance was \$11,007,035. The bank balance was held by three banks, one of which had resulting concentration of credit risk. Of that bank, balances of \$298,872 were covered by FDIC

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 3 – Deposits and Investments (continued)**

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insurance and \$10,931,471 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank 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 4 - Risk Management**

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**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**B. Self-Insurance Fund**

The District has established a benefit trust for health care costs and has entered into a partially self-funded agreement. This agreement allows the District to assume a limited amount of liability by self-insuring a portion of the employee's medical expenses. Premiums paid for an excess coverage insurance policy cover individual claims in excess of \$75,000 and the District is also protected by an aggregate stop-loss protection provision, which limits its liability on total self-insurance claims for a contract period. All claims handling procedures are performed by a third-party claims administrator. Liabilities for unpaid claims are those claims that are unpaid at year end. Changes in the claims liability amount are as follows:

Unpaid claims, June 30, 2011	\$ -
Current year claims incurred and changes in estimates	1,821,030
Claim payments	<u>( 1,655,116)</u>
Unpaid claims, June 30, 2012	<u>\$ 165,914</u>

**Note 5 - Defined Benefit Pension Plan**

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**Plan Description**

Unified School District No. 480, Liberal, Kansas 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

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 5 - Defined Benefit Pension Plan (continued)**

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**Plan Description (continued)**

and required supplementary information. That report may be obtained by writing KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603-3869) 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. Tier 1 members are active and contributing 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 remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.77% of covered payroll for the period July 1, 2011 to June 30, 2012. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the required contributions for each year as set forth by the legislature.

**Note 6 - Other Post-Employment Benefits**

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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 this financial statement.

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

**Note 7 - Other Employee Benefits**

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**Compensated Absences**

The School District's policies regarding vacations permit twelve month employees with less than ten years of service to accumulate ten days of vacation. Employees with more than ten years of employment accumulate fifteen days of vacation. Teachers do not accumulate vacation. All vacation must be used by October 31 of the following year. Teachers, cafeteria personnel and aides earn sick leave at the rate of one day per month up to ten days per year, with a maximum of ninety days accumulation. Administration, secretaries and maintenance personnel earn sick leave at the rate of one day per month up to twelve days per year, with a maximum of ninety days accumulation.

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

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**Note 8 - Interfund Transfers**

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Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Bilingual	K.S.A. 72-6428	\$ 1,982,508
General Fund	Special Education	K.S.A. 72-6428	2,634,083
General Fund	Capital Outlay	K.S.A. 72-6428	700,000
General Fund	Vocational	K.S.A. 72-6428	149,688
General Fund	4 Year Old At Risk	K.S.A. 72-6428	321,300
General Fund	At Risk	K.S.A. 72-6428	<u>6,820,632</u>
			<u>12,608,211</u>
Supplemental General	At Risk	K.S.A. 72-6433	44,507
Supplemental General	Driver Education	K.S.A. 72-6433	50,000
Supplemental General	Vocational Fund	K.S.A. 72-6433	250,312
Supplemental General	Special Education	K.S.A. 72-6433	<u>600,000</u>
			<u>944,819</u>
		Total	<u>\$13,553,030</u>

**Note 9 – Contingencies**

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The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2012.

The District has a complaint filed against it with the U.S. Equal Employment Opportunity Commission. The outcome of this matter has not been determined. Consequently, there is no indication the matter has a material effect on the financial statement of the District at June 30, 2012.

**Unified School District Number 480, Kansas**  
**Notes to Financial Statement**  
**June 30, 2012**

**Note 10 - Long-Term Debt**

Changes in long-term liabilities for the school district for the year ended June 30, 2012, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Principal Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Series 2003 Refunded Bonds	2.9 to 3.60%	6/15/2003	20,345,000	9/1/2018	\$ 13,965,000	\$ -	\$ 1,605,000	\$ (1,605,000)	\$ 12,360,000	\$ 447,476
Capital Leases Payable:										
Redskin Field Lease	5.32%	6/25/2009	2,463,448	7/15/2017	<u>1,946,536</u>	<u>-</u>	<u>283,374</u>	<u>(283,374)</u>	<u>1,663,162</u>	<u>99,836</u>
Total contractual indebtedness					15,911,536	-	1,888,374	(1,888,374)	14,023,162	547,312
Compensated absences					<u>2,515,085</u>			<u>(552,295)</u>	<u>1,962,790</u>	
Total Long-Term Debt					\$ <u>18,426,621</u>	\$ <u>-</u>	\$ <u>1,888,374</u>	\$ <u>(2,440,669)</u>	\$ <u>15,985,952</u>	\$ <u>547,312</u>

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

		Fiscal year ending June 30,						
		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2019</u>	<u>Total</u>
Principal:								
General obligation bonds	\$	1,680,000	\$ 870,000	\$ 1,790,000	\$ 1,880,000	\$ 1,970,000	\$ 4,170,000	\$ 12,360,000
Capital leases payable		<u>147,365</u>	<u>306,594</u>	<u>323,122</u>	<u>340,541</u>	<u>358,899</u>	<u>186,641</u>	<u>1,663,162</u>
Total principal		<u>1,827,365</u>	<u>1,176,594</u>	<u>2,113,122</u>	<u>2,220,541</u>	<u>2,328,899</u>	<u>4,356,641</u>	<u>14,023,162</u>
Interest:								
General obligation bonds		397,045	343,460	304,770	245,580	181,540	149,625	1,622,020
Capital leases payable		<u>44,240</u>	<u>76,616</u>	<u>60,089</u>	<u>42,670</u>	<u>24,312</u>	<u>4,965</u>	<u>252,892</u>
Total interest		<u>441,285</u>	<u>420,076</u>	<u>364,859</u>	<u>288,250</u>	<u>205,852</u>	<u>154,590</u>	<u>1,874,912</u>
Total principal and interest	\$	2,268,650	\$ 1,596,670	\$ 2,477,981	\$ 2,508,791	\$ 2,534,751	\$ 4,511,231	\$ 15,898,074



## **SUPPLEMENTAL INFORMATION**

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**Summary of Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 1**

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credit</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
Governmental Type Funds:						
General Funds						
General	29,495,340	(86,940)	259,424	29,667,824	29,667,824	-
Supplemental General	6,130,000	-	-	6,130,000	6,130,000	-
Special Revenue Funds						
Capital Outlay	2,626,706	-	-	2,626,706	915,345	(1,711,361)
Driver Education	89,914	-	-	89,914	81,883	(8,031)
Professional Development	62,364	-	-	62,364	1,445	(60,919)
Special Education	4,710,221	-	-	4,710,221	3,547,499	(1,162,722)
KPERs Special Retirement Fund	3,315,327	-	-	3,315,327	3,124,727	(190,600)
Bilingual Education	2,125,116	-	-	2,125,116	1,982,508	(142,608)
Vocational Fund	400,000	-	-	400,000	400,000	-
4 Year Old At Risk Fund	342,203	-	-	342,203	321,300	(20,903)
At Risk Fund	7,378,034	-	-	7,378,034	6,865,139	(512,895)
Debt Service Funds						
Bond and Interest	2,052,726	-	-	2,052,726	2,052,476	(250)
Proprietary Type Funds:						
Enterprise Funds						
Food Service	2,632,023	-	-	2,632,023	2,644,398	12,375

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**General Fund**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Taxes and shared revenue:			
Ad valorem property tax	3,044,614	3,112,753	(68,139)
Delinquent tax	83,989	31,859	52,130
Mineral production tax	43,313	-	43,313
Pilot tax	8,345	-	8,345
State aid	26,082,352	26,219,260	(136,908)
Federal grants	14,320	-	14,320
Reimbursed expenditures	259,424	-	259,424
Total Cash Receipts	<u>29,536,357</u>	<u>\$ 29,363,872</u>	<u>\$ 172,485</u>
Expenditures			
Instruction	9,750,578	9,951,352	(200,774)
Student support services	1,100,771	1,165,753	(64,982)
Instruction support staff	879,078	789,521	89,557
General administration	1,093,458	952,256	141,202
School administration	2,226,252	2,076,665	149,587
Operation and maintenance	1,490,381	1,532,023	(41,642)
Student transportation services	30,990	-	30,990
Other support services	400,808	451,260	(50,452)
Food service operation	87,297	-	87,297
Operating transfers out	12,608,211	12,576,510	31,701
Adjustment to comply with legal max	-	(86,940)	86,940
Legal general fund budget	29,667,824	29,408,400	259,424
Adjustment for qualifying budget credits	-	259,424	(259,424)
Total expenditures	<u>29,667,824</u>	<u>\$ 29,667,824</u>	<u>\$ -</u>
Cash receipts over (under) expenditures	(131,467)		
Unencumbered cash, beginning	131,467	*	
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ -</u>		

\* See Note 1G for restatement of beginning unencumbered cash

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Supplemental General Fund**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Taxes and shared revenue:			
Ad valorem property tax	2,585,707	2,615,753	(30,046)
Delinquent tax	57,065	21,356	35,709
Motor Vehicle Tax	193,719	237,176	(43,457)
Recreational Vehicle Tax	2,100	2,999	(899)
Pilot tax	10,392	-	10,392
State aid	3,308,734	3,189,605	119,129
Miscellaneous	522	-	522
Total Cash Receipts	<u>6,158,239</u>	<u>\$ 6,066,889</u>	<u>\$ 91,350</u>
Expenditures			
Instruction	110,464	285,285	(174,821)
Student support services	-	17,500	(17,500)
Instruction support staff	213,735	-	213,735
General administration	511,288	185,000	326,288
School administration	-	147,727	(147,727)
Operation and maintenance	3,183,082	3,010,845	172,237
Student transportation services	766,834	696,097	70,737
Other support services	-	119,286	(119,286)
Facility acquisition and construction	399,778	-	399,778
Operating transfers out	944,819	1,668,260	(723,441)
Total expenditures	<u>6,130,000</u>	<u>\$ 6,130,000</u>	<u>\$ -</u>
Cash receipts over (under) expenditures	28,239		
Unencumbered cash, beginning	63,110	*	
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ 91,349</u>		

\* See Note 1G for restatement of beginning unencumbered cash

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Capital Outlay**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Taxes and shared revenue:			
Ad valorem property tax	7,712	12,895	(5,183)
Delinquent tax	13,304	6,906	6,398
Motor vehicle tax	22,633	22,935	(302)
Recreational vehicle tax	221	290	(69)
Earnings on investments	1,449	14,000	(12,551)
Reimbursed expenditures	123	-	123
Miscellaneous	72,763	-	72,763
Operating transfers in	700,000	650,000	50,000
Total Cash Receipts	<u>818,205</u>	<u>\$ 707,026</u>	<u>\$ 111,179</u>
Expenditures			
Instruction	129,976	250,000	(120,024)
Business services	137,697	250,000	(112,303)
Facility acquisition and construction	647,672	2,126,706	(1,479,034)
Total expenditures	<u>915,345</u>	<u>\$ 2,626,706</u>	<u>\$ (1,711,361)</u>
Cash receipts over (under) expenditures	(97,140)		
Unencumbered cash, beginning	1,902,282		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ 1,805,142</u>		

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Driver Education**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
State aid	-	10,360	(10,360)
Fees and charges	23,600	20,000	3,600
Operating transfers in	50,000	50,000	-
Total Cash Receipts	<u>73,600</u>	<u>\$ 80,360</u>	<u>\$ (6,760)</u>
Expenditures			
Instruction	80,077	84,914	(4,837)
Operation and maintenance	1,806	5,000	(3,194)
Total expenditures	<u>81,883</u>	<u>\$ 89,914</u>	<u>\$ (8,031)</u>
Cash receipts over (under) expenditures	(8,283)		
Unencumbered cash, beginning	118,228		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ 109,945</u>		

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Professional Development**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>		<u>Budget</u>	Variance- Over (Under)
Cash Receipts				
Miscellaneous	430	\$	-	\$ 430
Operating transfers in	-		-	-
Total Cash Receipts	<u>430</u>		<u>-</u>	<u>430</u>
Expenditures				
Instruction support staff	1,445		62,364	(60,919)
Total expenditures	<u>1,445</u>	\$	<u>62,364</u>	<u>\$ (60,919)</u>
Cash receipts over (under) expenditures	(1,015)			
Unencumbered cash, beginning	93,023			
Prior year cancelled encumbrances	-			
Unencumbered cash, ending	<u>\$ 92,008</u>			

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Special Education**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
State aid	-	\$ -	\$ -
Federal grants	60,938	877,649	(816,711)
Miscellaneous	25,908	15,000	10,908
Operating transfers in	<u>3,234,083</u>	<u>3,320,320</u>	<u>(86,237)</u>
Total Cash Receipts	<u>3,320,929</u>	<u>\$ 4,212,969</u>	<u>\$ (892,040)</u>
Expenditures			
Instruction	3,316,183	4,456,011	(1,139,828)
Instruction support staff	-	-	-
General administration	113,290	102,223	11,067
Operation and maintenance	34,254	43,224	(8,970)
Student transportation services	<u>83,772</u>	<u>108,763</u>	<u>(24,991)</u>
Total expenditures	<u>3,547,499</u>	<u>\$ 4,710,221</u>	<u>\$ (1,162,722)</u>
Cash receipts over (under) expenditures	(226,570)		
Unencumbered cash, beginning	1,505,168		
Prior year cancelled encumbrances	<u>-</u>		
Unencumbered cash, ending	<u>\$ 1,278,598</u>		



**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**KPERS Special Retirement Fund**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
State aid	3,124,727	3,315,327	(190,600)
Total Cash Receipts	<u>3,124,727</u>	<u>\$ 3,315,327</u>	<u>\$ (190,600)</u>
Expenditures			
Instruction	2,249,804	2,387,035	(137,231)
Student support services	62,494	66,306	(3,812)
Instruction support staff	124,989	132,613	(7,624)
General administration	218,731	232,072	(13,341)
School administration	62,494	66,306	(3,812)
Operation and maintenance	218,731	232,072	(13,341)
Student transportation services	62,495	66,306	(3,811)
Other support services	31,247	33,157	(1,910)
Food service operation	93,742	99,460	(5,718)
Total expenditures	<u>3,124,727</u>	<u>\$ 3,315,327</u>	<u>\$ (190,600)</u>
Cash receipts over (under) expenditures	-		
Unencumbered cash, beginning	-		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ -</u>		

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Bilingual Education**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Operating transfers in	1,982,508	2,125,116	(142,608)
Total Cash Receipts	<u>1,982,508</u>	<u>\$ 2,125,116</u>	<u>\$ (142,608)</u>
Expenditures			
Instruction	1,981,948	2,075,116	(93,168)
Instruction support staff	101	50,000	(49,899)
Operation and maintenance	459	-	459
Total expenditures	<u>1,982,508</u>	<u>\$ 2,125,116</u>	<u>\$ (142,608)</u>
Cash receipts over (under) expenditures	-		
Unencumbered cash, beginning	-		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ -</u>		

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Vocational Fund**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Operating transfers in	400,000	400,000	-
Total Cash Receipts	<u>400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>
Expenditures			
Instruction	400,000	400,000	-
Total expenditures	<u>400,000</u>	<u>\$ 400,000</u>	<u>\$ -</u>
Cash receipts over (under) expenditures	-		
Unencumbered cash, beginning	-		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ -</u>		

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**4 Year Old At Risk Fund**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Fees and charges	-	-	-
Other federal aid	12,000	15,000	(3,000)
Operating transfers in	321,300	321,300	-
Total Cash Receipts	<u>333,300</u>	<u>\$ 336,300</u>	<u>\$ (3,000)</u>
Expenditures			
Instruction	320,578	342,203	(21,625)
Other support services	722	-	722
Total expenditures	<u>321,300</u>	<u>\$ 342,203</u>	<u>\$ (20,903)</u>
Cash receipts over (under) expenditures	12,000		
Unencumbered cash, beginning	20,085		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ 32,085</u>		

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**At Risk Fund**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Operating transfers in	6,865,139	7,378,034	(512,895)
Total Cash Receipts	<u>6,865,139</u>	<u>\$ 7,378,034</u>	<u>\$ (512,895)</u>
Expenditures			
Instruction	6,178,943	6,649,759	(470,816)
Student support services	-	48,148	(48,148)
Instruction support staff	686,196	680,127	6,069
Total expenditures	<u>6,865,139</u>	<u>\$ 7,378,034</u>	<u>\$ (512,895)</u>
Cash receipts over (under) expenditures	-		
Unencumbered cash, beginning	-		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ -</u>		

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Bond and Interest**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
Taxes and shared revenue:			
Ad valorem property tax	773,031	800,590	(27,559)
Delinquent tax	28,304	9,335	18,969
Motor vehicle tax	95,478	118,224	(22,746)
Recreational vehicle tax	1,042	1,495	(453)
Pilot Tax	2,464	-	2,464
Miscellaneous	274	-	274
State aid	923,614	923,614	-
Total Cash Receipts	<u>1,824,207</u>	<u>\$ 1,853,258</u>	<u>\$ (29,051)</u>
Expenditures			
Debt service	<u>2,052,476</u>	<u>2,052,726</u>	<u>(250)</u>
Total expenditures	<u>2,052,476</u>	<u>\$ 2,052,726</u>	<u>\$ (250)</u>
Cash receipts over (under) expenditures	(228,269)		
Unencumbered cash, beginning	2,324,229		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ 2,095,960</u>		

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Food Service**  
**Schedule of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash Receipts			
State aid	23,007	19,059	3,948
Federal grants	1,966,706	1,626,602	340,104
Fees and charges	501,862	482,358	19,504
Earnings on investments	3	25	(22)
Miscellaneous	107,750	50,000	57,750
Total Cash Receipts	<u>2,599,328</u>	<u>\$ 2,178,044</u>	<u>\$ 421,284</u>
Expenditures			
Operation and maintenance	24,743	22,500	2,243
Food service operation	2,619,655	2,609,523	10,132
Total expenditures	<u>2,644,398</u>	<u>\$ 2,632,023</u>	<u>\$ 12,375</u>
Cash receipts over (under) expenditures	(45,070)		
Unencumbered cash, beginning	453,985		
Prior year cancelled encumbrances	-		
Unencumbered cash, ending	<u>\$ 408,915</u>		

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Nonbudgeted Funds**  
**Schedule of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Gifts</u>	<u>Other Operations</u>	<u>Text Book Rental</u>	<u>Special Ed Private School</u>	<u>Grants</u>	<u>Secondary Program Improvement</u>
Cash Receipts						
Federal grants	\$ -	\$ -	\$ -	\$ 2,226	\$ -	\$ 44,214
Fees and charges	-	66,605	106,236	-	-	-
Miscellaneous	<u>178,796</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>178,796</u>	<u>67,605</u>	<u>106,236</u>	<u>2,226</u>	<u>-</u>	<u>44,214</u>
Expenditures						
Instruction	185,484	26,479	44,290	2,226	912	34,230
Instruction support staff	-	-	-	-	-	3,558
Operation and maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,426</u>
Total Expenditures	<u>185,484</u>	<u>26,479</u>	<u>44,290</u>	<u>2,226</u>	<u>912</u>	<u>44,214</u>
Cash Receipts Over (Under)						
Expenditures	(6,688)	41,126	61,946	-	(912)	-
Unencumbered Cash, Beginning	100,021	255,837	394,128	-	912	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	\$ <u><u>93,333</u></u>	\$ <u><u>296,963</u></u>	\$ <u><u>456,074</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See Independent Auditor's Report on the Financial Statement



**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Nonbudgeted Funds**  
**Schedule of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2012**

Schedule 2

	1003G <u>Cottonwood</u>	Contingency <u>Reserve</u>	Technology Rich <u>Classroom</u>	Advance Placement <u>Program</u>	1003G South Middle <u>School</u>	<u>Title I</u>
Cash Receipts						
Federal grants	\$ 100,000	\$ -	\$ 85,000	\$ 22,389	\$ 1,709,007	\$ 950,871
Operating transfers in	-	-	-	-	-	-
Total Cash Receipts	<u>100,000</u>	<u>-</u>	<u>85,000</u>	<u>22,389</u>	<u>1,709,007</u>	<u>950,871</u>
Expenditures						
Instruction	100,000	-	11,175	18,786	1,436,615	804,740
Instruction support staff	-	-	-	-	77,120	149,802
General administration	-	-	-	-	-	-
School administration	-	-	-	-	25,511	-
Operation and maintenance	-	-	-	-	23,223	-
Other support services	-	-	-	-	43,428	-
Community service	-	-	-	-	-	5,567
Total Expenditures	<u>100,000</u>	<u>-</u>	<u>11,175</u>	<u>18,786</u>	<u>1,605,897</u>	<u>960,109</u>
Cash Receipts Over (Under)						
Expenditures	-	-	73,825	3,603	103,110	(9,238)
Unencumbered Cash, Beginning	-	1,689,660	(73,825)	(3,603)	(103,110)	3,608
Prior Year Cancelled Encumbrances	-	-	-	-	-	-
Unencumbered Cash, Ending	\$ <u>-</u>	\$ <u>1,689,660</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(5,630)</u>

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Nonbudgeted Funds**  
**Schedule of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	Early Childhood <u>Pass Thru</u>	<u>Migrant</u>	Early Childhood <u>Preschool</u>	Title III <u>Eng Lang</u>	Education <u>for Homeless</u>	21st Century <u>Grant</u>
Cash Receipts						
State aid	\$ -	\$ -	\$ 70,919	\$ -	\$ -	\$ -
Federal grants	11,301	342,366	-	188,776	11,909	183,262
Fees and charges	-	-	-	-	-	5,976
Total Cash Receipts	<u>11,301</u>	<u>342,366</u>	<u>70,919</u>	<u>188,776</u>	<u>11,909</u>	<u>189,238</u>
Expenditures						
Instruction	11,301	293,953	127,835	57,436	5,854	173,388
Student support services	-	1,374	-	-	-	-
Instruction support staff	-	20	-	130,920	6,055	-
School administration	-	-	-	-	-	10,685
Operation and maintenance	-	85	-	-	-	-
Student transportation services	-	45,973	-	-	-	-
Other support services	-	-	-	420	-	-
Repaid federal aid	-	29,256	-	-	-	-
Food service operation	-	961	-	-	-	924
Total Expenditures	<u>11,301</u>	<u>371,622</u>	<u>127,835</u>	<u>188,776</u>	<u>11,909</u>	<u>184,997</u>
Cash Receipts Over (Under)						
Expenditures	-	(29,256)	(56,916)	-	-	4,241
Unencumbered Cash, Beginning	-	29,256	29,144	-	-	8,285
Prior Year Cancelled Encumbrances	-	-	-	-	-	-
Unencumbered Cash, Ending	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(27,772)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>12,526</u>

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NO. 480, KANSAS**  
**Nonbudgeted Funds**  
**Schedule of Cash Receipts and Expenditures**  
**For the Year Ended June 30, 2012**

**Schedule 2**

	<u>Chapter I</u> <u>Carryover</u>	<u>Title VI-B</u> <u>Pass Thru</u>	<u>Title II-A</u> <u>Teacher Quality</u>	<u>Title VI-B</u> <u>Discretionary</u>
Cash Receipts				
Federal grants	\$ 167,000	\$ 808,586	\$ 201,297	\$ 33,084
Total Cash Receipts	<u>167,000</u>	<u>808,586</u>	<u>201,297</u>	<u>33,084</u>
Expenditures				
Instruction	167,000	808,586	198,544	30,672
Instruction support staff			2,753	
Operation and maintenance	-	-	-	2,412
Total Expenditures	<u>167,000</u>	<u>808,586</u>	<u>201,297</u>	<u>33,084</u>
Cash Receipts Over (Under)				
Expenditures	-	-	-	-
Unencumbered Cash, Beginning	-	-	-	-
Prior Year Cancelled Encumbrances	-	-	-	-
Unencumbered Cash, Ending	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**Agency Funds - Student Organization Funds**  
**Summary of Cash Receipts and Cash Disbursements**  
**For the Year Ended June 30, 2012**

**Schedule 3**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Liberal High School:				
Art menagerie	\$ 39	2,091	2,130	-
Cheerleaders	8,763	29,002	31,237	6,528
Dance team	4,811	7,690	11,948	553
FBLA	1	15,279	14,514	766
FCCLA	3,670	7,409	11,079	-
French Club	179	-	179	-
Key club	67	7,711	6,962	816
Natural helpers	73	-	73	-
Naturkunskapklubb	1,440	3,452	2,762	2,130
National honor society	1,399	3,145	2,753	1,791
Student council	2,383	14,106	13,735	2,754
Thespians	854	1,893	2,086	661
Thespian Trip	245	5,768	5,810	203
Class of 1965 to present	9,930	1,261	1,446	9,745
FCA girls and boys	254	-	254	-
Senior class	2,645	-	662	1,983
Junior class	-	3,931	2,564	1,367
Sophomore class	125	-	68	57
Freshman class	15	185	136	64
Academic contest	17	-	17	-
Debate	-	15,973	15,561	412
Newspaper	2,913	2,680	3,337	2,256
Scholarship	62,235	33,700	31,491	64,444
Alternative school	733	720	788	665
Journalism	132	-	41	91
Mirage yearbook	3,094	20,452	18,198	5,348
SADD club	13	-	13	-
Health careers	12	-	12	-
HOBV	-	825	300	525
ID Badges	772	2	-	774
Jr-Sr prom	-	587	587	-
TV broadcasting	785	193	484	494
Young republicans	362	-	-	362
Robotics	1,622	-	-	1,622
Special ed	2	-	2	-
AP account	371	550	-	921
Creative writing club	37	-	37	-
Odyssey of the mind	3,681	54	1,211	2,524
Building for the future	24	-	24	-
AVID	1,358	3,176	3,946	588
Achieve	23	4,148	2,171	2,000
To Life	338	225	510	53
Verizon	1,448	-	468	980
Stand out	629	800	210	1,219
Total Liberal High School	<u>117,494</u>	<u>187,008</u>	<u>189,806</u>	<u>114,696</u>

See Independent Auditor's Report on the Financial Statement.

**UNIFIED SCHOOL DISTRICT NUMBER 480**  
**Agency Funds - Student Organization Funds**  
**Summary of Cash Receipts and Cash Disbursements**  
**For the Year Ended June 30, 2012**

**Schedule 3**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
McKinley Elementary School:				
Activity fund	\$ 689	2,163	1,221	1,631
Total McKinley	689	2,163	1,221	1,631
Southlawn Elementary School:				
Friends of education	11	-	-	11
Total Southlawn	11	-	-	11
MacArthur Elementary School:				
AR Candy	15	-	-	15
St. Jude's	3	-	-	3
Total MacArthur	18	-	-	18
Sunflower Intermediate School:				
4-H club	303	-	-	303
5th grade funds	361	-	-	361
4th grade funds	124	-	-	124
Newspaper	1,163	3,216	2,573	1,806
Music	202	60	262	-
6th grade funds	96	-	-	96
Spirit club	11,061	-	-	11,061
Student council	2,206	3,250	2,081	3,375
Odyssey of the mind	246	-	-	246
Total Sunflower	15,762	6,526	4,916	17,372

See Independent Auditor's Report on the Financial Statement.

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**Agency Funds - Student Organization Funds**  
**Summary of Cash Receipts and Cash Disbursements**  
**For the Year Ended June 30, 2012**

**Schedule 3**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
South Middle School:				
Cheerleaders	\$ 699	17,618	13,948	4,369
Fees	-	9,060	9,060	-
General	1,140	2,032	2,812	360
National Jr. Honor Society	-	3,636	3,636	-
Poley scholarship	161	-	-	161
Yearbook	28	5,222	5,250	-
Apache Shirts	1	-	-	1
History	496	-	-	496
Math	-	358	358	-
Home Ec Beef	22	-	-	22
Planners	-	1,361	1,361	-
AVID	-	570	562	8
Grants	3,601	-	-	3,601
Total South Middle School	<u>6,148</u>	<u>39,857</u>	<u>36,987</u>	<u>9,018</u>
West Middle School:				
Builders Club	314	-	169	145
National Jr. Honor Society	314	2,118	2,326	106
Student council	85	3,353	2,165	1,273
Fees	6,675	18,011	24,649	37
Science club	25	-	-	25
Teen Leadership	-	236	236	-
Odyssey mind	15	220	195	40
Technology	467	250	513	204
Cultural Awareness	-	9,939	9,904	35
Girls PE	791	372	344	819
Boys PE	53	-	53	-
American History	291	-	104	187
Beef Council	3	350	353	-
AVID	250	1,486	1,310	426
Newspaper/Media/Yearbook	89	6,600	6,305	384
Total West Middle School	<u>9,372</u>	<u>42,935</u>	<u>48,626</u>	<u>3,681</u>
Total Student Organizations	149,494	278,489	281,556	146,427
Employee Deduction Fund	<u>173,085</u>	<u>5,411,275</u>	<u>5,529,211</u>	<u>55,149</u>
Total Agency Funds	\$ <u>322,579</u>	<u>5,689,764</u>	<u>5,810,767</u>	<u>201,576</u>

See Independent Auditor's Report on the Financial Statement.

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**District Activity Funds**  
**Schedule of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended June 30, 2012**

**Schedule 4**

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
South Middle School:							
Gate Receipts							
Athletics	\$ 1,082	-	32,159	32,120	1,121	-	1,121
School Projects							
Band	-	-	982	982	-	-	-
Concession	2,762	-	16,457	18,189	1,030	-	1,030
Library	-	-	952	952	-	-	-
Student council sales	404	-	2,562	2,835	131	-	131
Subtotal School Projects	3,166	-	20,953	22,958	1,161	-	1,161
Total South Middle School	4,248	-	53,112	55,078	2,282	-	2,282
West Middle School:							
Gate Receipts							
Athletics	14,357	-	48,763	55,073	8,047	-	8,047
School Projects							
Band	179	-	1,898	2,077	-	-	-
Concessions	4,286	-	14,396	16,967	1,715	-	1,715
Subtotal School Projects	4,465	-	16,294	19,044	1,715	-	1,715
Total West Middle School	18,822	-	65,057	74,117	9,762	-	9,762
Liberal High School:							
Gate Receipts							
Athletics	91,167	-	257,434	269,190	79,411	-	79,411
Musical	681	-	2,879	2,173	1,387	-	1,387
Subtotal Gate Receipts	91,848	-	260,313	271,363	80,798	-	80,798
School Projects							
Concessions	20,140	-	56,846	54,372	22,614	-	22,614
Charity Donations	623	-	3,461	3,342	742	-	742
Band	1,374	-	83,906	83,999	1,281	-	1,281
Vocal	394	-	10,471	6,995	3,870	-	3,870
Subtotal School Projects	22,531	-	154,684	148,708	28,507	-	28,507
Total Liberal High School	114,379	-	414,997	420,071	109,305	-	109,305

See Independent Auditor's Report on the Financial Statement

**UNIFIED SCHOOL DISTRICT NUMBER 480, KANSAS**  
**District Activity Funds**  
**Schedule of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended June 30, 2012**

**Schedule 4**

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
McKinley Elementary School: School Projects							
Pop fund	213	-	-	284	(71)	-	(71)
Southlawn Elementary School: School Projects							
Pop fund	6	-	1,081	439	648	-	648
MacArthur Elementary School: School Projects							
Pop fund	80	-	1,228	1,020	288	-	288
McDermott Elementary School: School Projects							
Pop fund	6,902	-	8,380	8,076	7,206	-	7,206
Sunflower Intermediate School: School Projects							
Pop fund	12,787	-	33,568	49,953	(3,598)	-	(3,598)
Total District Activity Funds	\$ 157,437	-	577,423	609,038	125,822	-	125,822

See Independent Auditor's Report on the Financial Statement





**BYRON BIRD AND ASSOCIATES, CHARTERED**  
CERTIFIED PUBLIC ACCOUNTANTS

620 - 624 - 1994  
224 N. LINCOLN  
LIBERAL, KANSAS 67901

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

Board of Education  
Unified School District Number 480  
Liberal, Kansas 67901

We have audited the financial statement of Unified School District No. 480, Liberal, Kansas, as of and for the year ended June 30, 2012, and have issued our report thereon dated February 13, 2013. As described in Note 1, Unified School District No. 480 prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit 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 the *Kansas Municipal Audit Guide*.

Internal Control Over Financial Reporting

Management of Unified School District No. 480 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Unified School District No. 480's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 480's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 480'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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 previously. However we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2 and 2012-3. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 480's financial statement is 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*.

Unified School District No. 480's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Unified School District No. 480's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, USD 480 board of education, others within the entity, the Kansas Department 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.

*Byron Bird and Associates, Chartered*

BYRON BIRD AND ASSOCIATES, CHARTERED  
Liberal, Kansas  
February 13, 2012



**BYRON BIRD AND ASSOCIATES, CHARTERED**  
CERTIFIED PUBLIC ACCOUNTANTS

620 - 624 - 1994  
224 N. LINCOLN  
LIBERAL, KANSAS 67901

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

Board of Education  
Unified School District Number 480  
Liberal, Kansas 67901

Compliance

We have audited Unified School District No. 480, Liberal, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 480's major federal programs for the year ended June 30, 2012. Unified School District No. 480'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. 480's management. Our responsibility is to express an opinion on Unified School District No. 480'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. 480'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 of Unified School District No. 480's compliance with those requirements.

In our opinion, Unified School District No. 480 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Unified School District No. 480, Liberal, Kansas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 480's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal

control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unified School District No. 480's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However we identified deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Unified School District No. 480's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Unified School District No. 480's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, USD 480 board of education, others within the entity, 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.

*Byron Birdland Associates, Chartered*

BYRON BIRD AND ASSOCIATES, CHARTERED  
Liberal, Kansas  
February 13, 2013

**UNIFIED SCHOOL DISTRICT NUMBER 480**  
**Liberal, Kansas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education Pass-Through Programs:</u>			
Passed-through Kansas Department of Education			
Title I, Part A Cluster			
Title I Low Income	84.010	\$	1,127,109
Total Title I, Part A Cluster			1,127,109
Special Education Cluster			
Special Education Preschool Grants (ec flo-thru)	84.173		11,480
Special Education Grants to States	84.027		843,717
Total Special Education Cluster			855,197
School Improvement Grants Cluster			
School Improvement Grants (Section 1003G)	84.377		1,705,897
Total School Improvement Grants Cluster			1,705,897
Education Technology State Grants Cluster			
Educational Technology State Grants (TII-EETT Enhancing)	84.318		11,175
Total Education Technology State Grants Cluster			11,175
Grants not clustered			
Twenty-First Century Community Learning Centers	84.287		183,262
Advance Placement Program	84.330		18,786
Career and Technical Education - Basic Grants to States	84.048		44,214
English Language Acquisition Grants	84.365		188,776
Migrant Education - State Grant Program	84.011		342,366
Improving Teacher Quality State Grants	84.367		201,961
Education Jobs Fund Flo-thru	84.41		14,320
Total Grants not Clustered			993,685
Total U.S. Department of Education Passed Through Kansas Department of Education			4,693,063
<u>U.S. Department of Health &amp; Human Services</u>			
Passed Through Kansas Health Policy Authority:			
Cooperative Agreements to Support Comprehensive School Health Programs	93.938		400
Total U.S. Department of Health & Human Services Passed Through Kansas Department of Education			400
<u>U.S. Department of Agriculture</u>			
Passed Through Kansas Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555		
- Section 4			1,307,899
- Section 11			15,265
- Cash for Commodities			127,977
School Breakfast Program	10.553		386,088
Summer Food Service Program for Children	10.559		
- SFS Food			49,210
- SFS CFC			296
- SFS Sponsor Admin			5,090
Total Child Nutrition Cluster			1,891,825
Grants not clustered			
Team Nutrition Grants FY10	10.574		350
Fresh Fruit and Vegetable Program	10.582		56,875
Total Grants not Clustered			57,225
Total U.S. Department of Agriculture Passed Through Kansas Department of Education			1,949,050
Total Expenditures of Federal Awards		\$	6,642,513

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement

**UNIFIED SCHOOL DISTRICT NUMBER 480**  
**Liberal, Kansas**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

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**NOTE A – GENERAL**

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The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Unified School District Number 480. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule.

**NOTE B – Basis of Presentation**

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The accompanying schedule of expenditures of federal awards is presented using the Kansas cash budget statutory basis of accounting as described in Note 1 of the District's financial statement. 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 statement.

**UNIFIED SCHOOL DISTRICT NUMBER 480, Kansas**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2012**

None

**UNIFIED SCHOOL DISTRICT NUMBER 480, Kansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2012**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

The auditor’s report expresses an unqualified opinion on the financial statement of Unified School District Number 480 under the Statutory Cash Basis and Budget Law of Kansas.

Internal Control over financial reporting:

- Material weakness(es) identified yes ☒no
- Significant deficiency(ies) identified that are not considered to be a material weakness ☒yes none reported

Noncompliance material to financial  
Statements noted?

yes ☒no

*Federal Awards*

Internal Control over major programs:

- Material weakness(es) identified? yes ☒no
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☒yes none reported

The auditor’s report expresses an unqualified opinion on compliance for major programs of Unified School District Number 480.

Any audit findings disclosed that are required  
To be reported in accordance with section  
510(a) of OMB Circular A-133?

☒yes ☐no

Identification of major programs:

Child Nutrition Cluster	CFDA #10.553, 10.555, 10.559
Title I, Part A Cluster	CFDA #84.010
Twenty-First Century Community Learning Centers	CFDA #84.287
English Language Acquisition Grants Flo-thru	CFDA #84.365
Improving Teacher Quality State Grants	CFDA #84.367

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

Auditee qualified as low-risk auditee?

yes ☒no

**Section II – Financial Statement Findings**

Significant deficiency 2012-1

*Criteria* – The design of segregation of duties should properly segregate incompatible functions such as initiation, authorization, recording and processing duties. Proper security and limited access on the computerized accounting system should help support the segregation of duties by placing limitations on which employees can access modules within the accounting system.



*Condition* – There are inadequate segregations of duties over the financial reporting, cash disbursements and payroll cycles. Additionally, there are inadequate access controls within the computerized accounting system.

*Cause* – Financial duties have not been properly segregated and appropriate security has not been integrated into the computerized accounting system.

*Effect* – Inadequate segregation of duties increase the opportunities for potential financial statement misstatements due to either fraud or error. Internal controls may be bypassed by inadequate controls within the computerized accounting system increasing the necessity for mitigating controls.

*Recommendation* – We recommend that additional compensating controls be developed to reduce the increased likelihood of misstatements due to error or fraud that results from inadequate segregation of duties and access controls within the District's accounting system. We recommend that human resources set up and maintain employee master records and implement an authorization or approval process for changes made to the payroll system. We also recommend that the accounts payable function be divided among employees.

*Management's Response (unaudited)* – Management is aware of the lack of segregation of duties and is taking steps to address the concern. The Business Office management is developing procedures to reduce the possibility of misstatement. Certain duties have been divided between staff to create more effective segregation of duties.

#### Significant deficiency 2012-2

*Criteria* – Management should have a well-defined process for financial reporting. The financial reporting process should have adequate supporting documentation showing proper review and approval for nonroutine/nonstandard entries.

*Condition* – There is a lack of policies and/or procedures related to the year-end closing and reconciliation process for the preparation of the financial statements. The primary areas pertain to encumbrances, schedule of federal awards and reconciliation to budget.

*Cause* - Due to the handling of prior year encumbrances, certain data required for financial reporting or disclosure purposes is not captured as part of the year-end financial reporting process. Monthly cash accounts are reconciled, but deficit balances in the various funds are not necessarily addressed on a timely basis.

*Effect* – The lack of defined processes combined with the lack of segregation of duties could result in a misstatement to the financial statement.

*Recommendation* – We recommend that management implement a formal policy for addressing accounting procedures. We recommend that management implement a method of gathering documentation to support the posting of prior year encumbrances and adjusting journal entries.

*Management's Response (unaudited)*: Management is aware of the problem with the underage account in the financial system. Management will review what types of information can be reported from the accounting system to support all transactions occurring in the financial system.

#### Significant deficiency 2012-3

*Criteria* – Board policy stipulates procedures for activity fund management. The board is to receive monthly reports on all activity accounts.

*Condition* – There is a lack of proper control over the funds, reconciliation processes, supporting documentation and duties are not properly segregated.

*Cause* – Activity funds are not being reported to the board per policies. Receipts at a minimum are to be deposited every Friday and this was not consistently followed. Receipts are to be issued for all money turned in to any USD 480 member in duplicate with one receipt being retained for the records and the receipts being kept are to indicate which deposit they were included on. This procedure is not being consistently followed. All payments from student activity funds are to be made from purchase orders signed by the employee responsible for the fund. This procedure is not being consistently followed.

*Effect* – The lack of proper reporting and controls over the funds could provide the opportunity to misstate the financial statement due to fraud or error.

*Recommendation* – Personnel having the responsibility for the activity fund accounting should not be able to sign the checks. A consistent reporting of activity funds should be given timely to the board. Consider a written procedure for each building with activity funds.

*Management's Response (unaudited)* – Management is aware of the lack of segregation of duties. Management will work on proper accounting and reporting practices by training or providing specific procedures for each building.

### **Section III – Federal Award Findings and Questioned Costs**

Significant deficiency 2012-1 – See above for item for details.

*Questioned Costs* - Unknown

Significant deficiency 2012-2 – See above item for details.

*Questioned Costs* - Unknown