



**Blue Valley Unified School District No. 229
Overland Park, Kansas 66283**

*Comprehensive Annual Financial Report
For the fiscal year ending June 30, 2011*





BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

OVERLAND PARK, KANSAS

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

Prepared by:
Business and Finance Office

Jenni Newell
Treasurer

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

Financial Statements and Schedule
of Expenditures of Federal Awards
Year ended June 30, 2011

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INTRODUCTORY SECTION



Blue Valley Schools

15020 Metcalf - P.O. Box 23901 - Overland Park, Kansas 66283-0901 - 913 239-4000

October 4, 2011

TO THE CITIZENS AND BOARD OF EDUCATION OF THE BLUE VALLEY SCHOOL DISTRICT:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Blue Valley School District (the "district") for the fiscal year ended June 30, 2011.

This report contains financial statements, supplemental statements and other related information to provide complete and full disclosure of all material financial aspects of the district for the 2011 fiscal year. It includes information on all funds as identified by the Governmental Accounting Standards Board (GASB), and all activities considered to be part of the district by Kansas statutes.

Responsibility for the accuracy, completeness and fairness of this report rests with the district and more specifically, the Business and Finance Department. This department confirms that the accounting system and the budgetary and internal accounting controls of the district provide reasonable assurance that the district assets are safeguarded against loss and that financial records are reliable for preparing financial statements and maintaining accountability for assets. Based on these systems and controls, the information included in this report is believed to be accurate in all material aspects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds and accounts of the Blue Valley School District.

The district's financial statements have been audited by the firm of Lowenthal, Webb & Odermann, Professional Association. The goal of the independent audit was to provide reasonable assurance that the financial statements of the district for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the district's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

The Blue Valley School District was created in 1965 when the Stilwell, Stanley and Oxford Districts unified to create a 91-square mile district in southeastern Johnson County. As of June 30, 2011 the district was comprised of 20 elementary schools, 8 middle schools and 5 high schools with a total enrollment of 21,036 students. Blue Valley has averaged approximately 600 new students per year since 1992. Additionally, District enrollment has grown by nearly 25 percent since 2001. However, during the last five years the average increase has leveled to approximately 290 students per year.

Throughout its history, the Blue Valley School District has been known for the accomplishments of its students and staff. For the 2010-11 school year, the district as a whole achieved Adequate Yearly Progress (AYP), as mandated by the No Child Left Behind Act. This is the eighth year in a row that Blue Valley has made AYP and we are the only school district in the nation with more than 20,000 students to accomplish this (according to research conducted by the University of Missouri – Kansas City). Additionally, nearly every Blue Valley student scored at proficient or above in reading and math on the Kansas State Assessments. On the Kansas Math Assessment, over 96 percent of Blue Valley students met standards or better and over 97 percent met standards or better on the Kansas Reading Assessment. Every school in the district achieved a Standard of Excellence from the Kansas State Department of Education in reading and math. Of 232 possible opportunities for achieving the Standard of Excellence in reading and math, Blue Valley earned 230, which is greater than 99 percent. If science is included, Blue Valley schools earned 261 out of 264 opportunities. The district's ACT and SAT composite scores were 25.0 and 1,810, compared to the national averages of 21.0 and 1,509 respectively. The district had 23 seniors named National Merit Finalists and one senior was named a Presidential Scholar.

The Center for Advanced Professional Studies (CAPS) program received the 2011 Edison Awards Gold Award in the Living, Working and Learning Environments category. Blue Valley is the first K-12 school district to be recognized with such a prestigious national honor. Two of the district's high schools were named to *Newsweek's* list of America's top 500 public high schools. Additionally, for the fifth year in a row, four of the district's high schools were named to a list of America's top public high schools compiled by the *Washington Post*. Fourteen Blue Valley schools were recognized with the Governor's Achievement Award, an honor that recognizes top performing schools in the state of Kansas. This is the highest number in district history. Finally, the Kansas Association of School Administrators selected Blue Valley Superintendent Dr. Tom Trigg as the 2011 Kansas Superintendent of the year. He was also named as one of the finalists for National Superintendent of the Year by the American Association of School Administrators.

The district is governed by a seven-member Board of Education. Members of the Board are elected for staggered four-year terms. In addition to making final district policy decisions, the Board appoints the Superintendent of Schools, who is responsible for carrying out Board policies. In fiscal year 2011, the Superintendent was assisted by two Deputy Superintendents and one Assistant Superintendent. During that same year, the district employed a staff of approximately 3,099 personnel, of whom approximately 1,750 were certified staff.

ECONOMIC CONDITION AND OUTLOOK

Over the past 20 years Johnson County, within which the district is primarily located, has experienced tremendous growth both in terms of population and employment. Johnson County has grown from a suburban residential community to a self-contained economic unit with its own employment and financial base. The area provides a comfortable work environment, which attracts new businesses and development.

New businesses, office and industrial parks, shopping centers, and residential developments are still being constructed and much of this growth is located in the district, though growth has slowed over the past few years. Although assessed valuation has grown at an average rate of 2.7% over the past 10 years, it only increased by approximately 1.8% from the published values of the prior year. The residential population has increased in the school district by 18,998 since 2002. Over the last five years, the district has averaged approximately 210 new single family building permits per year. Although the district anticipates continued growth in the coming years, the pace has slowed recently. Residential development continues to include primarily middle and upper bracket single family homes.

MAJOR INITIATIVES

New School Openings

In the fall of 2010 the district successfully opened its fifth high school, Blue Valley Southwest High School, and the Center for Advanced Professional Studies (CAPS). In the fall of 2011, the district will open its ninth middle school. Construction is primarily completed on Aubry Bend Middle School and the staff will soon be preparing the building for occupancy. It is expected to open in August 2011.

Virtual Education Expansion

High school students across the Blue Valley School District are taking advantage of Virtual Education online course opportunities. Approximately 531 students enrolled in an online course during the 2010-11 school year. Seventeen courses were offered during the 2010-11 school year and 21 courses will be offered in 2011-12. The new offerings will include AP American Government and AP U.S. History courses.

Expansion of Secondary English for Speakers of Other Languages (ESOL) Centers

When elementary English Language Learners (ELL) enter the district, they are able to benefit from attending an elementary center for ESOL education. These centers allow ESOL teachers to stay in one building and educate all ELL students in one place. This results in more instructional time for students. Because of the student and staff successes that have been realized since adopting this model in 2005-06, the district plans to open similar centers for middle and high school levels. This will allow secondary level ELL students to be able to experience more extensive English instruction. The centers will be open to students beginning in the 2011-12 school year.

FINANCIAL INFORMATION

Budgetary Principles

In addition to internal accounting controls, the district maintains budgetary controls. The budget is prepared on the cash basis of accounting as required by state statute.

Kansas statutes require that an operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The General Fund and Supplemental General Fund are subject to budgetary limitation by state statute. Other funds are not subject to statutory limitation, except the Capital Outlay Fund, which is limited as to the maximum allowable mill levy. 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 year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of 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.

Management may not amend the budget without the approval of the board of education. However, state statutes permit management to transfer budgeted amounts between line items within an individual fund without this approval. In addition, the district has policies that require that department heads obtain business office approval prior to making any such transfers. The legal level of budgetary control is at the fund level.

If the board of education elects to amend the budget, it must publish a notice of public hearing in the local newspaper. At least ten days after publication, the hearing may be held and the budget may be amended at that time.

Reporting Policies

The district's accounting system accumulates financial information in accordance with the Kansas Accounting Handbook and tracks expenditures by fund, function and object. Further accountability is provided by responsibility budgeting. This system allows effective monitoring of the expenditure of budget appropriations at the departmental level. Reports comparing actual revenues and expenditures to budgeted amounts are prepared each month for management's use. Summarized monthly revenue and expenditure reports are also presented to the District's Board Advisory Finance Committee and Board of Education. Statutory budget control is at the fund level. Internal budget control is at the account level.

Property Tax Collections

The determination of assessed valuation and the collection of taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The Johnson County Appraiser annually determines the

assessed valuation that is used as a basis for the mill levy on property located within the school district. The appraiser's determination is based on criteria established by Kansas statute.

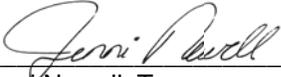
Ad valorem tax statements are mailed to Kansas taxpayers each November 1st and may be paid in half or in full by December 20th, with the remaining one-half due by the following May 20th. Motor vehicles are assessed on January 1st of the current year and the tax is due by the end of the month in which the license plate expires. Taxes are distributed to the District by the county six times per year.

Tables showing the district's tax collections, mill levies and assessed valuation for the last ten years are included in the Statistical Section of this report.

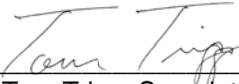
ACKNOWLEDGMENTS

The preparation of this Comprehensive Annual Financial Report was made possible by the dedication and effort of the entire Business & Finance Department staff. We wish to express our sincere appreciation to all who assisted in its preparation. We also wish to thank the staff of Lowenthal, Webb & Odermann, Professional Association for their assistance. Finally, we wish to thank the members of the Board of Education for their interest and support in planning and conducting the financial operations of the district in a responsible and insightful manner.

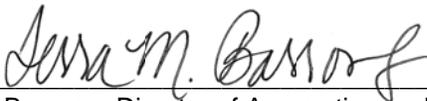
Sincerely,



Jenni Newell, Treasurer



Dr. Tom Trigg, Superintendent



Terra M. Barrows, Director of Accounting and Auditing

BLUE VALLEY USD #229, KANSAS
List of Principal Officials
June 30, 2011

BOARD OF EDUCATION

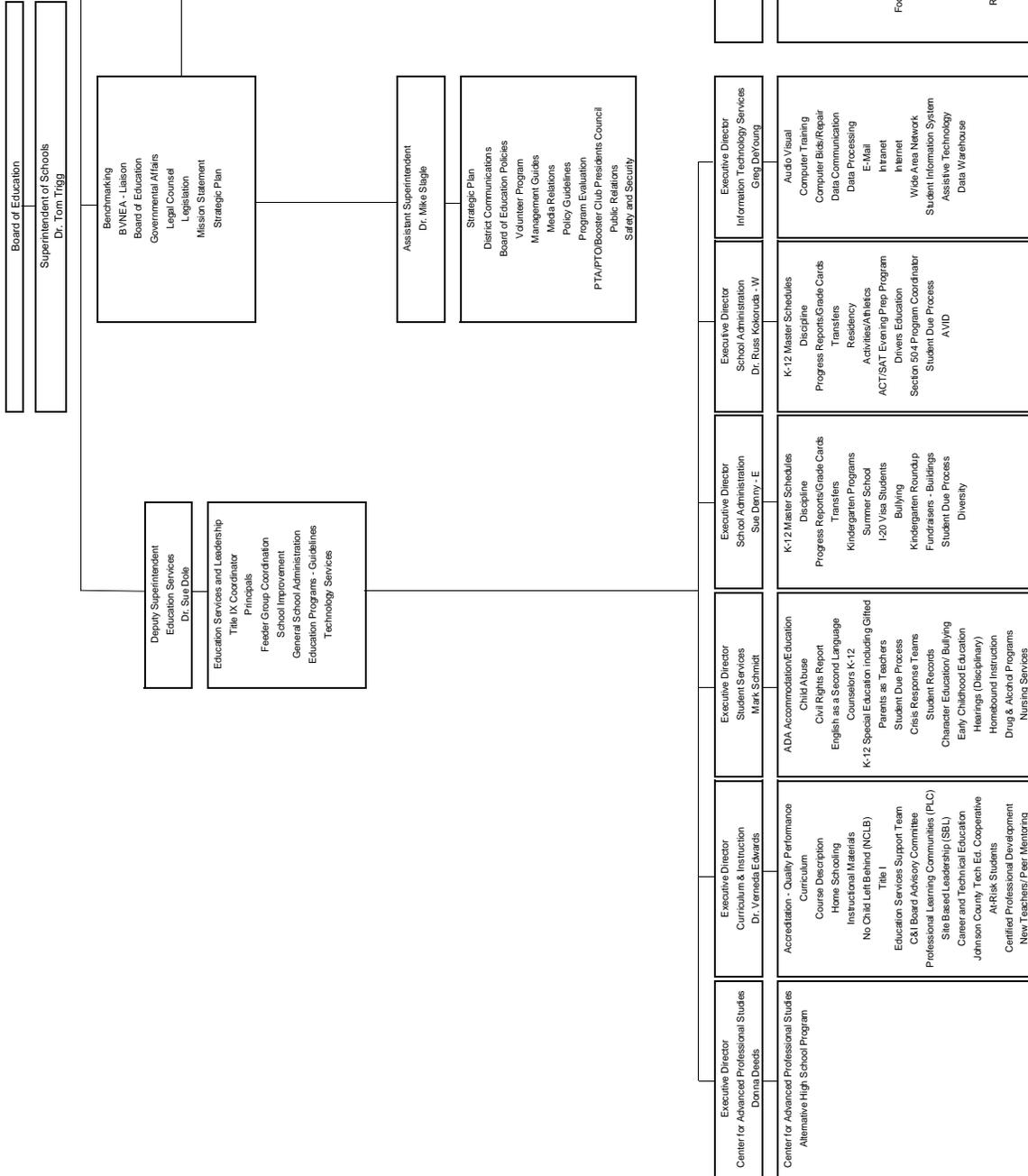
President Steve Klika
Vice President Sue Matson
Board Member..... Lori Hisle
Board Member..... Clint Robinson
Board Member..... Pam Robinson
Board Member..... Mike Seitz
Board Member..... Tony Thill
Board Clerk..... Madeline Prelogar
Treasurer Jenni Newell, CPA

ADMINISTRATIVE OFFICIALS

Superintendent of Schools Dr. Tom Trigg
Deputy Superintendent Administrative Services Dr. Al Hanna
Deputy Superintendent of Education Services..... Dr. Sue Dole
Assistant Superintendent..... Dr. Mike Slagle

Blue Valley Unified School District #229 Organizational Chart

2010-2011



FINANCIAL SECTION

LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Education
Blue Valley Unified School District No. 229

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Blue Valley Unified School District No. 229 (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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 and the "Kansas Municipal Audit Guide." 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparison for the General, Supplemental General, Special Education and Capital Outlay Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2011, on our consideration of the District'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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 17 and the schedule of funding progress on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Those schedules and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, 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 statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereupon.

Lowenthal, Wett & Odermann, P.A.

October 4, 2011

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

This section of the Blue Valley School District's annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets increased by \$19.7 million (\$20.9 million including the restatement noted on p. 13). Overall revenues were \$273.4 million.
- The District's current assets increased by \$18.4 million which is primarily attributable to the March, 2011 sale of an additional \$32 million in bonds that were authorized under the 2005 referendum.
- The District's total outstanding non-current liabilities increased by \$9.3 million during fiscal year 2010-11. The issuance of \$32.0 million in new debt offset by the debt service payments made during the fiscal year were the key factor in this increase.
- In accordance with GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, the District had an actuarial evaluation completed to determine their obligation for other post-employment benefits. As a result of that evaluation, the District booked an additional liability for the net annual OPEB obligation of \$2.1 million. The total liability booked to date is \$7.5 million.
- In accordance with GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the District has reclassified the governmental fund balances. The new classifications comprise a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The reclassification of the beginning governmental fund balances is disclosed on page 33.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. These statements are organized so the reader can understand the District as a whole. The basic financial statements include two types of statements that present different views of the district. The first are the government-wide financial statements and the second are the fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include all assets and liabilities of the district using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The first of the government-wide statements is the *Statement of Net Assets*. The *Statement of Net Assets* presents balance information for the entire district operations at a given point in time (June 30, 2011). The assets include all cash and investments, receivables including interest and taxes assessed that remain uncollected, materials inventory, bond issuance costs and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings not yet paid, accrued interest payable, retainage payable, unearned revenue, compensated absences, net OPEB obligation and outstanding general obligation debt. This results in a statement that encompasses the entire operations of the Blue Valley School District.

Although the *Statement of Net Assets* reports total net assets of \$300.0 million, the district has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the district. Kansas state law segregates funds and places restrictions on spending. This should be considered when reviewing the report.

The second of the government-wide financial statements is the *Statement of Activities*. This statement shows the results of operations that caused the net assets to change from the prior year amount reported to the amount reported on the *Statement of Net Assets* as of June 30, 2011. This statement answers the question, "How did we do financially during fiscal year 2011." This change in net assets is important because it tells the reader that, for the school district as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors. Most notably, the results are influenced by:

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

- The property tax base,
- Funding at local, state and federal levels
- Operating expenditure limits imposed by Kansas law,
- Building improvements,
- Number of students served,
- Staffing levels, and
- Changes in debt levels

The *Statement of Activities* classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that helps support the expenses. The resulting *Net [Expenses] Revenue and Changes in Net Assets* shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net assets for the year.

Fund Financial Statements

Financial reports by fund follow the government-wide statements. The major funds are listed separately with all smaller funds aggregated in the column labeled "Other Governmental Funds." As shown on the reconciliations on pages 16 and 19, the fund statements differ from the government-wide statements (*Statement of Net Assets* and *Statement of Activities*) by including due to/due from adjustments and excluding the following:

- Bond issuance costs, bonds payable and related accrued interest,
- Cost of capital assets less accumulated depreciation,
- Compensated absences,
- Net other post-employment benefit obligations, and

These reports provide more detail about the school district according to the various funds established under Kansas law. Due to the large number of funds, the major funds are listed separately with the remaining funds aggregated into the column labeled "Other Governmental Funds."

The district has two kinds of funds: governmental and fiduciary funds.

Governmental Funds

Most of the district's activities are reported in the governmental funds, which focus on 1) how cash and other financial assets, that can be readily converted to cash, flow in and out, and 2) the balances left at year end that are available for spending. The statements show revenue, expenditures and fund balances for each listed fund.

The fund classifications provide additional information about the entity. The general, supplemental general, special education and other governmental funds encompass the major operating funds. The capital outlay fund is used primarily to repair and remodel district buildings. The debt service fund is used to pay outstanding general obligation bonds and related interest charges as they become due. The capital projects fund is the primary source for the purchase of sites, buildings and building improvements and technology projects.

Fiduciary Funds

The District's fiduciary funds are agency funds. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include student organization monies at the various schools. The district accounts for these funds and students approve all of the expenditures. Also included is the Gift fund, which accounts for gifts from outside donors. Additionally, the Extraordinary Growth fund is included and this fund is used to account for collections of local taxes necessary to cover the additional costs of opening new facilities. These funds are then sent to the state as a reimbursement for the increased operating authority. Finally, the fiduciary funds include the Cost of Living fund which provides for a legal vehicle to levy taxes attributable to the weighting factor provided to school districts with high housing costs. This fund is used to channel the local tax revenues back to the state to offset the increased operating authority for districts which have residences that are higher than the statewide average value. The District's agency funds are reported on the *Combining Statement of Net Assets - Agency Funds*.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The district's net assets were larger on June 30, 2011 than they were the year before, increasing by \$19.7 million to \$300.0 million. The following are the major components of the district's net assets. Due to rounding, the numbers provided below may vary slightly from the amounts presented in the basic financial statements.

Condensed Statement of Net Assets

| Statement Classifications | Balance As Of June 30, 2010 | Prior Period Adjustment | Balance, Restated June 30, 2010 | Balance As Of June 30, 2011 |
|--|--|------------------------------------|--|--|
| Current assets | \$ 148,025,860 | - | \$148,025,860 | \$166,423,573 |
| Non-current assets | 2,108,710 | - | 2,108,710 | 1,744,841 |
| Capital assets | <u>523,703,808</u> | <u>1,175,867</u> | <u>524,879,675</u> | <u>524,553,967</u> |
| Total assets | <u>\$673,838,378</u> | <u>\$1,175,867</u> | <u>\$675,014,245</u> | <u>\$692,722,381</u> |
| Current Liabilities | \$ 72,901,640 | - | \$ 72,901,640 | \$ 61,558,982 |
| Non-current liabilities | 321,833,872 | - | 321,833,872 | 331,138,983 |
| Total liabilities | <u>\$394,735,512</u> | <u>\$ -</u> | <u>\$394,735,512</u> | <u>\$392,697,965</u> |
| Net assets | | | | |
| Invested in capital assets, net of related debt | \$190,309,152 | 1,175,867 | \$191,485,019 | \$194,275,817 |
| Restricted | 40,353,000 | - | 40,353,000 | 37,513,762 |
| Unrestricted | <u>48,440,714</u> | - | <u>48,440,714</u> | <u>68,234,837</u> |
| Total net assets | <u>\$279,102,866</u> | <u>\$1,175,867</u> | <u>\$280,278,733</u> | <u>\$300,024,416</u> |

The increase in total net assets is due to several factors. It includes an increase in current assets of \$18.4 million, a decrease in non-current assets of \$0.4 million and a decrease in capital assets of \$0.3 million. It also includes a decrease in current liabilities of \$11.3 million and an increase in non-current liabilities of \$9.3 million. Net assets include \$194.3 million invested in capital assets, \$37.5 million restricted for debt service and \$68.2 million unrestricted.

The total costs of all programs and services amounted to \$253.7 million. The following table shows the breakdown of total costs by functional area:

| <u>Expense Function</u> | <u>Percentage of Total</u> |
|---------------------------------|---------------------------------------|
| Instruction | 58% |
| Student support services | 4% |
| Instructional support staff | 5% |
| General administration | 1% |
| School administration | 4% |
| Central Services | 1% |
| Operations and maintenance | 12% |
| Student transportation services | 2% |
| Food service operations | 3% |
| Other support services | 4% |
| Interest on long-term debt | 6% |

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The table below details the district's change in net assets for the last two years.

Changes in Net Assets from Operating Results (In millions of dollars)

| | Totals For The Year Ended <u>June 30, 2010</u> | Totals For The Year Ended <u>June 30, 2011</u> |
|--|---|---|
| <u>Revenues</u> | | |
| Program revenues | | |
| Charges for services | \$12.6 | \$13.6 |
| Operating grants and contributions | 35.4 | 35.6 |
| General revenues | | |
| Property taxes | 146.9 | 145.7 |
| Grants and entitlements* | 56.4 | 67.1 |
| Investment earnings | 0.8 | 0.5 |
| Miscellaneous | <u>6.1</u> | <u>10.9</u> |
| Total revenues | 258.2 | 273.4 |
| *not restricted to specific programs | | |
| <u>Expenses</u> | | |
| Instruction | 145.3 | 146.3 |
| Student support services | 11.6 | 10.6 |
| Instructional support staff | 12.7 | 11.8 |
| General administration | 2.4 | 2.2 |
| School administration | 10.6 | 11.0 |
| Central services | 0.1 | 2.2 |
| Operations and maintenance | 34.1 | 29.2 |
| Student transportation services | 6.0 | 5.9 |
| Food service operations | 8.8 | 8.9 |
| Other support services | 9.4 | 10.2 |
| Interest on long term debt | <u>15.1</u> | <u>15.4</u> |
| Total Expenses | <u>256.1</u> | <u>253.7</u> |
| Increase [decrease] in net assets | <u>\$2.1</u> | <u>\$19.7</u> |

Total revenues exceeded expenses during the fiscal year by \$19.7 million and the district's total revenues increased overall by \$15.2 million. The increase was attributable to a combination of two primary factors and many other smaller factors. First, grants and entitlements increased by \$10.7 million and the majority of this increase directly relates to an increase in State Aid during the 2010-11 school year. Second, the district saw an increase of \$4.8 million in miscellaneous revenue. This increase can be attributed to the decision by the district to self-fund their health insurance plan. Due to positive claims experience, the district received and booked a \$1.0 million refund of premiums from the district's health care provider during the 2010-11 fiscal year. Additionally, all premiums collected and not yet expended on claims were recorded as revenue in the Special Healthcare Reserve fund. This fund did not exist in the prior year. Expenses decreased by \$2.4 million as a result of a district wide cost containment strategy as a result of continued budget challenges.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The table presented below presents the cost of ten major district activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the district's taxpayers by each of these functions.

Net Cost of Governmental Activities (In millions of dollars)

| <u>Expense Functions</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|---------------------------------|-----------------------------------|---------------------------------|
| Instruction | \$146.3 | \$110.6 |
| Student support services | 10.6 | 10.0 |
| Instructional support staff | 11.8 | 10.6 |
| General administration | 2.2 | 2.1 |
| School administration | 11.0 | 10.6 |
| Central services | 2.2 | 2.2 |
| Operations and maintenance | 29.2 | 27.6 |
| Student transportation services | 5.9 | 5.9 |
| Food service operations | 8.9 | [0.2] |
| Other support services | 10.2 | 9.7 |
| Interest on long-term debt | <u>15.4</u> | <u>15.4</u> |
| Total | <u>\$253.7</u> | <u>\$204.5</u> |

- Costs of \$13.6 million were financed by users of the district's programs.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$35.6 million.
- Most of the district's net cost of services of \$204.5 million was financed by district and state taxpayers.
- This portion of governmental activities was financed with \$145.7 million in property taxes, \$67.1 million of grants and entitlements not restricted to specific programs, \$0.5 million in investment earnings and \$10.9 million in miscellaneous sources.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the district completed the year, its governmental funds reported combined fund balances of \$136.0 million; an increase from last year's ending fund balance of \$106.6 million. Revenues of \$273.4 million, combined with other financing sources of \$56.1 million, exceeded expenditures of \$300.1 million by \$29.4 million. The reason for this increase in fund balance is detailed in the section below.

The general, supplemental general, special education and debt service funds are the primary source of revenues for the district. These funds account for \$206.5 million or 75.5% of the total revenues. Capital Outlay represents approximately 7.2% of the total and the 2005 Capital Projects represents less than 0.1% of the total with the remaining approximately 17.2% in other governmental funds.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Kansas State laws require the use of a multitude of funds. Many of these funds do not have sufficient resources to pay the expenditures in the funds and therefore transfers must be made from other funds. Typically these transfers are made from the general and supplemental general funds. The following table categorizes the funds to simplify the analysis:

Governmental Funds Revenues, Expenditures, Transfers and Fund Balance
(In millions of dollars)

| Fund | Beginning Fund Balance | Revenues | Expenditures | Other Sources/ Transfers | Ending Fund Balance |
|---------------------------------|---------------------------------------|-----------------------|-----------------------|---|------------------------------------|
| Basic Education | | | | | |
| General | \$ 0.2 | \$ 106.9 | \$ 103.5 | \$ [2.8] | \$ 0.8 |
| Supplemental general | 2.8 | 27.7 | 21.7 | [5.8] | 3.0 |
| Special education | 11.9 | 33.4 | 35.4 | 3.5 | 13.4 |
| Vocational education | - | 4.1 | 4.1 | - | - |
| At Risk (K-12) | - | 3.2 | 3.2 | - | - |
| Professional development | 0.8 | 1.3 | 1.3 | - | 0.8 |
| Bilingual | - | 1.5 | 1.5 | - | - |
| Virtual education | 0.1 | 0.3 | 0.2 | - | 0.2 |
| Gate receipts | 0.2 | 0.9 | 0.8 | - | 0.3 |
| Student projects | 0.2 | 3.1 | 3.1 | - | 0.2 |
| Instructional materials | 5.0 | 2.9 | 2.0 | 2.0 | 7.9 |
| Contingency reserve | 10.7 | - | - | [2.0] | 8.7 |
| Special reserve | 1.4 | - | 0.7 | 1.5 | 2.2 |
| Special healthcare reserve | 2.6 | 7.0 | - | 3.0 | 12.6 |
| Special liability | 0.2 | 0.8 | 0.4 | - | 0.6 |
| KPERS | - | 8.6 | 8.6 | - | - |
| Federal and state grants* | 2.3 | 0.9 | 3.0 | - | 0.2 |
| Total Basic Education | 38.4 | 202.6 | 189.5 | [0.6] | 50.9 |
| Expanded Education | | | | | |
| Driver training | 0.2 | 0.1 | 0.1 | - | 0.2 |
| Summer school | 0.1 | 0.1 | 0.1 | - | 0.1 |
| Parent education program | 0.2 | 0.6 | 0.6 | 0.1 | 0.3 |
| Extraordinary school program | 0.8 | 2.0 | 2.0 | 0.5 | 1.3 |
| Total Expanded Education | 1.3 | 2.8 | 2.8 | 0.6 | 1.9 |
| Capital | | | | | |
| Capital outlay | 14.6 | 19.7 | 11.0 | - | 23.3 |
| Debt service | 40.3 | 38.5 | 64.4 | 23.1 | 37.5 |
| Capital projects (2005) | 9.0 | - | 23.1 | 33.0 | 18.9 |
| Special assessment | 0.5 | 0.9 | 0.6 | - | 0.8 |
| Total Capital | 64.4 | 59.1 | 99.1 | 56.1 | 80.5 |
| Food Service | 2.5 | 8.9 | 8.7 | - | 2.7 |
| Total | <u>\$106.6</u> | <u>\$273.4</u> | <u>\$300.1</u> | <u>\$ 56.1</u> | <u>\$136.0</u> |

* Federal and state grants include the following funds: DAC Grant, Drug Free Grant, Title I, Blue Valley Foundation Grant, Community Grants, Kauffman Grant, Johnson County Grant, Parents as Teachers Grant, Title II-A, Title II-D and Title III.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Overall, total expenditures exceeded revenue plus other sources (issuance of bonds), leaving an ending fund balance of \$136.0 million. An analysis of the above table's categories follows:

- Basic Education revenues exceeded expenditures by \$13.1 million with \$0.6 million transferred out to support the parent education and extraordinary schools programs. The general and supplemental general funds are subject to an expenditure limit. The limit is based upon a weighted number of students multiplied by the base state aid per pupil provided in the law. The number of students includes those who are enrolled and attending school on September 20. During the 2010-11 school year, the base state aid per pupil was budgeted at \$4,012. Due to lower than expected revenue collections at the state level, the state reduced this amount by a total of \$75, resulting in a final per pupil allocation of \$3,937. Additional weighting is provided for students receiving bilingual, vocational, at-risk or transportation services. Other weightings also apply, but are not discussed here in the interest of brevity. The school district has no ability to increase the resources in the general and supplemental general funds to cover inflationary increases in costs without annual changes in the statutory base aid per pupil. The textbook, student projects, student materials and gate receipts funds can be increased with school board approval, but are only a small part of the basic education group of funds.

Any balances remaining in the general and supplemental general funds are used to support the subsequent year limit. Therefore, remaining balances in these funds should not be considered as additional resources available to the district in excess of the expenditure limits. The general and supplemental general funds ending fund balances represent \$3.8 million (7.5%) of the basic education balance of \$50.9 million.

Kansas statutes allows school districts to carry a balance in the Special Education fund, the Vocational Education fund, the Professional Development fund, the Bilingual fund, the Contingency Reserve fund, the Special Reserve fund, the Special Liability fund and all other Special Revenue funds. The Contingency Reserve fund balance cannot exceed 10% of the general fund budget. During the 2010-11 school year, the District transferred approximately \$2.0 million out of the contingency reserve fund to support the operations of the district and balance the overall final budget. The Special Reserve fund has historically been used to protect the district from insurable losses that are not otherwise insured. The district has been self funding their workmen's compensation coverage from this fund. Additionally the district began self-insuring their health insurance plan on January 1, 2011 and all revenues and expenditures related to this plan are tracked in the Special Healthcare Reserve fund. Reserve funds earmarked for this plan were reclassified from the Special Reserve Fund, resulting in a restated ending fund balance in that fund. The Special Liability fund is used to pay the cost of providing for the school district's defense pursuant to the Kansas tort claims act.

- Expanded Education resources (revenues and incoming transfers) closely balanced with expenditures. This group of funds had an ending fund balance of \$1.9 million at June 30, 2011. Tuition for the summer school program and driver's education program is collected prior to June 30th, but most of the expenditures are paid in July and August. The district can adjust revenue in the drivers' education, extraordinary schools and summer school programs because these are fee based programs supported by the users of the programs.
- Capital funds expenditures trailed revenue and other sources by \$16.1 million, with ending fund balances totaling \$80.5 million. Construction funds accounted for only \$18.9 million of the total ending fund balance. As of June 30, 2011 there was only one bond sale with proceeds still available for expenditure; however, there are still \$20.2 million in bonds that have yet to be issued. These were authorized as a part of the \$279.88 million 2005 referendum.

The capital outlay fund has a balance of \$23.3 million. The fund balance includes budgeted amounts for projects that are only partially completed and paid at June 30. The mill rate on this fund is currently at 8 mills which is the statutory limit.

The debt service balance of \$37.5 million is available to pay the bond and interest payment in October, 2011. The current mill rate is sufficient to pay the remaining bonds and interest as they become due.

- Food service revenues exceeded expenditures by \$0.2 million leaving an ending fund balance of \$2.7 million. Although transfers from other tax supported funds are allowed under Kansas law, Blue Valley's food service program operates without this support. The school board has the authority to adjust meal prices as necessary.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

General Fund Budgetary Highlights

The following table summarizes the general fund budget variances (In millions of dollars):

| <u>Revenue</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Increase/Decrease</u> | <u>Actual Amounts</u> | <u>Over/[Under] Final Budget</u> |
|---------------------------|------------------------|---------------------|--------------------------|-----------------------|----------------------------------|
| Taxes | \$ 41.4 | \$ 41.4 | \$ - | \$ 42.9 | \$1.5 |
| Intergovernmental | 85.7 | 85.6 | [0.1] | 84.1 | [1.5] |
| Total Revenue | 127.1 | 127.0 | [0.1] | 127.0 | - |
| <u>Expenditures</u> | | | | | |
| Instruction | 57.3 | 57.2 | [0.1] | 57.7 | \$0.5 |
| Student Support | 5.5 | 5.5 | - | 5.5 | - |
| Instructional Support | 6.7 | 6.7 | - | 6.4 | [0.3] |
| General Admin | 1.2 | 1.2 | - | 1.2 | - |
| School Administration | 7.8 | 7.8 | - | 8.0 | 0.2 |
| Operations/Maint. | 15.8 | 15.8 | - | 15.5 | [0.3] |
| Other Support Serv. | 9.8 | 9.8 | - | 7.0 | [2.8] |
| Transportation | 2.5 | 2.5 | - | 2.3 | [0.2] |
| Capital Outlay | 0.1 | 0.1 | - | 0.1 | - |
| Transfers Out | 20.4 | 20.4 | - | 23.3 | 2.9 |
| Total Expenditures | \$127.1 | \$127.0 | \$(0.1) | \$127.0 | \$ - |

The final general fund budget decreased \$0.1 million from the original budget. The final general fund budget is based on the total student FTE (with all applicable weightings) as of September 20th, multiplied by the base state aid per pupil (BSAPP). This amount was originally projected by the state to be \$4,012, but was reduced by \$75 to \$3,937 due to lower than expected revenue collections at the state level. The supplemental general fund budget was able to be calculated on the state's original BSAPP, so it was not affected at the same level as the general fund. This reduction was offset somewhat by larger than expected enrollment numbers for the 2010-11 school year.

Capital Asset and Debt Administration

Capital Assets

By the end of 2011, the district had invested \$691.4 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and administrative offices. The accumulated depreciation on the capital assets amounted to \$166.8 million, resulting in capital assets, net of depreciation of \$524.6 million. This amount represents a very slight net decrease of \$0.3 million from last year. CIP decreased by \$84.6 million as construction was completed on BVSU and the CAPS facility. Both of these facilities were put into service in the fall of 2010 resulting in increases in Buildings and Improvements, Site Improvements and Infrastructure that are directly proportional to the decrease in CIP. The majority of what remains in CIP is related to the construction of Aubry Bend Middle School which will be opening in the fall of 2011.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

Capital Assets (Net of depreciation, in millions of dollars)

| | <u>Assets As Of</u> <u>June 30, 2010</u> | <u>Prior Period</u> <u>Adjustment</u> | <u>Balance,</u> <u>Restated</u> <u>June 30, 2010</u> | <u>Assets As Of</u> <u>June 30, 2011</u> | <u>%</u> <u>Depreciated</u> |
|----------------------------|---|--|--|---|--------------------------------|
| Land | \$24.3 | - | \$24.3 | \$24.7 | n/a |
| Construction in progress | 107.5 | - | 107.5 | 22.9 | n/a |
| Buildings and improvements | 349.2 | - | 349.2 | 410.0 | 22.2% |
| Site improvements | 20.0 | - | 20.0 | 37.0 | 27.9% |
| Infrastructure | 4.9 | - | 4.9 | 14.6 | 7.1% |
| Furniture | 0.3 | - | 0.3 | 0.2 | 88.6% |
| Technology | 11.0 | 0.8 | 11.8 | 8.3 | 60.9% |
| Vehicles | 1.6 | - | 1.6 | 1.5 | 48.9% |
| Food Service | 0.2 | 0.3 | 0.5 | 0.6 | 86.0% |
| Equipment | 4.7 | 0.1 | 4.8 | 4.8 | 75.0% |
| Total | \$523.7 | \$1.2 | \$524.9 | \$524.6 | 24.1% |

More information regarding the district's capital assets can be found in the notes to the financial statements (Note 4-C).

Long-Term Debt

Moody's Investors Services and Standard & Poor's have rated the Blue Valley School District at Aaa and AA, respectively. Kansas law limits the amount of outstanding indebtedness. The current limit for the district is at approximately \$311 million, but the district was given permission to exceed the limit by the State of Kansas. As of June 30, 2011, the district has \$349.2 million of outstanding debt. The district continued to pay down its debt, retiring approximately \$27.4 million of outstanding bonds and refunded the remaining \$22.0 million of the 2002A General Obligation Bonds. The district has a high debt per capita because of its continued growth. Building expansion has been funded with debt, and district management does not feel that the amount of debt is a burden to taxpayers.

More information regarding the district's long-term debt can be found in the notes to the financial statements (Note 4-D).

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business and Finance Department, Blue Valley School District, 15020 Metcalf, Overland Park, Kansas 66223.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF NET ASSETS
June 30, 2011

| | Primary Government | Component Unit |
|--|-------------------------------------|-------------------------------------|
| | Total Governmental Activities | Total Governmental Activities |
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 160,580,108 | \$ 3,791,766 |
| Cash with fiscal agent | 20,500 | - |
| Receivables | | |
| Interest | 28,472 | - |
| Other | 5,560,386 | - |
| Material and supplies inventory | 234,107 | - |
| Total current assets | <u>166,423,573</u> | <u>3,791,766</u> |
| Noncurrent assets: | | |
| Restricted cash and investments | - | 692,000 |
| Bond issuance costs | 1,744,841 | 412,852 |
| Prepaid lease | - | 50,000 |
| Capital assets | | |
| Nondepreciable capital assets | 47,616,393 | 40,000 |
| Depreciable capital assets | 643,757,460 | 32,099,978 |
| Less: Accumulated depreciation | <u>[166,819,886]</u> | <u>[7,323,797]</u> |
| Total noncurrent assets | <u>526,298,808</u> | <u>25,971,033</u> |
| Total assets | <u>\$ 692,722,381</u> | <u>\$ 29,762,799</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 7,134,353 | \$ 76,223 |
| Accrued compensation, payroll withholdings and taxes | 19,343,002 | 266,319 |
| Current portion compensated absences | 328,744 | - |
| Accrued interest payable | 3,861,019 | 163,493 |
| Matured bonds and interest payable | 20,500 | - |
| Retainage payable | 1,777,994 | - |
| Unearned revenue | 2,114,032 | 426,845 |
| Long-term liabilities | | |
| Due within one year | <u>26,979,338</u> | <u>766,575</u> |
| Total current liabilities | <u>61,558,982</u> | <u>1,699,455</u> |
| Noncurrent liabilities: | | |
| Compensated absences | 1,376,401 | - |
| Net other post employment benefit obligation | 7,548,690 | - |
| Long-term liabilities | | |
| Due in more than one year | <u>322,213,892</u> | <u>14,843,671</u> |
| Total noncurrent liabilities | <u>331,138,983</u> | <u>14,843,671</u> |
| Total liabilities | <u>\$ 392,697,965</u> | <u>\$ 16,543,126</u> |
| NET ASSETS | | |
| Invested in capital assets, net of related debt | \$ 194,275,817 | \$ 9,205,935 |
| Restricted for: | | |
| Debt service | 37,513,762 | 692,000 |
| Unrestricted | <u>68,234,837</u> | <u>3,321,738</u> |
| Total net assets | <u>\$ 300,024,416</u> | <u>\$ 13,219,673</u> |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

| | Expenses | Program Revenues | | Net [Expenses] Revenue and Changes in Net Assets | |
|---|-----------------------|-------------------------|--|---|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Primary Government | Component Unit |
| | | | | Total Governmental Activities | Total Governmental Activities |
| Governmental activities: | | | | | |
| Instruction | \$ 146,336,760 | \$ 6,180,130 | \$ 29,569,669 | \$ [110,586,961] | \$ - |
| Student support services | 10,596,654 | - | 602,663 | [9,993,991] | - |
| Instructional support staff | 11,843,024 | - | 1,184,071 | [10,658,953] | - |
| General administration | 2,196,359 | - | 60,761 | [2,135,598] | - |
| School administration | 11,038,138 | - | 481,517 | [10,556,621] | - |
| Central services | 2,224,884 | - | - | [2,224,884] | - |
| Operations and maintenance | 29,164,842 | - | 1,582,018 | [27,582,824] | - |
| Student transportation services | 5,866,237 | - | - | [5,866,237] | - |
| Food service operations | 8,925,894 | 7,431,833 | 1,653,390 | 159,329 | - |
| Other support services | 10,173,702 | - | 504,754 | [9,668,948] | - |
| Interest on long-term debt | 15,369,690 | - | - | [15,369,690] | - |
| Total primary government | <u>\$ 253,736,184</u> | <u>\$ 13,611,963</u> | <u>\$ 35,638,843</u> | <u>[204,485,378]</u> | <u>-</u> |
| Component unit: | | | | | |
| Blue Valley Recreation Commission | | | | | |
| Culture and recreation | \$ 8,210,195 | \$ 4,233,210 | \$ - | - | [3,976,985] |
| Total component unit | <u>\$ 8,210,195</u> | <u>\$ 4,233,210</u> | <u>\$ -</u> | <u>-</u> | <u>[3,976,985]</u> |
| General Revenues: | | | | | |
| Property taxes levied for | | | | | |
| General purposes | | | | 88,878,477 | 3,909,000 |
| Debt service | | | | 37,331,593 | - |
| Capital outlay | | | | 19,500,621 | - |
| Grants and entitlements not restricted to specific programs | | | | 67,143,265 | - |
| Investments earnings | | | | 438,071 | 4,558 |
| Miscellaneous | | | | 10,939,034 | 218,191 |
| Subtotal general revenues | | | | <u>224,231,061</u> | <u>4,131,749</u> |
| Change in net assets | | | | <u>19,745,683</u> | <u>154,764</u> |
| Net assets - beginning | | | | 279,102,866 | 13,064,909 |
| Prior period adjustment | | | | <u>1,175,867</u> | <u>-</u> |
| Net assets - beginning, restated | | | | <u>280,278,733</u> | <u>13,064,909</u> |
| Net assets - ending | | | | <u>\$ 300,024,416</u> | <u>\$ 13,219,673</u> |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2011

| | <u>General</u> | <u>Supplemental General</u> | <u>Special Education</u> | <u>Capital Outlay</u> |
|-------------------------------------|----------------------|---------------------------------|------------------------------|---------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 14,988,987 | \$ 3,047,195 | \$ 13,463,721 | \$ 24,843,756 |
| Cash with fiscal agent | - | - | - | - |
| Receivables | | | | |
| Interest | - | - | 28,472 | - |
| Other | 5,310,387 | - | 10,251 | - |
| Due from other funds | 36,567 | - | - | - |
| Material and supplies inventory | <u>143,017</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 20,478,958</u> | <u>\$ 3,047,195</u> | <u>\$ 13,502,444</u> | <u>\$ 24,843,756</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 161,594 | \$ - | \$ 14,916 | \$ 1,530,418 |
| Accrued liabilities | 19,315,335 | - | - | - |
| Matured bonds and interest payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Retainage payable | - | - | - | 30,000 |
| Deferred revenue | <u>209,261</u> | <u>-</u> | <u>37,713</u> | <u>-</u> |
| Total liabilities | <u>19,686,190</u> | <u>-</u> | <u>52,629</u> | <u>1,560,418</u> |
| Fund balance: | | | | |
| Nonspendable | 143,017 | - | - | - |
| Restricted | - | - | 13,324,799 | 20,664,741 |
| Assigned | 649,751 | - | 125,016 | 2,618,597 |
| Unassigned | <u>-</u> | <u>3,047,195</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>792,768</u> | <u>3,047,195</u> | <u>13,449,815</u> | <u>23,283,338</u> |
| Total liabilities and fund balance | <u>\$ 20,478,958</u> | <u>\$ 3,047,195</u> | <u>\$ 13,502,444</u> | <u>\$ 24,843,756</u> |

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

| <u>Debt Service</u> | <u>2005 Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------|--------------------------------------|---|---|
| \$ 37,541,429 | \$ 25,225,371 | \$ 41,469,649 | \$ 160,580,108 |
| 20,500 | - | - | 20,500 |
| - | - | - | 28,472 |
| - | - | 239,748 | 5,560,386 |
| - | - | - | 36,567 |
| - | - | 91,090 | 234,107 |
| <u>\$ 37,561,929</u> | <u>\$ 25,225,371</u> | <u>\$ 41,800,487</u> | <u>\$ 166,460,140</u> |
| | | | |
| \$ - | \$ 4,562,297 | \$ 865,128 | \$ 7,134,353 |
| 27,667 | - | - | 19,343,002 |
| 20,500 | - | - | 20,500 |
| - | - | 36,567 | 36,567 |
| - | 1,747,994 | - | 1,777,994 |
| - | - | 1,867,058 | 2,114,032 |
| <u>48,167</u> | <u>6,310,291</u> | <u>2,768,753</u> | <u>30,426,448</u> |
| | | | |
| - | - | 91,090 | 234,107 |
| 37,513,762 | 14,505,902 | 29,307,015 | 115,316,219 |
| - | 4,409,178 | 9,633,629 | 17,436,171 |
| - | - | - | 3,047,195 |
| <u>37,513,762</u> | <u>18,915,080</u> | <u>39,031,734</u> | <u>136,033,692</u> |
| <u>\$ 37,561,929</u> | <u>\$ 25,225,371</u> | <u>\$ 41,800,487</u> | <u>\$ 166,460,140</u> |

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

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE SHEET TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2011

| | | |
|----------------------------------|--|----------------|
| Total Governmental Fund Balances | | \$ 136,033,692 |
|----------------------------------|--|----------------|

Amounts reported for governmental activities in the statement of net assets are different because

Bond issuance costs are shown as current year expenditures in the funds.

| | | |
|---------------------|--|-----------|
| Bond issuance costs | | 1,744,841 |
|---------------------|--|-----------|

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

| | | |
|-------------------------------|--------------------|-------------|
| The cost of capital assets is | 691,373,853 | |
| Accumulated depreciation is | <u>166,819,886</u> | 524,553,967 |

The following liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:

| | | |
|--|------------------|----------------------|
| Bonds payable | 349,193,230 | |
| Accrued compensation | 1,705,145 | |
| Net other post employment benefit obligation | 7,548,690 | |
| Accrued interest on the bonds | <u>3,861,019</u> | <u>[362,308,084]</u> |

| | | |
|---------------------------------------|--|-----------------------|
| Net Assets of Governmental Activities | | <u>\$ 300,024,416</u> |
|---------------------------------------|--|-----------------------|

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

| | <u>General</u> | <u>Supplemental General</u> | <u>Special Education</u> | <u>Capital Outlay</u> |
|--|--------------------|---------------------------------|------------------------------|---------------------------|
| REVENUES: | | | | |
| Taxes | \$ 42,541,390 | \$ 27,768,487 | \$ 10,008,824 | \$ 19,500,621 |
| Intergovernmental | 64,266,299 | - | 22,807,220 | - |
| Charges for services | 40,600 | - | - | - |
| Investment revenue | - | - | 102,974 | 34,037 |
| Use of money and property | - | - | 250,069 | - |
| Other local sources | - | - | 330,226 | 201,094 |
| Total revenues | <u>106,848,289</u> | <u>27,768,487</u> | <u>33,499,313</u> | <u>19,735,752</u> |
| EXPENDITURES: | | | | |
| Current | | | | |
| Instruction | 58,022,344 | 17,499,152 | 26,583,075 | 2,464,169 |
| Student support services | 5,522,382 | - | 4,241,448 | - |
| Instructional support staff | 6,327,072 | 2,006,517 | 730,244 | 12,137 |
| General administration | 1,166,960 | - | 549,859 | 1,561 |
| School administration | 7,989,561 | 2,103,012 | - | - |
| Central services | - | - | - | 1,377,793 |
| Operations and maintenance | 15,363,589 | 89,837 | 6,390 | 2,222,891 |
| Student transportation services | 2,337,857 | - | 3,388,297 | - |
| Food service operations | - | - | - | - |
| Other support services | 6,690,603 | - | - | 66,419 |
| Capital outlay | 79,061 | - | - | 4,869,611 |
| Debt service | | | | |
| Principal retirement | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Total expenditures | <u>103,499,429</u> | <u>21,698,518</u> | <u>35,499,313</u> | <u>11,014,581</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>3,348,860</u> | <u>6,069,969</u> | <u>[2,000,000]</u> | <u>8,721,171</u> |
| OTHER FINANCING SOURCES [USES] | | | | |
| Sale of bonds | - | - | - | - |
| Bond premium | - | - | - | - |
| Transfers in | - | - | 3,496,215 | - |
| Transfers [out] | <u>[2,772,447]</u> | <u>[5,825,380]</u> | <u>-</u> | <u>-</u> |
| Total other financing sources [uses] | <u>[2,772,447]</u> | <u>[5,825,380]</u> | <u>3,496,215</u> | <u>-</u> |
| Net change in fund balances | 576,413 | 244,589 | 1,496,215 | 8,721,171 |
| Fund balance - Beginning of year | <u>216,355</u> | <u>2,802,606</u> | <u>11,953,600</u> | <u>14,562,167</u> |
| Fund balance - End of year | <u>\$ 792,768</u> | <u>\$ 3,047,195</u> | <u>\$ 13,449,815</u> | <u>\$ 23,283,338</u> |

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

| <u>Debt Service</u> | <u>2005 Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------|------------------------------|---------------------------------|---------------------------------|
| \$ 37,331,593 | \$ - | \$ 8,559,776 | \$ 145,710,691 |
| 1,148,967 | - | 14,559,622 | 102,782,108 |
| - | - | 13,571,363 | 13,611,963 |
| 25,560 | 8,022 | 17,409 | 188,002 |
| - | - | - | 250,069 |
| - | - | 10,407,714 | 10,939,034 |
| <u>38,506,120</u> | <u>8,022</u> | <u>47,115,884</u> | <u>273,481,867</u> |
| - | - | 23,222,358 | 127,791,098 |
| - | - | 678,097 | 10,441,927 |
| - | - | 2,634,161 | 11,710,131 |
| - | - | 69,261 | 1,787,641 |
| - | - | 825,289 | 10,917,862 |
| - | - | - | 1,377,793 |
| - | - | 846,801 | 18,529,508 |
| - | - | 81,153 | 5,807,307 |
| - | - | 8,836,228 | 8,836,228 |
| - | - | 3,081,163 | 9,838,185 |
| - | 23,152,784 | 646,131 | 28,747,587 |
| 48,355,000 | - | - | 48,355,000 |
| <u>16,099,775</u> | <u>-</u> | <u>-</u> | <u>16,099,775</u> |
| <u>64,454,775</u> | <u>23,152,784</u> | <u>40,920,642</u> | <u>300,240,042</u> |
| <u>[25,948,655]</u> | <u>[23,144,762]</u> | <u>6,195,242</u> | <u>[26,758,175]</u> |
| 21,870,000 | 32,000,000 | - | 53,870,000 |
| 1,239,417 | 1,038,066 | - | 2,277,483 |
| - | - | 7,101,612 | 10,597,827 |
| - | - | [2,000,000] | [10,597,827] |
| <u>23,109,417</u> | <u>33,038,066</u> | <u>5,101,612</u> | <u>56,147,483</u> |
| [2,839,238] | 9,893,304 | 11,296,854 | 29,389,308 |
| <u>40,353,000</u> | <u>9,021,776</u> | <u>27,734,880</u> | <u>106,644,384</u> |
| <u>\$ 37,513,762</u> | <u>\$ 18,915,080</u> | <u>\$ 39,031,734</u> | <u>\$ 136,033,692</u> |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT - WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

| | | |
|--|---------------------|----------------------|
| Total Net Change In Fund Balances - Governmental Funds | | \$ 29,389,308 |
| Amounts reported for governmental activities in the statement of activities are different because | | |
| Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capitalizable capital outlays exceeds depreciation in the period. | | |
| Loss on sale of assets | [1,551,401] | |
| Capital outlays | 20,504,771 | |
| Depreciation expense | <u>[19,279,078]</u> | [325,708] |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased. | | |
| | | 78,268 |
| In the statement of activities, certain operating expenses - compensated absences and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year, other post employment benefits paid were less than the amounts earned by \$2,100,923. Compensated absences used were less than the amounts earned by \$154,595. | | |
| | | [2,255,519] |
| Bond issuance costs and payments to escrow for advance refunding are recorded as expenditures in the fund financial statements. However, for the statement of net assets, these costs are shown as assets and amortized over the life of the bonds. | | |
| | | 651,817 |
| Bond proceeds are an other financing source in the governmental funds, but are recorded as increases in long term liabilities in the statement of net assets and does not affect the statement of activities. | | |
| | | [56,147,483] |
| Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. | | |
| | | <u>48,355,000</u> |
| Changes In Net Assets of Governmental Activities | | <u>\$ 19,745,683</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND

For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|--------------------|--------------------------------------|---------------------|---------------------|---------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| In process | \$ 841,768 | \$ - | \$ 841,768 | \$ 1,127,612 | \$ 1,127,612 | \$ [285,844] |
| Current | 40,891,446 | 298,320 | 41,189,766 | 39,882,239 | 39,882,239 | 1,307,527 |
| Delinquent | 808,176 | - | 808,176 | 353,313 | 353,313 | 454,863 |
| Total taxes | 42,541,390 | 298,320 | 42,839,710 | 41,363,164 | 41,363,164 | 1,476,546 |
| Intergovernmental: | | | | | | |
| State and local | 58,671,439 | 2,876,966 | 61,548,405 | 67,647,266 | 67,555,907 | [6,007,502] |
| Special education aid | - | 16,985,226 | 16,985,226 | 16,055,973 | 16,055,973 | 929,253 |
| ARRA stabilization funds | 5,594,860 | - | 5,594,860 | 2,033,757 | 2,033,757 | 3,561,103 |
| Total intergovernmental | 64,266,299 | 19,862,192 | 84,128,491 | 85,736,996 | 85,645,637 | [1,517,146] |
| Fees and charges | 40,600 | - | 40,600 | - | - | 40,600 |
| Total revenues | 106,848,289 | 20,160,512 | 127,008,801 | 127,100,160 | 127,008,801 | - |
| EXPENDITURES: | | | | | | |
| Instruction | 58,022,344 | [312,062] | 57,710,282 | 57,346,144 | 57,254,785 | [455,497] |
| Student support services | 5,522,382 | 3,681 | 5,526,063 | 5,464,018 | 5,464,018 | [62,045] |
| Instructional support staff | 6,327,072 | 94,518 | 6,421,590 | 6,651,604 | 6,651,604 | 230,014 |
| General administration | 1,166,960 | 671 | 1,167,631 | 1,213,424 | 1,213,424 | 45,793 |
| School administration | 7,989,561 | 4,873 | 7,994,434 | 7,790,901 | 7,790,901 | [203,533] |
| Operations and maintenance | 15,363,589 | 106,924 | 15,470,513 | 15,842,277 | 15,842,277 | 371,764 |
| Other support services | 6,690,603 | 277,048 | 6,967,651 | 9,813,253 | 9,813,253 | 2,845,602 |
| Transportation | 2,337,857 | - | 2,337,857 | 2,470,333 | 2,470,333 | 132,476 |
| Capital outlay | 79,061 | - | 79,061 | 71,003 | 71,003 | [8,058] |
| Total expenditures | 103,499,429 | 175,653 | 103,675,082 | 106,662,957 | 106,571,598 | 2,896,516 |
| Excess [deficiency] of revenues over [under] expenditures | 3,348,860 | 19,984,859 | 23,333,719 | 20,437,203 | 20,437,203 | 2,896,516 |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers out | [2,772,447] | [20,561,272] | [23,333,719] | [20,437,203] | [20,437,203] | [2,896,516] |
| Total other financing sources [uses] | [2,772,447] | [20,561,272] | [23,333,719] | [20,437,203] | [20,437,203] | [2,896,516] |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | 576,413 | [576,413] | - | \$ - | \$ - | \$ - |
| FUND BALANCE - Beginning of year | 216,355 | [216,355] | - | | | |
| FUND BALANCE - End of year | \$ 792,768 | \$ [792,768] | \$ - | | | |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SUPPLEMENTAL GENERAL FUND
For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget |
|--|---------------------|--------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | | | | Original | Final | Positive [Negative] |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| In process | \$ 697,382 | \$ - | \$ 697,382 | \$ 929,836 | \$ 929,836 | \$ [232,454] |
| Current | 23,177,632 | 16,691,900 | 39,869,532 | 39,674,149 | 39,674,149 | 195,383 |
| Delinquent | 630,904 | - | 630,904 | 293,281 | 293,281 | 337,623 |
| Motor vehicle | 3,234,203 | - | 3,234,203 | 3,293,116 | 3,293,116 | [58,913] |
| Rental excise | 28,366 | - | 28,366 | - | - | 28,366 |
| Total revenues | <u>27,768,487</u> | <u>16,691,900</u> | <u>44,460,387</u> | <u>44,190,382</u> | <u>44,190,382</u> | <u>270,005</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 17,499,152 | - | 17,499,152 | 18,778,656 | 18,778,656 | 1,279,504 |
| Student support services | - | - | - | 1,299,019 | 1,299,019 | 1,299,019 |
| Instructional support staff | 2,006,517 | - | 2,006,517 | 690,615 | 690,615 | [1,315,902] |
| School administration | 2,103,012 | - | 2,103,012 | 2,034,034 | 2,034,034 | [68,978] |
| Operations and maintenance | 89,837 | - | 89,837 | 87,992 | 87,992 | [1,845] |
| Total expenditures | <u>21,698,518</u> | <u>-</u> | <u>21,698,518</u> | <u>22,890,316</u> | <u>22,890,316</u> | <u>1,191,798</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>6,069,969</u> | <u>16,691,900</u> | <u>22,761,869</u> | <u>21,300,066</u> | <u>21,300,066</u> | <u>1,461,803</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers out | <u>[5,825,380]</u> | <u>[16,691,900]</u> | <u>[22,517,280]</u> | <u>[21,325,482]</u> | <u>[21,325,482]</u> | <u>[1,191,798]</u> |
| Total other financing sources [uses] | <u>[5,825,380]</u> | <u>[16,691,900]</u> | <u>[22,517,280]</u> | <u>[21,325,482]</u> | <u>[21,325,482]</u> | <u>[1,191,798]</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | 244,589 | - | 244,589 | \$ [25,416] | \$ [25,416] | \$ 270,005 |
| FUND BALANCE - Beginning of year | <u>2,802,606</u> | <u>-</u> | <u>2,802,606</u> | | | |
| FUND BALANCE - End of year | <u>\$ 3,047,195</u> | <u>\$ -</u> | <u>\$ 3,047,195</u> | | | |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|----------------------|--------------------------------------|----------------------|---------------------|---------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$ 10,008,824 | \$ [10,008,824] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | <u>10,008,824</u> | <u>[10,008,824]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intergovernmental: | | | | | | |
| Federal | 5,341,776 | - | 5,341,776 | 5,216,655 | 5,216,655 | 125,121 |
| State and local | <u>17,465,444</u> | <u>[16,985,399]</u> | <u>480,045</u> | <u>429,472</u> | <u>429,472</u> | <u>50,573</u> |
| Total intergovernmental | <u>22,807,220</u> | <u>[16,985,399]</u> | <u>5,821,821</u> | <u>5,646,127</u> | <u>5,646,127</u> | <u>175,694</u> |
| Use of money and property | 250,069 | - | 250,069 | - | - | 250,069 |
| Investment revenue | 102,974 | - | 102,974 | 375,000 | 375,000 | [272,026] |
| Other local sources | <u>330,226</u> | <u>-</u> | <u>330,226</u> | <u>1,505,000</u> | <u>1,505,000</u> | <u>[1,174,774]</u> |
| Total revenues | <u>33,499,313</u> | <u>[26,994,223]</u> | <u>6,505,090</u> | <u>7,526,127</u> | <u>7,526,127</u> | <u>[1,021,037]</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 26,583,075 | 22,044 | 26,605,119 | 29,064,477 | 29,064,477 | 2,459,358 |
| Student support services | 4,241,448 | - | 4,241,448 | 4,250,956 | 4,250,956 | 9,508 |
| Instructional support staff | 730,244 | 2,696 | 732,940 | 786,922 | 786,922 | 53,982 |
| General administration | 549,859 | - | 549,859 | 557,316 | 557,316 | 7,457 |
| Operations and maintenance | 6,390 | - | 6,390 | - | - | [6,390] |
| Transportation | <u>3,388,297</u> | <u>26,676</u> | <u>3,414,973</u> | <u>3,820,178</u> | <u>3,820,178</u> | <u>405,205</u> |
| Total expenditures | <u>35,499,313</u> | <u>51,416</u> | <u>35,550,729</u> | <u>38,479,849</u> | <u>38,479,849</u> | <u>2,929,120</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>[2,000,000]</u> | <u>[27,045,639]</u> | <u>[29,045,639]</u> | <u>[30,953,722]</u> | <u>[30,953,722]</u> | <u>1,908,083</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | <u>3,496,215</u> | <u>26,994,223</u> | <u>30,490,438</u> | <u>30,455,721</u> | <u>30,455,721</u> | <u>34,717</u> |
| Total other financing sources [uses] | <u>3,496,215</u> | <u>26,994,223</u> | <u>30,490,438</u> | <u>30,455,721</u> | <u>30,455,721</u> | <u>34,717</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | 1,496,215 | [51,416] | 1,444,799 | \$ [498,001] | \$ [498,001] | \$ 1,942,800 |
| FUND BALANCE - Beginning of year | <u>11,953,600</u> | <u>[73,600]</u> | <u>11,880,000</u> | | | |
| FUND BALANCE - End of year | <u>\$ 13,449,815</u> | <u>\$ [125,016]</u> | <u>\$ 13,324,799</u> | | | |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 CAPITAL OUTLAY FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------|--------------------------------------|--------------------|------------------|-----------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| In process | \$ 347,823 | \$ - | \$ 347,823 | \$ 459,021 | \$ 459,021 | \$ [111,198] |
| Current | 17,097,614 | - | 17,097,614 | 16,544,390 | 16,544,390 | 553,224 |
| Delinquent | 333,718 | - | 333,718 | 146,274 | 146,274 | 187,444 |
| Motor vehicle | 1,706,130 | - | 1,706,130 | 1,735,047 | 1,735,047 | [28,917] |
| Rental excise | 15,336 | - | 15,336 | - | - | 15,336 |
| Total taxes | 19,500,621 | - | 19,500,621 | 18,884,732 | 18,884,732 | 615,889 |
| Investment revenue | 34,037 | - | 34,037 | 80,000 | 80,000 | [45,963] |
| Other local sources | 201,094 | - | 201,094 | - | - | 201,094 |
| Total revenues | 19,735,752 | - | 19,735,752 | 18,964,732 | 18,964,732 | 771,020 |
| EXPENDITURES: | | | | | | |
| Instruction | 2,464,169 | 266,644 | 2,730,813 | 8,025,034 | 8,025,034 | 5,294,221 |
| Instructional support staff | 12,137 | - | 12,137 | - | - | [12,137] |
| General administration | 1,561 | - | 1,561 | - | - | [1,561] |
| Central services | 1,377,793 | - | 1,377,793 | 136,000 | 136,000 | [1,241,793] |
| Operations and maintenance | 2,222,891 | 146,976 | 2,369,867 | 2,715,928 | 2,715,928 | 346,061 |
| Transportation | - | - | - | 12,500 | 12,500 | 12,500 |
| Other support services | 66,419 | 174,111 | 240,530 | 100,000 | 100,000 | [140,530] |
| Capital outlay | 4,869,611 | 2,026,321 | 6,895,932 | 22,628,656 | 22,628,656 | 15,732,724 |
| Total expenditures | 11,014,581 | 2,614,052 | 13,628,633 | 33,618,118 | 33,618,118 | 19,989,485 |
| Excess [deficiency] of revenues over [under] expenditures | 8,721,171 | [2,614,052] | 6,107,119 | \$ [14,653,386] | \$ [14,653,386] | \$ 20,760,505 |
| FUND BALANCE - Beginning of year | 14,562,167 | 25,455 | 14,587,622 | | | |
| FUND BALANCE - End of year | \$ 23,283,338 | \$ [2,588,597] | \$ 20,694,741 | | | |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011

| | Pension Trust <u>Fund</u> | Agency <u>Funds</u> |
|------------------------------------|---------------------------------|------------------------|
| ASSETS: | | |
| Cash and investments | \$ 328,421 | \$ 2,861,239 |
| Total assets | <u>\$ 328,421</u> | <u>\$ 2,861,239</u> |
| LIABILITIES: | | |
| Liabilities: | | |
| Other liabilities | \$ - | \$ 1,835,251 |
| Due to student organizations | <u>-</u> | <u>1,025,988</u> |
| Total liabilities | <u>\$ -</u> | <u>\$ 2,861,239</u> |
| NET ASSETS: | | |
| Held in trust for pension benefits | <u>\$ 328,421</u> | <u>\$ -</u> |
| Total net assets | <u>\$ 328,421</u> | <u>\$ -</u> |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2011

| | Pension Trust <u>Fund</u> |
|---|---------------------------------|
| Additions: | |
| Investment Earnings: | |
| Interest and dividends on investments | \$ 6,656 |
| Total investment earnings | <u>6,656</u> |
| Total additions | <u>6,656</u> |
| Deductions: | |
| Net decrease in the fair value of investments | 915 |
| Losses on sales of investments | 569 |
| Plan management fees | <u>2,634</u> |
| Total deductions | <u>4,118</u> |
| Changes in net assets | 2,538 |
| Net assets - beginning | <u>325,883</u> |
| Net assets - ending | <u>\$ 328,421</u> |

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Blue Valley Unified School District No. 229 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the District and its component unit.

As required by generally accepted accounting principles (GAAP), the financial statements present data for all funds of the District and a component unit, an entity for which the District is considered to be financially accountable.

The determination of financial accountability includes consideration of a number of criteria including (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity, (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government and (3) the entity's fiscal dependency on the primary government.

Discretely Presented Component Unit. The following component unit is reported discretely to emphasize that it is legally separated from the District.

Recreation Commission: Blue Valley Recreation Commission is governed by a seven-member board appointed by the District and oversees recreational activities. The recreation commission can sue and be sued, but acquisition of real property by the commission must be approved by the District. The District levies taxes for the recreation commission. Bond issuances must be approved by the District.

Complete financial statements for the Blue Valley Recreation Commission are available from its office at 8026 W. 151st Street, Overland Park, Kansas 66223.

B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. All activities of the District are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the school district.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

The financial statements for the pension trust fund are prepared using the accrual basis of accounting. The pension trust fund reported in the basic financial statements is a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Employer contributions to the plan are recognized when due, as the District has a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The District reports the following major governmental funds:

The General Fund is used to account for the general operations of the District and all unrestricted revenues and expenditures not provided for in other funds.

The Supplemental General Fund is used to account for revenues and expenditures as authorized by the local option tax budget for the District.

The Special Education Fund is used to account for federal and state aid revenues received and used for the education of students with special needs.

The Capital Outlay Fund is used to account for tax revenues which are primarily utilized for the acquisition, construction, and repair and remodeling of school district buildings.

The Debt Service Fund is used to account for the accumulation of resources for and the payments of interest and principal on general long-term debt, which are general obligations of the District.

The Capital Projects Fund is used to account for the acquisition, construction, and renovation of major capital facilities financed by the District's general obligation bond issues.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose. The Special Reserve and the Special Healthcare Reserve Funds reported separately in these financial statements are combined for State of Kansas reporting purposes.

The agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations and/or other funds. The pension trust fund is used to account for the deferred compensation plan.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Material and Supplies Inventory

Material and supplies inventory is valued using the first in/first out cost method. For fund financial statements the cost is recorded as an expenditure in the year consumed. For fund financial statement reporting the reserve for material and supplies inventory is equal to the amount of inventories on hand to indicate that a portion of fund balance is not available for future expenditures.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings and Improvements | 50 |
| Site Improvements | 20 |
| Furniture | 10 |
| Technology | 6 |
| Vehicles | 15 |
| Equipment | 5 |

Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the District must reimburse the federal government for any assets which the District retains for its own use after the termination of the grant unless otherwise provided for by the grantor.

F. Compensated Absences Liabilities

Under terms of the District's personnel policy, District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is not paid for accumulated sick days. However, if an employee retires, is KPERS eligible and has at least ten years of service with the district, they are entitled to a payout in accordance with the Negotiated Agreement between the Blue Valley National Education Association and the Blue Valley Board of Education. The same benefit is also afforded to all classified personnel. Vacation earned by administrators may be accumulated to a maximum of 20 days. Vacation earned by full-time classified employees with less than six years of employment in the District may accumulate to a maximum of fifteen days. Vacation earned by classified employees with six or more years of employment in the District may accumulate to a maximum of 20 days. Compensated absences are recorded as a liability on the statement of net assets until actually expended; once expended, the amount is recorded as an expenditure in the governmental funds.

The General Fund, Supplemental General Fund, Special Education Fund, and Other Governmental have been used in prior years to liquidate the liability for compensated absences.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Deferred Revenue

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

I. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Assigned fund balances include amounts that are constrained by the District management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Balance Reserves (Continued)

The following is the detail for fund balance classifications in the financial statements:

| | Major Governmental Funds | | | | | | | Total Governmental Funds |
|--------------------------------------|--------------------------|---------------------------------|------------------------------|---------------------------|------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| | General Fund | Supplemental General Fund | Special Education Fund | Capital Outlay Fund | Bond and Interest Fund | 2005 Capital Projects Fund | Other Governmental Funds | |
| Fund Balances: | | | | | | | | |
| Nonspendable | | | | | | | | |
| Inventory | \$ 143,017 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 91,090 | \$ 234,107 |
| Restricted for: | | | | | | | | |
| Special education instruction | - | - | 13,324,799 | - | - | - | - | 13,324,799 |
| Debt retirement | - | - | - | - | 37,513,762 | - | - | 37,513,762 |
| School construction and equipment | - | - | - | 20,664,741 | - | 14,505,902 | 699,336 | 35,869,979 |
| Instruction | - | - | - | - | - | - | 10,526,718 | 10,526,718 |
| Instructional support staff | - | - | - | - | - | - | 100,736 | 100,736 |
| Healthcare and general liabilities | - | - | - | - | - | - | 15,445,227 | 15,445,227 |
| Food service operations | - | - | - | - | - | - | 2,534,998 | 2,534,998 |
| Assigned for: | | | | | | | | |
| Special education instruction | - | - | 125,016 | - | - | - | - | 125,016 |
| School construction and equipment | - | - | - | 2,618,597 | - | 4,409,178 | - | 7,027,775 |
| Instruction | 649,751 | - | - | - | - | - | 9,490,493 | 10,140,244 |
| Food service operations | - | - | - | - | - | - | 143,136 | 143,136 |
| Unassigned: | - | 3,047,195 | - | - | - | - | - | 3,047,195 |
| Total Fund Balances | <u>\$ 792,768</u> | <u>\$ 3,047,195</u> | <u>\$ 13,449,815</u> | <u>\$ 23,283,338</u> | <u>\$ 37,513,762</u> | <u>\$ 18,915,080</u> | <u>\$ 39,031,734</u> | <u>\$ 136,033,692</u> |

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The General Fund and Supplemental General Fund are subject to budgetary limitation by state statute. Other funds are not subject to statutory limitation. 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 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.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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.

Management may not amend the budget without the approval of the board of education. However, state statutes permit management to transfer budgeted amounts between line items within an individual fund without this approval. In addition, the District has policies that require that department heads obtain business office approval prior to making any such transfers. The legal level of budgetary control is at the fund level.

If the board of education elects to amend the budget, it must publish a notice of public hearing in the local newspaper. At least ten days after publication the hearing may be held and the budget may be amended at that time. The budget for the KPERS Fund was amended by the District for the June 30, 2011 school year.

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. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse at year end, except for capital project funds which are carried forward until such time as the project is completed or terminated. Encumbered appropriations (encumbrances) are reported as expenditures in the current year's budgetary presentation and as reservations of fund balances in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America. Accordingly, the actual expenditure data presented in the budgetary comparison statements differ from the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds. Legal operating budgets are required for the following funds: General, Supplemental General, Bilingual Education, Virtual Education, Capital Outlay, Driver Training, Food Service, Professional Development, Parent Education Program, Summer School, Special Education, Extraordinary School Program, Vocational Education, Special Assessment, Federal Funds, Gifts and Grants Funds, Special Liability, At Risk (K-12), KPERS and the Debt Service Fund.

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

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

| | Major Governmental Funds | | | | | Other Nonmajor Governmental Funds | Total Budgeted Governmental Funds |
|---|--------------------------|-------------------------|---------------------------------|------------------------------|---------------------------|--|--|
| | General Fund | Debt Service Fund | Supplemental General Fund | Special Education Fund | Capital Outlay Fund | | |
| GAAP FUND BALANCE June 30, 2011 | \$ 792,768 | \$ 37,513,762 | \$ 3,047,195 | \$ 13,449,815 | \$ 23,283,338 | \$ 39,031,734 | \$ 117,118,612 |
| Adjustments: | | | | | | | |
| Unreserved fund balances not subject to the Kansas Budget Law: | | | | | | | |
| Contingency Reserve | - | - | - | - | - | [8,695,589] | [8,695,589] |
| Instructional Materials | - | - | - | - | - | [7,908,670] | [7,908,670] |
| Gate Receipts | - | - | - | - | - | [332,607] | [332,607] |
| Student Projects | - | - | - | - | - | [176,918] | [176,918] |
| Special Reserve | - | - | - | - | - | [2,220,751] | [2,220,751] |
| Special Healthcare Reserve | - | - | - | - | - | [12,629,343] | [12,629,343] |
| Gifts Fund | - | - | - | - | - | 584,950 | 584,950 |
| Retainage payable | - | - | - | - | 30,000 | - | 30,000 |
| Current year encumbrances | [649,751] | - | - | [125,016] | [2,618,597] | [358,266] | [3,751,630] |
| Reserve for material and supplies inventory | [143,017] | - | - | - | - | [91,090] | [234,107] |
| Total deductions | [792,768] | - | - | [125,016] | [2,588,597] | [31,828,284] | [35,334,665] |
| BUDGETARY FUND BALANCE June 30, 2011 | \$ - | \$ 37,513,762 | \$ 3,047,195 | \$ 13,324,799 | \$ 20,694,741 | \$ 7,203,450 | \$ 81,783,947 |

B. Property Taxes

The tax levy per \$1,000 of the assessed valuation of tangible taxable property was as follows:

| Fund | Levy (\$ per thousand) |
|---------------------------------|---------------------------|
| General | \$ 20.000 |
| Special revenue: | |
| Supplemental General | 18.663 |
| Capital Outlay | 8.000 |
| Special Assessment | 0.369 |
| Cost of Living | 2.723 |
| Extraordinary Growth Facilities | 5.698 |
| Special Liability | 0.332 |
| Bond and Interest | 15.264 |
| Total tax levy | \$ 71.049 |

Taxes are assessed on a calendar year basis, and are levied and become a lien on the property on November 1st in the year of assessment.

The taxes are due upon receipt of the billing, although taxpayers may elect to pay installments on December 20 and May 10. Taxes are distributed to the District as collected by the County Treasurer five times per year.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 3. RESTATEMENT OF EQUITY

The implementation of GASB 54 required the reclassification of the governmental fund balances. The following is the reclassification of fund balance as of June 30, 2010.

| | Fund Balance Classification As of June 30, 2010 | | | Fund Balance Classification As of June 30, 2010, Reclassified | | | | |
|----------------------------|--|---------------------|----------------------|--|----------------------|--------------------|--------------------|----------------------|
| | Reserved | Unreserved | Total | Nonspendable | Restricted | Assigned | Unassigned | Total |
| Governmental Fund: | | | | | | | | |
| General Fund | \$ 216,355 | \$ - | \$ 216,355 | \$ 148,270 | \$ - | \$ 68,085 | \$ - | \$ 216,355 |
| Supplemental General Fund | - | 2,802,606 | 2,802,606 | - | - | - | 2,802,606 | 2,802,606 |
| Special Education Fund | 73,600 | 11,880,000 | 11,953,600 | - | 11,880,000 | 73,600 | - | 11,953,600 |
| Capital Outlay Fund | 1,550,323 | 13,011,844 | 14,562,167 | - | 13,011,844 | 1,550,323 | - | 14,562,167 |
| Debt Service Fund | 40,353,000 | - | 40,353,000 | - | 40,353,000 | - | - | 40,353,000 |
| 2005 Capital Projects Fund | 21,372,065 | [12,350,289] | 9,021,776 | - | 9,021,776 | - | - | 9,021,776 |
| Other Governmental Fund | 151,003 | 27,583,877 | 27,734,880 | 112,847 | 27,583,877 | 38,156 | - | 27,734,880 |
| Total Governmental Funds | <u>\$63,716,346</u> | <u>\$42,928,038</u> | <u>\$106,644,384</u> | <u>\$ 261,117</u> | <u>\$101,850,497</u> | <u>\$1,730,164</u> | <u>\$2,802,606</u> | <u>\$106,644,384</u> |

After the close of the prior year, it was realized that various items were not properly capitalized in the prior year financial statements. The net assets were properly restated as follows:

| | |
|----------------------------------|--------------------------------|
| | Total Governmental Funds |
| Net Assets - Beginning | \$ 279,102,866 |
| Prior Period Adjustments: | |
| Capital Assets | <u>1,175,867</u> |
| Net Assets - Beginning, Restated | <u>\$ 280,278,733</u> |

Note 4. DETAILED NOTES ON ALL FUNDS

A. Investments

The District's cash is considered to be active funds by management and is invested according to District policy and K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the County in which the District is located or an adjacent county and that the bank provide an acceptable rate for active funds.

The District's investments are considered to be idle funds by management and are invested according to District policy and K.S.A. 12-1675. The statute requires that the District invest its idle funds in only temporary notes of the District, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury Bills or Notes and the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the obligations of the Federal National Mortgage Association, federal home loan banks or the Federal Home Loan Mortgage Corporation, repurchase agreements collateralized by direct obligations of the United States government or any agency thereof,

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (Continued)

investment agreements with a financial institution, which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poors Corporation, investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, federal home loan banks or Federal Home Loan Mortgage Corporation, receipts evidencing ownership interests in securities or portions thereof in direct obligations of the United States government or any agency thereof of obligations of the Federal National Mortgage Association, federal home loan banks or the Federal Home Loan Mortgage Corporation, and municipal bonds or other obligations issued by a municipality of the State of Kansas. K.S.A. 10-131 prohibits investment in derivatives.

At June 30, 2011, the District has the following investments, at fair value:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Rating</u> |
|----------------------------------|---------------------------|---------------|
| U.S. Treasuries | \$ 49,246,406 | NA |
| Certificates of Deposit | 55,200,000 | NA |
| CDARS | 50,000,000 | NA |
| Kansas Municipal Investment Pool | <u>14,584,668</u> | S&P AAf/S1+ |
| Total fair value | <u>\$ 169,031,074</u> | |

The District's investment policy provides direction on concentration risk. The District policy states that adequate diversification of investments shall be met by security type and institution wherever possible in order to eliminate the risk of loss resulting from the over concentration of assets in a specific maturity, issuer or class of securities. In establishing specific diversification strategies the following guidelines will apply; portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity. Liquidity practices shall be used at all times to ensure that the next disbursement date and payroll date are covered through maturing investments, marketable United States treasuries or cash on hand.

The District's formal investment policy does not provide limits on interest rate risks.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All District deposits shall be held in third party safekeeping. The District shall maintain a listing of the specific instruments, rates, maturities and other pertinent information. In terms of collateralization, the following must apply:

1. Securities pledged to secure the deposits of the District must be deposited with a bank, trust company, or national bank authorized to do business in Kansas, the Federal Reserve Bank of Kansas City, the Federal Home Loan Bank of Topeka or the State Treasurer. Such securities must be deposited under a joint custody receipt and must equal at least 105% of the market value of the secured deposits.
2. No securities pledged may be left for safekeeping in any bank, trust company or national bank which is owned directly or indirectly by any parent corporation of the depository bank, or with any bank, trust company or national bank having common controlling shareholders, having a common majority of the board of directors or having common directors with the ability to control or influence

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (Continued)

directly or indirectly the acts or policies of the bank, state or federally chartered savings and loan association, or federally chartered savings bank securing public deposits.

3. Certificates of deposit shall be collateralized as required by Kansas statutes for any amount exceeding FDIC coverage.
4. Collateral underlying repurchase agreements is limited to United States government and agency obligations which are eligible for wire transfer to the District's safekeeping agent through the Federal Reserve System.
5. Collateral is valued at current market plus interest accrued through the date of valuation. Repurchase agreement collateral must be maintained at the following level, with respect to repurchase agreement par value plus accrued interest: United States treasury securities, with maturities of one year or less at 101% and United States treasury securities with maturities of one to five years at 102%.

At year end, the Blue Valley Recreation Commission's investment balances, at fair value, were as follows:

| | Fair Value | Rating |
|----------------------------|---------------------|-------------|
| U.S. Government Securities | \$ 1,831,652 | NA |
| CDARS | 2,612,738 | NA |
| KMIP | <u>8,006</u> | S&P AAf/S1+ |
| Total Investments | <u>\$ 4,452,396</u> | |

B. Receivables

Receivables as of June 30, 2011 are as follows:

| | <u>General</u> | <u>Special Education</u> | <u>Other Governmental</u> | <u>Total</u> |
|-----------------------------------|---------------------|------------------------------|-------------------------------|---------------------|
| District governmental activities: | | | | |
| Receivables: | | | | |
| Accounts | \$ 5,310,387 | \$ 10,251 | \$ 239,748 | \$ 5,560,386 |
| Interest | <u>-</u> | <u>28,472</u> | <u>-</u> | <u>28,472</u> |
| Total | <u>\$ 5,310,387</u> | <u>\$ 38,723</u> | <u>\$ 239,748</u> | <u>\$ 5,588,858</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

| | Balance <u>July 1, 2010</u> | Prior Period <u>Adjustment</u> | Balance, Restated <u>July 1, 2010</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>June 30, 2011</u> |
|---|--------------------------------|-----------------------------------|---|----------------------|------------------------|---------------------------------|
| District governmental activities: | | | | | | |
| Nondepreciable assets: | | | | | | |
| Land | \$ 24,293,364 | \$ - | \$ 24,293,364 | \$ 404,928 | \$ - | \$ 24,698,292 |
| Construction in progress | 107,429,456 | - | 107,429,456 | 11,526,954 | [96,038,309] | 22,918,101 |
| Depreciable assets: | | | | | | |
| Buildings and improvements | 454,955,909 | - | 454,955,909 | 72,261,487 | - | 527,217,396 |
| Site improvements | 32,294,652 | - | 32,294,652 | 18,960,829 | - | 51,255,481 |
| Infrastructure | 5,551,744 | - | 5,551,744 | 10,200,001 | - | 15,751,745 |
| Furniture | 2,206,531 | - | 2,206,531 | - | [4,200] | 2,202,331 |
| Technology | 30,979,671 | 843,876 | 31,823,547 | 1,058,175 | [11,757,205] | 21,124,517 |
| Vehicles | 2,852,228 | - | 2,852,228 | 70,990 | - | 2,923,218 |
| Food service equipment | 3,628,466 | 313,788 | 3,942,254 | 313,245 | - | 4,255,499 |
| Equipment | <u>17,618,378</u> | <u>29,079</u> | <u>17,647,457</u> | <u>1,746,472</u> | <u>[366,656]</u> | <u>19,027,273</u> |
| Totals at historical cost | <u>681,810,399</u> | <u>1,186,743</u> | <u>682,997,142</u> | <u>116,543,081</u> | <u>[108,166,370]</u> | <u>691,373,853</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings and improvements | 105,743,208 | - | 105,743,208 | 11,509,331 | - | 117,252,539 |
| Site improvements | 12,232,993 | - | 12,232,993 | 2,053,182 | - | 14,286,175 |
| Infrastructure | 674,482 | - | 674,482 | 445,908 | - | 1,120,390 |
| Furniture | 1,873,358 | - | 1,873,358 | 79,238 | [1,470] | 1,951,126 |
| Technology | 19,964,010 | 10,878 | 19,974,888 | 3,089,061 | [10,209,655] | 12,854,294 |
| Vehicles | 1,245,610 | - | 1,245,610 | 182,406 | - | 1,428,016 |
| Food service equipment | 3,473,288 | - | 3,473,288 | 187,288 | - | 3,660,576 |
| Equipment | <u>12,899,642</u> | <u>-</u> | <u>12,899,642</u> | <u>1,732,664</u> | <u>[365,536]</u> | <u>14,266,770</u> |
| Total accumulated depreciation | <u>158,106,591</u> | <u>10,878</u> | <u>158,117,469</u> | <u>19,279,078</u> | <u>[10,576,661]</u> | <u>166,819,886</u> |
| Governmental activities capital assets, net | <u>\$ 523,703,808</u> | <u>\$ 1,175,865</u> | <u>\$ 524,879,673</u> | <u>\$ 97,264,003</u> | <u>\$ [97,589,709]</u> | <u>\$ 524,553,967</u> |
| Component unit governmental activities: | | | | | | |
| Nondepreciable assets: | | | | | | |
| Construction in progress | \$ - | \$ - | \$ - | \$ 40,000 | \$ - | \$ 40,000 |
| Depreciable assets: | | | | | | |
| Buildings and improvements | 30,149,327 | - | 30,149,327 | 46,247 | - | 30,195,574 |
| Equipment | <u>1,868,686</u> | <u>-</u> | <u>1,868,686</u> | <u>44,192</u> | <u>[8,474]</u> | <u>1,904,404</u> |
| Totals at historical cost | <u>32,018,013</u> | <u>-</u> | <u>32,018,013</u> | <u>130,439</u> | <u>[8,474]</u> | <u>32,139,978</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings and improvements | 5,121,595 | - | 5,121,595 | 603,449 | - | 5,725,044 |
| Equipment | <u>1,491,571</u> | <u>-</u> | <u>1,491,571</u> | <u>107,182</u> | <u>-</u> | <u>1,598,753</u> |
| Total accumulated depreciation | <u>6,613,166</u> | <u>-</u> | <u>6,613,166</u> | <u>710,631</u> | <u>-</u> | <u>7,323,797</u> |
| Governmental activities capital assets, net | <u>\$ 25,404,847</u> | <u>\$ -</u> | <u>\$ 25,404,847</u> | <u>\$ [580,192]</u> | <u>\$ [8,474]</u> | <u>\$ 24,816,181</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

The District's depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|--------------------------|
| Instruction | \$ 17,094,300 |
| Instructional support | 14,064 |
| Student support | 48,767 |
| General administration | 390,578 |
| School administration | 9,487 |
| Operations and maintenance | 653,088 |
| Other support services | <u>1,068,794</u> |
| Total depreciation | <u>\$ 19,279,078</u> |

The Recreation Commission component unit's depreciation expense was charged to governmental functions as follows:

| | |
|------------------------|-----------------------|
| Culture and recreation | <u>\$ 710,631</u> |
| Total depreciation | <u>\$ 710,631</u> |

D. Long - Term Liabilities

The changes in the District's long-term obligations during the year consist of the following:

| | Balance <u>July 1, 2010</u> | <u>Additions</u> | <u>Reductions</u> | Balance <u>June 30, 2011</u> | Amounts Due Within <u>One Year</u> |
|---|--------------------------------|----------------------|------------------------|---------------------------------|--|
| District Governmental Activities | | | | | |
| General Obligation Bonds | \$ 342,416,432 | \$ 56,147,483 | \$ [49,370,685] | \$ 349,193,230 | \$ 26,979,338 |
| Net Other Post Employment Benefit Obligation | 5,447,767 | 2,100,923 | - | 7,548,690 | - |
| Compensated Absences | <u>1,550,550</u> | <u>483,339</u> | <u>[328,744]</u> | <u>1,705,145</u> | <u>328,744</u> |
| Total governmental activities | | | | | |
| Long-term liabilities | <u>\$ 349,414,749</u> | <u>\$ 58,731,745</u> | <u>\$ [49,699,429]</u> | <u>\$ 358,447,065</u> | <u>\$ 27,308,082</u> |
| Component Unit Governmental Activities | | | | | |
| Certificates of Participation | <u>\$ 16,346,822</u> | <u>\$ -</u> | <u>\$ [736,576]</u> | <u>\$ 15,610,246</u> | <u>\$ 766,575</u> |
| Total governmental activities | | | | | |
| Long-term liabilities | <u>\$ 16,346,822</u> | <u>\$ -</u> | <u>\$ [736,576]</u> | <u>\$ 15,610,246</u> | <u>\$ 766,575</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long - Term Liabilities (Continued)

Long-term obligations of the District consists of the following:

| General Obligation Bonds | Date Issued | Maturity Date | Interest Rate | Original Amount | Outstanding June 30, 2011 |
|--|----------------|------------------|------------------|-----------------------|------------------------------|
| 2001A | 08/15/01 | 10/01/18 | 4.0% to 5.1% | \$ 73,010,000 | \$ 48,784,276 |
| 2002A | 07/15/02 | 10/01/21 | 3.1% to 5.0% | 36,799,907 | 1,324,453 |
| 2004A | 05/15/04 | 10/01/16 | 3.0% to 5.0% | 26,136,058 | 1,468,257 |
| 2005A | 05/12/05 | 10/01/25 | 3.0% to 5.25% | 58,922,916 | 44,426,041 |
| 2005B | 05/12/05 | 10/01/19 | 3.0% to 5.0% | 48,971,286 | 41,153,772 |
| 2007A | 10/09/07 | 10/01/27 | 4.0% to 5.0% | 101,301,845 | 88,978,568 |
| 2009A | 06/01/09 | 10/01/29 | 1.25% to 5.75% | 73,011,532 | 66,910,380 |
| 2010A | 09/15/10 | 10/01/21 | 2.0% to 4/0% | 23,109,417 | 23,109,417 |
| 2011A | | 10/01/30 | 2.0% to 4.125% | <u>33,038,066</u> | <u>33,038,066</u> |
| Total general obligation bonds payable | | | | <u>\$ 474,301,027</u> | <u>\$ 349,193,230</u> |

Long-term obligations of the Recreation Commission consists of the following:

| | Date Issued | Interest Rate | Original Amount | Outstanding June 30, 2011 |
|---|----------------|------------------|----------------------|------------------------------|
| Certificates of Participation | | | | |
| 2001 | 09/28/01 | 2.5% to 4.3% | \$ 6,818,844 | \$ 744,881 |
| 2006A | 03/09/06 | 3.5% to 4.375% | 9,815,057 | 9,773,795 |
| 2006B | 03/09/06 | 3.7% to 4.375% | <u>5,068,758</u> | <u>5,091,570</u> |
| Total certificates of participation payable | | | <u>\$ 21,702,659</u> | <u>\$ 15,610,246</u> |

The annual debt service requirements to maturity for the District general obligation bonds, including interest, are as follows:

District:

| Year Ended December 31, | Principal | Interest | Total |
|----------------------------|-----------------------|-----------------------|-----------------------|
| 2012 | \$ 26,979,338 | \$ 14,794,390 | \$ 41,773,728 |
| 2013 | 28,110,022 | 13,549,130 | 41,659,152 |
| 2014 | 29,260,022 | 12,335,618 | 41,595,640 |
| 2015 | 27,610,022 | 11,158,968 | 38,768,990 |
| 2016 | 26,370,022 | 10,044,955 | 36,414,977 |
| 2017 - 2021 | 104,233,625 | 34,732,632 | 138,966,257 |
| 2022 - 2026 | 70,077,723 | 17,050,009 | 87,127,732 |
| 2027 - 2031 | <u>36,552,456</u> | <u>3,307,121</u> | <u>39,859,577</u> |
| Total | <u>\$ 349,193,230</u> | <u>\$ 116,972,823</u> | <u>\$ 466,166,053</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long - Term Liabilities (Continued)

The annual debt service requirements to maturity for the Commission's certificates of participation, including interest, are as follows:

Component Unit:

| Year Ending <u>June 30</u> | <u>Principal Due</u> | <u>Interest Due</u> | <u>Totals</u> |
|----------------------------------|----------------------|---------------------|----------------------|
| 2012 | \$ 766,575 | \$ 676,430 | \$ 1,443,005 |
| 2013 | 816,691 | 632,361 | 1,449,052 |
| 2014 | 836,691 | 601,068 | 1,437,759 |
| 2015 | 871,691 | 568,095 | 1,439,786 |
| 2016 | 901,691 | 533,216 | 1,434,907 |
| 2017 to 2021 | 5,113,455 | 2,070,642 | 7,184,097 |
| 2022 to 2026 | <u>6,303,452</u> | <u>854,724</u> | <u>7,158,176</u> |
| Total | <u>\$ 15,610,246</u> | <u>\$ 5,936,536</u> | <u>\$ 21,546,782</u> |

Long-term liabilities on the Statement of Net Assets are reported net of the applicable bond premium and discount. The District is subject to Kansas statutes and may issue general obligation bonds for capital improvements upon the approval of a majority of the voters. Remaining debt service requirements for general obligation bonds will be repaid from the Debt Service Fund. Such general obligation indebtedness may not exceed the amount allowed for the District under K.S.A. 72-6761. The District's statutory limit for such bonded indebtedness is about \$311 million at June 30, 2011. The District has received authorization from the State of Kansas to exceed this limit.

During 2011, the District issued \$21,870,000 in general obligation refunding bonds with interest rates ranging from 2.00 to 4.00% to refund \$22,035,000 of 2002A General Obligation Bonds with interest rates ranging from 3.10 to 5.00%. As a result, the 2002A bonds are considered to be defeased and the liability for the defeased bonds has been removed from the District's financial statements. The transaction resulted in an economic gain of \$2,640,441 and a decrease of \$2,736,020 in future debt payments.

E. Operating Leases

The District leases copiers under an operating lease. Total costs for this lease was \$606,657 for the year ended June 30, 2011. The future minimum lease payments for the lease are \$606,657 for the next fiscal years.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 5. OTHER INFORMATION

A. Deferred Compensation Plan

The District offers an employee a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. Under the Plan, the participant is not required to contribute. All contributions to the Plan are made by the District. The Plan is currently available to one employee.

Under the Plan, the participant receives the balance of the deferred compensation fund upon the completion of a period of eight continuous and complete years of service commencing on July 1, 2006. If employment ceases prior to the years of service discussed above, payment under the Plan is forfeited. Forfeiture, however, shall not occur in the case of death, severance from employment by reason of disability, or involuntary termination of employment without cause.

The authority to amend the plan resides with the District. Administrative costs are paid from the Plan assets. All required contributions, totaling \$300,000, have been made by the District. The plan is recorded in the District's financial statements as the pension trust fund.

B. Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901 et seq.. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, Kansas 66603-3925).

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. Member-employees contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.17% of covered payroll. These contribution requirements are established by KPERS and periodically revised. The estimated State of Kansas contributions to KPERS for the District employees for the years ending June 30, 2011, 2010, and 2009 were \$8,558,890, \$9,718,660, and \$9,445,979, respectively, equal to the required contributions for each year. The District recognizes these on-behalf payments as revenues and expenditures in the KPERS Fund as required.

C. Interfund Transfers and Due To/From Other Funds

K.S.A. 72-6428 and K.S.A. 72-6433 allow the transfer of monies between funds. Interfund transfers occurred during the year and were made between the funds identified in the following table to provide sufficient resources to pay the expenditures in the funds receiving the transfer. The due to and due from between funds were recorded to eliminate negative cash in any individual funds.

| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-------------------|----------------------|----------------------|-------------------------------------|-----------------------------------|
| Major: | | | | |
| General | \$ - | \$ 2,772,447 | \$ 36,567 | \$ - |
| Supplemental | - | 5,825,380 | - | - |
| Special Education | 3,496,215 | - | - | - |
| Nonmajor: | | | | |
| Special Revenue | <u>7,101,612</u> | <u>2,000,000</u> | <u>-</u> | <u>36,567</u> |
| Total | <u>\$ 10,597,827</u> | <u>\$ 10,597,827</u> | <u>\$ 36,567</u> | <u>\$ 36,567</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 5. OTHER INFORMATION (Continued)

D. Contingent Liabilities

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 is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2011.

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on other bonds have not been determined.

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. There has been no significant change in insurance coverage from the previous fiscal year. During the past three fiscal years, settlements have not exceeded insurance coverage.

The District is also a party in a number of lawsuits as a result of the ordinary course of school activities. District management and legal counsel anticipate that the potential claims against the District not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the District.

E. Capital Project Funds Expenditures - Budget and Actual (Budgetary Basis)

The District prepares annual operating budgets for the majority of the governmental funds; however, for the capital projects funds, project-length budgets are prepared. The projects budgeted, approved budgets, and cumulative expenditures, including encumbrances, as of June 30, 2011, are as follows:

| <u>Project Name</u> | <u>Project Budget</u> | <u>Cumulative expenditures through June 30, 2011</u> |
|----------------------------|-----------------------|--|
| Construction Projects 2005 | <u>\$ 292,666,584</u> | <u>\$ 257,699,199</u> |

F. Postemployment Healthcare Plan

Plan Description. The District operates a single employer defined benefit healthcare plan administered by the District. The Employee Benefit Plan (the Plan) provides medical, dental and vision insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2011, plan participants contributed approximately \$318,000 to the Plan (approximately 100% of total premiums) through their required contribution ranging from \$330.54 to \$540.04 per month for retiree-only coverage and \$848.32 to \$1,490.34 for retiree and dependent coverage.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 5. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the Plan:

| | |
|---|---------------------|
| Annual required contribution | <u>\$ 2,418,923</u> |
| Annual OPEB cost (expense) | 2,418,923 |
| Benefit payments | <u>318,000</u> |
| Change in net OPEB obligation | 2,100,923 |
| Net OPEB obligation - beginning of year | <u>5,447,767</u> |
| Net OPEB obligation - end of year | <u>\$ 7,548,690</u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2011 was as follows:

| Fiscal Year <u>Ended</u> | Annual OPEB Cost | Annual OPEB Cost <u>Contributed</u> | Percentage of Annual OPEB Cost <u>Contributed</u> | Net OPEB <u>Obligation</u> |
|--------------------------------|------------------------|--|--|----------------------------------|
| June 30, 2009 | \$ 2,058,870 | \$ 399,100 | 19.4% | \$ 3,404,253 |
| June 30, 2010 | 2,360,517 | 317,003 | 13.4% | 5,447,767 |
| June 30, 2011 | 2,418,923 | 318,000 | 13.1% | 7,548,690 |

Funding Status and Funding Progress. As of the year ended June 30, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$17,369,602 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$17,369,602. The covered payroll (annual payroll of active employees covered by the plan) was \$135,382,074, and the ratio of the UAAL to the covered payroll was 12.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 5. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the year ended June 30, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 6% after ten years. The UAAL is being amortized as a level dollar over an open thirty-year period.

G. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

REQUIRED SUPPLEMENTARY INFORMATION

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 June 30, 2011

Schedule of Employer Contributions:

| Fiscal Year <u>Ended</u> | Annual OPEB <u>Cost</u> | Annual OPEB Cost <u>Contributed</u> | Percentage of Annual OPEB Cost <u>Contributed</u> | Net OPEB <u>Obligation</u> |
|--------------------------------|-------------------------------|--|--|----------------------------------|
| June 30, 2009 | \$ 2,058,870 | \$ 399,100 | 19.4% | \$ 3,404,253 |
| June 30, 2010 | 2,360,517 | 317,003 | 13.4% | 5,447,767 |
| June 30, 2011 | 2,418,923 | 318,000 | 13.1% | 7,548,690 |

Schedule of Funding Progress:

| Actuarial Valuation <u>Date</u> | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded AAL (b) - (a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as Percent of Payroll (b-a)/(c) |
|---------------------------------------|-------------------------------------|---------------------------------------|------------------------------|--------------------------|---------------------------|---|
| 6/30/2008 | \$ - | \$ 12,095,652 | \$ 12,095,652 | 0.0% | \$ 113,678,600 | 10.6% |
| 6/30/2009 | - | 15,541,741 | 15,541,741 | 0.0% | 134,360,931 | 11.6% |
| 6/30/2010 | - | 17,369,602 | 17,369,602 | 0.0% | 135,382,074 | 12.8% |

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

BUDGETED FUNDS:

Vocational Education Fund: This fund is used to account for revenues received and expenditures incurred for state and federal vocational education programs, administered in accordance with established guidelines and statutes.

At Risk (K-12) Fund: This fund is used to account for the expenditures associated with at-risk students to provide them with additional educational opportunities and instructional services to assist in closing the achievement gap.

Driver Training Fund: This fund is used to account for state aid and user revenues used to provide driver's education training to students.

Professional Development Fund: This fund is used to account for state aid revenues that are provided for teacher inservice training programs.

Special Assessment Fund: This fund is used to account for tax monies collected and expended to other taxing municipalities to pay the District's portion of special assessment taxes on District owned property. The fund is established and maintained in accordance with applicable state statutes.

Food Service Fund: This fund is established pursuant to state law to account for all monies received and expended attributable to the food service program. This program is administered according to the state plan of child nutrition operations under which federal funds are received pursuant to federal acts relating to child nutrition. The programs are administered and meals are served on a nonprofit basis.

Bilingual Education Fund: This fund is used to account for monies received and expended to operate an English as a Second Language (ESL) program.

Virtual Education Fund: This fund is used to account for monies received and expended for virtual, online courses.

Summer School Fund: This fund is used to account for user fees derived from summer school education programs and the expenditures necessary to carry out these programs.

Parent Education Program Fund: This fund is used to account for state aid revenues which are used to provide educational training and assistance programs to parents in the District regarding pre-school and selected educational problems of students.

Extraordinary School Program Fund: This fund is used to account for revenues and expenditures relating to a contract for credit program, a PSAT program, and an all day multi-age kindergarten program.

Federal Funds: A number of grant funds including; Drug Free Grant, Title I, Title II-A, Title II-D, and the Title III Grant Funds, have been established to account for the revenues and expenditures associated with Federal grants that have been awarded to the District for specific purposes.

Grant Funds: A number of grant funds including; DAC Grant, Blue Valley Foundation Grant, Community Grants, Kauffman Grant, Johnson County Grant, and the Parents as Teachers Grant Funds, have been established to account for the revenues and expenditures associated with State and local grants that have been awarded to the District for specific purposes.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

BUDGETED FUNDS (Continued):

Special Liability Fund: This fund is used to account for property tax revenues used to pay the cost of providing for the school district's defense and the defense of employees pursuant to the Kansas tort claims act for payment of claims and other direct and indirect costs resulting from such act and to pay judgments rendered against the school district.

KPERS Fund: This fund is used to account for the inflow and outflow of the State of Kansas's share of the public employee retirement system contributions.

NON - BUDGETED FUNDS:

Gate Receipts Fund: Unexpended gate receipts from athletic and performing arts events at the schools are recorded in the District Gate Receipts Fund at year end.

Student Projects Fund: Unexpended funds collected for schools are recorded in the District Students Projects Fund at year-end.

Instructional Materials Fund: This fund is used to account for monies collected for student instructional materials, supplies and to purchase and maintain textbooks.

Contingency Reserve Fund: This fund is used to account for monies transferred from the General Fund in accordance with Kansas statutes (limited to 6% of General Fund budget) and expended for contingency purposes.

Special Reserve Fund: This fund is used to account for monies transferred from the General Fund in accordance with Kansas statutes and expended to cover the cost of insurable losses not otherwise insured.

Special Healthcare Reserve Fund: This fund is used to account for monies transferred from the General Fund and premiums collected from District employees in accordance with Kansas statutes and expended to cover the cost of healthcare for the District employees.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2011

| | Vocational Education | At Risk | Driver Training | Professional Development | Special Assessment | Food Service | DAC Grant | Bilingual Education | Virtual Education |
|--|-------------------------|-----------------|--------------------|-----------------------------|-----------------------|---------------------|-----------------|------------------------|----------------------|
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 35,662 | \$ 4,859 | \$ 160,942 | \$ 801,606 | \$ 699,336 | \$ 3,052,195 | \$ 3,329 | \$ 6,772 | \$ 176,753 |
| Other receivable | - | - | - | - | - | - | - | - | - |
| Materials and supplies inventory | - | - | - | - | - | 91,090 | - | - | - |
| Total assets | \$ 35,662 | \$ 4,859 | \$ 160,942 | \$ 801,606 | \$ 699,336 | \$ 3,143,285 | \$ 3,329 | \$ 6,772 | \$ 176,753 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable | \$ 224 | \$ 479 | \$ 1,597 | \$ 4,944 | \$ - | \$ 622 | \$ 225 | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | 373,439 | - | - | - |
| Total liabilities | 224 | 479 | 1,597 | 4,944 | - | 374,061 | 225 | - | - |
| Fund balances: | | | | | | | | | |
| Nonspendable | - | - | - | - | - | 91,090 | - | - | - |
| Restricted | - | - | 159,345 | 780,000 | 699,336 | 2,534,998 | 3,104 | - | 176,552 |
| Assigned | 35,438 | 4,380 | - | 16,662 | - | 143,136 | - | 6,772 | 201 |
| Total fund balances | 35,438 | 4,380 | 159,345 | 796,662 | 699,336 | 2,769,224 | 3,104 | 6,772 | 176,753 |
| Total liabilities and fund balances | \$ 35,662 | \$ 4,859 | \$ 160,942 | \$ 801,606 | \$ 699,336 | \$ 3,143,285 | \$ 3,329 | \$ 6,772 | \$ 176,753 |

| Summer School | Parent Education Program | Extraordinary School Program | Gate Receipts | Student Projects | Instructional Materials | Contingency Reserve | Drug Free Grant | Title I |
|-------------------|--------------------------|------------------------------|-------------------|-------------------|-------------------------|---------------------|-----------------|------------------|
| \$ 100,480 | \$ 82,950 | \$ 1,524,710 | \$ 332,607 | \$ 176,918 | \$ 9,692,108 | \$ 8,695,589 | \$ - | \$ - |
| - | 177,889 | - | - | - | - | - | 5,038 | 26,928 |
| - | - | - | - | - | - | - | - | - |
| <u>\$ 100,480</u> | <u>\$ 260,839</u> | <u>\$ 1,524,710</u> | <u>\$ 332,607</u> | <u>\$ 176,918</u> | <u>\$ 9,692,108</u> | <u>\$ 8,695,589</u> | <u>\$ 5,038</u> | <u>\$ 26,928</u> |
| | | | | | | | | |
| \$ 2,533 | \$ - | \$ 300 | \$ - | \$ - | \$ 532,829 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | 5,038 | 16,241 |
| - | - | 234,510 | - | - | 1,250,609 | - | - | - |
| <u>2,533</u> | <u>-</u> | <u>234,810</u> | <u>-</u> | <u>-</u> | <u>1,783,438</u> | <u>-</u> | <u>5,038</u> | <u>16,241</u> |
| | | | | | | | | |
| - | - | - | - | - | - | - | - | - |
| 87,492 | 256,962 | 1,283,285 | - | - | 7,745,522 | - | - | - |
| 10,455 | 3,877 | 6,615 | 332,607 | 176,918 | 163,148 | 8,695,589 | - | 10,687 |
| <u>97,947</u> | <u>260,839</u> | <u>1,289,900</u> | <u>332,607</u> | <u>176,918</u> | <u>7,908,670</u> | <u>8,695,589</u> | <u>-</u> | <u>10,687</u> |
| | | | | | | | | |
| <u>\$ 100,480</u> | <u>\$ 260,839</u> | <u>\$ 1,524,710</u> | <u>\$ 332,607</u> | <u>\$ 176,918</u> | <u>\$ 9,692,108</u> | <u>\$ 8,695,589</u> | <u>\$ 5,038</u> | <u>\$ 26,928</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2011

| | Blue Valley Foundation Grant | Community Grants | Kauffman Grant | Special Reserve | Special Healthcare Reserve | Johnson County Grant |
|--|------------------------------------|---------------------|-------------------|---------------------|----------------------------------|----------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 105,008 | \$ 3,005 | \$ 36,352 | \$ 2,220,751 | \$ 12,924,670 | \$ - |
| Other receivable | - | 14,355 | - | - | - | - |
| Materials and supplies inventory | - | - | - | - | - | - |
| Total assets | \$ 105,008 | \$ 17,360 | \$ 36,352 | \$ 2,220,751 | \$ 12,924,670 | \$ - |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 295,327 | \$ - |
| Due to other funds | - | - | - | - | - | - |
| Deferred revenue | 7,000 | 1,500 | - | - | - | - |
| Total liabilities | 7,000 | 1,500 | - | - | 295,327 | - |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 97,632 | 1,208 | 36,352 | 2,220,751 | 12,629,343 | - |
| Assigned | 376 | 14,652 | - | - | - | - |
| Total fund balances | 98,008 | 15,860 | 36,352 | 2,220,751 | 12,629,343 | - |
| Total liabilities and fund balances | \$ 105,008 | \$ 17,360 | \$ 36,352 | \$ 2,220,751 | \$ 12,924,670 | \$ - |

| Parents as Teachers Grant | Title II-A | Title II-D | Title III | Special Liability | KPERS | Total Nonmajor Special Revenue Funds |
|---------------------------------|------------------|-------------|-----------------|----------------------|-------------|---|
| \$ - | \$ 17,375 | \$ - | \$ - | \$ 615,672 | \$ - | \$ 41,469,649 |
| 9,103 | 250 | - | 6,185 | - | - | 239,748 |
| - | - | - | - | - | - | 91,090 |
| <u>\$ 9,103</u> | <u>\$ 17,625</u> | <u>\$ -</u> | <u>\$ 6,185</u> | <u>\$ 615,672</u> | <u>\$ -</u> | <u>\$ 41,800,487</u> |
| | | | | | | |
| \$ - | \$ 5,509 | \$ - | \$ - | \$ 20,539 | \$ - | \$ 865,128 |
| 9,103 | - | - | 6,185 | - | - | 36,567 |
| - | - | - | - | - | - | 1,867,058 |
| <u>9,103</u> | <u>5,509</u> | <u>-</u> | <u>6,185</u> | <u>20,539</u> | <u>-</u> | <u>2,768,753</u> |
| | | | | | | |
| - | - | - | - | - | - | 91,090 |
| - | - | - | - | 595,133 | - | 29,307,015 |
| - | 12,116 | - | - | - | - | 9,633,629 |
| - | 12,116 | - | - | 595,133 | - | 39,031,734 |
| <u>\$ 9,103</u> | <u>\$ 17,625</u> | <u>\$ -</u> | <u>\$ 6,185</u> | <u>\$ 615,672</u> | <u>\$ -</u> | <u>\$ 41,800,487</u> |

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended June 30, 2011

| | Vocational <u>Education</u> | At <u>Risk</u> | Driver <u>Training</u> | Professional <u>Development</u> | Special <u>Assessment</u> | Food <u>Service</u> | DAC <u>Grant</u> | Bilingual <u>Education</u> | Virtual <u>Education</u> |
|--|--------------------------------|-------------------|---------------------------|------------------------------------|------------------------------|------------------------|---------------------|-------------------------------|-----------------------------|
| REVENUES: | | | | | | | | | |
| Taxes | \$ 2,761,435 | \$ 1,277,876 | \$ - | \$ 1,284,522 | \$ 869,055 | \$ - | \$ - | \$ 1,384,558 | \$ 80,569 |
| Intergovernmental | 1,336,920 | 1,901,177 | 28,194 | - | - | 1,500,240 | - | 122,441 | 4,331 |
| Charges for services | - | - | 88,858 | - | - | 7,431,833 | - | - | 168,148 |
| Investment revenue | - | - | - | - | - | 6,271 | - | - | - |
| Other local sources | - | - | - | - | - | 1,289 | - | - | - |
| Total revenues | 4,098,355 | 3,179,053 | 117,052 | 1,284,522 | 869,055 | 8,939,633 | - | 1,506,999 | 253,048 |
| EXPENDITURES: | | | | | | | | | |
| Current | | | | | | | | | |
| Instruction | 3,861,798 | 2,819,218 | 80,917 | - | - | - | - | 1,338,890 | 175,528 |
| Student support services | - | 49,866 | - | - | - | - | - | - | - |
| Instructional support staff | 84,989 | 86,655 | - | 1,275,766 | - | - | 1,584 | 81,750 | 26,467 |
| General administration | - | - | 8,500 | - | - | - | - | - | - |
| School administration | 118,982 | 165,427 | - | - | - | - | - | - | 2,155 |
| Student transportation services | - | - | - | - | - | - | - | 79,587 | - |
| Operations and maintenance | - | 150 | 38,597 | - | - | - | - | - | - |
| Other support services | - | 55,000 | - | 8,756 | - | - | - | - | - |
| Food service operations | - | - | - | - | - | 8,657,197 | - | - | - |
| Capital outlay | | | | | | | | | |
| Facility acquisition and construction | - | - | - | - | 646,131 | - | - | - | - |
| Total expenditures | 4,065,769 | 3,176,316 | 128,014 | 1,284,522 | 646,131 | 8,657,197 | 1,584 | 1,500,227 | 204,150 |
| Excess [deficiency] of revenues over [under] expenditures | <u>32,586</u> | <u>2,737</u> | <u>[10,962]</u> | <u>-</u> | <u>222,924</u> | <u>282,436</u> | <u>[1,584]</u> | <u>6,772</u> | <u>48,898</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | | | | |
| Transfers in | - | - | - | 14,052 | - | - | - | - | - |
| Transfers [out] | - | - | - | - | - | - | - | - | - |
| Total other financing sources [uses] | - | - | - | 14,052 | - | - | - | - | - |
| Net change in fund balances | 32,586 | 2,737 | [10,962] | 14,052 | 222,924 | 282,436 | [1,584] | 6,772 | 48,898 |
| Fund balance - Beginning of year | 2,852 | 1,643 | 170,307 | 782,610 | 476,412 | 2,486,788 | 4,688 | - | 127,855 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - |
| Fund balance - Beginning of year, restated | <u>2,852</u> | <u>1,643</u> | <u>170,307</u> | <u>782,610</u> | <u>476,412</u> | <u>2,486,788</u> | <u>4,688</u> | <u>-</u> | <u>127,855</u> |
| Fund balance - End of year | \$ 35,438 | \$ 4,380 | \$ 159,345 | \$ 796,662 | \$ 699,336 | \$ 2,769,224 | \$ 3,104 | \$ 6,772 | \$ 176,753 |

| Summer School | Parent Education Program | Extraordinary School Program | Gate Receipts | Student Projects | Instructional Materials | Contingency Reserve | Drug Free Grant | Title I |
|----------------|--------------------------|------------------------------|----------------|------------------|-------------------------|---------------------|-----------------|----------------|
| \$ - | \$ 192,436 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 359,203 | - | - | - | - | - | 28,301 | 333,409 |
| 118,805 | - | 2,005,635 | 881,084 | - | 2,877,000 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 41,405 | - | - | 3,120,547 | - | - | - | - |
| <u>118,805</u> | <u>593,044</u> | <u>2,005,635</u> | <u>881,084</u> | <u>3,120,547</u> | <u>2,877,000</u> | <u>-</u> | <u>28,301</u> | <u>333,409</u> |
| 92,563 | 562,500 | 1,729,737 | 744,994 | 3,184,951 | 2,030,396 | - | - | 259,187 |
| - | - | - | - | - | - | - | - | - |
| 718 | 30,544 | 114,393 | - | - | - | - | 28,885 | 62,324 |
| - | - | - | - | - | - | - | - | - |
| - | - | 49,638 | - | - | - | - | - | - |
| 124 | - | - | - | - | - | - | - | 1,442 |
| - | - | 71,290 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| <u>93,405</u> | <u>593,044</u> | <u>1,965,058</u> | <u>744,994</u> | <u>3,184,951</u> | <u>2,030,396</u> | <u>-</u> | <u>28,885</u> | <u>322,953</u> |
| 25,400 | - | 40,577 | 136,090 | [64,404] | 846,604 | - | [584] | 10,456 |
| - | 37,560 | 500,000 | - | - | 2,050,000 | - | - | - |
| - | - | - | - | - | - | [2,000,000] | - | - |
| - | 37,560 | 500,000 | - | - | 2,050,000 | [2,000,000] | - | - |
| <u>25,400</u> | <u>37,560</u> | <u>540,577</u> | <u>136,090</u> | <u>[64,404]</u> | <u>2,896,604</u> | <u>[2,000,000]</u> | <u>[584]</u> | <u>10,456</u> |
| 72,547 | 223,279 | 749,323 | 196,517 | 241,322 | 5,012,066 | 10,695,589 | 584 | 231 |
| - | - | - | - | - | - | - | - | - |
| <u>72,547</u> | <u>223,279</u> | <u>749,323</u> | <u>196,517</u> | <u>241,322</u> | <u>5,012,066</u> | <u>10,695,589</u> | <u>584</u> | <u>231</u> |
| \$ 97,947 | \$ 260,839 | \$ 1,289,900 | \$ 332,607 | \$ 176,918 | \$ 7,908,670 | \$ 8,695,589 | \$ - | \$ 10,687 |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended June 30, 2011

| | Blue Valley Foundation <u>Grant</u> | Community <u>Grants</u> | Kauffman <u>Grant</u> | Special <u>Reserve</u> | Special Healthcare <u>Reserve</u> | Johnson County <u>Grant</u> |
|--|---|----------------------------|--------------------------|---------------------------|---|-----------------------------------|
| REVENUES: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Investment revenue | - | - | - | 3,954 | 6,883 | - |
| Other local sources | <u>89,021</u> | <u>14,355</u> | <u>-</u> | <u>39,677</u> | <u>6,994,594</u> | <u>-</u> |
| Total revenues | <u>89,021</u> | <u>14,355</u> | <u>-</u> | <u>43,631</u> | <u>7,001,477</u> | <u>-</u> |
| EXPENDITURES: | | | | | | |
| Current | | | | | | |
| Instruction | - | 9,185 | 15,880 | 311,164 | - | 95,625 |
| Student support services | - | - | - | 25,568 | - | - |
| Instructional support staff | - | - | 4,378 | - | - | 48,139 |
| General administration | - | - | - | - | - | - |
| School administration | - | - | - | 7,570 | - | - |
| Student transportation services | - | - | - | - | - | - |
| Operations and maintenance | - | - | - | 303,713 | - | - |
| Other support services | 4,109 | - | - | 7,750 | - | 2,130,418 |
| Food service operations | - | - | - | 25,881 | - | - |
| Capital outlay | | | | | | |
| Facility acquisition and construction | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>4,109</u> | <u>9,185</u> | <u>20,258</u> | <u>681,646</u> | <u>-</u> | <u>2,274,182</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>84,912</u> | <u>5,170</u> | <u>[20,258]</u> | <u>[638,015]</u> | <u>7,001,477</u> | <u>[2,274,182]</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | - | - | - | 1,500,000 | 3,000,000 | - |
| Transfers [out] | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources [uses] | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,500,000</u> | <u>3,000,000</u> | <u>-</u> |
| Net change in fund balances | <u>84,912</u> | <u>5,170</u> | <u>[20,258]</u> | <u>861,985</u> | <u>10,001,477</u> | <u>[2,274,182]</u> |
| Fund balance - Beginning of year | 13,096 | 10,690 | 56,610 | 3,986,632 | - | 2,274,182 |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>-</u> | <u>[2,627,866]</u> | <u>2,627,866</u> | <u>-</u> |
| Fund balance - Beginning of year, restated | <u>13,096</u> | <u>10,690</u> | <u>56,610</u> | <u>1,358,766</u> | <u>2,627,866</u> | <u>2,274,182</u> |
| Fund balance - End of year | <u>\$ 98,008</u> | <u>\$ 15,860</u> | <u>\$ 36,352</u> | <u>\$ 2,220,751</u> | <u>\$ 12,629,343</u> | <u>\$ -</u> |

| Parents as Teachers <u>Grant</u> | <u>Title II-A</u> | <u>Title II-D</u> | <u>Title III</u> | <u>Special Liability</u> | <u>KPERS</u> | Total Nonmajor Special Revenue <u>Funds</u> |
|--|-------------------|-------------------|------------------|------------------------------|------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ 709,325 | \$ - | \$ 8,559,776 |
| 74,734 | 275,428 | 1,638 | 34,716 | - | 8,558,890 | 14,559,622 |
| - | - | - | - | - | - | 13,571,363 |
| - | - | - | - | 301 | - | 17,409 |
| - | - | - | - | 106,826 | - | 10,407,714 |
| <u>74,734</u> | <u>275,428</u> | <u>1,638</u> | <u>34,716</u> | <u>816,452</u> | <u>8,558,890</u> | <u>47,115,884</u> |
| 74,734 | - | 1,638 | 22,676 | - | 5,810,777 | 23,222,358 |
| - | - | - | - | - | 602,663 | 678,097 |
| - | 263,312 | - | 12,040 | - | 512,217 | 2,634,161 |
| - | - | - | - | - | 60,761 | 69,261 |
| - | - | - | - | - | 481,517 | 825,289 |
| - | - | - | - | - | - | 81,153 |
| - | - | - | - | - | 433,051 | 846,801 |
| - | - | - | - | 370,376 | 504,754 | 3,081,163 |
| - | - | - | - | - | 153,150 | 8,836,228 |
| - | - | - | - | - | - | 646,131 |
| <u>74,734</u> | <u>263,312</u> | <u>1,638</u> | <u>34,716</u> | <u>370,376</u> | <u>8,558,890</u> | <u>40,920,642</u> |
| - | 12,116 | - | - | 446,076 | - | 6,195,242 |
| - | - | - | - | - | - | 7,101,612 |
| - | - | - | - | - | - | [2,000,000] |
| - | - | - | - | - | - | 5,101,612 |
| - | 12,116 | - | - | 446,076 | - | 11,296,854 |
| - | - | - | - | 149,057 | - | 27,734,880 |
| - | - | - | - | - | - | - |
| - | - | - | - | 149,057 | - | 27,734,880 |
| <u>\$ -</u> | <u>\$ 12,116</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 595,133</u> | <u>\$ -</u> | <u>\$ 39,031,734</u> |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 VOCATIONAL EDUCATION FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|--------------------|--------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$2,761,435 | \$ [2,761,435] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | <u>2,761,435</u> | <u>[2,761,435]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intergovernmental: | | | | | | |
| Federal | 87,316 | - | 87,316 | 85,000 | 85,000 | 2,316 |
| State and local | <u>1,249,604</u> | <u>[1,249,604]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total intergovernmental | 1,336,920 | [1,249,604] | 87,316 | 85,000 | 85,000 | 2,316 |
| Miscellaneous | - | - | - | 800,000 | 800,000 | [800,000] |
| Total revenues | <u>4,098,355</u> | <u>[4,011,039]</u> | <u>87,316</u> | <u>885,000</u> | <u>885,000</u> | <u>[797,684]</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 3,861,798 | 30,274 | 3,892,072 | 5,235,273 | 5,235,273 | 1,343,201 |
| Instructional support staff | 84,989 | 2,312 | 87,301 | 85,001 | 85,001 | [2,300] |
| School administration | <u>118,982</u> | <u>-</u> | <u>118,982</u> | <u>117,099</u> | <u>117,099</u> | <u>[1,883]</u> |
| Total expenditures | <u>4,065,769</u> | <u>32,586</u> | <u>4,098,355</u> | <u>5,437,373</u> | <u>5,437,373</u> | <u>1,339,018</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>32,586</u> | <u>[4,043,625]</u> | <u>[4,011,039]</u> | <u>[4,552,373]</u> | <u>[4,552,373]</u> | <u>541,334</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | - | 4,011,039 | 4,011,039 | 4,552,373 | 4,552,373 | [541,334] |
| Total other financing sources [uses] | <u>-</u> | <u>4,011,039</u> | <u>4,011,039</u> | <u>4,552,373</u> | <u>4,552,373</u> | <u>[541,334]</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | 32,586 | [32,586] | - | \$ - | \$ - | \$ - |
| FUND BALANCE - Beginning of year | <u>2,852</u> | <u>[2,852]</u> | <u>-</u> | | | |
| FUND BALANCE - End of year | <u>\$ 35,438</u> | <u>\$ [35,438]</u> | <u>\$ -</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 AT RISK (K-12) FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------|--------------------------------------|--------------------|------------------|-------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$ 1,277,876 | \$ [1,277,876] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | 1,277,876 | [1,277,876] | - | - | - | - |
| Intergovernmental: | | | | | | |
| State and local | 1,901,177 | [1,901,177] | - | - | - | - |
| Total intergovernmental | 1,901,177 | [1,901,177] | - | - | - | - |
| Interest on idle funds | - | - | - | 300,000 | 300,000 | [300,000] |
| Total revenues | 3,179,053 | [3,179,053] | - | 300,000 | 300,000 | [300,000] |
| EXPENDITURES: | | | | | | |
| Instruction | 2,819,218 | 1,059 | 2,820,277 | 3,073,934 | 3,073,934 | 253,657 |
| Student support services | 49,866 | - | 49,866 | 49,812 | 49,812 | [54] |
| Instructional support staff | 86,655 | 1,198 | 87,853 | 23,436 | 23,436 | [64,417] |
| School administration | 165,427 | 480 | 165,907 | 162,396 | 162,396 | [3,511] |
| Operations and maintenance | 150 | - | 150 | - | - | [150] |
| Other supplemental services | 55,000 | - | 55,000 | 55,000 | 55,000 | - |
| Total expenditures | 3,176,316 | 2,737 | 3,179,053 | 3,364,578 | 3,364,578 | 185,525 |
| Excess [deficiency] of revenues over [under] expenditures | 2,737 | [3,181,790] | [3,179,053] | [3,064,578] | [3,064,578] | [114,475] |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | - | 3,179,053 | 3,179,053 | 3,064,578 | 3,064,578 | 114,475 |
| Total other financing sources [uses] | - | 3,179,053 | 3,179,053 | 3,064,578 | 3,064,578 | 114,475 |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | 2,737 | [2,737] | - | \$ - | \$ - | \$ - |
| FUND BALANCE - Beginning of year | 1,643 | [1,643] | - | | | |
| FUND BALANCE - End of year | \$ 4,380 | \$ [4,380] | \$ - | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 DRIVER TRAINING FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustment to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------|-------------------------------------|--------------------|------------------|-------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental: | | | | | | |
| State | \$ 28,194 | \$ - | \$ 28,194 | \$ 28,350 | \$ 28,350 | \$ [156] |
| Total intergovernmental | 28,194 | - | 28,194 | 28,350 | 28,350 | [156] |
| Charges for services | 88,858 | - | 88,858 | 111,375 | 111,375 | [22,517] |
| Total revenues | 117,052 | - | 117,052 | 139,725 | 139,725 | [22,673] |
| EXPENDITURES: | | | | | | |
| Instruction | 80,917 | - | 80,917 | 170,791 | 170,791 | 89,874 |
| General administration | 8,500 | - | 8,500 | - | - | [8,500] |
| School administration | - | - | - | 10,598 | 10,598 | 10,598 |
| Operations and maintenance | 38,597 | - | 38,597 | 10,132 | 10,132 | [28,465] |
| Total expenditures | 128,014 | - | 128,014 | 191,521 | 191,521 | 63,507 |
| Excess [deficiency] of revenues over [under] expenditures | [10,962] | - | [10,962] | \$ [51,796] | \$ [51,796] | \$ 40,834 |
| FUND BALANCE - Beginning of year | 170,307 | - | 170,307 | | | |
| FUND BALANCE - End of year | \$ 159,345 | \$ - | \$ 159,345 | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 PROFESSIONAL DEVELOPMENT FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-------------------|--------------------------------------|--------------------|--------------------|--------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$ 1,284,522 | \$ [1,284,522] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | <u>1,284,522</u> | <u>[1,284,522]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intergovernmental: | | | | | | |
| State and local | <u>-</u> | <u>-</u> | <u>-</u> | <u>508,000</u> | <u>508,000</u> | <u>[508,000]</u> |
| Total revenues | <u>1,284,522</u> | <u>[1,284,522]</u> | <u>-</u> | <u>508,000</u> | <u>508,000</u> | <u>[508,000]</u> |
| EXPENDITURES: | | | | | | |
| Instructional support staff | 1,275,766 | 10,662 | 1,286,428 | 2,319,195 | 2,319,195 | 1,032,767 |
| Other support services | <u>8,756</u> | <u>3,390</u> | <u>12,146</u> | <u>-</u> | <u>-</u> | <u>[12,146]</u> |
| Total expenditures | <u>1,284,522</u> | <u>14,052</u> | <u>1,298,574</u> | <u>2,319,195</u> | <u>2,319,195</u> | <u>1,020,621</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>-</u> | <u>[1,298,574]</u> | <u>[1,298,574]</u> | <u>[1,811,195]</u> | <u>[1,811,195]</u> | <u>512,621</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | <u>14,052</u> | <u>1,284,522</u> | <u>1,298,574</u> | <u>1,819,216</u> | <u>1,819,216</u> | <u>[520,642]</u> |
| Total other financing sources [uses] | <u>14,052</u> | <u>1,284,522</u> | <u>1,298,574</u> | <u>1,819,216</u> | <u>1,819,216</u> | <u>[520,642]</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | <u>14,052</u> | <u>[14,052]</u> | <u>-</u> | <u>\$ 8,021</u> | <u>\$ 8,021</u> | <u>\$ [8,021]</u> |
| FUND BALANCE - Beginning of year | <u>782,610</u> | <u>[2,610]</u> | <u>780,000</u> | | | |
| FUND BALANCE - End of year | <u>\$ 796,662</u> | <u>\$ [16,662]</u> | <u>\$ 780,000</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL ASSESSMENT FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-------------------|--------------------------------------|--------------------|--------------------|--------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| In process | \$ 12,828 | \$ - | \$ 12,828 | \$ 17,076 | \$ 17,076 | \$ [4,248] |
| Current | 788,251 | - | 788,251 | 762,471 | 762,471 | 25,780 |
| Delinquent | 10,732 | - | 10,732 | 5,394 | 5,394 | 5,338 |
| Motor vehicle | 56,757 | - | 56,757 | 57,509 | 57,509 | [752] |
| Rental excise | 487 | - | 487 | - | - | 487 |
| Total revenues | <u>869,055</u> | <u>-</u> | <u>869,055</u> | <u>842,450</u> | <u>842,450</u> | <u>26,605</u> |
| EXPENDITURES: | | | | | | |
| Capital outlay | <u>646,131</u> | <u>-</u> | <u>646,131</u> | <u>914,630</u> | <u>914,630</u> | <u>268,499</u> |
| Total expenditures | <u>646,131</u> | <u>-</u> | <u>646,131</u> | <u>914,630</u> | <u>914,630</u> | <u>268,499</u> |
| Excess [deficiency] of revenues over [under] expenditures | 222,924 | - | 222,924 | <u>\$ [72,180]</u> | <u>\$ [72,180]</u> | <u>\$ 295,104</u> |
| FUND BALANCE - Beginning of year | <u>476,412</u> | <u>-</u> | <u>476,412</u> | | | |
| FUND BALANCE - End of year | <u>\$ 699,336</u> | <u>\$ -</u> | <u>\$ 699,336</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FOOD SERVICE FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget |
|--|---------------|--------------------------------------|--------------------|------------------|--------------|-------------------------------|
| | | | | Original | Final | Positive [Negative] |
| REVENUES: | | | | | | |
| Intergovernmental: | | | | | | |
| Federal | \$ 1,417,997 | \$ - | \$ 1,417,997 | \$ 1,217,497 | \$ 1,217,497 | \$ 200,500 |
| State and local | 82,243 | - | 82,243 | 63,587 | 63,587 | 18,656 |
| Total intergovernmental | 1,500,240 | - | 1,500,240 | 1,281,084 | 1,281,084 | 219,156 |
| Charges for services | 7,431,833 | - | 7,431,833 | 7,278,773 | 7,278,773 | 153,060 |
| Investment revenue | 6,271 | - | 6,271 | 15,000 | 15,000 | [8,729] |
| Miscellaneous | 1,289 | - | 1,289 | 39,538 | 39,538 | [38,249] |
| Total revenues | 8,939,633 | - | 8,939,633 | 8,614,395 | 8,614,395 | 325,238 |
| EXPENDITURES: | | | | | | |
| Operations and maintenance | - | - | - | 475,000 | 475,000 | 475,000 |
| Food service operations | 8,657,197 | 121,379 | 8,778,576 | 8,642,528 | 8,642,528 | [136,048] |
| Total expenditures | 8,657,197 | 121,379 | 8,778,576 | 9,117,528 | 9,117,528 | 338,952 |
| Excess [deficiency] of revenues over [under] expenditures | 282,436 | [121,379] | 161,057 | \$ [503,133] | \$ [503,133] | \$ 664,190 |
| FUND BALANCE - Beginning of year | 2,486,788 | [112,847] | 2,373,941 | | | |
| FUND BALANCE - End of year | \$ 2,769,224 | \$ [234,226] | \$ 2,534,998 | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BILINGUAL EDUCATION FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|--------------------|--------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$ 1,384,558 | \$ [1,384,558] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | <u>1,384,558</u> | <u>[1,384,558]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intergovernmental: | | | | | | |
| State and local | 122,441 | [122,441] | - | - | - | - |
| Total intergovernmental | <u>122,441</u> | <u>[122,441]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other revenue from local source | - | - | - | 260,000 | 260,000 | [260,000] |
| Total revenues | <u>1,506,999</u> | <u>[1,506,999]</u> | <u>-</u> | <u>260,000</u> | <u>260,000</u> | <u>[260,000]</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 1,338,890 | 6,772 | 1,345,662 | 1,567,114 | 1,567,114 | 221,452 |
| Instructional support staff | 81,750 | - | 81,750 | 80,005 | 80,005 | [1,745] |
| Student transportation services | <u>79,587</u> | <u>-</u> | <u>79,587</u> | <u>89,900</u> | <u>89,900</u> | <u>10,313</u> |
| Total expenditures | <u>1,500,227</u> | <u>6,772</u> | <u>1,506,999</u> | <u>1,737,019</u> | <u>1,737,019</u> | <u>230,020</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>6,772</u> | <u>[1,513,771]</u> | <u>[1,506,999]</u> | <u>[1,477,019]</u> | <u>[1,477,019]</u> | <u>[29,980]</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | - | 1,506,999 | 1,506,999 | 1,477,019 | 1,477,019 | 29,980 |
| Total other financing sources [uses] | <u>-</u> | <u>1,506,999</u> | <u>1,506,999</u> | <u>1,477,019</u> | <u>1,477,019</u> | <u>29,980</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | <u>6,772</u> | <u>[6,772]</u> | <u>-</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| FUND BALANCE - Beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | | | |
| FUND BALANCE - End of year | <u>\$ 6,772</u> | <u>\$ [6,772]</u> | <u>\$ -</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 VIRTUAL EDUCATION FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-------------------|--------------------------------------|--------------------|-------------------|-------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$ 80,569 | \$ [80,569] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | <u>80,569</u> | <u>[80,569]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intergovernmental: | | | | | | |
| State and local | <u>4,331</u> | <u>[4,331]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total intergovernmental | <u>4,331</u> | <u>[4,331]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Charges for services | <u>168,148</u> | <u>-</u> | <u>168,148</u> | <u>531,250</u> | <u>531,250</u> | <u>[363,102]</u> |
| Total revenues | <u>253,048</u> | <u>[84,900]</u> | <u>168,148</u> | <u>531,250</u> | <u>531,250</u> | <u>[363,102]</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 175,528 | - | 175,528 | 491,870 | 491,870 | 316,342 |
| Instructional support staff | 26,467 | 201 | 26,668 | 97,187 | 97,187 | 70,519 |
| School administration | <u>2,155</u> | <u>-</u> | <u>2,155</u> | <u>-</u> | <u>-</u> | <u>[2,155]</u> |
| Total expenditures | <u>204,150</u> | <u>201</u> | <u>204,351</u> | <u>589,057</u> | <u>589,057</u> | <u>384,706</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>48,898</u> | <u>[85,101]</u> | <u>[36,203]</u> | <u>[57,807]</u> | <u>[57,807]</u> | <u>21,604</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | <u>-</u> | <u>84,900</u> | <u>84,900</u> | <u>167,311</u> | <u>167,311</u> | <u>[82,411]</u> |
| Total other financing sources [uses] | <u>-</u> | <u>84,900</u> | <u>84,900</u> | <u>167,311</u> | <u>167,311</u> | <u>[82,411]</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | <u>48,898</u> | <u>[201]</u> | <u>48,697</u> | <u>\$ 109,504</u> | <u>\$ 109,504</u> | <u>\$ [60,807]</u> |
| FUND BALANCE - Beginning of year | <u>127,855</u> | <u>-</u> | <u>127,855</u> | | | |
| FUND BALANCE - End of year | <u>\$ 176,753</u> | <u>\$ [201]</u> | <u>\$ 176,552</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SUMMER SCHOOL FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|------------------|----------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Charges for services | \$ 118,805 | \$ - | \$ 118,805 | \$ 187,060 | \$ 187,060 | \$ [68,255] |
| Total revenues | <u>118,805</u> | <u>-</u> | <u>118,805</u> | <u>187,060</u> | <u>187,060</u> | <u>[68,255]</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 92,563 | 10,455 | 103,018 | 178,449 | 178,449 | 75,431 |
| Instructional support staff | 718 | - | 718 | - | - | [718] |
| Transportation | <u>124</u> | <u>-</u> | <u>124</u> | <u>-</u> | <u>-</u> | <u>[124]</u> |
| Total expenditures | <u>93,405</u> | <u>10,455</u> | <u>103,860</u> | <u>178,449</u> | <u>178,449</u> | <u>74,589</u> |
| Excess [deficiency] of revenues over [under] expenditures | 25,400 | [10,455] | 14,945 | \$ 8,611 | \$ 8,611 | \$ 6,334 |
| FUND BALANCE - Beginning of year | <u>72,547</u> | <u>-</u> | <u>72,547</u> | | | |
| FUND BALANCE - End of year | <u>\$ 97,947</u> | <u>\$ [10,455]</u> | <u>\$ 87,492</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 PARENT EDUCATION PROGRAM FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-------------------|--------------------------------------|--------------------|-------------------|-------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes | | | | | | |
| Current | \$ 192,436 | \$ [192,436] | \$ - | \$ - | \$ - | \$ - |
| Total taxes | <u>192,436</u> | <u>[192,436]</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intergovernmental: | | | | | | |
| State and local | <u>359,203</u> | <u>-</u> | <u>359,203</u> | <u>362,629</u> | <u>362,629</u> | <u>[3,426]</u> |
| Total intergovernmental | <u>359,203</u> | <u>-</u> | <u>359,203</u> | <u>362,629</u> | <u>362,629</u> | <u>[3,426]</u> |
| Other local sources | <u>41,405</u> | <u>-</u> | <u>41,405</u> | <u>145,000</u> | <u>145,000</u> | <u>[103,595]</u> |
| Total revenues | <u>593,044</u> | <u>[192,436]</u> | <u>400,608</u> | <u>507,629</u> | <u>507,629</u> | <u>[107,021]</u> |
| EXPENDITURES: | | | | | | |
| Instructional | 562,500 | 1,687 | 564,187 | - | - | [564,187] |
| Student support services | - | - | - | 715,414 | 715,414 | 715,414 |
| Instructional support staff | <u>30,544</u> | <u>1,683</u> | <u>32,227</u> | <u>27,925</u> | <u>27,925</u> | <u>[4,302]</u> |
| Total expenditures | <u>593,044</u> | <u>3,370</u> | <u>596,414</u> | <u>743,339</u> | <u>743,339</u> | <u>146,925</u> |
| Excess [deficiency] of revenues over [under] expenditures | <u>-</u> | <u>[195,806]</u> | <u>[195,806]</u> | <u>[235,710]</u> | <u>[235,710]</u> | <u>39,904</u> |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | <u>37,560</u> | <u>192,436</u> | <u>229,996</u> | <u>226,467</u> | <u>226,467</u> | <u>3,529</u> |
| Total other financing sources [uses] | <u>37,560</u> | <u>192,436</u> | <u>229,996</u> | <u>226,467</u> | <u>226,467</u> | <u>3,529</u> |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | <u>37,560</u> | <u>[3,370]</u> | <u>34,190</u> | <u>\$ [9,243]</u> | <u>\$ [9,243]</u> | <u>\$ 43,433</u> |
| FUND BALANCE - Beginning of year | <u>223,279</u> | <u>[507]</u> | <u>222,772</u> | | | |
| FUND BALANCE - End of year | <u>\$ 260,839</u> | <u>\$ [3,877]</u> | <u>\$ 256,962</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 EXTRAORDINARY SCHOOL PROGRAM FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|------------------|------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Charges for services | \$ 2,005,635 | \$ - | \$ 2,005,635 | \$ 1,816,500 | \$ 1,816,500 | \$ 189,135 |
| Other local sources | - | - | - | 300,000 | 300,000 | [300,000] |
| Total revenues | 2,005,635 | - | 2,005,635 | 2,116,500 | 2,116,500 | [110,865] |
| EXPENDITURES: | | | | | | |
| Instruction | 1,729,737 | 6,615 | 1,736,352 | 2,108,818 | 2,108,818 | 372,466 |
| Instructional support staff | 114,393 | - | 114,393 | 73,320 | 73,320 | [41,073] |
| School administration | 49,638 | - | 49,638 | - | - | [49,638] |
| Operations and maintenance | 71,290 | - | 71,290 | 168,782 | 168,782 | 97,492 |
| Total expenditures | 1,965,058 | 6,615 | 1,971,673 | 2,350,920 | 2,350,920 | 379,247 |
| Excess [deficiency] of revenues over [under] expenditures | 40,577 | [6,615] | 33,962 | [234,420] | [234,420] | 268,382 |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Transfers in | 500,000 | - | 500,000 | - | - | 500,000 |
| Total other financing sources [uses] | 500,000 | - | 500,000 | - | - | 500,000 |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | 540,577 | [6,615] | 533,962 | \$ [234,420] | \$ [234,420] | \$ 768,382 |
| FUND BALANCE - Beginning of year | 749,323 | - | 749,323 | | | |
| FUND BALANCE - End of year | \$ 1,289,900 | \$ [6,615] | \$ 1,283,285 | | | |

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FEDERAL FUNDS
 For the Year Ended June 30, 2011

| | <u>Drug Free Grant</u> | <u>Title I</u> | <u>Title II-A</u> | <u>Title II-D</u> | <u>Title III</u> |
|--|----------------------------|------------------|-------------------|-------------------|------------------|
| REVENUES: | | | | | |
| Intergovernmental: | | | | | |
| Federal | \$ 28,301 | \$ 333,409 | \$ 275,428 | \$ 1,638 | \$ 34,716 |
| Total revenues | <u>28,301</u> | <u>333,409</u> | <u>275,428</u> | <u>1,638</u> | <u>34,716</u> |
| EXPENDITURES: | | | | | |
| Instruction | - | 259,187 | - | 1,638 | 22,676 |
| Student support services | - | - | - | - | - |
| Instructional support staff | 28,885 | 62,324 | 263,312 | - | 12,040 |
| Student transportation services | - | <u>1,442</u> | - | - | - |
| Total expenditures | <u>28,885</u> | <u>322,953</u> | <u>263,312</u> | <u>1,638</u> | <u>34,716</u> |
| Excess [deficiency] of revenues over [under] expenditures | [584] | 10,456 | 12,116 | - | - |
| FUND BALANCE - Beginning of year | <u>584</u> | <u>231</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE - End of year | <u>\$ -</u> | <u>\$ 10,687</u> | <u>\$ 12,116</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditor's report on the financial statements.

| Total GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|------------------------|--------------------------------------|--------------------|------------------|-------------|---|
| | | | Original | Final | |
| \$ 673,492 | \$ - | \$ 673,492 | \$ 780,177 | \$ 780,177 | \$ [106,685] |
| 673,492 | - | 673,492 | 780,177 | 780,177 | [106,685] |
| 283,501 | 363 | 283,864 | 299,763 | 299,763 | 15,899 |
| - | - | - | 111,767 | 111,767 | 111,767 |
| 366,561 | 21,625 | 388,186 | 383,921 | 383,921 | [4,265] |
| 1,442 | - | 1,442 | 16,100 | 16,100 | 14,658 |
| 651,504 | 21,988 | 673,492 | 811,551 | 811,551 | 138,059 |
| 21,988 | [21,988] | - | \$ [31,374] | \$ [31,374] | \$ 31,374 |
| 815 | [815] | - | | | |
| \$ 22,803 | \$ [22,803] | \$ - | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 GIFTS AND GRANTS FUNDS
 For the Year Ended June 30, 2011

| | DAC Grant | Blue Valley Foundation Grant | Community Grants | Kauffman Grant | Johnson County Grant |
|--|-----------------|------------------------------------|---------------------|-------------------|----------------------------|
| REVENUES: | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other local sources | - | 89,021 | 14,355 | - | - |
| Total revenues | <u>-</u> | <u>89,021</u> | <u>14,355</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Instruction | - | - | 9,185 | 15,880 | 95,625 |
| Student support services | - | - | - | - | - |
| General administration | - | - | - | - | - |
| School administration | - | - | - | - | - |
| Other support services | - | 4,109 | - | - | 2,130,418 |
| Instructional support staff | 1,584 | - | - | 4,378 | 48,139 |
| Total expenditures | <u>1,584</u> | <u>4,109</u> | <u>9,185</u> | <u>20,258</u> | <u>2,274,182</u> |
| Excess [deficiency] of revenues over [under] expenditures | [1,584] | 84,912 | 5,170 | [20,258] | [2,274,182] |
| FUND BALANCE - Beginning of year | <u>4,688</u> | <u>13,096</u> | <u>10,690</u> | <u>56,610</u> | <u>2,274,182</u> |
| FUND BALANCE - End of year | <u>\$ 3,104</u> | <u>\$ 98,008</u> | <u>\$ 15,860</u> | <u>\$ 36,352</u> | <u>\$ -</u> |

See independent auditor's report on the financial statements.

| Parents as Teachers Grant | Gift | Total GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|---------------------------------|-------------------|------------------------|--------------------------------------|--------------------|------------------|------------------|---|
| | | | | | Original | Final | |
| \$ 74,734 | \$ - | \$ 74,734 | \$ - | \$ 74,734 | \$ 56,889 | \$ 56,889 | \$ 17,845 |
| - | 576,179 | 679,555 | - | 679,555 | - | - | 679,555 |
| <u>74,734</u> | <u>576,179</u> | <u>754,289</u> | <u>-</u> | <u>754,289</u> | <u>56,889</u> | <u>56,889</u> | <u>697,400</u> |
| 74,734 | 413,333 | 608,757 | 100,257 | 709,014 | 489,225 | 489,225 | [219,789] |
| - | - | - | - | - | 1,253 | 1,253 | 1,253 |
| - | - | - | - | - | 15,631 | 15,631 | 15,631 |
| - | - | - | - | - | 5,120 | 5,120 | 5,120 |
| - | - | 2,134,527 | [20,865] | 2,113,662 | 726,944 | 726,944 | [1,386,718] |
| - | - | 54,101 | - | 54,101 | 1,239,555 | 1,239,555 | 1,185,454 |
| <u>74,734</u> | <u>413,333</u> | <u>2,797,385</u> | <u>79,392</u> | <u>2,876,777</u> | <u>2,477,728</u> | <u>2,477,728</u> | <u>[399,049]</u> |
| - | 162,846 | [2,043,096] | [79,392] | [2,122,488] | \$ [2,420,839] | \$ [2,420,839] | \$ 298,351 |
| - | 422,104 | 2,781,370 | [28,535] | 2,752,835 | | | |
| <u>\$ -</u> | <u>\$ 584,950</u> | <u>\$ 738,274</u> | <u>\$ [107,927]</u> | <u>\$ 630,347</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL LIABILITY FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|-------------------|--------------------------------------|--------------------|-------------------|-------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| Current | \$ 709,325 | \$ - | \$ 709,325 | \$ 687,041 | \$ 687,041 | \$ 22,284 |
| Total taxes | <u>709,325</u> | <u>-</u> | <u>709,325</u> | <u>687,041</u> | <u>687,041</u> | <u>22,284</u> |
| Investment revenue | 301 | - | 301 | - | - | 301 |
| Other local sources | <u>106,826</u> | <u>-</u> | <u>106,826</u> | <u>-</u> | <u>-</u> | <u>106,826</u> |
| Total revenues | <u>816,452</u> | <u>-</u> | <u>816,452</u> | <u>687,041</u> | <u>687,041</u> | <u>129,411</u> |
| EXPENDITURES: | | | | | | |
| General administration | - | - | - | 476,878 | 476,878 | 476,878 |
| Other support services | <u>370,376</u> | <u>-</u> | <u>370,376</u> | <u>-</u> | <u>-</u> | <u>[370,376]</u> |
| Total expenditures | <u>370,376</u> | <u>-</u> | <u>370,376</u> | <u>476,878</u> | <u>476,878</u> | <u>106,502</u> |
| Excess [deficiency] of revenues over [under] expenditures | 446,076 | - | 446,076 | <u>\$ 210,163</u> | <u>\$ 210,163</u> | <u>\$ 235,913</u> |
| FUND BALANCE - Beginning of year | <u>149,057</u> | <u>-</u> | <u>149,057</u> | | | |
| FUND BALANCE - End of year | <u>\$ 595,133</u> | <u>\$ -</u> | <u>\$ 595,133</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 KPERS FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|------------------|--------------------------------------|--------------------|-------------------|-------------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Intergovernmental | \$ 8,558,890 | \$ - | \$ 8,558,890 | \$ 10,982,086 | \$ 11,312,520 | \$ [2,753,630] |
| Total revenues | <u>8,558,890</u> | <u>-</u> | <u>8,558,890</u> | <u>10,982,086</u> | <u>11,312,520</u> | <u>[2,753,630]</u> |
| EXPENDITURES: | | | | | | |
| Instruction | 5,810,777 | - | 5,810,777 | 7,455,925 | 7,786,359 | 1,975,582 |
| Student support services | 602,663 | - | 602,663 | 773,289 | 773,289 | 170,626 |
| Instructional support staff | 512,217 | - | 512,217 | 657,237 | 657,237 | 145,020 |
| General administration | 60,761 | - | 60,761 | 77,964 | 77,964 | 17,203 |
| School administration | 481,517 | - | 481,517 | 617,844 | 617,844 | 136,327 |
| Operations and maintenance | 433,051 | - | 433,051 | 555,657 | 555,657 | 122,606 |
| Transportation | - | - | - | 3,563 | 3,563 | 3,563 |
| Other support services | 504,754 | - | 504,754 | 644,097 | 644,097 | 139,343 |
| Food service operations | 153,150 | - | 153,150 | 196,510 | 196,510 | 43,360 |
| Total expenditures | <u>8,558,890</u> | <u>-</u> | <u>8,558,890</u> | <u>10,982,086</u> | <u>11,312,520</u> | <u>2,753,630</u> |
| Excess [deficiency] of revenues over [under] expenditures | - | - | - | \$ - | \$ - | \$ - |
| FUND BALANCE - Beginning of year | - | - | - | | | |
| FUND BALANCE - End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 DEBT SERVICE FUND
 For the Year Ended June 30, 2011

| | GAAP Basis | Adjustments to Budgetary Basis | Budgetary Basis | Budgeted Amounts | | Variance with Final Budget Positive [Negative] |
|--|---------------|--------------------------------------|--------------------|------------------|----------------|---|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| In process | \$ 704,515 | \$ - | \$ 704,515 | \$ 921,762 | \$ 921,762 | \$ [217,247] |
| Current | 32,631,856 | - | 32,631,856 | 31,553,050 | 31,553,050 | 1,078,806 |
| Delinquent | 642,177 | - | 642,177 | 296,279 | 296,279 | 345,898 |
| Motor vehicle | 3,323,669 | - | 3,323,669 | 3,382,698 | 3,382,698 | [59,029] |
| Rental excise | 29,376 | - | 29,376 | - | - | 29,376 |
| Total taxes | 37,331,593 | - | 37,331,593 | 36,153,789 | 36,153,789 | 1,177,804 |
| Intergovernmental | 1,148,967 | - | 1,148,967 | 1,139,743 | 1,139,743 | 9,224 |
| Investment income | 25,560 | - | 25,560 | - | - | 25,560 |
| Total revenues | 38,506,120 | - | 38,506,120 | 37,293,532 | 37,293,532 | 1,212,588 |
| EXPENDITURES: | | | | | | |
| Debt Service | | | | | | |
| Principal | 48,355,000 | [21,870,000] | 26,485,000 | 26,320,000 | 26,320,000 | [165,000] |
| Interest and other charges | 16,099,775 | [1,239,417] | 14,860,358 | 15,222,068 | 15,222,068 | 361,710 |
| Total expenditures | 64,454,775 | [23,109,417] | 41,345,358 | 41,542,068 | 41,542,068 | 196,710 |
| Excess [deficiency] of revenues over [under] expenditures | [25,948,655] | 23,109,417 | [2,839,238] | [4,248,536] | [4,248,536] | 1,409,298 |
| OTHER FINANCING SOURCES [USES]: | | | | | | |
| Sale of bonds | 21,870,000 | [21,870,000] | - | - | - | - |
| Bond premium | 1,239,417 | [1,239,417] | - | - | - | - |
| Total other financing sources [uses] | 23,109,417 | [23,109,417] | - | - | - | - |
| Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses] | [2,839,238] | - | [2,839,238] | \$ [4,248,536] | \$ [4,248,536] | \$ 1,409,298 |
| FUND BALANCE - Beginning of year | 40,353,000 | - | 40,353,000 | | | |
| FUND BALANCE - End of year | \$ 37,513,762 | \$ - | \$ 37,513,762 | | | |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENT OF NET ASSETS
 AGENCY FUNDS
 June 30, 2011

| | Student Organization Funds | Extraordinary Growth | Cost of Living | Gift Fund | Totals |
|------------------------------|----------------------------------|-------------------------|-------------------|-------------------|---------------------|
| ASSETS: | | | | | |
| Cash and investments | \$ 1,025,988 | \$ 608,249 | \$ 639,432 | \$ 587,570 | \$ 2,861,239 |
| Total assets | <u>\$ 1,025,988</u> | <u>\$ 608,249</u> | <u>\$ 639,432</u> | <u>\$ 587,570</u> | <u>\$ 2,861,239</u> |
| LIABILITIES: | | | | | |
| Liabilities: | | | | | |
| Other liabilities | \$ - | \$ 608,249 | \$ 639,432 | \$ 587,570 | \$ 1,835,251 |
| Due to student organizations | <u>1,025,988</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,025,988</u> |
| Total liabilities | <u>\$ 1,025,988</u> | <u>\$ 608,249</u> | <u>\$ 639,432</u> | <u>\$ 587,570</u> | <u>\$ 2,861,239</u> |

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2011

| | Balance June 30, <u>2010</u> | <u>Additions</u> | <u>Deductions</u> | Balance June 30, <u>2011</u> |
|-----------------------------------|------------------------------------|--------------------------|--------------------------|------------------------------------|
| Gift Fund | \$ 460,054 | \$ 576,179 | \$ 448,663 | \$ 587,570 |
| Extraordinary Growth Fund | 295,404 | 12,645,791 | 12,332,946 | 608,249 |
| Cost of Living Fund | 247,152 | 6,391,331 | 5,999,051 | 639,432 |
| Student Organization Funds | <u>880,816</u> | <u>2,637,132</u> | <u>2,491,960</u> | <u>1,025,988</u> |
| Assets - cash and investments | <u>\$ 1,883,426</u> | <u>\$ 22,250,433</u> | <u>\$ 21,272,620</u> | <u>\$ 2,861,239</u> |
| Other liabilities | \$ 460,054 | \$ 576,179 | \$ 448,663 | \$ 587,570 |
| Extraordinary Growth Fund | 295,404 | 12,645,791 | 12,332,946 | 608,249 |
| Cost of Living Fund | 247,152 | 6,391,331 | 5,999,051 | 639,432 |
| Due to student organizations | <u>880,816</u> | <u>2,637,132</u> | <u>2,491,960</u> | <u>1,025,988</u> |
| Total liabilities | <u>\$ 1,883,426</u> | <u>\$ 22,250,433</u> | <u>\$ 21,272,620</u> | <u>\$ 2,861,239</u> |

See independent auditor's report on the financial statements.

STATISTICAL SECTION

The data shown in the following section relates only to the primary governmental unit.

STATISTICAL SECTION

The Statistical Section is intended to provide a broader and more complete understanding of the physical, economic, social and political characteristics of the District than is possible from the financial statements, notes and supporting schedules presented in the Financial Section. In addition, this section is used, in part, to comply with the continuing disclosure requirements of SEC Rule 15c2-12.

The information presented in this section does not provide full and adequate disclosure of financial information in accordance with accounting principles generally accepted in the United States of America, but is designed to be useful in identifying trends and evaluating the credit worthiness of the District.

| <u>Contents</u> | Page |
|--|------------------|
| Financial Trends | 82 - 90 |
| These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time | |
| Revenue Capacity | 91 - 97 |
| These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | |
| Debt Capacity | 98 - 102 |
| These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 103 - 105 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. | |
| Operating Information | 106 - 108 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | |

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BLUE VALLEY USD #229, KANSAS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 15,507,776 | \$ 46,312,666 | \$ 39,813,390 | \$ 30,283,612 | \$ 81,069,192 | \$ 125,031,167 | \$ 142,672,774 | \$ 168,334,843 | \$ 191,485,019 | \$ 194,275,817 |
| Restricted | 15,502,942 | 16,506,805 | 32,841,738 | 40,798,617 | 39,397,044 | 37,511,989 | 37,572,833 | 39,786,787 | 40,353,000 | 37,513,762 |
| Unrestricted | 56,453,465 | 91,965,651 | 93,658,200 | 119,902,908 | 106,844,431 | 83,884,422 | 73,930,967 | 68,840,923 | 48,440,714 | 68,234,837 |
| Total Net Assets | <u>\$ 87,464,183</u> | <u>\$ 154,785,122</u> | <u>\$ 166,313,328</u> | <u>\$ 190,985,137</u> | <u>\$ 227,310,667</u> | <u>\$ 246,427,578</u> | <u>\$ 254,176,574</u> | <u>\$ 276,962,553</u> | <u>\$ 280,278,733</u> | <u>\$ 300,024,416</u> |
| | | | | | | | | (1) | (1) | (2) |

(1) 2009 and 2010 Net Assets were restated as a result of a prior period adjustments to Capital Assets.

(2) The overall increase in total net assets includes an increase in current assets of \$18.4 million, a decrease in non-current assets of \$0.4 million and a decrease in capital assets of \$0.3 million. It also includes an decrease in current liabilities of \$11.3 million and an increase in non-current liabilities of \$9.3 million. Net assets include \$194.3 million invested in capital assets, \$37.5 million restricted for debt service and \$68.2 million unrestricted.

Source: Blue Valley USD #229 Basic Financial Statements

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BLUE VALLEY USD #229, KANSAS
EXPENSE, PROGRAM REVENUES, AND NET [EXPENSE]/REVENUE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction | 86,729,224 | 98,627,197 | 102,607,598 | 110,527,667 | 118,875,612 | 129,750,442 | 136,331,621 | 143,503,301 | 145,340,192 | 146,336,760 |
| Student Support Services | 5,872,369 | 5,413,798 | 8,097,696 | 8,901,365 | 9,271,192 | 10,263,514 | 11,012,546 | 11,336,565 | 11,624,541 | 10,596,654 |
| Instructional Support Staff | 7,275,941 | 7,556,984 | 8,053,434 | 8,885,959 | 9,609,695 | 12,458,579 | 13,873,761 | 14,048,127 | 12,722,771 | 11,843,024 |
| General Administration | 2,477,029 | 870,530 | 1,061,669 | 1,598,311 | 1,687,518 | 2,002,360 | 1,908,155 | 2,338,099 | 2,386,972 | 2,196,359 |
| School Administration | 6,991,251 | 7,234,030 | 7,640,721 | 8,356,488 | 8,484,871 | 8,893,089 | 9,435,950 | 10,029,431 | 10,580,576 | 11,038,138 |
| Central Services | - | - | - | - | - | - | - | - | 135,138 | 2,224,884 |
| Operations and Maintenance | 13,492,523 | 14,135,909 | 13,758,135 | 14,958,372 | 15,762,596 | 28,861,222 | 41,842,939 | 23,961,722 | 34,042,696 | 29,164,842 |
| Student Transportation Services | 3,633,281 | 4,058,977 | 4,302,750 | 4,505,985 | 5,010,015 | 5,155,479 | 6,039,966 | 5,567,436 | 5,985,823 | 5,966,237 |
| Food Service Operations | 5,800,476 | 6,008,368 | 6,194,694 | 6,955,995 | 7,029,954 | 7,666,945 | 8,232,432 | 9,072,073 | 8,806,818 | 8,925,884 |
| Other Support Services | 8,127,252 | 9,443,888 | 8,989,200 | 9,325,539 | 10,152,371 | 9,158,855 | 9,110,570 | 10,561,416 | 9,431,428 | 10,173,702 |
| Interest on Long-Term Debt | 13,744,551 | 14,049,414 | 12,866,041 | 11,173,237 | 12,120,303 | 10,910,056 | 12,897,424 | 13,660,943 | 15,083,952 | 15,969,690 |
| Total Primary Government | 154,143,987 | 165,389,095 | 173,400,926 | 185,193,906 | 198,004,127 | 225,120,541 | 250,765,364 | 243,978,113 | 256,140,907 | 253,236,181 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services | 1,505,313 | 3,352,660 | 3,203,451 | 3,429,202 | 4,110,165 | 4,626,280 | 4,636,633 | 4,835,732 | 5,596,875 | 6,180,130 |
| Instruction | 613 | - | - | - | - | - | - | - | - | - |
| Student Support Services | 9,027 | 15,328 | 14,805 | 48,717 | - | - | - | - | - | - |
| Instructional Support Staff | 311,440 | 10,422 | 9,870 | - | - | - | - | - | - | - |
| General Administration | 11,443 | 8,394 | 7,895 | - | - | - | - | - | - | - |
| Operations and Maintenance | 63,256 | - | - | - | - | - | - | - | - | - |
| Food Service Operations | 5,300,712 | 5,752,694 | 5,972,320 | 6,295,954 | 6,776,636 | 6,853,212 | 7,102,181 | 7,127,826 | 6,983,221 | 7,431,833 |
| Student Activities | 635,973 | - | - | - | - | - | - | - | - | - |
| Other Support Services | 43,985 | 56,505 | 53,956 | - | - | - | - | - | - | - |
| Total Charges for Services | 7,601,462 | 8,196,003 | 9,262,297 | 9,773,873 | 10,886,861 | 11,479,492 | 11,738,814 | 11,963,558 | 12,580,096 | 13,611,963 |
| Operating Grants and Contributions | | | | | | | | | | |
| Instruction | 11,695,502 | 16,200,315 | 17,853,589 | 17,294,542 | 20,371,196 | 23,859,029 | 27,766,773 | 31,942,871 | 29,107,225 | 29,569,669 |
| Student Support Services | 705,679 | - | - | 370,072 | 421,646 | 483,496 | 557,898 | 658,409 | 646,367 | 602,663 |
| Instructional Support Staff | 574,252 | 381,896 | 448,129 | 1,056,887 | 1,391,506 | 2,933,506 | 3,591,338 | 3,239,965 | 3,279,092 | 1,184,071 |
| General Administration | 168,810 | - | - | - | 45,841 | 60,274 | 63,958 | 74,986 | 87,628 | 60,761 |
| School Administration | - | - | - | - | 29,289 | 380,233 | 435,999 | 457,922 | 537,490 | 481,517 |
| Operations and Maintenance | - | 46 | - | 336,644 | 380,233 | 435,999 | 457,922 | 537,490 | 563,377 | 481,517 |
| Student Transportation Services | 1,056,705 | 9,600 | - | 350,212 | 378,172 | 457,342 | 506,087 | 699,504 | 1,542,326 | 1,582,018 |
| Food Service Operations | 524,039 | 581,642 | 682,822 | 922,331 | 1,039,109 | 1,172,239 | 1,285,607 | 1,415,357 | 1,514,335 | 1,653,390 |
| Other Support Services | 784,134 | 784,134 | 3,156,884 | 4,421,836 | 5,347,450 | 3,432,731 | 3,543,997 | 1,991,480 | (1,257,369) | 504,754 |
| Total Operating Grants and Contributions | 14,724,987 | 17,957,723 | 21,841,424 | 24,781,813 | 29,375,213 | 32,844,616 | 37,543,997 | 40,554,072 | 36,483,182 | 35,638,843 |
| Total Primary Government Program Revenues | 22,326,449 | 27,153,726 | 31,103,721 | 34,555,686 | 40,262,074 | 44,324,108 | 49,282,811 | 52,517,630 | 48,063,278 | 49,250,806 |
| Total Primary Government Net [Expense] | \$ (131,817,448) | \$ (141,245,369) | \$ (142,297,207) | \$ (150,638,222) | \$ (157,742,053) | \$ (180,796,433) | \$ (201,602,553) | \$ (191,461,483) | \$ (208,077,629) | \$ (204,485,378) |

Source: Blue Valley USD #229 Basic Financial Statements

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BLUE VALLEY USD #229, KANSAS
GENERAL SCHOOL SYSTEM REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Primary Government Net (Expense) | \$ [131,817,448] | \$ [141,245,369] | \$ [142,297,207] | \$ [150,638,222] | \$ [157,742,053] | \$ [180,796,433] | \$ [201,502,553] | \$ [191,461,483] | \$ [208,077,629] | \$ [204,485,378] |
| General Revenues and Other Changes in Net Assets: | | | | | | | | | | |
| Property Taxes | 94,484,366 | 109,643,341 | 109,195,098 | 116,498,573 | 124,989,214 | 132,529,099 | 141,289,691 | 146,156,146 | 146,885,998 | 145,710,691 |
| Grants and Entitlements not Restricted to Specific Programs | 53,352,039 | 56,032,320 | 39,550,229 | 50,786,653 | 53,466,244 | 55,209,711 | 55,784,405 | 57,024,720 | 56,397,711 | 67,143,265 |
| Investments Earnings | 2,814,672 | 1,581,074 | 1,318,793 | 2,922,200 | 7,833,321 | 6,648,323 | 7,464,683 | 4,290,051 | 829,639 | 438,071 |
| Miscellaneous | 3,808,753 | 5,283,217 | 4,285,872 | 5,107,112 | 7,772,605 | 5,454,565 | 4,614,888 | 4,226,305 | 6,104,594 | 10,939,034 |
| Loss on Sale of Capital Assets | [130,658] | [3,251,084] | - | - | - | - | - | - | - | - |
| Total Primary Government | 154,329,172 | 169,288,868 | 154,349,992 | 175,314,538 | 194,061,384 | 199,841,698 | 209,153,667 | 211,697,222 | 210,217,942 | 224,231,061 |
| Total Primary Government Change in Net Assets | \$ 22,511,724 | \$ 28,043,499 | \$ 12,052,785 | \$ 24,676,316 | \$ 36,319,331 | \$ 19,045,265 | \$ 7,651,114 | \$ 20,235,739 | \$ 2,140,313 | \$ 19,745,683 |

Source: Blue Valley USD #229 Basic Financial Statements

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BLUE VALLEY USD #229, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| Reserved (for years ending 6/30/2010 and prior only) | \$ 1,069,260 | \$ 1,384,722 | \$ 1,816,625 | \$ 858,477 | \$ 763,901 | \$ 565,728 | \$ 667,812 | \$ 607,384 | \$ 216,355 | \$ - |
| Unreserved (for years ending 6/30/2010 and prior only) | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | 143,017 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - | - | - | 649,751 |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total General Fund | \$ 1,069,260 | \$ 1,384,722 | \$ 1,816,625 | \$ 858,477 | \$ 763,901 | \$ 565,728 | \$ 667,812 | \$ 607,384 | \$ 216,355 | \$ 792,768 |
| | | | | | | | | | | (1) |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved (for years ending 6/30/2010 and prior only) | \$ 32,662,386 | \$ 29,072,911 | \$ 46,313,009 | \$ 63,804,744 | \$ 66,822,273 | \$ 65,020,852 | \$ 137,538,270 | \$ 96,217,177 | \$ 63,499,991 | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds (for years ending 6/30/2010 and prior only) | 17,008,649 | 26,063,694 | 44,555,641 | 48,410,658 | 55,204,078 | 64,193,479 | 68,965,486 | 58,206,067 | 55,278,327 | - |
| Capital project funds (for years ending 6/30/2010 and prior only) | 26,158,987 | 13,307,940 | 8,694,250 | 47,455,587 | 23,988,113 | [7,719,235] | [22,000,133] | 19,140,045 | [12,350,289] | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | 91,090 |
| Restricted | - | - | - | - | - | - | - | - | - | 115,316,219 |
| Assigned | - | - | - | - | - | - | - | - | - | 16,786,420 |
| Unassigned | - | - | - | - | - | - | - | - | - | 3,047,195 |
| Total All Other Governmental Funds | \$ 75,830,032 | \$ 68,444,545 | \$ 99,562,900 | \$ 159,670,989 | \$ 146,024,464 | \$ 121,495,096 | \$ 184,503,623 | \$ 173,563,289 | \$ 106,428,029 | \$ 135,240,924 |
| | | | | | | | | | | (1) |

(1) In accordance with GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the District has reclassified the governmental fund balances. The new classifications comprise a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. This change was effective for fiscal years ending June 30, 2011 and after.

Source: Blue Valley USD #229 Basic Financial Statements

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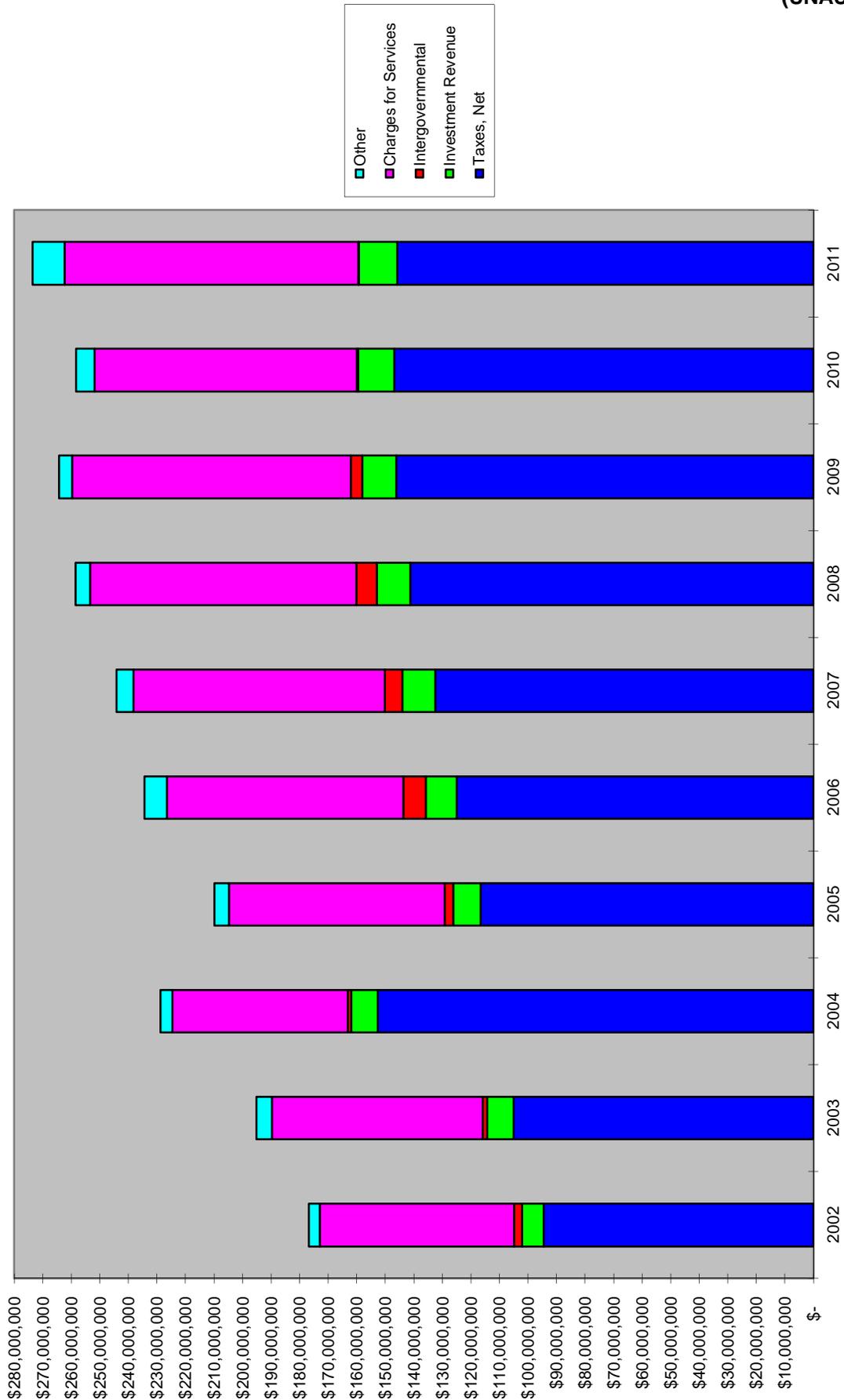
BLUE VALLEY USD #229, KANSAS
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Taxes, Net | \$ 94,484,366 | \$ 105,015,154 | \$ 152,574,717 | \$ 116,498,573 | \$ 124,989,214 | \$ 132,529,099 | \$ 141,289,691 | \$ 146,156,146 | \$ 146,885,998 | \$ 145,710,691 |
| Intergovernmental | 68,077,026 | 73,990,043 | 61,391,653 | 75,568,466 | 82,841,457 | 88,054,327 | 93,328,402 | 97,578,792 | 91,880,893 | 102,782,108 |
| Charges for Services | 7,601,462 | 9,196,003 | 9,262,297 | 9,773,873 | 10,886,861 | 11,479,492 | 11,738,814 | 11,963,558 | 12,580,096 | 13,611,963 |
| Investment Revenue | 2,814,672 | 1,581,074 | 1,318,793 | 2,922,200 | 7,833,321 | 6,197,811 | 7,147,028 | 3,953,348 | 495,584 | 188,002 |
| Other | 3,808,753 | 5,295,155 | 4,285,872 | 5,107,112 | 7,772,605 | 5,905,077 | 4,932,543 | 4,563,008 | 6,438,649 | 11,189,103 |
| Total Revenues | \$ 176,786,279 | \$ 195,077,429 | \$ 228,833,332 | \$ 209,870,224 | \$ 234,323,458 | \$ 244,165,806 | \$ 258,436,478 | \$ 264,214,852 | \$ 258,281,220 | \$ 273,481,867 |

Source: Blue Valley USD #229 Basic Financial Statements

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**Blue Valley USD #229, Kansas
Governmental Funds Revenues
Last Ten Fiscal Years**



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BLUE VALLEY USD #229, KANSAS
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Instruction | \$ 80,716,767 | \$ 90,975,605 | \$ 93,504,794 | \$ 99,944,110 | \$ 106,725,121 | \$ 117,085,871 | \$ 121,486,276 | \$ 127,957,829 | \$ 128,086,595 | \$ 127,791,098 |
| Student Support Services | 5,816,394 | 5,452,105 | 8,074,065 | 8,888,039 | 9,248,764 | 10,250,486 | 10,904,833 | 11,240,043 | 11,484,658 | 10,441,927 |
| Instructional Support Staff | 7,264,362 | 7,389,470 | 7,864,586 | 8,777,865 | 9,520,891 | 12,402,046 | 13,723,597 | 13,925,853 | 12,588,627 | 11,710,131 |
| General Administration | 2,468,250 | 975,111 | 1,026,977 | 1,554,136 | 1,636,544 | 1,953,602 | 1,847,360 | 1,995,149 | 1,963,157 | 1,787,641 |
| School Administration | 6,934,682 | 7,323,425 | 7,575,656 | 8,293,743 | 8,401,493 | 8,834,264 | 9,303,560 | 9,914,121 | 10,453,774 | 10,917,862 |
| Central Services | - | - | - | - | - | - | - | - | 133,813 | 1,377,793 |
| Operations and Maintenance | 13,704,982 | 14,792,392 | 13,375,439 | 14,438,998 | 15,986,366 | 17,182,606 | 17,906,087 | 17,945,586 | 18,338,965 | 18,529,508 |
| Student Transportation Services | 3,633,281 | 4,058,977 | 4,302,750 | 4,509,985 | 5,010,015 | 5,155,479 | 5,985,926 | 5,523,230 | 5,927,096 | 5,807,307 |
| Food Service Operations | 5,800,476 | 6,033,081 | 6,194,694 | 6,955,995 | 7,029,954 | 7,666,945 | 8,158,776 | 9,000,040 | 8,720,414 | 8,836,228 |
| Other Support Services | 7,869,129 | 8,768,443 | 7,751,395 | 8,139,626 | 9,051,363 | 8,313,729 | 8,405,030 | 9,844,545 | 8,547,102 | 9,838,185 |
| Capital Outlay | 45,880,397 | 21,429,163 | 14,625,875 | 15,708,257 | 34,731,926 | 41,834,028 | 60,280,041 | 102,990,171 | 78,324,715 | 28,747,587 |
| Debt Service | | | | | | | | | | |
| Principal Retirement | 21,541,986 | 21,314,132 | 21,292,812 | 20,925,000 | 28,130,000 | 26,490,000 | 25,955,000 | 23,860,000 | 25,515,000 | 48,355,000 |
| Interest and Other Charges | 14,727,634 | 13,880,101 | 13,686,448 | 11,578,355 | 12,572,122 | 11,744,291 | 12,671,226 | 14,030,579 | 15,723,593 | 16,099,775 |
| Total Expenditures (1) | \$ 216,358,340 | \$ 202,401,005 | \$ 199,275,491 | \$ 209,714,109 | \$ 248,044,559 | \$ 268,913,347 | \$ 296,627,712 | \$ 348,227,146 | \$ 325,807,509 | \$ 300,240,042 |

| | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Debt service as a percentage of noncapital expenditures | 21.28% | 19.45% | 18.94% | 16.75% | 19.08% | 16.84% | 15.00% | 15.17% | 15.74% | 23.04% |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

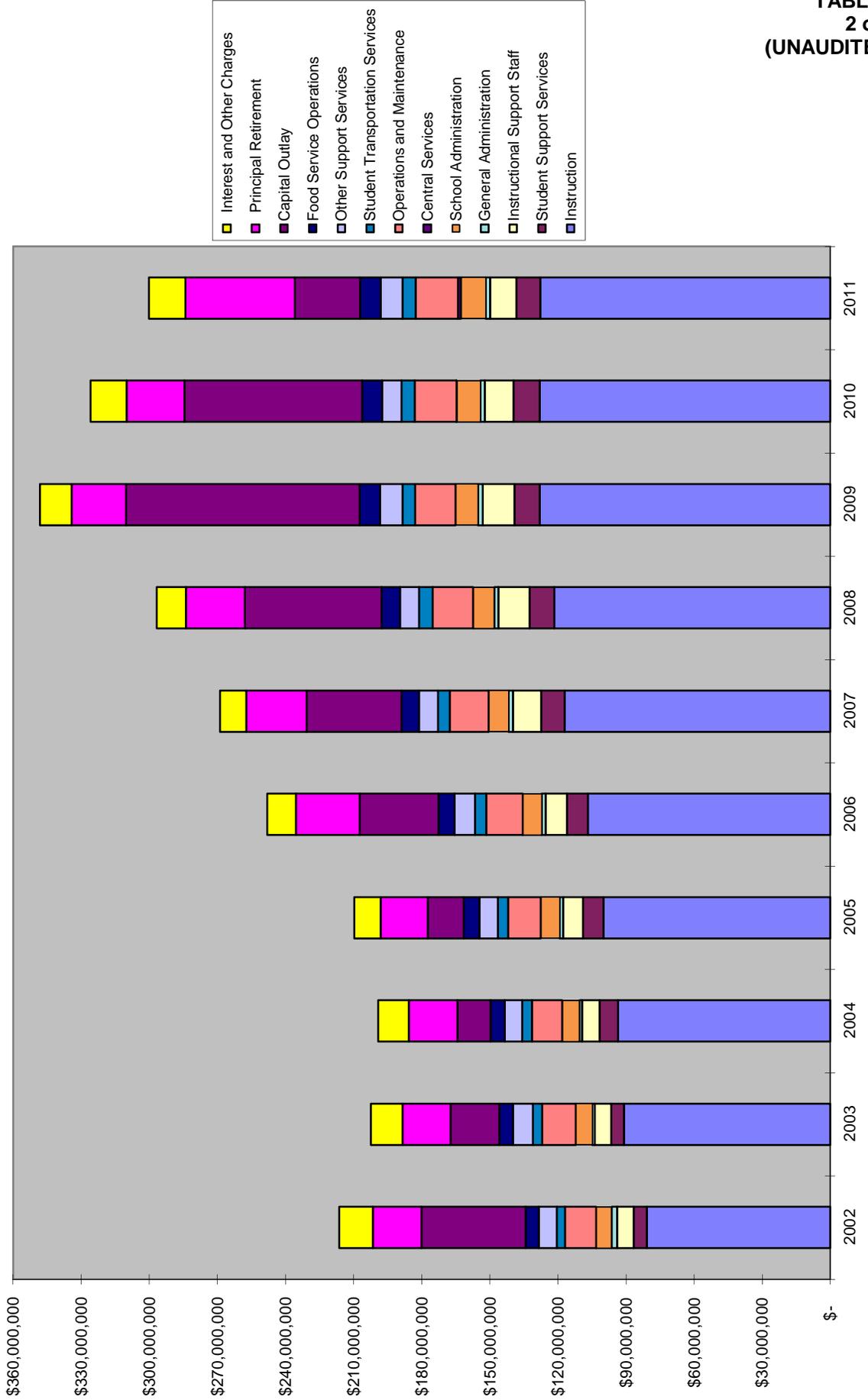
(1) Expenditures include General, Special Revenue, Debt Service and Capital Project Funds.

Source: Blue Valley USD #229 Basic Financial Statements

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Blue Valley USD #229, Kansas Governmental Funds Expenditures Last Ten Fiscal Years

**TABLE 6
2 of 2
(UNAUDITED)**



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BLUE VALLEY USD #229, KANSAS
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|-----------------|----------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Excess of Revenues Over [Under] Expenditures | \$ [39,572,061] | \$ [7,323,576] | \$ 29,557,841 | \$ 156,115 | \$ [13,721,101] | \$ [24,747,541] | \$ [38,191,234] | \$ [84,012,294] | \$ [67,526,289] | \$ [26,758,175] |
| Other Financing Sources [Uses] | | | | | | | | | | |
| Sale of bonds | 36,799,907 | 253,551 | 67,838,086 | 107,894,202 | - | - | 98,780,000 | 73,000,000 | - | 53,870,000 |
| Bond premium | - | - | - | - | - | - | 2,521,845 | 11,532 | - | 2,277,483 |
| Sale of capital assets | 37,211 | - | - | - | - | - | - | - | - | - |
| Payment to escrow agent | - | - | [65,845,669] | [48,900,376] | - | - | - | - | - | - |
| Transfers in | 22,055,438 | 25,811,580 | 24,586,321 | 23,573,434 | 29,756,111 | 35,739,528 | 38,975,070 | 41,142,537 | 37,763,594 | 10,597,827 |
| Transfers [out] | [22,055,438] | [25,811,580] | [24,586,321] | [23,573,434] | [29,756,111] | [35,739,528] | [38,975,070] | [41,142,537] | [37,763,594] | [10,597,827] |
| Total Other Financing Sources [Uses] | 36,837,118 | 253,551 | 1,992,417 | 58,993,826 | - | - | 101,301,845 | 73,011,532 | - | 56,147,483 |
| Net Change in Fund Balances | \$ [2,734,943] | \$ [7,070,025] | \$ 31,550,258 | \$ 59,149,941 | \$ [13,721,101] | \$ [24,747,541] | \$ 63,110,611 | \$ [11,000,762] | \$ [67,526,289] | \$ 29,389,308 |

Source: Blue Valley USD #229 Basic Financial Statements

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BLUE VALLEY USD #229, KANSAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX YEARS

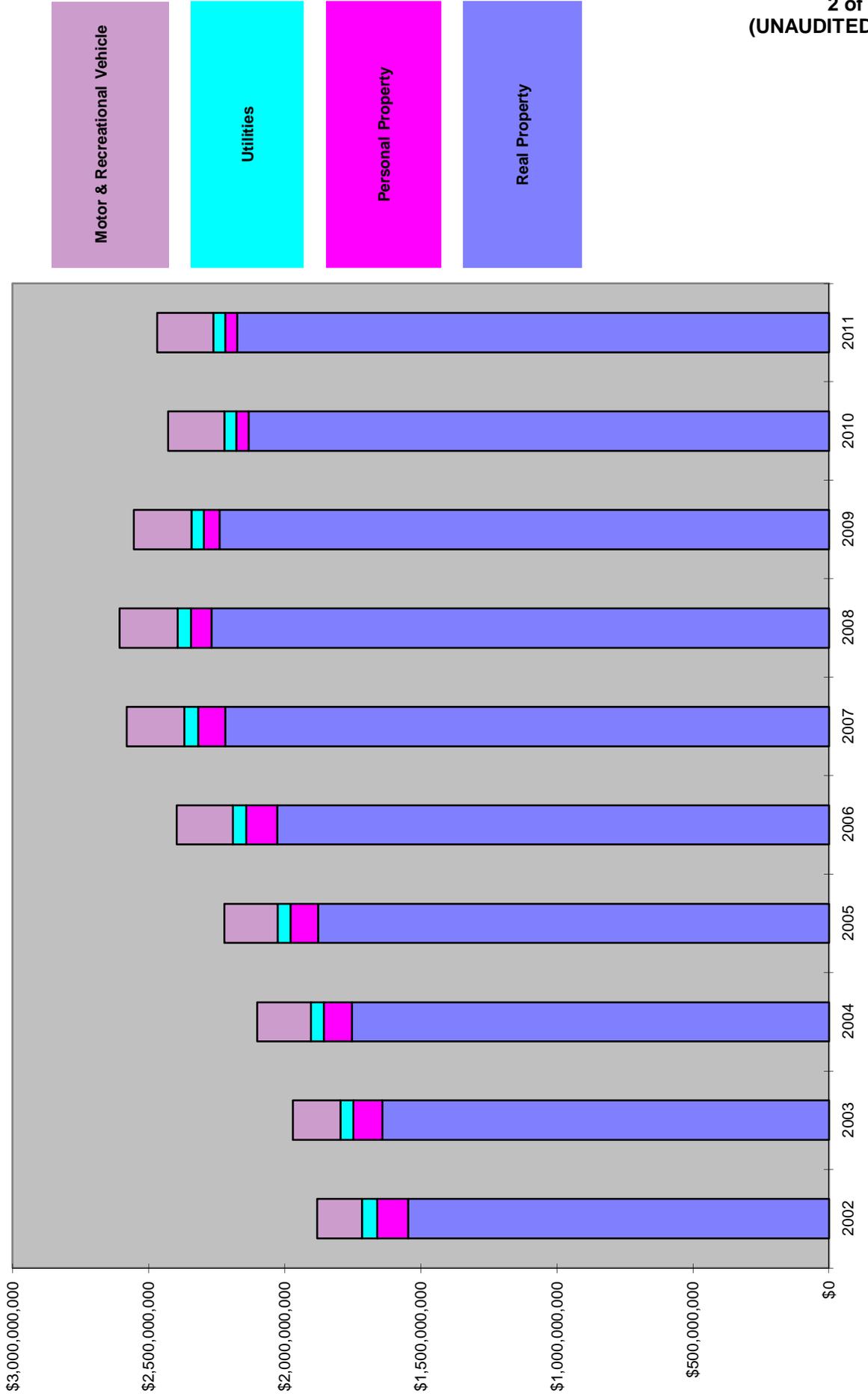
| Tax Year | Real Property Assessed Value | | Personal Property Assessed Value | | Utilities Assessed Value | | Total Assessed Value | | Motor and Recreational Vehicle Assessed Value | | Total Equalized Assessed Value | | Real Property Estimated Value | | Personal Property Estimated Value | | Utilities Estimated Value | | Total Estimated Value | | Ratio of Total Assessed to Total Estimated Act. Value | |
|----------|------------------------------|-------------|----------------------------------|---------------|--------------------------|---------------|----------------------|-------------|---|----------------|--------------------------------|--------|-------------------------------|-------|-----------------------------------|-------|---------------------------|-------|-----------------------|-------|---|------------|
| | Assessed Value | Value | Assessed Value | Value | Assessed Value | Value | Assessed Value | Value | Assessed Value | Value | Assessed Value | Value | Estimated Value | Value | Estimated Value | Value | Estimated Value | Value | Estimated Value | Value | Estimated Value | Act. Value |
| 2002 | 1,547,043,998 | 113,755,160 | 55,431,693 | 1,716,230,851 | 163,847,965 | 1,880,078,816 | 10,944,390,420 | 447,436,963 | 170,768,355 | 11,562,595,738 | 14.84% | 67.402 | | | | | | | | | | |
| 2003 | 1,640,548,603 | 106,639,802 | 46,978,605 | 1,794,167,010 | 175,238,053 | 1,969,405,063 | 11,690,923,901 | 419,449,888 | 145,357,940 | 12,255,731,729 | 14.64% | 63.365 | | | | | | | | | | |
| 2004 | 1,752,533,550 | 104,190,521 | 47,377,868 | 1,904,101,939 | 196,573,594 | 2,100,675,533 | 12,480,187,831 | 409,816,049 | 146,709,392 | 13,036,713,272 | 14.61% | 62.117 | | | | | | | | | | |
| 2005 | 1,877,957,042 | 100,706,067 | 46,803,224 | 2,025,466,333 | 195,673,594 | 2,221,139,927 | 13,409,356,063 | 396,110,530 | 144,928,544 | 13,950,395,137 | 14.52% | 61.379 | | | | | | | | | | |
| 2006 | 2,026,922,653 | 114,330,698 | 49,950,845 | 2,191,204,196 | 206,202,418 | 2,397,406,614 | 14,433,965,100 | 449,700,745 | 154,633,350 | 15,038,299,195 | 14.57% | 60.700 | | | | | | | | | | |
| 2007 | 2,217,623,523 | 101,117,683 | 50,463,281 | 2,369,204,487 | 211,344,270 | 2,580,548,757 | 15,646,599,414 | 396,649,696 | 156,688,128 | 16,199,937,238 | 14.62% | 59.503 | | | | | | | | | | |
| 2008 | 2,269,087,214 | 75,143,203 | 48,829,704 | 2,393,060,121 | 214,145,732 | 2,607,205,853 | 16,047,278,270 | 295,563,265 | 152,017,026 | 16,494,858,561 | 14.51% | 61.127 | | | | | | | | | | |
| 2009 | 2,239,687,543 | 57,223,630 | 45,513,707 | 2,342,424,880 | 211,894,290 | 2,554,319,170 | 15,854,551,230 | 225,079,611 | 142,219,287 | 16,221,850,128 | 14.44% | 65.079 | | | | | | | | | | |
| 2010 | 2,132,028,853 | 46,629,160 | 43,877,131 | 2,222,535,144 | 205,727,417 | 2,428,262,561 | 15,279,918,870 | 184,507,412 | 138,228,868 | 15,602,655,150 | 14.24% | 71.049 | | | | | | | | | | |
| 2011 | 2,175,051,947 | 43,691,330 | 43,807,794 | 2,262,551,071 | 206,855,654 | 2,469,406,725 | 15,473,664,654 | 169,068,740 | 138,470,721 | 15,781,204,115 | 14.34% | 72.828 | | | | | | | | | | |

(1) Per \$1,000 of Assessed Valuation

Source: Johnson County Department of Records and Tax Administration, Johnson County Appraiser and Blue Valley USD #229 records

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Blue Valley USD #229, Kansas
Assessed Value of Taxable Property
Last Ten Tax Years



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BLUE VALLEY USD #229, KANSAS
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN TAX YEARS

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Blue Valley USD #229 | | | | | | | | | | |
| General | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 | 20.000 |
| Supplemental General | 14.951 | 10.044 | 8.601 | 12.212 | 14.816 | 14.063 | 14.797 | 16.040 | 18.663 | 18.792 |
| Extraordinary Growth | 6.525 | 5.411 | 4.801 | 3.036 | 2.432 | 1.464 | 1.204 | 2.055 | 5.698 | 6.179 |
| Capital Outlay | 6.999 | 8.996 | 9.000 | 8.998 | 8.000 | 7.994 | 8.000 | 8.000 | 8.000 | 7.914 |
| Cost of Living | 0.000 | 0.000 | 0.000 | 0.000 | 0.405 | 0.995 | 1.548 | 2.485 | 2.723 | 2.384 |
| Bond & Interest | 18.735 | 18.501 | 18.640 | 17.008 | 14.853 | 14.824 | 15.324 | 16.204 | 15.264 | 16.911 |
| Special Assessment | 0.192 | 0.413 | 0.162 | 0.125 | 0.194 | 0.163 | 0.254 | 0.295 | 0.369 | 0.223 |
| Special Liability | 0.000 | 0.000 | 0.913 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.332 | 0.425 |
| Total - Direct | 67.402 | 63.365 | 62.117 | 61.379 | 60.700 | 59.503 | 61.127 | 65.079 | 71.049 | 72.828 |
| | | | (2) | | | | | | | |
| State of Kansas | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 |
| Johnson County | 16.221 | 16.381 | 16.041 | 17.922 | 17.949 | 17.985 | 17.767 | 17.716 | 17.748 | 17.700 |
| City of Overland Park | 7.847 | 9.057 | 9.037 | 9.037 | 8.889 | 8.832 | 8.852 | 8.890 | 8.876 | 12.814 |
| Johnson County Library | 2.948 | 2.954 | 2.956 | 2.955 | 2.960 | 2.962 | 3.057 | 3.151 | 3.158 | 3.145 |
| Johnson County Parks | 1.602 | 2.365 | 2.367 | 2.286 | 2.290 | 2.295 | 2.341 | 2.346 | 2.350 | 2.343 |
| Community College | 9.428 | 9.432 | 9.438 | 8.960 | 8.872 | 8.749 | 8.768 | 8.784 | 8.799 | 8.776 |
| Blue Valley Recreation Commission | 1.186 | 1.186 | 2.080 | 1.950 | 1.699 | 1.598 | 1.603 | 1.604 | 1.604 | 1.604 |
| Total - Overlapping Governments | 40.732 | 42.875 | 43.419 | 44.610 | 44.159 | 43.921 | 43.888 | 43.991 | 44.035 | 48.513 |

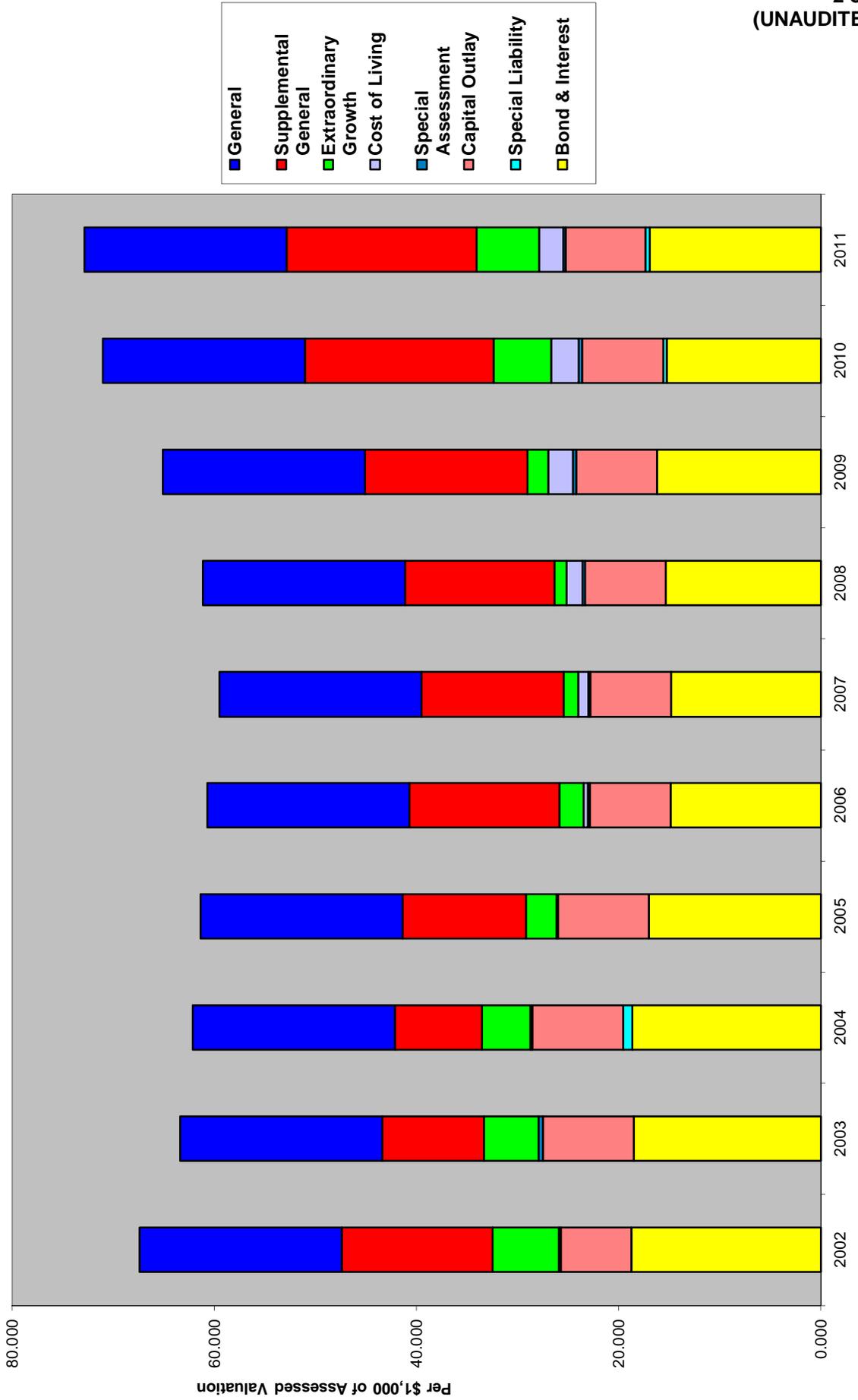
(1) 2004 is the first year that taxes were levied for the Special Liability Fund.

Source: Johnson County Department of Records and Tax Administration

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TABLE 9
2 of 2
(UNAUDITED)

Blue Valley USD #229, Kansas
District Mill Levy Rates
Last Ten Tax Years



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TABLE 10
(UNAUDITED)

BLUE VALLEY USD #229, KANSAS
PRINCIPAL TAXPAYERS
JUNE 30, 2011 and Nine Years Ago

| <u>Name</u> | <u>Industry</u> | <u>2010 Assessed Valuation</u> | <u>Rank</u> | <u>Percent of Total Assessed Valuation</u> | <u>2001 Assessed Valuation</u> | <u>Rank</u> | <u>Percent of Total Assessed Valuation</u> |
|---|--------------------------------|--------------------------------|-------------|--|--------------------------------|-------------|--|
| UCM/SREP - Corporate Woods, L.L.C. | Office Buildings | \$ 52,538,770 | 1 | 2.36% | | | |
| Town Center Plaza, L.L.C. | Retail Shopping Center | 20,395,002 | 2 | 0.92% | \$ 16,869,541 | 3 | 0.94% |
| Kansas City Power & Light | Electric Utility | 17,791,373 | 3 | 0.80% | 12,658,137 | 6 | 0.70% |
| MEPT Lighton Plaza, LLC | Office Buildings | 13,460,002 | 4 | 0.61% | | | |
| Central Tennessee Hospital (Menorah) | Hospital | 11,555,515 | 5 | 0.52% | | | |
| Privitera Realty Holdings (formerly Privitera, Carl J.) | Real Estate | 10,171,141 | 6 | 0.46% | 9,809,851 | 10 | 0.55% |
| 119th Street Development, L.L.C. | Real Estate | 10,145,496 | 7 | 0.46% | | | |
| Rubicon Investments II, L.L.C. | Real Estate | 8,982,931 | 8 | 0.40% | | | |
| Park Place Village, L.L.C. | Retail Shopping Center | 8,709,046 | 9 | 0.39% | | | |
| Southwestern Bell Telephone | Telecommunications | 8,368,753 | 10 | 0.38% | 16,332,763 | 5 | 0.91% |
| Sprint-Nextel (formerly Sprint Communications Co.) | Telecommunications | | | | 35,511,848 | 2 | 1.97% |
| Knickerbocker Properties, Inc. | Real Estate (Office Buildings) | | | | 62,936,378 | 1 | 3.50% |
| ASR Lighton, L.L.C. | Real Estate (Office Buildings) | | | | 16,805,176 | 4 | 0.93% |
| Parkprop, Inc. | Hotel | | | | 10,115,350 | 8 | 0.56% |
| FP Office, Inc. | Retail Shopping Center | | | | 9,822,778 | 9 | 0.55% |
| TIAA Realty, Inc. | Retail Shopping Center | | | | 11,505,277 | 7 | 0.64% |
| | | <u>\$ 162,118,029</u> | | <u>7.29%</u> | <u>\$ 202,367,099</u> | | <u>11.25%</u> |

Source: Johnson County Department of Records and Tax Administration, Johnson County Appraiser and Blue Valley USD #229 records

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BLUE VALLEY USD #229, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

| Tax Year/ Collection Year | Tax Levy | Current Tax Collections | Percent of Current Taxes Collected | Delinquent Tax Collections | Total Tax Collections (Current & Delinquent) | Ratio of Total Tax Collections to Total Tax Levy | Outstanding Delinquent Taxes | Ratio of Outstanding Delinquent Taxes to Total Tax Levy |
|------------------------------|--------------------|----------------------------|--|----------------------------------|---|---|------------------------------------|---|
| 2001/02 | 103,745,151 | 101,529,382 | 97.86% | 822,621 | 102,352,003 | 98.66% | 2,215,769 | 2.14% |
| 2002/03 | 116,339,799 | 113,991,585 | 97.93% | 1,911,854 | 115,903,439 | 99.57% | 2,408,154 | 2.07% |
| 2003/04 | 115,724,865 | 114,414,498 | 98.87% | 2,164,420 | 116,578,918 | 100.74% | 1,310,367 | 1.13% |
| 2004/05 | 120,899,038 | 119,733,750 | 99.04% | 2,599,891 | 122,333,641 | 101.19% | 1,165,288 | 0.96% |
| 2005/06 | 127,159,843 | 125,869,520 | 98.99% | 1,594,199 | 127,463,719 | 100.24% | 1,290,323 | 1.01% |
| 2006/07 | 134,897,273 | 133,258,915 | 98.79% | 1,483,684 | 134,742,599 | 99.89% | 1,638,358 | 1.21% |
| 2007/08 | 142,489,917 | 140,715,925 | 98.76% | 1,537,660 | 142,253,585 | 99.83% | 1,773,992 | 1.24% |
| 2008/09 | 145,020,974 | 142,760,844 | 98.44% | 2,642,569 | 145,403,413 | 100.26% | 2,260,130 | 1.56% |
| 2009/10 | 150,696,304 | 147,596,249 | 97.94% | 1,669,575 | 149,265,824 | 99.05% | 3,100,055 | 2.06% |
| 2010/11 | 158,090,724 (1) | 153,143,465 (2) | 96.87% | 2,584,378 (2) (3) | 155,727,843 (2) | 98.51% | 4,947,259 (2) | 3.13% |

(1) Tax year balances.

(2) Collection year balances.

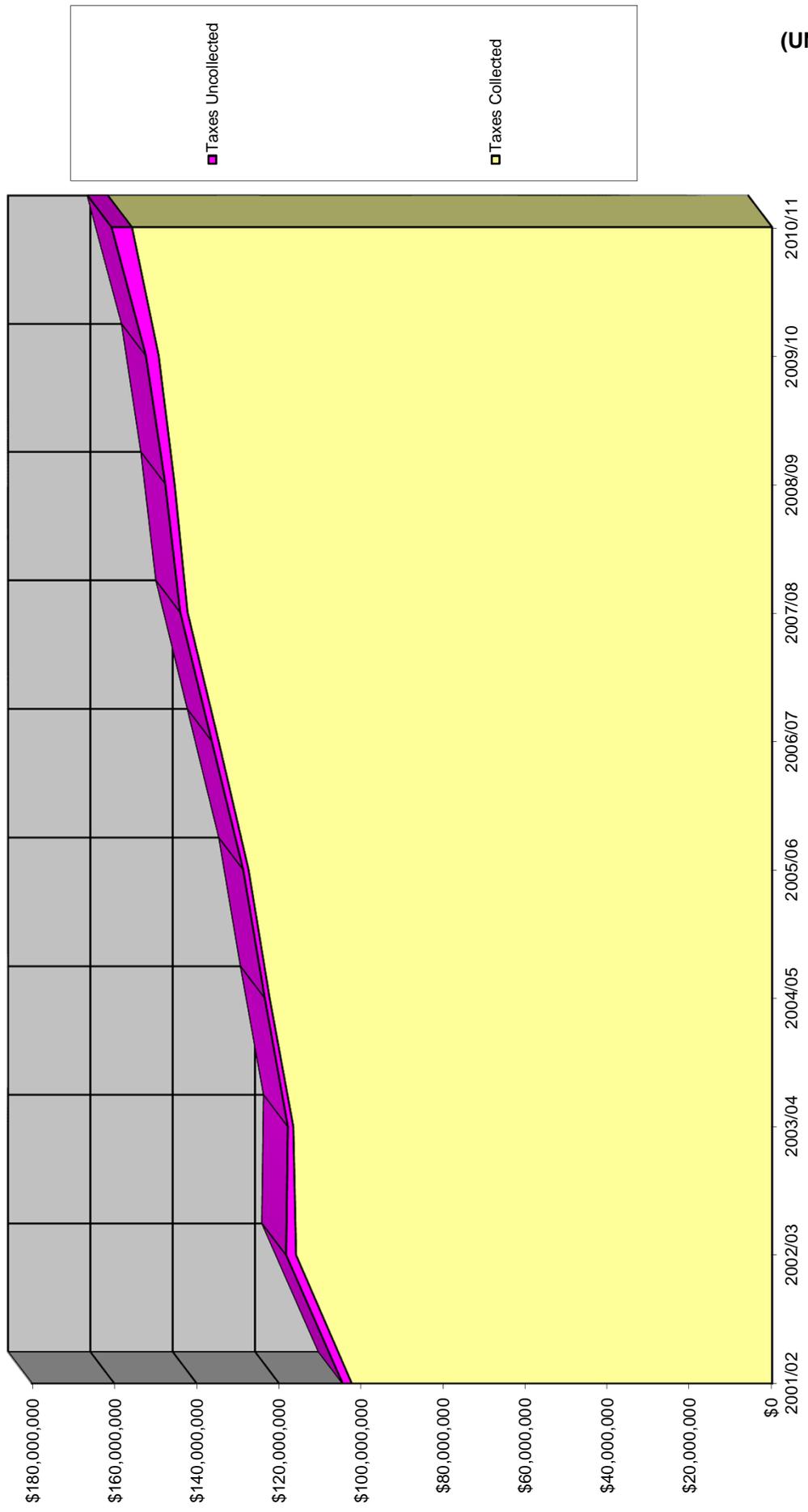
(3) 2002/03 Delinquent Tax Collections do not include Delinquent Personal Property totals. Distribution of Delinquent Personal Property Taxes did not occur until October 31, 2003

Source: Johnson County Treasurer's Office

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TABLE 11
2 of 2
(UNAUDITED)

Blue Valley USD #229, Kansas
Property Tax Levies and Collections
Last Ten Years



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BLUE VALLEY USD #229, KANSAS
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year | General Obligation | | | Total | District Population | Personal Income | Per Capita | Percentage of Personal Income |
|-------------|--------------------|-------------|--|-------------|------------------------|-----------------|------------|-------------------------------------|
| | Capital Leases | Bonds | | | | | | |
| 2002 | 793,785 | 301,358,992 | | 302,152,777 | 95,023 | 3,386,645,000 | 3,180 | 8.92% |
| 2003 | 404,560 | 280,739,424 | | 281,143,984 | 98,095 | 3,386,645,000 | 2,866 | 8.30% |
| 2004 | - | 262,969,298 | | 262,969,298 | 103,120 | 3,386,645,000 | 2,550 | 7.76% |
| 2005 | - | 302,770,973 | | 302,770,973 | 107,333 | 4,433,181,800 | 2,821 | 6.83% |
| 2006 | - | 273,731,881 | | 273,731,881 | 111,000 | 4,433,181,800 | 2,466 | 6.17% |
| 2007 | - | 246,352,866 | | 246,352,866 | 116,256 | 4,433,181,800 | 2,119 | 5.56% |
| 2008 | - | 320,810,695 | | 320,810,695 | 120,256 | 4,433,181,800 | 2,668 | 7.24% |
| 2009 | - | 368,947,118 | | 368,947,118 | 118,687 | 4,433,181,800 | 3,109 | 8.32% |
| 2010 | - | 342,416,432 | | 342,416,432 | 116,914 | 5,658,666,600 | 2,929 | 6.05% |
| 2011 | - | 349,193,230 | | 349,193,230 | 114,021 | 5,658,666,600 | 3,063 | 6.17% |

(1) The 2000 to 2004 personal income information is from the 2000 census data, the 2005 to 2009 personal income information is from the 2005 Census American Community Survey and the 2010 information is from the 2009 Census American Community Survey.

Source: Johnson County Department of Records and Tax Administration, Blue Valley #229 records and Census American Community Surveys.

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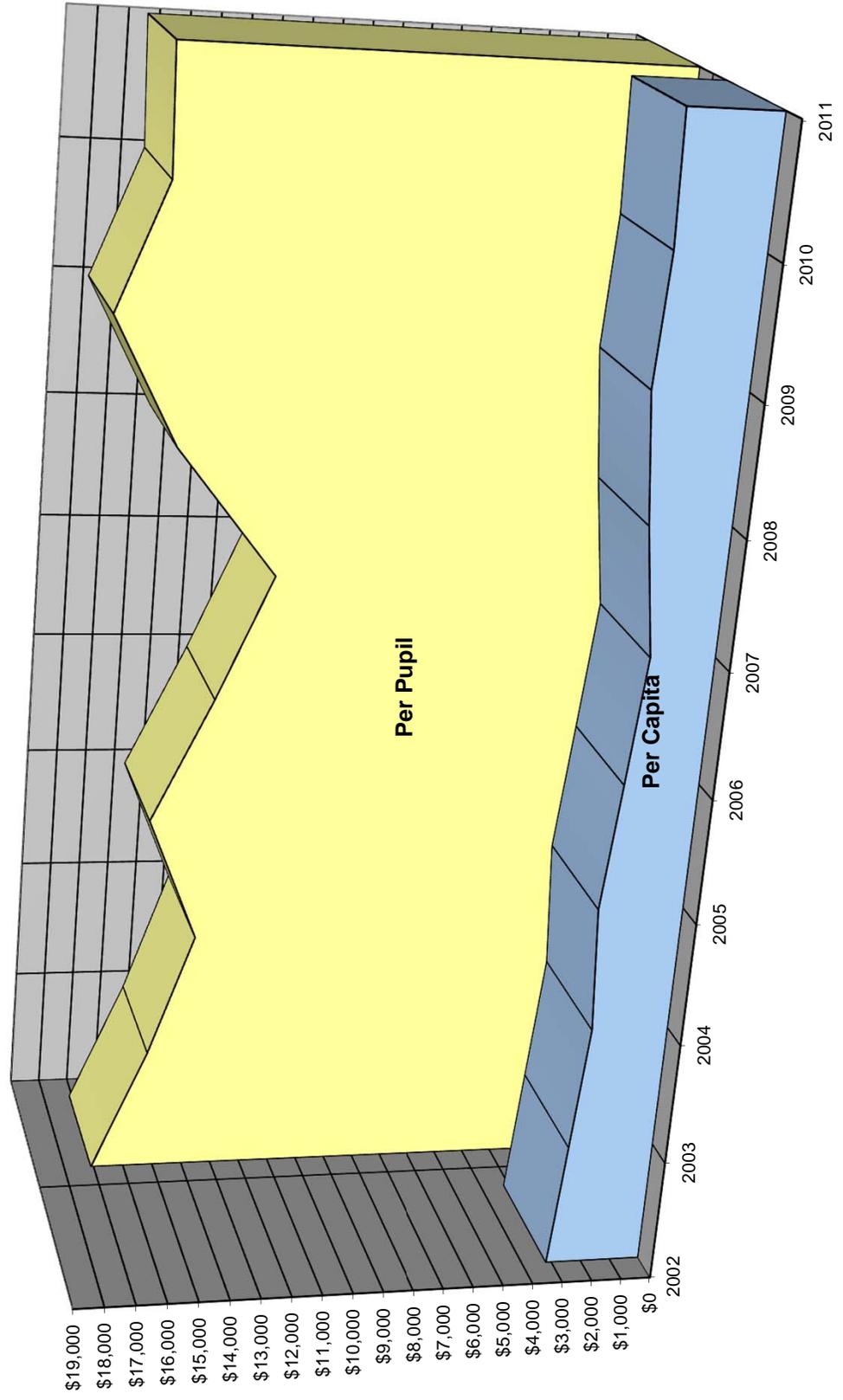
BLUE VALLEY USD #229, KANSAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

| Fiscal Year | District Population | District Enrollment | Total Equalized Assessed Value | Bonded Debt | Ratio of Bonded Debt to Assessed Value | Bonded Debt Per Capita | Bonded Debt Per Pupil |
|--------------------|----------------------------|----------------------------|---------------------------------------|--------------------|---|-------------------------------|------------------------------|
| 2002 | 95,023 | 17,685 | 1,785,363,210 | 302,152,777 | 16.92% | 3,180 | 17,085 |
| 2003 | 98,095 | 18,244 | 1,880,078,816 | 281,143,984 | 14.95% | 2,866 | 15,410 |
| 2004 | 103,120 | 18,703 | 1,969,405,063 | 262,969,298 | 13.35% | 2,550 | 14,060 |
| 2005 | 107,333 | 19,104 | 2,100,675,533 | 302,770,973 | 14.41% | 2,821 | 15,849 |
| 2006 | 111,000 | 19,590 | 2,221,139,927 | 273,731,881 | 12.32% | 2,464 | 13,973 |
| 2007 | 116,256 | 20,058 | 2,397,406,614 | 246,352,866 | 10.28% | 2,119 | 12,282 |
| 2008 | 120,256 | 20,364 | 2,580,548,757 | 320,810,695 | 12.43% | 2,668 | 15,754 |
| 2009 | 118,687 | 20,477 | 2,607,205,853 | 368,947,118 | 14.15% | 3,109 | 18,018 |
| 2010 | 116,914 | 20,815 | 2,554,319,170 | 342,416,432 | 13.41% | 2,929 | 16,450 |
| 2011 | 114,021 | 21,036 | 2,428,262,561 | 349,193,230 | 14.38% | 3,063 | 16,600 |

Source: Johnson County Department of Records and Tax Administration and Blue Valley USD #229 records

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Blue Valley USD #229, Kansas
Ratio of District Net Bonded Debt Per Capita and Per Pupil
Last Ten Fiscal Years



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TABLE 14
(UNAUDITED)

BLUE VALLEY USD #229, KANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011

| | Principal Amount of Outstanding Debt | Percent Applicable to School District | Amount Applicable to School District |
|--|--|---|--|
| Direct | | | |
| Blue Valley USD #229 | \$ 349,193,230 | 100.00% | \$ 349,193,230 |
| Overlapping | | | |
| Johnson County (1) | \$ 240,750,000 | 29.69% | \$ 71,478,675 |
| Johnson County Parks & Recreation (1) | 3,625,000 | 29.69% | 1,076,263 |
| City of Olathe | 232,138,000 | 5.63% | 13,069,369 |
| City of Leawood | 65,830,000 | 79.39% | 52,262,437 |
| City of Overland Park | 197,155,000 | 55.21% | 108,849,276 |
| Johnson County Fire District #2 (1) | 4,045,000 | 42.90% | 1,735,305 |
| Miami County | 8,945,000 | 0.0156% | 1,395 |
| Total Overlapping Debt | | | <u>248,472,720</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 597,665,950</u> |

(1) Johnson County debt is as of 11/01/2011. All ofther debt is as of 06/30/2011.

Source: Johnson County Department of Records and Tax Administration, Miami County Clerk's Office and Blue Valley USD #229 records

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BLUE VALLEY USD #229, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total Assessed Valuation of Taxable Property | \$ 1,634,927,881 | \$ 1,716,230,851 | \$ 1,794,167,010 | \$ 1,904,101,939 | \$ 2,025,466,333 | \$ 2,191,204,196 | \$ 2,369,204,487 | \$ 2,393,060,121 | \$ 2,342,424,880 | \$ 2,222,535,144 |
| Debt Limit Percent of Assessed Value | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| Debt Limit | 228,889,903 | 240,272,319 | 251,183,381 | 266,574,271 | 283,565,287 | 306,768,587 | 331,688,628 | 335,028,417 | 327,939,483 | 311,154,920 |
| Total net debt applicable to limit | 301,358,992 | 280,739,424 | 262,989,298 | 302,770,973 | 273,731,881 | 246,352,866 | 320,810,695 | 368,947,118 | 342,416,432 | 349,193,230 |
| Legal Debt Margin | \$ [72,469,089] | \$ [40,467,105] | \$ [11,785,917] | \$ [36,196,702] | \$ 9,833,406 | \$ 60,415,721 | \$ 10,877,933 | \$ [33,918,701] | \$ [14,476,949] | \$ [38,038,310] |
| Total Net Debt Applicable To The Limit As A Percentage of Debt Limit | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| | 136.45% | 131.66% | 116.84% | 104.69% | 113.58% | 96.53% | 80.31% | 110.12% | 104.41% | 112.22% |

(1) Per order of the Kansas State Board of Education, Blue Valley USD #229 was authorized to exceed the general bond debt limitation prescribed in K.S.A. 72-6761, and to call an election for voting additional bonds pursuant to the provisions of K.S.A. 75-2315.

Source: Assessed valuation from Johnson County Department of Records and Tax Administration
Statutory limits per K.S.A. 72-6761.

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**BLUE VALLEY USD #229, KANSAS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

| Fiscal Year | Elementary School | | | | Middle School | | High School | | Total Student Enrollment | | Average Daily Attendance | | Total District Population | | Personal Income | | Per Capita Personal Income | | Unemployment Rate | |
|-------------|-------------------|-------|-------|--------|---------------|---------|---------------|--------|--------------------------|------|--------------------------|--|---------------------------|--|-----------------|--|----------------------------|--|-------------------|--|
| | | | | | | | | | | | | | | | | | | | | |
| 2002 | 8,225 | 4,209 | 5,251 | 17,685 | 96.5% | 95,023 | 3,386,645,000 | 35,640 | (2) | 3.4% | | | | | | | | | | |
| 2003 | 8,525 | 4,304 | 5,415 | 18,244 | 96.5% | 98,095 | 3,386,645,000 | 34,524 | | 3.8% | | | | | | | | | | |
| 2004 | 8,696 | 4,456 | 5,551 | 18,703 | 96.6% | 103,120 | 3,386,645,000 | 32,842 | | 4.1% | | | | | | | | | | |
| 2005 | 8,848 | 4,519 | 5,737 | 19,104 | 96.5% | 107,333 | 4,433,181,800 | 41,303 | | 4.8% | | | | | | | | | | |
| 2006 | 9,092 | 4,634 | 5,864 | 19,590 | 96.4% | 111,000 | 4,433,181,800 | 39,939 | | 4.7% | | | | | | | | | | |
| 2007 | 9,351 | 4,732 | 5,975 | 20,058 | 96.2% | 116,256 | 4,433,181,800 | 38,133 | | 4.1% | | | | | | | | | | |
| 2008 | 9,433 | 4,864 | 6,067 | 20,364 | 96.3% | 120,256 | 4,433,181,800 | 36,865 | | 3.7% | | | | | | | | | | |
| 2009 | 9,474 | 4,838 | 6,165 | 20,477 | 96.6% | 118,687 | 4,433,181,800 | 37,352 | | 4.8% | | | | | | | | | | |
| 2010 | 9,515 | 4,929 | 6,371 | 20,815 | 96.3% | 116,914 | 5,658,666,600 | 48,400 | | 6.0% | | | | | | | | | | |
| 2011 | 9,491 | 4,946 | 6,599 | 21,036 | 96.6% | 114,021 | 5,658,666,600 | 49,628 | | 6.0% | | | | | | | | | | |

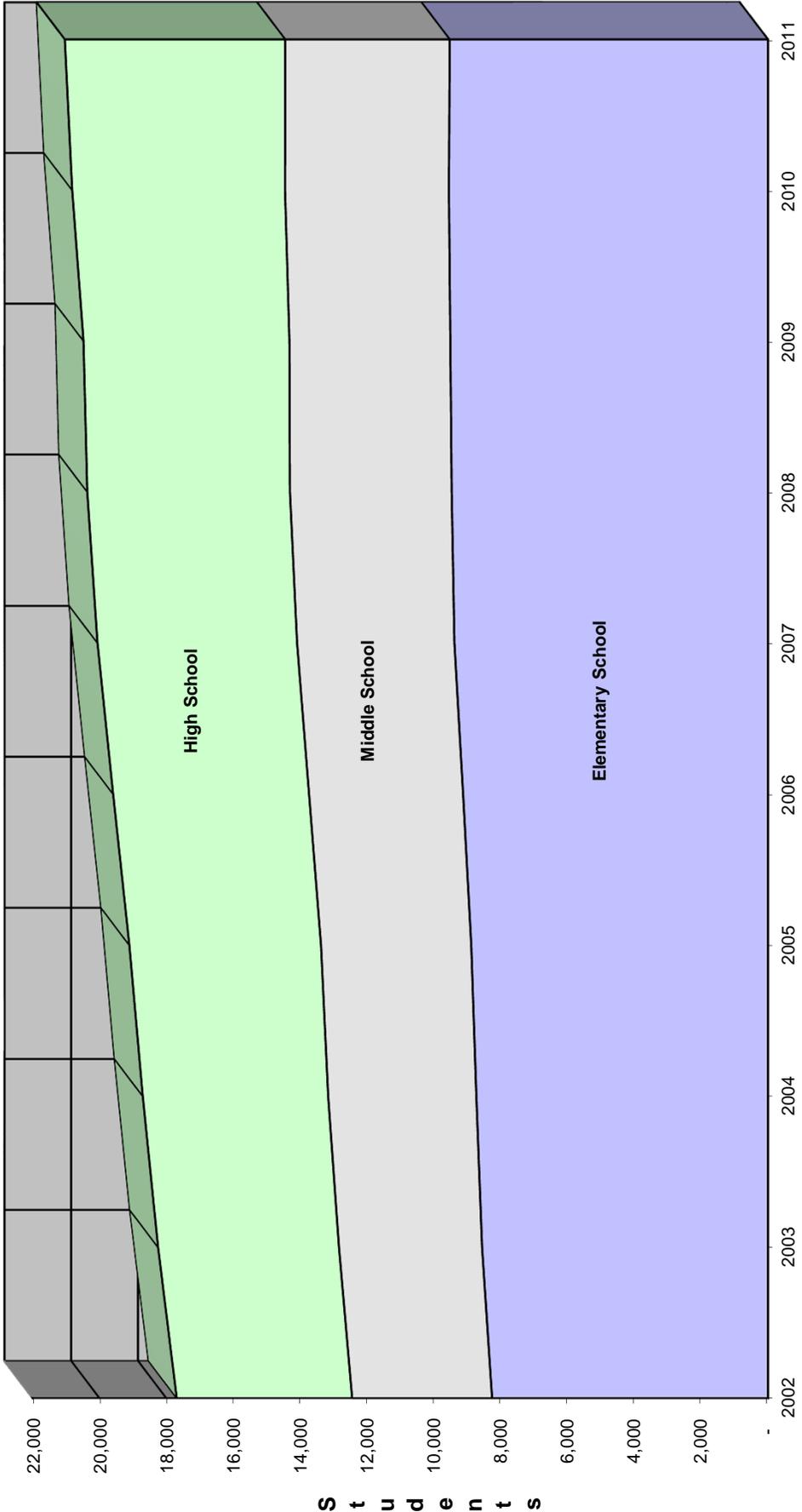
(1) Enrollment counts as of September 20th count date.

(2) Unemployment rates are for all of Johnson County.

Source: 2010 Johnson County CAFR, Kansas State Department of Education and Blue Valley USD #229 records

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**Blue Valley USD #229, Kansas
 Demographic Statistics
 Enrollment - Last Ten Fiscal Years**



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TABLE 17
(UNAUDITED)

BLUE VALLEY USD #229, KANSAS
PRINCIPAL EMPLOYERS
JUNE 30, 2011 AND 2002

| <u>Employer</u> | June 30, 2011 | | | June 30, 2002 | | |
|---|---------------|------|--------------------------------|---------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees (1) | Rank | Percentage of Total Employment |
| Sprint-Nextel | 8,000 | 1 | 7.02% | 11,000 | 1 | 11.58% |
| Blue Valley School District #229 | 3,099 | 2 | 2.72% | 2,523 | 3 | 2.66% |
| Black & Veatch | 2,253 | 3 | 1.98% | 4,320 | 2 | 4.55% |
| CenturyLink | 1,800 | 4 | 1.58% | | | |
| YRC Worldwide (Yellow Freight System, Inc.) | 1,000 | 5 | 0.88% | 1,000 | 4 | 1.05% |
| Quintiles Transnational Corporation | 870 | 6 | 0.76% | | | |
| Menorah Medical Center | 850 | 7 | 0.75% | 820 | 7 | 0.86% |
| Zurich North America Commercial | 769 | 8 | 0.67% | | | |
| Saint Lukes South Hospital | 749 | 9 | 0.66% | 280 | 10 | 0.29% |
| Children's Mercy South Hospital | 632 | 10 | 0.55% | | | |
| Universal Underwriters | | | | 1,000 | 5 | 1.05% |
| Farmers Insurance Group | | | | 920 | 6 | 0.97% |
| Hy-Vee Food & Drug Stores (two) | | | | 400 | 8 | 0.42% |
| Marriott Hotel | | | | 300 | 9 | 0.32% |
| Total | <u>20,022</u> | | <u>17.56%</u> | <u>22,563</u> | | <u>23.74%</u> |

(1) Only estimates are available for June 30, 2002

Source: Overland Park Economic Development Council and Blue Valley USD #229 records

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**TABLE 18
(UNAUDITED)**

**BLUE VALLEY USD #229, KANSAS
DIRECTORY OF SCHOOL FACILITIES
AS OF JUNE 30, 2011**

| <u>School</u> | <u>Year Opened</u> | <u>(1) ES Current Capacity</u> | <u>(2) Present Usage</u> | <u>(3) HS/MS Current Capacity</u> | <u>Enrollment As Of Sept. 20, 2010</u> | <u>Percent of Student Capacity</u> |
|------------------------------------|------------------------|--|----------------------------------|---|--|--|
| Blue Valley High School | 1970 | | | 1,431 | 1,210 | 84.56% |
| Blue Valley North High School | 1986 | | | 1,737 | 1,544 | 88.89% |
| Blue Valley Northwest High School | 1993 | | | 1,725 | 1,704 | 98.78% |
| Blue Valley Southwest High School | 2010 | | | 1,682 | 841 | 50.00% |
| Blue Valley West High School | 2001 | | | 1,663 | 1,300 | 78.17% |
| Blue Valley Middle School | 1997 | | | 696 | 535 | 76.87% |
| Harmony Middle School | 1992 | | | 696 | 549 | 78.88% |
| Lakewood Middle School | 2002 | | | 754 | 659 | 87.40% |
| Leawood Middle School | 1981 | | | 609 | 453 | 74.38% |
| Overland Trail Middle School | 1990 | | | 638 | 608 | 95.30% |
| Oxford Middle School | 1988 | | | 696 | 638 | 91.67% |
| Pleasant Ridge Middle School | 1997 | | | 754 | 790 | 104.77% |
| Prairie Star Middle School | 1996 | | | 725 | 714 | 98.48% |
| Blue River Elementary School | 1997 | 26 | 23 | | 537 | 88.46% |
| Cedar Hills Elementary School | 2004 | 24 | 22 | | 494 | 91.67% |
| Cottonwood Point Elementary School | 1990 | 21 | 18 | | 380 | 85.71% |
| Harmony Elementary School | 1992 | 25 | 28 | | 626 | 112.00% |
| Heartland Elementary School | 1995 | 21 | 19 | | 409 | 90.48% |
| Indian Valley Elementary School | 1982 | 18 | 16 | | 339 | 88.89% |
| Lakewood Elementary School | 1999 | 26 | 28 | | 646 | 107.69% |
| Leawood Elementary School | 1978 | 19 | 19 | | 447 | 100.00% |
| Liberty View Elementary School | 2002 | 26 | 28 | | 630 | 107.69% |
| Mission Trail Elementary School | 1989 | 25 | 19 | | 437 | 76.00% |
| Morse Elementary School | 1980 | 18 | 18 | | 419 | 100.00% |
| Oak Hill Elementary School | 1987 | 21 | 18 | | 433 | 85.71% |
| Overland Trail Elementary School | 1990 | 25 | 26 | | 603 | 104.00% |
| Prairie Star Elementary School | 1993 | 22 | 24 | | 526 | 109.09% |
| Stanley Elementary School | 1988 | 22 | 17 | | 351 | 77.27% |
| Stilwell Elementary School | 1955 | 22 | 16 | | 333 | 72.73% |
| Sunrise Point Elementary School | 2006 | 24 | 24 | | 530 | 100.00% |
| Sunset Ridge Elementary School | 1998 | 25 | 23 | | 566 | 92.00% |
| Timber Creek Elementary School | 2009 | 17 | 14 | | 308 | 82.35% |
| Valley Park Elementary School | 1985 | 23 | 22 | | 477 | 95.65% |
| Total | | | | | <u>21,036</u> | |

Source: Blue Valley USD #229 records

- (1) Current % of student capacity at elementary schools is calculated by section capacity.
- (2) Present Usage refers to number of sections currently at the building.
- (3) MS/HS capacity is figured based upon the number of students.

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**TABLE 19
(UNAUDITED)**

**BLUE VALLEY USD #229, KANSAS
MISCELLANEOUS STATISTICAL DATA
AS OF JUNE 30, 2011**

| | |
|---|------------------------|
| Year of Incorporation | 1965 |
| Form of Government | Elected Board |
| Area of District | 91 Square Miles |
| Population of District | 114,021 |
| Ending Enrollment 2010/2011 | 21,036 |
| Number of Schools | |
| Elementary Schools | 20 |
| Middle Schools | 8 |
| High Schools | 5 |
| Total | <u><u>33</u></u> |
| Average Class Size - Elementary | 22.1 |
| Number of Full-Time Equivalent Employees | |
| Classified | 1,349.00 |
| Certified | 1,750.20 |
| Total | <u><u>3,099.20</u></u> |

Teacher Summary

| Degree | Number of Teachers | % of Total | Salary Range | |
|----------------|-----------------------------------|-----------------------|---------------------|-------------|
| | | | Low | High |
| Bachelors | 188 | 12.9% | \$ 38,583 | \$ 50,206 |
| Bachelors + 12 | 79 | 4.4% | 39,510 | 53,544 |
| Bachelors + 24 | 152 | 9.0% | 40,437 | 54,657 |
| Masters | 408 | 21.3% | 42,601 | 59,942 |
| Masters + 12 | 199 | 11.1% | 43,837 | 66,897 |
| Masters + 24 | 122 | 7.1% | 45,074 | 68,288 |
| Masters + 36 | 108 | 6.2% | 46,310 | 69,678 |
| Masters + 48 | 64 | 4.3% | 47,546 | 71,069 |
| Masters + 60 | 382 | 22.5% | 49,710 | 73,016 |
| Doctorate | 17 | 1.2% | 50,710 | 74,016 |

Certified Employee Allocation

| | Elementary | | | | Total |
|----------------------------|------------------------|---------------|----------------------|--------------------|-----------------|
| | District Office | School | Middle School | High School | |
| Superintendent | 1.00 | - | - | - | 1.00 |
| Asst. Superintendent | 3.00 | - | - | - | 3.00 |
| Adm. Assistants | - | 1.00 | - | - | 1.00 |
| Principals | - | 20.00 | 8.00 | 6.00 | 34.00 |
| Asst. Principals | - | - | 8.00 | 16.00 | 24.00 |
| Directors Special Ed. | 6.00 | - | - | - | 6.00 |
| Director Career Tech. Ed. | 1.00 | - | - | - | 1.00 |
| Instructional Coordinators | 20.00 | 3.00 | - | - | 23.00 |
| Other Directors | 8.00 | - | - | - | 8.00 |
| Curriculum Specialists | 13.25 | - | - | - | 13.25 |
| Vocational Arts Teachers | - | - | - | 53.70 | 53.70 |
| Special Ed. Teachers | - | 111.70 | 52.80 | 63.50 | 228.00 |
| Pre-Kindergarten | - | 19.80 | - | - | 19.80 |
| Kindergarten | - | 61.00 | - | - | 61.00 |
| Other Teachers | - | 454.90 | 276.55 | 328.90 | 1,060.35 |
| Library Media | - | 20.00 | 8.00 | 10.00 | 38.00 |
| Counselors | - | 20.00 | 16.00 | 21.00 | 57.00 |
| School Psychologists | 2.60 | 10.93 | 3.50 | 5.50 | 22.53 |
| Nurses | - | 20.00 | 8.00 | 6.00 | 34.00 |
| Speech Pathologists | - | 31.60 | 2.00 | 2.20 | 35.80 |
| Audiologists | 1.80 | - | - | - | 1.80 |
| Social Workers | 3.00 | - | - | - | 3.00 |
| Reading | - | 20.00 | - | - | 20.00 |
| Other | 1.00 | - | - | - | 1.00 |
| | <u>60.65</u> | <u>793.93</u> | <u>382.85</u> | <u>512.80</u> | <u>1,750.23</u> |

Source: Blue Valley USD #229 records - 2010-11 Personnel Report

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**BLUE VALLEY USD #229, KANSAS
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

| Fiscal Year | Enrollment (1) | Operating Expenditures (2) | Cost Per Pupil | Total Expenses (3) | Cost Per Pupil | Teaching Staff | Pupil - Teacher Ratio | Percentage of Students Receiving Free or Reduced Meals |
|--------------------|-----------------------|-----------------------------------|-----------------------|---------------------------|-----------------------|-----------------------|------------------------------|---|
| 2002 | 17,685 | 134,208,323 | 7,589 | \$ 154,143,897 | \$ 8,716 | 1,451 | 12 | 1.87% |
| 2003 | 18,244 | 145,777,609 | 7,990 | 168,399,095 | 9,230 | 1,492 | 12 | 2.14% |
| 2004 | 18,703 | 149,670,356 | 8,002 | 173,400,928 | 9,271 | 1,502 | 12 | 2.69% |
| 2005 | 19,104 | 161,502,497 | 8,454 | 185,193,908 | 9,694 | 1,532 | 12 | 3.33% |
| 2006 | 19,590 | 172,610,511 | 8,811 | 198,004,127 | 10,107 | 1,568 | 12 | 3.42% |
| 2007 | 20,058 | 188,845,028 | 9,415 | 225,120,541 | 11,223 | 1,650 | 12 | 3.73% |
| 2008 | 20,364 | 197,721,445 | 9,709 | 250,785,364 | 12,315 | 1,722 | 12 | 3.74% |
| 2009 | 20,477 | 207,346,396 | 10,126 | 243,979,113 | 11,915 | 1,735 | 12 | 5.12% |
| 2010 | 20,815 | 206,244,201 | 9,908 | 256,140,907 | 12,306 | 1,739 | 12 | 6.13% |
| 2011 | 21,036 | 207,037,680 | 9,842 | 253,736,184 | 12,062 | 1,750 | 12 | 7.35% |

- (1) Enrollment counts as of September 20th count date.
- (2) Total expenditures net of Capital Outlay and Debt Service
- (3) Total Primary Government expenses

Source: Blue Valley USD #229 records and Kansas State Department of Education

**TABLE 20
(UNAUDITED)**

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GOVERNMENTAL AUDIT SECTION

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Beginning Unencumbered Cash | Receipts | Expenditures | Ending Unencumbered Cash |
|---|---------------------------|-----------------------------------|----------------------|----------------------|--------------------------------|
| <u>U.S. Department of Education</u> | | | | | |
| Passed Through State Department of Education: | | | | | |
| Title I | 84.010 | \$ - | \$ 340,546 | \$ 340,546 | \$ - |
| Title VI-B Special Education | 84.027 | - | 3,167,947 | 3,167,947 | - |
| Title VI-B Special Education (ARRA) | 84.391 | - | 2,015,986 | 2,015,986 | - |
| C.P. Prog. Impr. Sec. | 84.048 | - | 87,316 | 87,316 | - |
| Early Childhood Act | 84.173 | - | 68,843 | 68,843 | - |
| Early Childhood Act (ARRA) | 84.392 | - | 84,899 | 84,899 | - |
| Drug-Free Schools - Title IV | 84.186 | - | 31,264 | 31,264 | - |
| Title II-D | 84.318 | - | 1,471 | 1,471 | - |
| Title II-D (ARRA) | 84.386 | - | 412 | 412 | - |
| Title III English Language | 84.365 | - | 30,806 | 30,806 | - |
| Title II-A Teacher Quality | 84.367 | - | 278,139 | 278,139 | - |
| State Fiscal Stabilization Funds (ARRA) | 84.394 | - | 2,033,757 | 2,033,757 | - |
| Education Jobs Fund | 84.410 | - | <u>3,561,103</u> | <u>3,561,103</u> | - |
| Total U.S. Department of Education | | | <u>11,702,489</u> | <u>11,702,489</u> | |
| U.S. Department of Health and Human Services | | | | | |
| Passed Through State Department of Education: | | | | | |
| AIDS Education | 93.938 | - | <u>2,355</u> | <u>2,355</u> | - |
| Total U.S. Department of Health and Human Services | | | <u>2,355</u> | <u>2,355</u> | |
| U.S. Department of Agriculture | | | | | |
| Passed Through State Department of Education: | | | | | |
| School Breakfast Program | 10.553 | - | 56,573 | 56,573 | - |
| National School Lunch Program | 10.555 | - | <u>1,361,424</u> | <u>1,361,424</u> | - |
| Total U.S. Department of Agriculture | | | <u>1,417,997</u> | <u>1,417,997</u> | |
| Total Expenditures of Federal Awards | | | <u>\$ 13,122,841</u> | <u>\$ 13,122,841</u> | |

The accompanying notes are an integral part of this schedule.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Blue Valley Unified School District No. 229. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with accounting principles generally accepted in the United States of America.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unqualified _____

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: _____ Unqualified _____

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.010 | Title I |
| 84.410 | Education Jobs Fund |

Dollar threshold used to distinguish between type A and type B programs: _____ \$393,685 _____

Auditee qualified as low-risk auditee? _____ X Yes _____ No

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2011

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted

LOWENTHAL, WEBB & ODERMANN, P.A.

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INDEPENDENT AUDITOR'S 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
Blue Valley Unified School District No. 229

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the budgetary comparison information and the aggregate remaining fund information of Blue Valley Unified School District No. 229 as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2011. 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 the District's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

However, we noted certain matters we have reported to the District's management in a separate letter dated October 4, 2011.

This report is intended solely for the information and use of the Board of Education, administration and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Wett & Odemann, P.A.

October 4, 2011

LOWENTHAL, WEBB & ODERMANN, P.A.

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

Board of Education
Blue Valley Unified School District No. 229

Compliance

We have audited the compliance of Blue Valley Unified School District No. 229 with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2011. Blue Valley Unified School District No. 229'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 the District's management. Our responsibility is to express an opinion on the District'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 the District'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 the District's compliance with those requirements.

In our opinion, Blue Valley Unified School District No. 229 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, 2011.

Internal Control Over Compliance

The management of the District 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 the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 District'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 the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, administration and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Wett & Odummann, P.A.

October 4, 2011

