
LOWENTHAL, WEBB & ODERMANN, P.A.

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

AUDITOR'S COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

Board of Education
Unified School District No. 233

We have audited the financial statements of the Unified School District No. 233 for the year ended June 30, 2011, and have issued our report thereon dated September 26, 2011. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 10, 2011, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and to express an opinion about whether the financial statements are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 18, 2011.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed for the year ended June 30, 2011. We noted no transactions entered into by the District, during the year for which there

is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of accumulated depreciation is based on the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have been informed that management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 26, 2011.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of the accounting principles and auditing standards, with management each year prior to retention as the Unified School District No. 233's auditors. However, this discussion occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This communication is intended solely for the information and use of the Board of Education and administration and should not be used by anyone other than these specified parties.

Lowenthal, Wett & Odermann, P.A.

September 26, 2011

UNIFIED SCHOOL DISTRICT NO. 233

**Financial Statements
and Schedule of Expenditures of
Federal Awards**

**For the Fiscal Year Ended
June 30, 2011**

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UNIFIED SCHOOL DISTRICT NO. 233

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

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UNIFIED SCHOOL DISTRICT NO. 233

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

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UNIFIED SCHOOL DISTRICT NO. 233

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

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Education
Unified School District No. 233

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Unified School District No. 233 (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; 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 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 and the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Supplemental General and Special Education 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 September 26, 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 3 through 8 and the schedule of funding progress on page 41 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 combining and individual nonmajor fund financial statements and schedules 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. 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.

Lowenthal, Wett & Odermann, P.A.

September 26, 2011

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2011 Unaudited

Our discussion and analysis of Unified School District No. 233, Olathe District Schools financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2011. The District's overall financial position improved for the year ended June 30, 2011. This narrative should be read in conjunction with the District's financial statements, which begin on page nine.

Financial Highlights

- The District-wide net assets totaled \$145 million at the end of the current fiscal year.
- The District-wide current assets exceed the current liabilities by \$68 million, representing the District's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at June 30, 2011 totaled \$421 million.
- During the year ended June 30, 2011, the District's total revenues (which include charges for services, local taxes and state and federal aid) were more than total expenses by \$16.9 million.
- The District's general obligation indebtedness increased by \$5 million.
- The District's net capital assets increased \$.5 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: district-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The district-wide statements are designed to provide information about the Olathe District School's activities as a whole and provide a longer-term view of the District's finances. The fund financial statements tell how the District's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in greater detail than the district-wide statements by providing information about the District's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The District also holds agency funds on behalf of various building level organizations. These funds are reported in a separate statement.

Reporting on the School District as a Whole (District Wide)

Statement of Net Assets and the Statement of Activities

The view of the Olathe District Schools as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Assets and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net assets and current year change in those net assets. The change in net assets is important because it tells the reader whether the District, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, state and federal educational mandates, state public education funding formulas, and the financial condition of the State of Kansas general fund.

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011
Unaudited

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, non-instructional services and other.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The District's Food Services, Summer School and Driver Training are reported as business-type activities. In addition, the District's self-insured workers' compensation fund, the health insurance fund and the risk management fund are treated as internal service funds.

Reporting the District's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the District's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the District's non-major governmental funds.

Governmental Funds - Most of the District's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal year end available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the District's educational programs. Major differences between the District's governmental activities as reported in the Statement of Net Assets and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Food Services, Summer School and Driver Training) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the District-wide financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011
Unaudited

The School District as a Whole

Government-Wide Net Assets

The Statement of Net Assets provides the financial position of the School District as a whole. The following is a summary of the Olathe District School's Statement of Net Assets as of June 30, 2011:

Olathe District Schools
Condensed Statement of Net Assets
June 30, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 123,697,747	\$ 115,814,197	\$ 2,644,794	\$ 2,070,645	\$ 126,342,541	\$ 117,884,842
Noncurrent assets	<u>420,501,779</u>	<u>417,043,007</u>	<u>3,411,975</u>	<u>3,638,109</u>	<u>423,913,754</u>	<u>420,681,116</u>
Total assets	<u>\$ 544,199,526</u>	<u>\$ 532,857,204</u>	<u>\$ 6,056,769</u>	<u>\$ 5,708,754</u>	<u>\$ 550,256,295</u>	<u>\$ 538,565,958</u>
Current liabilities	\$ 58,185,361	\$ 70,168,999	\$ 418,223	\$ 441,842	\$ 58,603,584	\$ 70,610,841
Noncurrent liabilities	<u>346,199,469</u>	<u>339,426,240</u>	<u>-</u>	<u>-</u>	<u>346,199,469</u>	<u>339,426,240</u>
Total liabilities	<u>\$ 404,384,830</u>	<u>\$ 409,595,239</u>	<u>\$ 418,223</u>	<u>\$ 441,842</u>	<u>\$ 404,803,053</u>	<u>\$ 410,037,081</u>
Net Assets:						
Invested in capital assets, net of related debt	\$ 93,202,170	\$ 85,322,250	\$ 3,411,975	\$ 3,638,109	\$ 96,614,145	\$ 88,960,359
Restricted for :						
Debt Service	38,964,543	37,817,834	-	-	38,964,543	37,817,834
Unrestricted	<u>7,647,983</u>	<u>121,881</u>	<u>2,226,571</u>	<u>1,628,803</u>	<u>9,874,554</u>	<u>1,750,684</u>
Total net assets	<u>\$ 139,814,696</u>	<u>\$ 123,261,965</u>	<u>\$ 5,638,546</u>	<u>\$ 5,266,912</u>	<u>\$ 145,453,242</u>	<u>\$ 128,528,877</u>

The assets of the District are classified as current assets and capital assets. Cash and investments and property taxes in process of collection are the largest current assets. These are assets that are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, land improvements, buildings, building improvements, vehicles, furniture, equipment and technology.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, payroll-related liabilities, compensated absences and early retirement, and current portion of long-term obligations. Current assets exceed current liabilities by \$68 million, representing the District's ability to meet current obligations when due.

The District has \$353 in long-term debt, consisting of general obligation bonds, of which \$30 million is due within the next fiscal year.

The District had total assets at June 30, 2011 totaling \$550 million. The total assets of the District exceeded the total liabilities by \$145 million. Net assets invested in capital assets (including cash balances in capital project funds); net of general obligation debt, totaled \$96 million, restricted net assets totaled \$39 million and unrestricted net assets totaled \$10 million.

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011
Unaudited

Government-Wide Activities

The following is a condensed statement of the District's change in net assets for the year ended June 30, 2011. Major items of program revenues, grants and general revenues are detailed. District-wide activities increased the net assets of the District by \$16.9 million for the year ended June 30, 2011. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located at page 16 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of long-term debt of \$62 million which is treated as expenditures in the funds statements, but is treated as a reduction of long term debt in the District wide statement of activities. Additionally the revenues in the fund statements include the proceeds from the sale of bonds of \$65 million, but is treated as an increase of long term debt in the District wide statement of activities. Also, the \$18 million of capital outlays to purchase or rebuild assets are reported in the governmental funds as expenditures, however, for governmental activities these costs are shown as assets.

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,829,692	\$ 1,828,149	\$ 7,126,580	\$ 7,001,806	\$ 8,956,272	\$ 8,829,955
Operating grants	58,869,602	64,036,392	3,606,798	4,220,647	62,476,400	68,257,039
General revenues:						
Property taxes	133,558,237	126,628,575	-	-	133,558,237	126,628,575
State aid	116,501,517	98,371,439	-	-	116,501,517	98,371,439
Other	12,187,048	10,955,846	505,677	470,630	12,692,725	11,426,476
Total revenues	<u>322,946,096</u>	<u>301,820,401</u>	<u>11,239,055</u>	<u>11,693,083</u>	<u>334,185,151</u>	<u>313,513,484</u>
Program expenses:						
Instruction	195,895,128	192,477,244	-	-	195,895,128	192,477,244
Support services	63,031,837	69,671,593	-	-	63,031,837	69,671,593
Other	31,694,172	26,160,379	10,990,811	11,008,982	42,684,983	37,169,361
Interest on long term debt	15,631,265	14,256,033	-	-	15,631,265	14,256,033
Total expenses	<u>306,252,402</u>	<u>302,565,249</u>	<u>10,990,811</u>	<u>11,008,982</u>	<u>317,243,213</u>	<u>313,574,231</u>
Excess [deficiency] before transfers	16,693,694	[744,848]	248,244	684,101	16,941,938	[60,747]
Transfers in [out]	<u>[130,002]</u>	<u>[124,510]</u>	<u>130,002</u>	<u>124,510</u>	<u>-</u>	<u>-</u>
Increase [decrease] in net assets	16,563,692	(869,358)	378,246	808,611	16,941,938	[60,747]
Beginning net assets	123,261,965	124,305,431	5,266,912	4,458,301	128,528,877	128,763,732
Prior period adjustment	<u>[10,961]</u>	<u>[174,108]</u>	<u>[6,612]</u>	<u>-</u>	<u>[17,573]</u>	<u>[174,108]</u>
Ending net assets	<u>\$ 139,814,696</u>	<u>\$ 123,261,965</u>	<u>\$ 5,638,546</u>	<u>\$ 5,266,912</u>	<u>\$ 145,453,242</u>	<u>\$ 128,528,877</u>

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011
Unaudited

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the District provide information on near-term inflows, outflows and balances of spendable resources. Unreserved fund balances, in particular, measures the District's net resources available for spending at the end of the District's fiscal year.

Total fund balances at June 30, 2011 for the governmental funds totaled \$99.9 million. Total restricted fund balances at June 30, 2011 were nearly \$90 million, of which approximately \$39 million was attributable to the Bond and Interest Fund and \$23 million was attributable to the 2007 Construction Fund.

The General Fund is the chief operating fund of the District. The ending fund balance of the General Fund was approximately \$1.6 million at June 30, 2011.

The Supplemental General Fund is used to account for the general operations of the District and all unassigned revenues and expenditures not provided for in other funds. The ending fund balance of the Supplemental General Fund was approximately \$4 million at June 30, 2011.

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 ending fund balance of the Special Education Fund was approximately \$9.1 million at June 30, 2011.

The Bond and Interest Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt. The fund has adequate funds accumulated to make the September, 2011 principal and interest requirements.

The Capital Outlay Fund is used to account for tax revenues that are primarily utilized for the acquisition, construction, and remodeling of school district buildings. The ending fund balance of the Capital Outlay Fund was approximately \$5.9 million at June 30, 2011.

The 2007 Construction Fund, fund balance began the year with a \$11 million balance and was reduced by expenditures of \$9.4 million and increased by revenues of \$23 million.

The 2009 Construction Fund, fund balance began the year with a \$5.3 million balance and was reduced by expenditures of \$13.6 million and increase by revenues of \$9 million.

General Fund Budgeting Highlights

The Olathe District School's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances.

The District's original budgeted expenditures was \$161,199,352 and the final General Fund budgeted expenditures was \$162,250,857. The increase was due to a increase in the estimated enrollment.

Kansas statutes allow for the Board of Education to increase the original budget for previously unbudgeted increases in revenues other than ad valorem taxes.

Capital Assets and Debt Administration

The Olathe District School's investment in capital assets for its governmental and business-type activities increased \$.5 million to a total of \$421 million as of June 30, 2011. The District is actively involved in new construction and major renovation projects, funded by bond election authority, in order to accommodate the rapid growth of the District.

UNIFIED SCHOOL DISTRICT NO. 233
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2011
Unaudited

Additional information on the District's capital assets can be found in Note 4 of the financial statements.

At June 30, 2011, the District had total bonded debt outstanding of \$353 million, backed by the full faith and credit of the Olathe District Schools. Total long-term debt increased for the fiscal year ended June 30, 2011, in the amount of \$5 million. The increase is primarily due to the regularly scheduled payment of the general obligation bonds and the issuance of new general obligation bonds.

Additional information on the District's general long term debt can be found in Note 4 to the financial statements.

Contacting the District

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the District's Controller at PO Box 2000, Olathe, Kansas 66063-2000.

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and investments	\$ 93,266,193	\$ 2,475,861	\$ 95,742,054
Cash and investments restricted for capital projects	27,394,111	-	27,394,111
Cash with fiscal agent	336	-	336
Receivables (net of allowance for uncollectibles)			
Taxes	2,368,460	-	2,368,460
Interest and other	52,891	-	52,891
Material and supplies inventory	615,756	168,933	784,689
Total current assets	<u>123,697,747</u>	<u>2,644,794</u>	<u>126,342,541</u>
Noncurrent assets:			
Deferred charges	<u>2,776,805</u>	-	<u>2,776,805</u>
Capital assets:			
Nondepreciable capital assets			
Land	51,553,724	-	51,553,724
Construction in progress	2,416,488	-	2,416,488
Depreciable capital assets			
Less: Accumulated depreciation	526,732,566	5,896,903	532,629,469
	<u>[162,977,804]</u>	<u>[2,484,928]</u>	<u>[165,462,732]</u>
Total capital assets:	<u>417,724,974</u>	<u>3,411,975</u>	<u>421,136,949</u>
Total noncurrent assets	<u>420,501,779</u>	<u>3,411,975</u>	<u>423,913,754</u>
Total assets	<u>\$ 544,199,526</u>	<u>\$ 6,056,769</u>	<u>\$ 550,256,295</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,711,540	\$ -	\$ 1,711,540
Retainage payable	249,652	-	249,652
Accrued liabilities	17,501,514	418,223	17,919,737
Compensated absences	2,866,371	-	2,866,371
Net OPEB obligation	4,312,612	-	4,312,612
Early retirement payable	1,854,666	-	1,854,666
Matured bonds payable	336	-	336
Long-term liabilities			
Due within one year	<u>29,688,670</u>	-	<u>29,688,670</u>
Total current liabilities	<u>58,185,361</u>	<u>418,223</u>	<u>58,603,584</u>
Noncurrent liabilities:			
Early retirement payable	2,556,870	-	2,556,870
Compensated absences	20,064,599	-	20,064,599
Long-term liabilities			
Due in more than one year	<u>323,578,000</u>	-	<u>323,578,000</u>
Total noncurrent liabilities	<u>346,199,469</u>	-	<u>346,199,469</u>
Total liabilities	<u>\$ 404,384,830</u>	<u>\$ 418,223</u>	<u>\$ 404,803,053</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 93,202,170	\$ 3,411,975	\$ 96,614,145
Restricted for:			
Debt service	38,964,543	-	38,964,543
Unrestricted	<u>7,647,983</u>	<u>2,226,571</u>	<u>9,874,554</u>
Total net assets	<u>\$ 139,814,696</u>	<u>\$ 5,638,546</u>	<u>\$ 145,453,242</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Program Revenues			Net [Expenses] Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 195,895,128	\$ 1,829,692	\$ 58,869,602	\$ [135,195,834]	\$ -	\$ [135,195,834]
Support services	15,683,346	-	-	[15,683,346]	-	[15,683,346]
Instructional support staff	12,125,909	-	-	[12,125,909]	-	[12,125,909]
General administration	1,076,671	-	-	[1,076,671]	-	[1,076,671]
School administration	14,447,557	-	-	[14,447,557]	-	[14,447,557]
Noninstructional services	1,464,646	-	-	[1,464,646]	-	[1,464,646]
Operations and maintenance	31,694,172	-	-	[31,694,172]	-	[31,694,172]
Other support services	6,279,864	-	-	[6,279,864]	-	[6,279,864]
Student transportation	9,633,441	-	-	[9,633,441]	-	[9,633,441]
Student activities	2,320,403	-	-	[2,320,403]	-	[2,320,403]
Interest on long-term debt	15,631,265	-	-	[15,631,265]	-	[15,631,265]
Total governmental activities	<u>306,252,402</u>	<u>1,829,692</u>	<u>58,869,602</u>	<u>[245,553,108]</u>	<u>-</u>	<u>[245,553,108]</u>
Business-type activities:						
Food Service	10,496,390	6,765,213	3,570,982	-	[160,195]	[160,195]
Summer School	329,271	235,019	-	-	[94,252]	[94,252]
Driver Training	165,150	126,348	35,816	-	[2,986]	[2,986]
Total business-type activities	<u>10,990,811</u>	<u>7,126,580</u>	<u>3,606,798</u>	<u>-</u>	<u>[257,433]</u>	<u>[257,433]</u>
Total school district	<u>\$ 317,243,213</u>	<u>\$ 8,956,272</u>	<u>\$ 62,476,400</u>	<u>[245,553,108]</u>	<u>[257,433]</u>	<u>[245,810,541]</u>
General Revenues:						
Local property taxes						
General				76,295,378	-	76,295,378
Debt service				36,230,845	-	36,230,845
Capital projects				21,032,014	-	21,032,014
State aid				116,501,517	-	116,501,517
Interest and investment earnings				450,680	-	450,680
Miscellaneous				11,736,368	505,677	12,242,045
Transfer				[130,002]	130,002	-
Total general revenues and transfers				<u>262,116,800</u>	<u>635,679</u>	<u>262,752,479</u>
Change in net assets				<u>16,563,692</u>	<u>378,246</u>	<u>16,941,938</u>
Net assets - beginning				123,261,965	5,266,912	128,528,877
Prior period adjustment				[10,961]	[6,612]	[17,573]
Net assets - beginning, restated				<u>123,251,004</u>	<u>5,260,300</u>	<u>128,511,304</u>
Net assets - ending				<u>\$ 139,814,696</u>	<u>\$ 5,638,546</u>	<u>\$ 145,453,242</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	<u>General</u>	<u>Supplemental General</u>	<u>Special Education</u>	<u>Bond and Interest</u>
ASSETS				
Cash and investments	\$ 12,977,196	\$ 4,089,938	\$ 12,173,102	\$ 38,964,543
Cash with fiscal agent	-	-	-	336
Receivables (net)				
Taxes	432,136	848,613	-	668,346
Other	-	-	-	-
Due from other funds	47,004	-	-	-
Material and supplies inventory	<u>615,756</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 14,072,092</u>	<u>\$ 4,938,551</u>	<u>\$ 12,173,102</u>	<u>\$ 39,633,225</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 78,750	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Accrued payroll	10,308,234	-	3,073,393	-
Accrued liabilities	1,678,432	-	-	-
Due to other funds	-	-	-	-
Matured bonds payable	-	-	-	336
Unearned revenue	<u>432,136</u>	<u>848,613</u>	<u>-</u>	<u>668,346</u>
Total liabilities	<u>12,497,552</u>	<u>848,613</u>	<u>3,073,393</u>	<u>668,682</u>
Fund balance:				
Nonspendable	615,756	-	-	-
Restricted	-	-	9,088,123	38,964,543
Assigned	958,784	-	11,586	-
Unassigned	<u>-</u>	<u>4,089,938</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,574,540</u>	<u>4,089,938</u>	<u>9,099,709</u>	<u>38,964,543</u>
Total liabilities and fund balance	<u>\$ 14,072,092</u>	<u>\$ 4,938,551</u>	<u>\$ 12,173,102</u>	<u>\$ 39,633,225</u>

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

<u>Capital Outlay</u>	<u>2007 Construction</u>	<u>2009 Construction</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,974,807	\$ 26,632,834	\$ 761,277	\$ 15,591,068	\$ 117,164,765
-	-	-	-	336
49,333	-	-	370,032	2,368,460
52,891	-	-	-	52,891
-	-	-	-	47,004
-	-	-	-	615,756
<u>\$ 6,077,031</u>	<u>\$ 26,632,834</u>	<u>\$ 761,277</u>	<u>\$ 15,961,100</u>	<u>\$ 120,249,212</u>
\$ 86,335	\$ 1,123,482	\$ 53,916	\$ 369,057	\$ 1,711,540
-	249,652	-	-	249,652
415	-	-	860,842	14,242,884
-	-	-	-	1,678,432
-	-	-	47,004	47,004
-	-	-	-	336
49,333	-	-	370,032	2,368,460
<u>136,083</u>	<u>1,373,134</u>	<u>53,916</u>	<u>1,646,935</u>	<u>20,298,308</u>
-	-	-	-	615,756
5,721,491	22,759,540	537,030	13,113,211	90,183,938
219,457	2,500,160	170,331	1,200,954	5,061,272
-	-	-	-	4,089,938
<u>5,940,948</u>	<u>25,259,700</u>	<u>707,361</u>	<u>14,314,165</u>	<u>99,950,904</u>
<u>\$ 6,077,031</u>	<u>\$ 26,632,834</u>	<u>\$ 761,277</u>	<u>\$ 15,961,100</u>	<u>\$ 120,249,212</u>

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

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UNIFIED SCHOOL DISTRICT NO. 233

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

June 30, 2011

Total Governmental Fund Balances		\$ 99,950,904
Amounts reported for governmental activities in the statement of net assets are different because		
Issuance costs are shown as current year expenditures in the funds.		2,776,805
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
The cost of capital assets is	580,702,778	
Accumulated depreciation is	<u>[162,977,804]</u>	417,724,974
Property taxes receivable to be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		2,368,460
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets of liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		1,915,341
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated absences	[22,930,970]	
Net OPEB obligation	[4,312,612]	
Bonds payable	[353,266,670]	
Early retirement payable	<u>[4,411,536]</u>	<u>[384,921,788]</u>
Net Assets of Governmental Activities		<u>\$ 139,814,696</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

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

	<u>General</u>	Supplemental <u>General</u>	Special <u>Education</u>	Bond and <u>Interest</u>
REVENUES:				
Taxes	\$ 32,540,105	\$ 42,934,520	\$ -	\$ 35,338,614
Intergovernmental	97,234,918	14,837,187	30,900,459	4,733,471
Charges for services	-	-	2,190	-
Investment revenue	-	-	-	352,220
Other local sources	<u>4,927,529</u>	<u>-</u>	<u>607,916</u>	<u>2,020,198</u>
Total revenues	<u>134,702,552</u>	<u>57,771,707</u>	<u>31,510,565</u>	<u>42,444,503</u>
EXPENDITURES:				
Current				
Instruction	80,448,912	25,463,621	31,586,139	-
Support services	5,812,960	1,805,802	4,559,217	-
Instructional support staff	7,705,161	2,374,297	-	-
General administration	695,492	214,790	-	-
School administration	9,411,027	2,917,419	1,224,805	-
Operations and maintenance	16,876,920	4,693,552	123,134	-
Student transportation services	2,447,938	758,862	5,619,572	-
Other support services	4,261,482	1,722,489	-	-
Food service operations	-	-	-	-
Student activities	1,425,181	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	61,180,000
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,212,988</u>
Total expenditures	<u>129,085,073</u>	<u>39,950,832</u>	<u>43,112,867</u>	<u>77,392,988</u>
Excess [deficiency] of revenues over [under] expenditures	<u>5,617,479</u>	<u>17,820,875</u>	<u>[11,602,302]</u>	<u>[34,948,485]</u>
OTHER FINANCING SOURCES [USES]				
Sale of bonds	-	-	-	33,665,000
Bond premium	-	-	-	2,430,194
Transfers in	-	-	19,258,694	-
Transfers [out]	<u>[5,828,797]</u>	<u>[16,702,316]</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>[5,828,797]</u>	<u>[16,702,316]</u>	<u>19,258,694</u>	<u>36,095,194</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[211,318]</u>	<u>1,118,559</u>	<u>7,656,392</u>	<u>1,146,709</u>
Fund balance - Beginning of year	1,785,858	2,971,379	1,469,915	37,817,834
Prior period adjustment	<u>-</u>	<u>-</u>	<u>[26,598]</u>	<u>-</u>
Fund balance - Beginning of year, restated	<u>1,785,858</u>	<u>2,971,379</u>	<u>1,443,317</u>	<u>37,817,834</u>
Fund balance - End of year	<u>\$ 1,574,540</u>	<u>\$ 4,089,938</u>	<u>\$ 9,099,709</u>	<u>\$ 38,964,543</u>

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

Capital Outlay	2007 Construction	2009 Construction	Non-major Governmental Funds	Total Governmental Funds
\$ 2,709,759	\$ -	\$ -	\$ 18,515,537	\$ 132,038,535
-	-	-	27,665,084	175,371,119
-	-	-	1,827,502	1,829,692
98,460	-	-	-	450,680
38,511	1,193,661	-	898,108	9,685,923
<u>2,846,730</u>	<u>1,193,661</u>	<u>-</u>	<u>48,906,231</u>	<u>319,375,949</u>
1,073,167	-	170,797	41,893,680	180,636,316
925,015	-	-	1,613,679	14,716,673
-	-	-	1,971,044	12,050,502
-	-	-	160,865	1,071,147
-	-	-	820,180	14,373,431
1,375,910	-	-	639,079	23,708,595
-	-	-	664,263	9,490,635
-	-	-	51,281	6,035,252
-	-	-	212,392	212,392
-	-	-	7,660	1,432,841
267,944	9,366,797	13,463,644	1,064,300	24,162,685
-	-	-	-	61,180,000
-	-	-	-	16,212,988
<u>3,642,036</u>	<u>9,366,797</u>	<u>13,634,441</u>	<u>49,098,423</u>	<u>365,283,457</u>
<u>[795,306]</u>	<u>[8,173,136]</u>	<u>[13,634,441]</u>	<u>[192,192]</u>	<u>[45,907,508]</u>
-	22,306,339	9,000,000	-	64,971,339
-	-	-	-	2,430,194
-	-	-	3,142,417	22,401,111
-	-	-	-	[22,531,113]
-	<u>22,306,339</u>	<u>9,000,000</u>	<u>3,142,417</u>	<u>67,271,531</u>
<u>[795,306]</u>	<u>14,133,203</u>	<u>[4,634,441]</u>	<u>2,950,225</u>	<u>21,364,023</u>
6,736,254	11,126,497	5,341,802	11,508,656	78,758,195
-	-	-	[144,716]	[171,314]
<u>6,736,254</u>	<u>11,126,497</u>	<u>5,341,802</u>	<u>11,363,940</u>	<u>78,586,881</u>
<u>\$ 5,940,948</u>	<u>\$ 25,259,700</u>	<u>\$ 707,361</u>	<u>\$ 14,314,165</u>	<u>\$ 99,950,904</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

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

Total Net Change In Fund Balances - Governmental Funds		\$ 21,364,023
Amounts reported for governmental activities in the statement of activities are different because		
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.		[562,197]
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.		
Capital outlays	18,117,991	
Loss on sale of assets	[755,875]	
Depreciation expense	<u>[16,540,929]</u>	821,187
Property taxes receivable are treated as deferred revenues in the governmental funds, but are treated as revenues in the statement of activities.		1,519,701
In the statement of activities, compensated absences 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, compensated absence paid were less than amount earned.		[378,210]
In the statement of activities, early retirement 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, early retirement benefits paid were more than amount earned.		1,099,550
In the statement of activities, current year net other post employment benefit obligations 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.		[1,441,660]
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The revenues and expenses of certain internal service funds are included in governmental activities in the statement of activities.		[781,089]
Bond proceeds are an other financing source in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities		
Bond proceeds		[64,971,339]
Bond premium		[2,430,194]
Amortization of bond discount		1,143,920
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.		
Principal retirement		<u>61,180,000</u>
Changes In Net Assets of Governmental Activities		<u>\$ 16,563,692</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

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:						
Ad valorem	\$ 32,540,105	\$ -	\$ 32,540,105	\$ 29,996,155	\$ 29,996,155	\$ 2,543,950
Total taxes	<u>32,540,105</u>	<u>-</u>	<u>32,540,105</u>	<u>29,996,155</u>	<u>29,996,155</u>	<u>2,543,950</u>
Intergovernmental:						
General aid	90,107,817	10,718,304	100,826,121	107,904,764	107,250,959	[6,424,838]
Federal aid	7,127,101	-	7,127,101	2,590,733	2,590,733	4,536,368
Special education aid	<u>-</u>	<u>21,757,530</u>	<u>21,757,530</u>	<u>20,707,700</u>	<u>22,413,010</u>	<u>[655,480]</u>
Total intergovernmental	<u>97,234,918</u>	<u>32,475,834</u>	<u>129,710,752</u>	<u>131,203,197</u>	<u>132,254,702</u>	<u>[2,543,950]</u>
Other local sources	<u>4,927,529</u>	<u>[4,927,529]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>134,702,552</u>	<u>27,548,305</u>	<u>162,250,857</u>	<u>161,199,352</u>	<u>162,250,857</u>	<u>-</u>
EXPENDITURES:						
Instructional	80,448,912	[4,896,236]	75,552,676	84,418,444	83,721,728	8,169,052
Student support	5,812,960	12,205	5,825,165	6,028,933	6,028,933	203,768
Instructional staff support	7,705,161	[46,053]	7,659,108	8,243,814	8,243,814	584,706
General administration	695,492	[2,622]	692,870	946,946	946,946	254,076
School administration	9,411,027	-	9,411,027	8,946,194	8,946,194	[464,833]
Operations and maintenance	16,876,920	20,617	16,897,537	13,185,119	13,185,119	[3,712,418]
Student transportation services	2,447,938	-	2,447,938	2,230,608	2,230,608	[217,330]
Other support services	4,261,482	[247,718]	4,013,764	5,279,098	5,279,098	1,265,334
Student activities	<u>1,425,181</u>	<u>20,959</u>	<u>1,446,140</u>	<u>-</u>	<u>-</u>	<u>[1,446,140]</u>
Total expenditures	<u>129,085,073</u>	<u>[5,138,848]</u>	<u>123,946,225</u>	<u>129,279,156</u>	<u>128,582,440</u>	<u>4,636,215</u>
Excess [deficiency] of revenues over [under] expenditures	<u>5,617,479</u>	<u>32,687,153</u>	<u>38,304,632</u>	<u>31,920,196</u>	<u>33,668,417</u>	<u>4,636,215</u>
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	<u>[5,828,797]</u>	<u>[32,475,835]</u>	<u>[38,304,632]</u>	<u>[31,920,196]</u>	<u>[33,668,417]</u>	<u>[4,636,215]</u>
Total other financing sources [uses]	<u>[5,828,797]</u>	<u>[32,475,835]</u>	<u>[38,304,632]</u>	<u>[31,920,196]</u>	<u>[33,668,417]</u>	<u>[4,636,215]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[211,318]</u>	<u>211,318</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - Beginning of year	<u>1,785,858</u>	<u>[1,785,858]</u>	<u>-</u>			
FUND BALANCE - End of year	<u>\$ 1,574,540</u>	<u>\$ [1,574,540]</u>	<u>\$ -</u>			

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

UNIFIED SCHOOL DISTRICT NO. 233

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 Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
Ad valorem	\$ 39,343,306	\$ -	\$ 39,343,306	\$ 35,283,863	\$ 35,283,863	\$ 4,059,443
Motor/Recreational vehicles	<u>3,591,214</u>	<u>-</u>	<u>3,591,214</u>	<u>3,512,178</u>	<u>3,512,178</u>	<u>79,036</u>
Total taxes	<u>42,934,520</u>	<u>-</u>	<u>42,934,520</u>	<u>38,796,041</u>	<u>38,796,041</u>	<u>4,138,479</u>
Intergovernmental:						
Supplemental state aid	<u>14,837,187</u>	<u>-</u>	<u>14,837,187</u>	<u>14,885,728</u>	<u>14,885,728</u>	<u>[48,541]</u>
Total intergovernmental	<u>14,837,187</u>	<u>-</u>	<u>14,837,187</u>	<u>14,885,728</u>	<u>14,885,728</u>	<u>[48,541]</u>
Total revenues	<u>57,771,707</u>	<u>-</u>	<u>57,771,707</u>	<u>53,681,769</u>	<u>53,681,769</u>	<u>4,089,938</u>
EXPENDITURES:						
Instructional	25,463,621	-	25,463,621	26,134,300	26,134,300	670,679
Student support	1,805,802	-	1,805,802	1,868,969	1,868,969	63,167
Instructional staff support	2,374,297	-	2,374,297	2,555,583	2,555,583	181,286
General administration	214,790	-	214,790	293,554	293,554	78,764
School administration	2,917,419	-	2,917,419	2,773,320	2,773,320	[144,099]
Operations and maintenance	4,693,552	-	4,693,552	4,087,366	4,087,366	[606,186]
Transportation	758,862	-	758,862	691,489	691,489	[67,373]
Other support services	<u>1,722,489</u>	<u>-</u>	<u>1,722,489</u>	<u>1,615,158</u>	<u>1,615,158</u>	<u>[107,331]</u>
Total expenditures	<u>39,950,832</u>	<u>-</u>	<u>39,950,832</u>	<u>40,019,739</u>	<u>40,019,739</u>	<u>68,907</u>
Excess [deficiency] of revenues over [under] expenditures	<u>17,820,875</u>	<u>-</u>	<u>17,820,875</u>	<u>13,662,030</u>	<u>13,662,030</u>	<u>4,158,845</u>
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	<u>[16,702,316]</u>	<u>-</u>	<u>[16,702,316]</u>	<u>[16,633,409]</u>	<u>[16,633,409]</u>	<u>[68,907]</u>
Total other financing sources [uses]	<u>[16,702,316]</u>	<u>-</u>	<u>[16,702,316]</u>	<u>[16,633,409]</u>	<u>[16,633,409]</u>	<u>[68,907]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	1,118,559	-	1,118,559	\$ [2,971,379]	\$ [2,971,379]	\$ 4,089,938
FUND BALANCE - Beginning of year	<u>2,971,379</u>	<u>-</u>	<u>2,971,379</u>			
FUND BALANCE - End of year	<u>\$ 4,089,938</u>	<u>\$ -</u>	<u>\$ 4,089,938</u>			

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

UNIFIED SCHOOL DISTRICT NO. 233

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:						
Intergovernmental:						
State and local	\$ 30,900,459	\$ [21,757,530]	\$ 9,142,929	\$ 6,983,401	\$ 6,983,401	\$ 2,159,528
Total intergovernmental	30,900,459	[21,757,530]	9,142,929	6,983,401	6,983,401	2,159,528
Charges for services	2,190	-	2,190	3,819,053	3,819,053	[3,816,863]
Other local sources	607,916	-	607,916	-	-	607,916
Total revenues	31,510,565	[21,757,530]	9,753,035	10,802,454	10,802,454	[1,049,419]
EXPENDITURES:						
Instructional	31,586,139	8,115	31,594,254	34,535,115	35,535,115	3,940,861
Student support	4,559,217	-	4,559,217	4,506,688	4,506,688	[52,529]
School administration	1,224,805	-	1,224,805	1,151,283	1,151,283	[73,522]
Operations and maintenance	123,134	-	123,134	144,750	144,750	21,616
Student transportation services	5,619,572	-	5,619,572	4,932,000	4,932,000	[687,572]
Total expenditures	43,112,867	8,115	43,120,982	45,269,836	46,269,836	3,148,854
Excess [deficiency] of revenues over [under] expenditures	[11,602,302]	[21,765,645]	[33,367,947]	[34,467,382]	[35,467,382]	2,099,435
OTHER FINANCING SOURCES [USES]:						
Transfers in	19,258,694	21,757,530	41,016,224	34,706,490	36,454,711	4,561,513
Total other financing sources [uses]	19,258,694	21,757,530	41,016,224	34,706,490	36,454,711	4,561,513
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	7,656,392	[8,115]	7,648,277	\$ 239,108	\$ 987,329	\$ 6,660,948
FUND BALANCE - Beginning of year	1,469,915	[3,471]	1,466,444			
Prior year adjustment	[26,598]	-	[26,598]			
FUND BALANCE - Beginning of year, restated	1,443,317	[3,471]	1,439,846			
FUND BALANCE - End of year	\$ 9,099,709	\$ [11,586]	\$ 9,088,123			

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2011

	Business-Type Activities: Enterprise Funds			Total	Governmental
	Food Service	Summer School	Driver Training		Activities: Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,874,498	\$ 412,475	\$ 188,888	\$ 2,475,861	\$ 3,495,539
Inventory	168,933	-	-	168,933	-
Total current assets	<u>2,043,431</u>	<u>412,475</u>	<u>188,888</u>	<u>2,644,794</u>	<u>3,495,539</u>
Noncurrent assets:					
Capital assets	5,896,903	-	-	5,896,903	-
Less: accumulated depreciation	<u>2,484,928</u>	<u>-</u>	<u>-</u>	<u>2,484,928</u>	<u>-</u>
Total noncurrent assets	<u>3,411,975</u>	<u>-</u>	<u>-</u>	<u>3,411,975</u>	<u>-</u>
Total assets	<u>\$ 5,455,406</u>	<u>\$ 412,475</u>	<u>\$ 188,888</u>	<u>\$ 6,056,769</u>	<u>\$ 3,495,539</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accrued payroll	\$ 418,223	\$ -	\$ -	\$ 418,223	\$ 155,510
Estimated loss reserves	-	-	-	-	1,424,688
Total liabilities	<u>\$ 418,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,223</u>	<u>\$ 1,580,198</u>
Net Assets					
Invested in capital assets	\$ 3,411,975	\$ -	\$ -	\$ 3,411,975	\$ -
Unrestricted	<u>1,625,208</u>	<u>412,475</u>	<u>188,888</u>	<u>2,226,571</u>	<u>1,915,341</u>
Total net assets	<u>\$ 5,037,183</u>	<u>\$ 412,475</u>	<u>\$ 188,888</u>	<u>\$ 5,638,546</u>	<u>\$ 1,915,341</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-Type Activities: Enterprise Funds			Governmental Activities:
	Food Service	Summer School	Driver Training	Internal Service Funds
Operating revenues				
Charges for services	\$ 6,765,213	\$ 235,019	\$ 126,348	\$ 7,126,580
Other local services	8,680	1,030	-	9,710
Miscellaneous	428,847	67,120	-	495,967
Total operating revenues	<u>7,202,740</u>	<u>303,169</u>	<u>126,348</u>	<u>7,632,257</u>
Operating expenses				
Instruction	-	216,379	128,100	344,479
Support services	-	-	-	-
Instructional support staff	-	44,227	-	44,227
General administration	-	6,846	-	6,846
School administration	-	-	19,158	19,158
Operations and maintenance	-	45	17,892	17,937
Student transportation services	-	61,774	-	61,774
Noninstructional services	10,296,890	-	-	10,296,890
Student activities	-	-	-	-
Depreciation	199,500	-	-	199,500
Total operating expenses	<u>10,496,390</u>	<u>329,271</u>	<u>165,150</u>	<u>10,990,811</u>
Operating income [loss]	<u>[3,293,650]</u>	<u>[26,102]</u>	<u>[38,802]</u>	<u>[3,358,554]</u>
Nonoperating revenues [expenses]				
State grants	79,859	-	35,816	115,675
Federal grants	3,491,123	-	-	3,491,123
Total nonoperating revenues [expenses]	<u>3,570,982</u>	<u>-</u>	<u>35,816</u>	<u>3,606,798</u>
Income [loss] before operating transfers	<u>277,332</u>	<u>[26,102]</u>	<u>[2,986]</u>	<u>248,244</u>
Transfers from other funds				
Transfers in	130,002	-	-	130,002
Transfers [out]	-	-	-	-
Total transfers	<u>130,002</u>	<u>-</u>	<u>-</u>	<u>130,002</u>
Change in net assets	<u>407,334</u>	<u>[26,102]</u>	<u>[2,986]</u>	<u>378,246</u>
Net assets, Beginning of year	4,629,849	445,189	191,874	5,266,912
Prior period adjustment	-	[6,612]	-	[6,612]
Net assets, Beginning of year, Restated	<u>4,629,849</u>	<u>438,577</u>	<u>191,874</u>	<u>5,260,300</u>
Net assets, End of year	<u>\$ 5,037,183</u>	<u>\$ 412,475</u>	<u>\$ 188,888</u>	<u>\$ 5,638,546</u>
				<u>\$ 1,915,341</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2011

	Business-Type Activities: Enterprise Funds			Total	Governmental
	Food Service	Summer School	Driver Training		Activities: Internal Service Funds
Cash flows from operating activities					
Cash received from customers and users	\$ 6,765,213	\$ 236,049	\$ 126,348	\$ 7,127,610	\$ 2,050,445
Cash payments to suppliers and employees for services	[10,273,880]	[408,173]	[165,150]	[10,847,203]	[2,469,202]
Other operating receipts	437,527	67,120	-	504,647	-
Net cash provided by [used in] operating activities	<u>[3,071,140]</u>	<u>[105,004]</u>	<u>[38,802]</u>	<u>[3,214,946]</u>	<u>[418,757]</u>
Cash flows from noncapital financing activities					
State grants	79,859	-	35,816	115,675	-
Federal grants	3,491,123	-	-	3,491,123	-
Transfers from other funds	130,002	-	-	130,002	-
Net cash provided by [used in] noncapital financing activities	<u>3,700,984</u>	<u>-</u>	<u>35,816</u>	<u>3,736,800</u>	<u>-</u>
Cash flows from capital and related financing activities					
Gain from sale of asset	39,791	-	-	39,791	-
Capital expenditures	[13,157]	-	-	[13,157]	-
Net cash flows from capital and related financing activities	<u>26,634</u>	<u>-</u>	<u>-</u>	<u>26,634</u>	<u>-</u>
Net increase [decrease] in cash and cash equivalents	<u>656,478</u>	<u>[105,004]</u>	<u>[2,986]</u>	<u>548,488</u>	<u>[418,757]</u>
Cash and cash equivalents - Beginning of year	1,218,020	517,479	191,874	1,927,373	3,614,723
Prior period adjustment	-	-	-	-	299,573
Cash and cash equivalents - Beginning of year, restated	<u>1,218,020</u>	<u>517,479</u>	<u>191,874</u>	<u>1,927,373</u>	<u>3,914,296</u>
Cash and cash equivalents - End of year	<u>\$ 1,874,498</u>	<u>\$ 412,475</u>	<u>\$ 188,888</u>	<u>\$ 2,475,861</u>	<u>\$ 3,495,539</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities					
Operating income [loss]	\$ [3,293,650]	\$ [26,102]	\$ [38,802]	\$ [3,358,554]	\$ [781,089]
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities					
Depreciation	199,500	-	-	199,500	-
Change in assets and liabilities					
[Increase] decrease in inventory	[25,661]	-	-	[25,661]	-
Increase [decrease] in accrued payroll	48,671	[78,902]	-	[30,231]	101,956
Increase [decrease] in estimated loss reserve	-	-	-	-	260,376
Net cash provided by [used in] operating activities	<u>\$ [3,071,140]</u>	<u>\$ [105,004]</u>	<u>\$ [38,802]</u>	<u>\$ [3,214,946]</u>	<u>\$ [418,757]</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

ASSETS:

Cash and investments \$ 1,195,501

Total assets \$ 1,195,501

LIABILITIES AND FUND BALANCES:

Liabilities:

Due to student organizations \$ 1,195,501

Total liabilities \$ 1,195,501

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

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Unified School District No. 233 (the District) is a municipal corporation governed by an elected seven-member board.

As required by generally accepted accounting principles (GAAP), the financial statements present data for all funds of the District.

According to GAAP, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units. The District has no component units, in addition, the District is not included in any other governmental "reporting entity" as defined by GAAP.

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. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual 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.

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.

UNIFIED SCHOOL DISTRICT NO. 233

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)

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 certain compensated absences and 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 revenues and expenditures not accounted for in other funds.

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

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 Bond and Interest 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 Outlay Fund is used to account for revenues that are primarily utilized for the acquisition, construction, repair and remodeling of school district buildings.

The 2007 Construction Fund is used to account for the acquisition, construction, and renovation of major capital facilities financed by the District's general obligation bond issues.

UNIFIED SCHOOL DISTRICT NO. 233

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)

The 2009 Construction 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 District reports the following major proprietary funds:

The Food Service Fund is established pursuant to state law to account for all monies received and expended attributable to the district's breakfast and lunch programs.

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

The Driver Training Fund is used to account for state aid and user fees used to provide driver's education to students.

Additionally, the District reports the following fund within the proprietary fund type:

The Internal Service Fund accounts for the financing of goods and services provided to other funds of the district on a cost reimbursement basis and uses the accrual basis of accounting. The District's internal service funds include the Workers' Compensation Fund, the Health Insurance Fund and the Risk Management Fund.

The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

For purpose of the statement of cash flows, cash and cash equivalents includes cash, and short-term investments with original maturities of ninety days or less.

D. Material and Supplies Inventory

Material and supplies inventory is valued using the average cost method. Inventories recorded in the Food Services Fund consist of purchased commodities. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when 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 applicable governmental or business-type 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 \$10,000, for buildings and \$2,500, for all other capital assets. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

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. The District does not capitalize interest on the construction of capital assets.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20
Furniture	10
Vehicles	10
Equipment	5
Technology	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

District certified and classified employees are allowed paid sick leave between 12 and 15 days per year based on their contract period. Unused sick leave has unlimited accumulation and is intended for use on an extended illness. There are some instances, upon retirement, when sick leave can be converted to additional pay or used to purchase District offered insurance at the time of retirement.

District certified and classified employees are allowed paid personal leave between 1 and 4 days per year based on length of service. If these days are not used, they can be converted to double the amount of sick leave each fiscal year.

District classified employees are allowed paid vacation between 10 and 15 days per year based on length of service. Vacation days must be used prior to the end of the fiscal year after the year in which it was earned.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. 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

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance Reserves (Continued)

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. 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	Bond and Interest Fund	Capital Outlay Fund	2007 Construction Fund	2009 Construction Fund	Nonmajor Governmental Funds	
Fund Balances:									
Nonspendable									
Inventory	\$ 615,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 615,756
Restricted for:									
Special education instruction	-	-	9,088,123	-	-	-	-	-	9,088,123
Debt retirement	-	-	-	38,964,543	-	-	-	-	38,964,543
School construction and equipment	-	-	-	-	5,721,491	22,759,540	537,030	220,497	29,238,558
Instruction	-	-	-	-	-	-	-	2,715,289	2,715,289
Instructional support staff	-	-	-	-	-	-	-	341,844	341,844
Operations and maintenance	-	-	-	-	-	-	-	9,835,581	9,835,581
Assigned for:									
Special education instruction	-	-	11,586	-	-	-	-	-	11,586
School construction and equipment	-	-	-	-	219,457	2,500,160	170,331	-	2,889,948
Instruction	958,784	-	-	-	-	-	-	1,153,986	2,112,770
Instructional support staff	-	-	-	-	-	-	-	46,968	46,968
Unassigned:	-	4,089,938	-	-	-	-	-	-	4,089,938
Total Fund Balances	<u>\$ 1,574,540</u>	<u>\$ 4,089,938</u>	<u>\$ 9,099,709</u>	<u>\$ 38,964,543</u>	<u>\$ 5,940,948</u>	<u>\$ 25,259,700</u>	<u>\$ 707,361</u>	<u>\$ 14,314,165</u>	<u>\$ 99,950,904</u>

I. 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. 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.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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 year ended June 30, 2011, was amended for the General, Special Education and the KPERS Special Retirement Contribution Funds.

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. 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, Capital Outlay, Driver Training, Food Service, Professional Development, Parent As Teachers, Summer School, Special Education, Extraordinary Growth, Vocational Education, KPERS Special Retirement Contribution, Federal Awards, Cost of Living, Special Liability, Special Assessment, At Risk (4 Year Old), At Risk (K-12), Virtual Education and Bond and Interest.

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).

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Property Taxes

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. State statutes proscribe the County Treasurer from distributing second half taxes collected prior to July 1 of the ensuing year, unless the County Commission enters into a special agreement with the District to distribute taxes early.

C. Statutory Violations

The following fund had deficit fund equity at June 30, 2011: Workers' Compensation \$[536,020] which is a violation of K.S.A. 10-1113. The deficit will be recovered from premiums in the following year.

Actual exceeded budgeted expenditures in the Special Assessment Fund, which is a violation of K.S.A. 79-2935.

Note 3. RESTATEMENT OF EQUITY

Following the close of the previous fiscal year, it was discovered that various accrued liabilities were misstated in the governmental and business-type activities. The effects of which are as follows:

	Governmental Activities	Business Type Activities
Beginning net assets	\$ 123,261,965	\$ 5,266,912
Prior period adjustment	<u>[10,961]</u>	<u>[6,612]</u>
Beginning net assets	<u>\$ 123,251,004</u>	<u>\$ 5,260,300</u>

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	\$ 1,785,858	\$ -	\$ 1,785,858	\$ 592,205	\$ -	\$ 1,193,653	\$ -	\$ 1,785,858
Supplemental General Fund	-	2,971,379	2,971,379	-	-	-	2,971,379	2,971,379
Special Education Fund	3,471	1,466,444	1,469,915	-	1,466,444	3,471	-	1,469,915
Bond and Interest Fund	37,817,834	-	37,817,834	-	37,817,834	-	-	37,817,834
Capital Outlay Fund	6,736,254	-	6,736,254	-	5,120,841	1,615,413	-	6,736,254
2007 Construction Fund	11,126,497	-	11,126,497	-	10,795,897	330,600	-	11,126,497
2009 Construction Fund	5,341,802	-	5,341,802	-	5,145,119	196,683	-	5,341,802
Nonmajor Governmental Fund	<u>1,131,547</u>	<u>10,377,109</u>	<u>11,508,656</u>	-	<u>11,112,542</u>	<u>396,114</u>	-	<u>11,508,656</u>
Total Governmental Funds	<u>\$ 63,943,263</u>	<u>\$ 14,814,932</u>	<u>\$ 78,758,195</u>	<u>\$ 592,205</u>	<u>\$ 71,458,677</u>	<u>\$ 3,735,934</u>	<u>\$ 2,971,379</u>	<u>\$ 78,758,195</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 KSA 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 in an adjacent county and that the bank provide an acceptable rate for active funds.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (Continued)

The District's investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that at 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. Treasuries or Notes, the Municipal Investment Pool (KMIP) and certain other investments if the municipality has extended investment authority. 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 KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in KSA 10-131.

At June 30, 2011, the District has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasuries	\$ 90,682,408	NA
Kansas Municipal Investment Pool	<u>2</u>	S&P AAf/S1+
Total fair value	<u>\$ 90,682,410</u>	

The District does not have any formal investment policies that would further limit interest rate, credit or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. The Kansas State Treasurer's Fiscal Agency Department held an unsecured and uncollateralized deposit of \$336.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

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

	Balance July 1, 2010	Adjustments	Additions	Retirements	Balance June 30, 2011
District governmental activities:					
Nondepreciable capital assets:					
Land and improvements	\$ 45,731,911	\$ -	\$ 5,821,813	\$ -	\$ 51,553,724
Construction in progress	<u>69,594,862</u>	<u>-</u>	<u>9,301,972</u>	<u>[76,480,346]</u>	<u>2,416,488</u>
Total nondepreciable capital assets	<u>115,326,773</u>	<u>-</u>	<u>15,123,785</u>	<u>[76,480,346]</u>	<u>53,970,212</u>
Depreciable capital assets:					
Buildings and improvements	413,901,065	-	79,336,609	-	493,237,674
Vehicles	2,350,569	-	30,892	-	2,381,461
Equipment, furniture and fixtures	<u>31,914,595</u>	<u>[139,220]</u>	<u>107,052</u>	<u>[768,996]</u>	<u>31,113,431</u>
Total depreciable capital assets	<u>448,166,229</u>	<u>[139,220]</u>	<u>79,474,553</u>	<u>[768,996]</u>	<u>526,732,566</u>
Totals at historical cost	<u>563,493,002</u>	<u>[139,220]</u>	<u>94,598,338</u>	<u>[77,249,342]</u>	<u>580,702,778</u>
Less accumulated depreciation for:					
Buildings and improvements	137,147,228	-	15,736,294	-	152,883,522
Vehicles	1,650,307	-	165,796	-	1,816,103
Equipment, furniture and fixtures	<u>7,652,461</u>	<u>-</u>	<u>638,839</u>	<u>[13,121]</u>	<u>8,278,179</u>
Total accumulated depreciation	<u>146,449,996</u>	<u>-</u>	<u>16,540,929</u>	<u>[13,121]</u>	<u>162,977,804</u>
Governmental activities capital assets, net	<u>\$ 417,043,006</u>	<u>\$ [139,220]</u>	<u>\$ 78,057,409</u>	<u>\$ [77,236,221]</u>	<u>\$ 417,724,974</u>
Business-type activities:					
Depreciable capital assets:					
Buildings and improvements	\$ 5,103,918	\$ [40,812]	\$ 13,157	\$ -	\$ 5,076,263
Vehicles	174,782	-	-	-	174,782
Equipment, furniture and fixtures	<u>645,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>645,858</u>
Totals at historical cost	<u>5,924,558</u>	<u>[40,812]</u>	<u>13,157</u>	<u>-</u>	<u>5,896,903</u>
Less accumulated depreciation for:					
Buildings and improvements	1,858,067	[1,021]	145,310	-	2,002,356
Vehicles	136,970	-	6,295	-	143,265
Equipment, furniture and fixtures	<u>291,412</u>	<u>-</u>	<u>47,895</u>	<u>-</u>	<u>339,307</u>
Total accumulated depreciation	<u>2,286,449</u>	<u>[1,021]</u>	<u>199,500</u>	<u>-</u>	<u>2,484,928</u>
Business-type activities capital assets, net	<u>\$ 3,638,109</u>	<u>\$ [39,791]</u>	<u>\$ [186,343]</u>	<u>\$ -</u>	<u>\$ 3,411,975</u>

UNIFIED SCHOOL DISTRICT NO. 233
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets (Continued)

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

Instruction	\$ 14,500,725
Support services	852,648
Operations and maintenance	196,380
Transportation services	85,982
Student activities	145,527
Noninstructional	<u>759,667</u>
 Total depreciation	 <u>\$ 16,540,929</u>
 Business-type activities:	
Food service	<u>\$ 199,500</u>
 Total depreciation	 <u>\$ 199,500</u>

C. Long - Term Liabilities

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

	Restated 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	\$ 342,380,000	\$ 64,971,339	\$ 61,180,000	\$ 346,171,339	\$ 28,570,000
Premium on General Obligation Bonds	<u>5,809,056</u>	<u>2,430,194</u>	<u>1,143,920</u>	<u>7,095,331</u>	<u>1,118,670</u>
Net General Obligation Bonds	348,189,056	67,401,533	62,323,920	353,266,670	29,688,670
Compensated Absences	<u>22,552,760</u>	<u>2,819,095</u>	<u>2,440,885</u>	<u>22,930,970</u>	<u>2,866,371</u>
 Total governmental activities					
Long-term liabilities	<u>\$ 370,741,816</u>	<u>\$ 70,220,628</u>	<u>\$ 64,764,805</u>	<u>\$ 376,197,640</u>	<u>\$ 32,555,041</u>

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long - Term Liabilities (Continued)

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

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2011</u>
General obligation bonds					
2001B	03/15/01	09/01/17	3.40% to 5.50%	\$ 39,240,000	\$ 31,200,000
2003A	02/28/03	09/01/13	3.25% to 4.00%	28,084,165	3,320,000
2004A	04/15/04	09/01/18	2.00% to 4.00%	37,207,352	17,998,470
2005A	08/15/05	09/01/11	5.00%	27,856,009	8,277,752
2006A	02/15/06	09/01/20	3.50% to 4.50%	34,416,140	27,824,723
2008A	02/15/08	09/01/08	3.25% to 4.25%	50,751,622	48,877,064
2009A	06/01/09	09/01/29	3.625% to 5.90%	95,000,000	95,000,000
2009B	06/01/09	09/01/18	2.00% to 4.00%	22,405,000	18,858,889
2009C	06/01/09	09/01/16	3.25% to 4.25%	35,371,277	34,508,237
2010A	6/3/2010	9/1/2030	2.15% to 5.70%	26,500,000	26,500,000
2010B	6/3/2010	9/1/2016	2.00% to 4.00%	13,872,886	13,872,886
2010C	6/3/2010	9/1/2019	2.00% to 4.00%	22,222,309	22,222,309
2011A	5/5/2011	9/1/2025	4.55%	<u>4,806,339</u>	<u>4,806,339</u>

Total general obligation bonds payable \$ 437,733,099 \$ 353,266,670

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

<u>Year Ending June 30</u>	<u>Cumulative Discount/ Premium Accretion</u>	<u>Interest Due</u>	<u>Totals</u>
2011 - 2012	\$ 29,688,670	\$ 14,402,996	\$ 44,091,666
2012 - 2013	20,879,494	13,374,815	34,254,309
2013 - 2014	28,482,759	12,567,459	41,050,218
2014 - 2015	28,835,702	11,598,515	40,434,217
2015 - 2016	30,703,164	10,505,724	41,208,887
2016 - 2017 to 2020 - 2021	107,504,667	36,754,038	144,258,704
2020 - 2021 to 2024 - 2025	56,133,537	20,756,184	76,889,721
2025 - 2026 to 2029 - 2030	<u>51,038,677</u>	<u>5,789,757</u>	<u>56,828,434</u>
Total	<u>\$ 353,266,670</u>	<u>\$ 125,749,487</u>	<u>\$ 479,016,157</u>

The District has entered into various long-term commitments with other municipalities to finance special assessments related to sewer, street, sidewalk and other improvements made involving District property. The funds to satisfy these assessments are generated as a component of the annual property tax levy which is recorded in the Special Assessments Fund.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long - Term Liabilities (Continued)

During 2011, the District issued \$13,155,000 in general obligation refunding bonds with interest rates ranging from 2.00 to 4.00% to refund \$13,435,000 of 2002A General Obligation Bonds with interest rates ranging from 3.00 to 4.12%. 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 \$131,011 and a decrease of \$132,303 in future debt payments. During 2011, the District also issued \$20,510,000 in general obligation refunding bonds with interest rates ranging from 2.00 to 4.00% to refund the of 2003A General Obligation Bonds with interest rates ranging from 3.25 to 4.00%. As a result, the 2003A 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 loss of \$510,465 and an increase of \$513,890 in future debt payments.

D. Operating Leases

The District leases certain equipment under the terms of operating lease agreements. The amount of the operating lease payments for year ending June 30, 2011 were \$846,849. The future minimum lease payments for the lease are as follows:

Year ending <u>June 30.</u>	<u>Amount</u>
2012	\$ 848,411
2013	848,411
2014	848,412
2015	<u>822,000</u>
Total	<u>\$ 3,367,234</u>

Note 5. OTHER INFORMATION

A. 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 contributed 8.57% of covered payroll. These contribution requirements are established by KPERS and periodically revised. The State of Kansas contributions to KPERS for the District employees for the years ending June 30, 2011, 2010 and 2009 was \$11,036,632, \$12,801,332, and \$13,301,119, respectively, equal to the required contributions for each year. The District recognizes these on-behalf payments as revenues and expenditures in the KPERS Special Retirement Contribution Fund as required.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 5. OTHER INFORMATION (Continued)

B. 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.

<u>Transfers Out:</u>	<u>Transfers In</u>			<u>Total</u>
	<u>Special Education</u>	<u>Other Governmental</u>	<u>Food Service</u>	
General	\$ 5,502,357	\$ 227,202	\$ 99,238	\$ 5,828,797
Supplemental General	<u>13,756,337</u>	<u>2,915,215</u>	<u>30,764</u>	<u>16,702,316</u>
Total	<u>\$19,258,694</u>	<u>\$ 3,142,417</u>	<u>\$ 130,002</u>	<u>\$ 22,531,113</u>

C. Voluntary Early Retirement Plan

The District offers a voluntary early retirement plan, available to its certified and administrative staff. Employees must have completed at least 15 years of service with the District and must be eligible to receive unreduced retirement benefits from KPERS during the next school year in order to be eligible to receive benefits under the plan. Benefits apply for a maximum of five years, or until the employee reaches age 65, whichever occurs first. The District's contributions are financed on a pay-as-you-go basis. The contributions for the year ended June 30, 2011 were \$2,146,251. At June 30, 2011, the District's liability under this plan was \$4,411,536.

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 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 has a self-insured workers' compensation program for all District employees. The fund is accounted for as a District Internal Service Fund. The program is administered by a third-party administrator. In order to mitigate the risk associated with this program, the District has purchased individual and aggregate "stop loss" insurance of \$300,000 per occurrence and total aggregate of \$1,000,000. The District has on deposit funds for a claims payment account with its third party administrator, but there remains no transfer of risk. The District's liability for claims incurred but not paid, including IBNR claims, is \$1,424,688 as of June 30, 2011. This liability is based on estimates provided by the third party administrator.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

Note 5. OTHER INFORMATION (Continued)

D. Contingent Liabilities (Continued)

Changes in the District's claim liability in fiscal 2011 and 2010 are as follows:

	<u>Year ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Claims liability, beginning of year	\$ 1,164,312	\$ 1,304,078
Claims incurred, including IBNR	2,249,864	1,649,965
Claims payments	<u>[1,989,488]</u>	<u>[1,789,731]</u>
Claims liability, end of year	<u>\$ 1,424,688</u>	<u>\$ 1,164,312</u>

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.

A potential liability exists regarding rebatable arbitrage on several series General Obligation Bonds. An arbitrage rebate calculation will be completed to determine if such a liability exists.

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 construction funds, project-length budgets are prepared. The projects budgeted, approved budgets, and cumulative expenditures, as of June 30, 2011, are as follows:

<u>Project Name</u>	<u>Project Budget</u>	<u>Cumulative expenditures through June 30, 2011</u>	<u>Remaining Budget</u>
Construction Projects 2007	\$ 110,271,179	\$ 85,011,479	\$ 25,259,700
Construction Projects 2009	68,000,000	67,292,639	707,361

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 and pharmacy benefits to eligible retirees and their dependents. KSA 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 \$630,000 to the Plan (100% of total premiums) through their required contribution ranging from \$381 to \$572 for retiree-only coverage and ranging from \$705 to \$1,602 for retiree and dependent coverage.

UNIFIED SCHOOL DISTRICT NO. 233

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	\$ 2,163,254
Interest on Net OPEB Obligation	114,838
Adjustment to Annual Required Contribution	<u>[206,432]</u>
Annual OPEB cost (expense)	2,071,660
Benefit payments	<u>630,000</u>
Change in net OPEB obligation	1,441,660
Net OPEB obligation - beginning of year	<u>2,870,952</u>
Net OPEB obligation - end of year	<u>\$ 4,312,612</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 Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 1,393,287	\$ 723,936	\$ 1,492,621
June 30, 2010	2,007,837	629,506	2,870,952
June 30, 2011	2,071,660	630,000	4,312,612

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 \$11,270,141 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,270,141. The covered payroll (annual payroll of active employees covered by the plan) was \$139,365,150, and the ratio of the UAAL to the covered payroll was 8.1%.

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.

UNIFIED SCHOOL DISTRICT NO. 233

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, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 6.5% 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 5% 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.

UNIFIED SCHOOL DISTRICT NO. 233

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

Schedule of Employer Contributions:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
June 30, 2009	\$ 1,393,287	\$ 723,936	\$ 1,492,621
June 30, 2010	2,007,837	629,506	2,870,952
June 30, 2011	2,071,660	630,000	4,312,612

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	\$ -	\$ 8,703,471	\$ 8,703,471	0.0%	\$ 131,263,814	6.6%
6/30/2009	-	8,703,471	8,703,471	0.0%	135,726,784	6.4%
6/30/2010	-	11,270,141	11,270,141	0.0%	139,365,150	8.1%

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENTS - NONMAJOR FUNDS

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

BUDGETED FUNDS:

Extraordinary Growth Fund: This fund is used to provide the legal vehicle to levy taxes for costs associated with commencing operation of new school facilities.

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

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

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.

Parent As Teachers 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.

At Risk (4 Year Old) Fund: This fund is used to account for monies received and expended for programs for at risk students meeting the specific age requirement.

At Risk (K-12) Fund: This fund is used to account for monies received and expended for extended year, extended day, alternative schools, dropout prevention and tutorial assistance programs administered for at risk students.

KPERS Special Retirement Contribution Fund: This fund is used to account for the state's on-behalf payments to the District's retirement fund as revenue and expense. The state is required to contribute based on a predetermined percentage of payroll each year.

Cost of Living: This fund is available to districts who exceed state averages for Cost of Living factors. The Cost of Living fund's only revenue is from local sources.

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

Federal Awards: This fund has been established to account for the revenues and expenditures associated with federal and state grants that have been awarded to the District for specific purposes.

Special Liability: This fund is used to pay for District liability insurance premiums and potential liability claims against the District. The Special Liability fund's only revenue is from local sources.

NON - BUDGETED FUNDS:

Instructional Materials Fund: This fund is used to account for revenue collected and expenditures incurred in conjunction with the purchase of classroom teaching supplies and printing of teaching aides.

Contingency Reserve Fund: This fund is used to account for monies from the General Fund in accordance with Kansas statutes (limited to 10% of General Fund budget) and expended for contingency purposes.

Donations Fund: This fund is used to account for revenues collected and expenditures incurred in conjunction with local donations for youth services, youth court, drug-free emphasis, and various other activities used to enhance student learning.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENTS - NONMAJOR FUNDS - CONTINUED

DEBT SERVICE FUND:

Special Assessments Fund: This fund is used to accumulate resources to pay long-term commitments with other municipalities to finance special assessments related to sewer, street, sidewalk and other improvements made involving District property.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

	Total Nonmajor Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 15,197,369	\$ 393,699	\$ 15,591,068
Taxes receivable	<u>360,056</u>	<u>9,976</u>	<u>370,032</u>
Total assets	<u>\$ 15,557,425</u>	<u>\$ 403,675</u>	<u>\$ 15,961,100</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 195,855	\$ 173,202	\$ 369,057
Accrued payroll	860,842	-	860,842
Due to other funds	47,004	-	47,004
Deferred revenue	<u>360,056</u>	<u>9,976</u>	<u>370,032</u>
Total liabilities	<u>1,463,757</u>	<u>183,178</u>	<u>1,646,935</u>
Fund balances:			
Restricted	12,892,714	220,497	13,113,211
Assigned	<u>1,200,954</u>	<u>-</u>	<u>1,200,954</u>
Total fund balances	<u>14,093,668</u>	<u>220,497</u>	<u>14,314,165</u>
Total liabilities and fund balances	<u>\$ 15,557,425</u>	<u>\$ 403,675</u>	<u>\$ 15,961,100</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ 17,966,173	\$ 549,364	\$ 18,515,537
Intergovernmental	27,665,084	-	27,665,084
Charges for services	1,827,502	-	1,827,502
Other local sources	898,108	-	898,108
Total revenues	<u>48,356,867</u>	<u>549,364</u>	<u>48,906,231</u>
EXPENDITURES:			
Current			
Instruction	41,893,680	-	41,893,680
Student support services	1,613,679	-	1,613,679
Instructional support staff	1,971,044	-	1,971,044
General administration	160,865	-	160,865
School administration	820,180	-	820,180
Operations and maintenance	639,079	-	639,079
Student transportation services	664,263	-	664,263
Other support services	51,281	-	51,281
Food service operations	212,392	-	212,392
Student activities	7,660	-	7,660
Capital outlay			
Facility acquisition and construction	-	1,064,300	1,064,300
Total expenditures	<u>48,034,123</u>	<u>1,064,300</u>	<u>49,098,423</u>
Excess [deficiency] of revenues over [under] expenditures	<u>322,744</u>	<u>[514,936]</u>	<u>[192,192]</u>
OTHER FINANCING SOURCES [USES]:			
Transfers in	<u>3,142,417</u>	-	<u>3,142,417</u>
Total other financing sources [uses]	<u>3,142,417</u>	-	<u>3,142,417</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>3,465,161</u>	<u>[514,936]</u>	<u>2,950,225</u>
Fund balance - Beginning of year	10,773,223	735,433	11,508,656
Prior period adjustment	<u>[144,716]</u>	-	<u>[144,716]</u>
Fund balance - Beginning of year, restated	<u>10,628,507</u>	<u>735,433</u>	<u>11,363,940</u>
Fund balance - End of year	<u>\$ 14,093,668</u>	<u>\$ 220,497</u>	<u>\$ 14,314,165</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Extraordinary <u>Growth</u>	Bilingual <u>Education</u>	Professional <u>Development</u>	Vocational <u>Education</u>
ASSETS				
Cash and investments	\$ 1,535,104	\$ 260,793	\$ 65,838	\$ 88,502
Taxes receivable	<u>207,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,742,867</u>	<u>\$ 260,793</u>	<u>\$ 65,838</u>	<u>\$ 88,502</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	194,101	2,585	30,263
Due to other funds	-	-	-	-
Unearned revenue	<u>207,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>207,763</u>	<u>194,101</u>	<u>2,585</u>	<u>30,263</u>
Fund balances:				
Restricted	1,535,104	50,001	50,002	50,000
Assigned	<u>-</u>	<u>16,691</u>	<u>13,251</u>	<u>8,239</u>
Total fund balances	<u>1,535,104</u>	<u>66,692</u>	<u>63,253</u>	<u>58,239</u>
Total liabilities and fund balances	<u>\$ 1,742,867</u>	<u>\$ 260,793</u>	<u>\$ 65,838</u>	<u>\$ 88,502</u>

See independent auditor's report on the financial statements.

<u>Parents as Teachers</u>	<u>At Risk (4 Year Old)</u>	<u>At Risk (K-12)</u>	<u>KPERS Special Retirement Contribution</u>
\$ 325,559	\$ 72,072	\$ 288,300	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 325,559	\$ 72,072	\$ 288,300	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ 422	\$ -
-	21,662	221,433	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>21,662</u>	<u>221,855</u>	<u>-</u>
291,842	50,001	50,002	-
<u>33,717</u>	<u>409</u>	<u>16,443</u>	<u>-</u>
<u>325,559</u>	<u>50,410</u>	<u>66,445</u>	<u>-</u>
\$ 325,559	\$ 72,072	\$ 288,300	\$ -

See independent auditor's report on the financial statements.

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UNIFIED SCHOOL DISTRICT NO. 233

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010

	Cost of <u>Living</u>	Virtual <u>Education</u>	Federal <u>Awards</u>	Special <u>Liability</u>	Instructional <u>Materials</u>	Contingency <u>Reserve</u>	Donations	Total Nonmajor Special Revenue <u>Funds</u>
ASSETS								
Cash and investments	\$ 64,236	\$ 11,438	\$ -	\$ 100,529	\$ 2,182,310	\$ 9,735,052	\$ 467,636	\$ 15,197,369
Taxes receivable	<u>146,772</u>	<u>-</u>	<u>-</u>	<u>5,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,056</u>
Total assets	<u>\$ 211,008</u>	<u>\$ 11,438</u>	<u>\$ -</u>	<u>\$ 106,050</u>	<u>\$ 2,182,310</u>	<u>\$ 9,735,052</u>	<u>\$ 467,636</u>	<u>\$ 15,557,425</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 1,305	\$ -	\$ 187,816	\$ -	\$ 6,312	\$ 195,855
Accrued payroll	-	-	390,798	-	-	-	-	860,842
Due to other funds	-	-	47,004	-	-	-	-	47,004
Unearned revenue	<u>146,772</u>	<u>-</u>	<u>-</u>	<u>5,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,056</u>
Total liabilities	<u>146,772</u>	<u>-</u>	<u>439,107</u>	<u>5,521</u>	<u>187,816</u>	<u>-</u>	<u>6,312</u>	<u>1,463,757</u>
Fund balances:								
Restricted	64,236	10,000	[483,448]	100,529	982,418	9,735,052	406,975	12,892,714
Assigned	<u>-</u>	<u>1,438</u>	<u>44,341</u>	<u>-</u>	<u>1,012,076</u>	<u>-</u>	<u>54,349</u>	<u>1,200,954</u>
Total fund balances	<u>64,236</u>	<u>11,438</u>	<u>[439,107]</u>	<u>100,529</u>	<u>1,994,494</u>	<u>9,735,052</u>	<u>461,324</u>	<u>14,093,668</u>
Total liabilities and fund balances	<u>\$ 211,008</u>	<u>\$ 11,438</u>	<u>\$ -</u>	<u>\$ 106,050</u>	<u>\$ 2,182,310</u>	<u>\$ 9,735,052</u>	<u>\$ 467,636</u>	<u>\$ 15,557,425</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2011

	Extraordinary <u>Growth</u>	Bilingual <u>Education</u>	Professional <u>Development</u>	Vocational <u>Education</u>
REVENUES:				
Taxes	\$ 11,089,113	\$ -	\$ -	\$ -
Intergovernmental	-	2,049,397	-	3,306,193
Charges for services	-	-	-	210,000
Other local sources	-	-	77,045	65,519
Total revenues	<u>11,089,113</u>	<u>2,049,397</u>	<u>77,045</u>	<u>3,581,712</u>
EXPENDITURES:				
Current				
Instruction	9,554,009	2,426,668	-	4,254,188
Student support services	-	-	-	-
Instructional staff support	-	58,311	156,674	314
General administration	-	-	-	-
School administration	-	-	-	127,346
Operations and maintenance	-	-	-	178,429
Student transportation services	-	-	-	4,255
Other support services	-	-	-	-
Food service operations	-	-	-	-
Student activities	-	-	-	7,660
Total expenditures	<u>9,554,009</u>	<u>2,484,979</u>	<u>156,674</u>	<u>4,572,192</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,535,104</u>	<u>[435,582]</u>	<u>[79,629]</u>	<u>[990,480]</u>
OTHER FINANCING SOURCES [USES]:				
Transfers in	-	433,124	84,432	986,342
Total other financing sources [uses]	<u>-</u>	<u>433,124</u>	<u>84,432</u>	<u>986,342</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>1,535,104</u>	<u>[2,458]</u>	<u>4,803</u>	<u>[4,138]</u>
Fund balance - Beginning of year	-	69,150	58,450	62,377
Prior period adjustment	-	-	-	-
Fund balance - Beginning of year, restated	<u>-</u>	<u>69,150</u>	<u>58,450</u>	<u>62,377</u>
Fund balance - End of year	<u>\$ 1,535,104</u>	<u>\$ 66,692</u>	<u>\$ 63,253</u>	<u>\$ 58,239</u>

See independent auditor's report on the financial statements.

Parents as Teachers	At Risk (4 Year Old)	At Risk (K-12)	KPERS Special Retirement Contribution
\$ -	\$ -	\$ -	\$ -
1,015,793	163,883	4,404,164	11,036,632
-	-	364	-
<u>235,180</u>	<u>-</u>	<u>15,418</u>	<u>-</u>
<u>1,250,973</u>	<u>163,883</u>	<u>4,419,946</u>	<u>11,036,632</u>
-	214,293	5,580,714	8,027,358
660,394	-	117,509	730,659
799,988	-	-	521,900
-	-	-	46,971
-	-	66,554	626,280
-	-	-	208,760
-	-	6,376	626,280
-	-	-	39,664
-	-	-	208,760
-	-	-	-
<u>1,460,382</u>	<u>214,293</u>	<u>5,771,153</u>	<u>11,036,632</u>
[209,409]	[50,410]	[1,351,207]	-
<u>213,204</u>	<u>50,804</u>	<u>1,365,290</u>	<u>-</u>
<u>213,204</u>	<u>50,804</u>	<u>1,365,290</u>	<u>-</u>
<u>3,795</u>	<u>394</u>	<u>14,083</u>	<u>-</u>
321,764	50,016	52,362	-
-	-	-	-
<u>321,764</u>	<u>50,016</u>	<u>52,362</u>	<u>-</u>
\$ 325,559	\$ 50,410	\$ 66,445	\$ -

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2011

	Cost of <u>Living</u>	Virtual <u>Education</u>	Federal <u>Awards</u>	Special <u>Liability</u>	Instructional <u>Materials</u>	Contingency <u>Reserve</u>	Donations	Total Nonmajor Special Revenue Funds
REVENUES:								
Taxes	\$ 6,609,737	\$ -	\$ -	\$ 267,323	\$ -	\$ -	\$ -	\$ 17,966,173
Intergovernmental	-	29,746	4,769,910	-	-	889,366	-	27,665,084
Charges for services	-	-	-	-	1,617,138	-	-	1,827,502
Other local sources	-	-	-	-	11,696	-	493,250	898,108
Total revenues	<u>6,609,737</u>	<u>29,746</u>	<u>4,769,910</u>	<u>267,323</u>	<u>1,628,834</u>	<u>889,366</u>	<u>493,250</u>	<u>48,356,867</u>
EXPENDITURES:								
Current								
Instruction	6,545,501	37,610	4,262,188	-	643,418	-	347,733	41,893,680
Student support services	-	-	63,565	-	-	-	41,552	1,613,679
Instructional support staff	-	-	414,943	-	-	-	18,914	1,971,044
General administration	-	-	113,894	-	-	-	-	160,865
School administration	-	-	-	-	-	-	-	820,180
Operations and maintenance	-	-	-	248,695	-	-	3,195	639,079
Student transportation services	-	-	27,352	-	-	-	-	664,263
Other support services	-	-	11,617	-	-	-	-	51,281
Food service operations	-	-	3,632	-	-	-	-	212,392
Student activities	-	-	-	-	-	-	-	7,660
Total expenditures	<u>6,545,501</u>	<u>37,610</u>	<u>4,897,191</u>	<u>248,695</u>	<u>643,418</u>	<u>-</u>	<u>411,394</u>	<u>48,034,123</u>
Excess [deficiency] of revenues over [under] expenditures	<u>64,236</u>	<u>[7,864]</u>	<u>[127,281]</u>	<u>18,628</u>	<u>985,416</u>	<u>889,366</u>	<u>81,856</u>	<u>322,744</u>
OTHER FINANCING SOURCES [USES]:								
Transfers in	-	9,221	-	-	-	-	-	3,142,417
Total other financing sources [uses]	<u>-</u>	<u>9,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,142,417</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>64,236</u>	<u>1,357</u>	<u>[127,281]</u>	<u>18,628</u>	<u>985,416</u>	<u>889,366</u>	<u>81,856</u>	<u>3,465,161</u>
Fund balance - Beginning of year	-	10,081	[311,826]	81,901	1,009,078	8,990,402	379,468	10,773,223
Prior period adjustment	-	-	-	-	-	[144,716]	-	[144,716]
Fund balance - Beginning of year, restated	<u>-</u>	<u>10,081</u>	<u>[311,826]</u>	<u>81,901</u>	<u>1,009,078</u>	<u>8,845,686</u>	<u>379,468</u>	<u>10,628,507</u>
Fund balance - End of year	<u>\$ 64,236</u>	<u>\$ 11,438</u>	<u>\$ [439,107]</u>	<u>\$ 100,529</u>	<u>\$ 1,994,494</u>	<u>\$ 9,735,052</u>	<u>\$ 461,324</u>	<u>\$ 14,093,668</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 EXTRAORDINARY GROWTH 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:						
Ad valorem	\$ 9,563,670	\$ -	\$ 9,563,670	\$ 9,850,652	\$ 9,850,652	\$ [286,982]
Motor/Recreational vehicles	<u>1,525,443</u>	<u>-</u>	<u>1,525,443</u>	<u>681,857</u>	<u>681,857</u>	<u>843,586</u>
Total revenues	<u>11,089,113</u>	<u>-</u>	<u>11,089,113</u>	<u>10,532,509</u>	<u>10,532,509</u>	<u>556,604</u>
EXPENDITURES:						
Instructional	<u>9,554,009</u>	<u>-</u>	<u>9,554,009</u>	<u>10,532,509</u>	<u>10,532,509</u>	<u>978,500</u>
Total expenditures	<u>9,554,009</u>	<u>-</u>	<u>9,554,009</u>	<u>10,532,509</u>	<u>10,532,509</u>	<u>978,500</u>
Excess [deficiency] of revenues over [under] expenditures	1,535,104	-	1,535,104	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,535,104</u>
FUND BALANCE - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>			
FUND BALANCE - End of year	<u>\$ 1,535,104</u>	<u>\$ -</u>	<u>\$ 1,535,104</u>			

UNIFIED SCHOOL DISTRICT NO. 233

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:						
Intergovernmental:						
State and local	\$ 2,049,397	\$ [2,049,397]	\$ -	\$ 500,000	\$ 500,000	\$ [500,000]
Total revenues	<u>2,049,397</u>	<u>[2,049,397]</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>[500,000]</u>
EXPENDITURES:						
Instructional	2,426,668	[2,458]	2,424,210	2,578,950	2,578,950	154,740
Instructional staff support	<u>58,311</u>	<u>-</u>	<u>58,311</u>	<u>61,200</u>	<u>61,200</u>	<u>2,889</u>
Total expenditures	<u>2,484,979</u>	<u>[2,458]</u>	<u>2,482,521</u>	<u>2,640,150</u>	<u>2,640,150</u>	<u>157,629</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[435,582]</u>	<u>[2,046,939]</u>	<u>[2,482,521]</u>	<u>[2,140,150]</u>	<u>[2,140,150]</u>	<u>[342,371]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>433,124</u>	<u>2,049,397</u>	<u>2,482,521</u>	<u>2,140,150</u>	<u>2,140,150</u>	<u>342,371</u>
Total other financing sources [uses]	<u>433,124</u>	<u>2,049,397</u>	<u>2,482,521</u>	<u>2,140,150</u>	<u>2,140,150</u>	<u>342,371</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[2,458]	2,458	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	<u>69,150</u>	<u>[19,149]</u>	<u>50,001</u>			
FUND BALANCE - End of year	<u>\$ 66,692</u>	<u>\$ [16,691]</u>	<u>\$ 50,001</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

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:						
Other local sources	\$ 77,045	\$ -	\$ 77,045	\$ 141,000	\$ 141,000	\$ [63,955]
Total revenues	<u>77,045</u>	<u>-</u>	<u>77,045</u>	<u>141,000</u>	<u>141,000</u>	<u>[63,955]</u>
EXPENDITURES:						
Student support	<u>156,674</u>	<u>4,802</u>	<u>161,476</u>	<u>407,750</u>	<u>407,750</u>	<u>246,274</u>
Total expenditures	<u>156,674</u>	<u>4,802</u>	<u>161,476</u>	<u>407,750</u>	<u>407,750</u>	<u>246,274</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[79,629]</u>	<u>[4,802]</u>	<u>[84,431]</u>	<u>[266,750]</u>	<u>[266,750]</u>	<u>182,319</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>84,432</u>	<u>-</u>	<u>84,432</u>	<u>266,750</u>	<u>266,750</u>	<u>[182,318]</u>
Total other financing sources [uses]	<u>84,432</u>	<u>-</u>	<u>84,432</u>	<u>266,750</u>	<u>266,750</u>	<u>[182,318]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>4,803</u>	<u>[4,802]</u>	<u>1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
FUND BALANCE - Beginning of year	<u>58,450</u>	<u>[8,449]</u>	<u>50,001</u>			
FUND BALANCE - End of year	<u>\$ 63,253</u>	<u>\$ [13,251]</u>	<u>\$ 50,002</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

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:						
Intergovernmental	\$ 3,306,193	\$ [3,181,749]	\$ 124,444	\$ 138,962	\$ 138,962	\$ [14,518]
Total intergovernmental	3,306,193	[3,181,749]	124,444	138,962	138,962	[14,518]
Charges for services	210,000	-	210,000	220,000	220,000	[10,000]
Other local sources	65,519	-	65,519	1,042,300	1,042,300	[976,781]
Total revenues	3,581,712	[3,181,749]	399,963	1,401,262	1,401,262	[1,001,299]
EXPENDITURES:						
Instructional	4,254,188	[8,925]	4,245,263	4,842,936	4,842,936	597,673
Instructional staff support	314	-	314	-	-	[314]
School administration	127,346	-	127,346	128,165	128,165	819
Operations and maintenance	178,429	-	178,429	190,926	190,926	12,497
Other supplemental services	-	-	-	5,500	5,500	5,500
Student transportation services	4,255	-	4,255	-	-	[4,255]
Student activities	7,660	-	7,660	-	-	[7,660]
Total expenditures	4,572,192	[8,925]	4,563,267	5,167,527	5,167,527	604,260
Excess [deficiency] of revenues over [under] expenditures	[990,480]	[3,172,824]	[4,163,304]	[3,766,265]	[3,766,265]	[397,039]
OTHER FINANCING SOURCES [USES]:						
Transfers in	986,342	3,181,749	4,168,091	3,766,265	3,766,265	401,826
Total other financing sources [uses]	986,342	3,181,749	4,168,091	3,766,265	3,766,265	401,826
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[4,138]	8,925	4,787	\$ -	\$ -	\$ 4,787
FUND BALANCE - Beginning of year	62,377	[17,164]	45,213			
FUND BALANCE - End of year	\$ 58,239	\$ [8,239]	\$ 50,000			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 PARENTS AS TEACHERS 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:						
State and local	\$ 1,015,793	\$ -	\$ 1,015,793	\$ 1,004,393	\$ 1,004,393	\$ 11,400
Total intergovernmental	<u>1,015,793</u>	<u>-</u>	<u>1,015,793</u>	<u>1,004,393</u>	<u>1,004,393</u>	<u>11,400</u>
Other local sources	<u>235,180</u>	<u>-</u>	<u>235,180</u>	<u>624,434</u>	<u>624,434</u>	<u>[389,254]</u>
Total revenues	<u>1,250,973</u>	<u>-</u>	<u>1,250,973</u>	<u>1,628,827</u>	<u>1,628,827</u>	<u>[377,854]</u>
EXPENDITURES:						
Student support	660,394	33,585	693,979	598,980	598,980	[94,999]
Instructional support staff	<u>799,988</u>	<u>-</u>	<u>799,988</u>	<u>1,218,896</u>	<u>1,218,896</u>	<u>418,908</u>
Total expenditures	<u>1,460,382</u>	<u>33,585</u>	<u>1,493,967</u>	<u>1,817,876</u>	<u>1,817,876</u>	<u>323,909</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[209,409]</u>	<u>[33,585]</u>	<u>[242,994]</u>	<u>[189,049]</u>	<u>[189,049]</u>	<u>[53,945]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>213,204</u>	<u>-</u>	<u>213,204</u>	<u>192,425</u>	<u>192,425</u>	<u>20,779</u>
Total other financing sources [uses]	<u>213,204</u>	<u>-</u>	<u>213,204</u>	<u>192,425</u>	<u>192,425</u>	<u>20,779</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	3,795	[33,585]	[29,790]	<u>\$ 3,376</u>	<u>\$ 3,376</u>	<u>\$ [33,166]</u>
FUND BALANCE - Beginning of year	<u>321,764</u>	<u>[132]</u>	<u>321,632</u>			
FUND BALANCE - End of year	<u>\$ 325,559</u>	<u>\$ [33,717]</u>	<u>\$ 291,842</u>			

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 AT RISK (4 YEAR OLD) 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	\$ 163,883	\$ [163,883]	\$ -	\$ 50,000	\$ 50,000	\$ [50,000]
Total revenues	<u>163,883</u>	<u>[163,883]</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>[50,000]</u>
EXPENSES:						
Instructional	<u>214,293</u>	<u>394</u>	<u>214,687</u>	<u>253,000</u>	<u>253,000</u>	<u>38,313</u>
Total expenses	<u>214,293</u>	<u>394</u>	<u>214,687</u>	<u>253,000</u>	<u>253,000</u>	<u>38,313</u>
Excess [deficiency] of revenues over [under] expenses	<u>[50,410]</u>	<u>[164,277]</u>	<u>[214,687]</u>	<u>[203,000]</u>	<u>[203,000]</u>	<u>[11,687]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>50,804</u>	<u>163,883</u>	<u>214,687</u>	<u>203,000</u>	<u>203,000</u>	<u>11,687</u>
Total other financing sources [uses]	<u>50,804</u>	<u>163,883</u>	<u>214,687</u>	<u>203,000</u>	<u>203,000</u>	<u>11,687</u>
Change in net assets	394	[394]	-	\$ -	\$ -	\$ -
NET ASSETS - Beginning of year	<u>50,016</u>	<u>[15]</u>	<u>50,001</u>			
NET ASSETS - End of year	<u>\$ 50,410</u>	<u>\$ [409]</u>	<u>\$ 50,001</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 AT RISK (K-12) 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:						
Charges for services	\$ 364	\$ -	\$ 364	\$ 165,000	\$ 165,000	\$ [164,636]
Intergovernmental	4,404,164	[4,404,164]	-	-	-	-
Other local sources	15,418	-	15,418	2,020,500	2,020,500	[2,005,082]
Total revenues	4,419,946	[4,404,164]	15,782	2,185,500	2,185,500	[2,169,718]
EXPENSES:						
Instructional	5,580,714	14,083	5,594,797	5,952,420	5,952,420	357,623
Student support services	117,509	-	117,509	118,200	118,200	691
School administration	66,554	-	66,554	63,700	63,700	[2,854]
Student transportation services	6,376	-	6,376	10,000	10,000	3,624
Total expenses	5,771,153	14,083	5,785,236	6,144,320	6,144,320	359,084
Excess [deficiency] of revenues over [under] expenses	[1,351,207]	[4,418,247]	[5,769,454]	[3,958,820]	[3,958,820]	[1,810,634]
OTHER FINANCING SOURCES [USES]:						
Transfers in	1,365,290	4,404,164	5,769,454	3,958,820	3,958,820	1,810,634
Total other financing sources [uses]	1,365,290	4,404,164	5,769,454	3,958,820	3,958,820	1,810,634
Change in net assets	14,083	[14,083]	-	\$ -	\$ -	\$ -
NET ASSETS - Beginning of year	52,362	[2,360]	50,002			
NET ASSETS - End of year	\$ 66,445	\$ [16,443]	\$ 50,002			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 KPERS SPECIAL RETIREMENT CONTRIBUTION 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	\$ 11,036,632	\$ -	\$ 11,036,632	\$ 14,209,478	\$ 14,465,505	\$ [3,428,873]
Total revenues	<u>11,036,632</u>	<u>-</u>	<u>11,036,632</u>	<u>14,209,478</u>	<u>14,465,505</u>	<u>[3,428,873]</u>
EXPENDITURES:						
Instruction	8,027,358	-	8,027,358	10,334,397	10,542,968	2,515,610
Student support	730,659	-	730,659	843,918	854,253	123,594
Instructional support	521,900	-	521,900	709,230	717,916	196,016
General administration	46,971	-	46,971	68,991	69,836	22,865
School administration	626,280	-	626,280	882,605	893,414	267,134
Other supplemental services	39,664	-	39,664	324,616	328,592	288,928
Operations and maintenance	208,760	-	208,760	573,965	580,994	372,234
Student transportation services	626,280	-	626,280	934	945	[625,335]
Food service	<u>208,760</u>	<u>-</u>	<u>208,760</u>	<u>470,822</u>	<u>476,587</u>	<u>267,827</u>
Total expenditures	<u>11,036,632</u>	<u>-</u>	<u>11,036,632</u>	<u>14,209,478</u>	<u>14,465,505</u>	<u>3,428,873</u>
Excess [deficiency] of revenues over [under] expenditures	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	-	-	-			
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 COST OF LIVING 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:						
Ad valorem	\$ 6,609,737	\$ -	\$ 6,609,737	\$ 6,794,681	\$ 6,794,681	\$ [184,944]
Total revenues	<u>6,609,737</u>	<u>-</u>	<u>6,609,737</u>	<u>6,794,681</u>	<u>6,794,681</u>	<u>[184,944]</u>
EXPENSES:						
Instructional	<u>6,545,501</u>	<u>-</u>	<u>6,545,501</u>	<u>6,794,681</u>	<u>6,794,681</u>	<u>249,180</u>
Total expenses	<u>6,545,501</u>	<u>-</u>	<u>6,545,501</u>	<u>6,794,681</u>	<u>6,794,681</u>	<u>249,180</u>
Change in net assets	64,236	-	64,236	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,236</u>
NET ASSETS - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>			
NET ASSETS - End of year	<u>\$ 64,236</u>	<u>\$ -</u>	<u>\$ 64,236</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 VIRTUAL EDUCATION 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	\$ 29,746	\$ [29,746]	\$ -	\$ 100,000	\$ 100,000	\$ [100,000]
Total revenues	<u>29,746</u>	<u>[29,746]</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>[100,000]</u>
EXPENSES:						
Instructional	<u>37,610</u>	<u>1,438</u>	<u>39,048</u>	<u>144,900</u>	<u>144,900</u>	<u>105,852</u>
Total expenses	<u>37,610</u>	<u>1,438</u>	<u>39,048</u>	<u>144,900</u>	<u>144,900</u>	<u>105,852</u>
Excess [deficiency] of revenues over [under] expenses	<u>[7,864]</u>	<u>[31,184]</u>	<u>[39,048]</u>	<u>[44,900]</u>	<u>[44,900]</u>	<u>5,852</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>9,221</u>	<u>29,746</u>	<u>38,967</u>	<u>44,900</u>	<u>44,900</u>	<u>[5,933]</u>
Total other financing sources [uses]	<u>9,221</u>	<u>29,746</u>	<u>38,967</u>	<u>44,900</u>	<u>44,900</u>	<u>[5,933]</u>
Change in net assets	1,357	[1,438]	[81]	\$ -	\$ -	\$ [81]
NET ASSETS - Beginning of year	<u>10,081</u>	<u>-</u>	<u>10,081</u>			
NET ASSETS - End of year	<u>\$ 11,438</u>	<u>\$ [1,438]</u>	<u>\$ 10,000</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FEDERAL AWARDS 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	\$ 4,769,910	\$ -	\$ 4,769,910	\$ 5,970,641	\$ 5,970,641	\$ [1,200,731]
Total revenues	<u>4,769,910</u>	<u>-</u>	<u>4,769,910</u>	<u>5,970,641</u>	<u>5,970,641</u>	<u>[1,200,731]</u>
EXPENDITURES:						
Instruction	4,261,283	[150]	4,261,133	5,453,453	5,453,453	1,192,320
Student support services	63,565	-	63,565	19,500	19,500	[44,065]
Instructional staff support	414,943	-	414,943	61,372	61,372	[353,571]
General administration	113,894	-	113,894	80,000	80,000	[33,894]
Student transportation services	27,352	-	27,352	-	-	[27,352]
Other support services	11,617	-	11,617	-	-	[11,617]
Food service operations	<u>4,537</u>	<u>-</u>	<u>4,537</u>	<u>-</u>	<u>-</u>	<u>[4,537]</u>
Total expenditures	<u>4,897,191</u>	<u>[150]</u>	<u>4,897,041</u>	<u>5,614,325</u>	<u>5,614,325</u>	<u>717,284</u>
Excess [deficiency] of revenues over [under] expenditures	[127,281]	150	[127,131]	\$ 356,316	\$ 356,316	\$ [483,447]
FUND BALANCE - Beginning of year	<u>[311,826]</u>	<u>[44,491]</u>	<u>[356,317]</u>			
FUND BALANCE - End of year	<u>\$ [439,107]</u>	<u>\$ [44,341]</u>	<u>\$ [483,448]</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

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	\$ 267,323	\$ -	\$ 267,323	\$ 255,521	\$ 255,521	\$ 11,802
Total revenues	<u>267,323</u>	<u>-</u>	<u>267,323</u>	<u>255,521</u>	<u>255,521</u>	<u>11,802</u>
EXPENDITURES:						
Operations and maintenance	<u>248,695</u>	<u>-</u>	<u>248,695</u>	<u>250,000</u>	<u>250,000</u>	<u>1,305</u>
Total expenditures	<u>248,695</u>	<u>-</u>	<u>248,695</u>	<u>250,000</u>	<u>250,000</u>	<u>1,305</u>
Excess [deficiency] of revenues over [under] expenditures	18,628	-	18,628	<u>\$ 5,521</u>	<u>\$ 5,521</u>	<u>\$ 13,107</u>
FUND BALANCE - Beginning of year	<u>81,901</u>	<u>-</u>	<u>81,901</u>			
FUND BALANCE - End of year	<u>\$ 100,529</u>	<u>\$ -</u>	<u>\$ 100,529</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

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:						
Ad valorem	\$ 467,524	\$ -	\$ 467,524	\$ 434,987	\$ 434,987	\$ 32,537
Motor/Recreational vehicles	81,840	-	81,840	78,083	78,083	3,757
Total revenues	549,364	-	549,364	513,070	513,070	36,294
EXPENDITURES:						
Site improvements	1,064,300	-	1,064,300	900,000	900,000	[164,300]
Total expenditures	1,064,300	-	1,064,300	900,000	900,000	[164,300]
Excess [deficiency] of revenues over [under] expenditures	[514,936]	-	[514,936]	\$ [386,930]	\$ [386,930]	\$ [128,006]
FUND BALANCE - Beginning of year	735,433	-	735,433			
FUND BALANCE - End of year	\$ 220,497	\$ -	\$ 220,497			

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BOND AND INTEREST 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:						
Ad valorem	\$ 31,490,160	\$ -	\$ 31,490,160	\$ 29,529,247	\$ 29,529,247	\$ 1,960,913
Motor/Recreational vehicles	<u>3,848,454</u>	<u>-</u>	<u>3,848,454</u>	<u>3,757,167</u>	<u>3,757,167</u>	<u>91,287</u>
Total taxes	35,338,614	-	35,338,614	33,286,414	33,286,414	2,052,200
Intergovernmental	4,733,471	-	4,733,471	4,733,471	4,733,471	-
Other local sources	2,020,198	-	2,020,198	2,020,198	2,020,198	-
Investment revenue	<u>352,220</u>	<u>-</u>	<u>352,220</u>	<u>600,000</u>	<u>600,000</u>	<u>[247,780]</u>
Total revenues	<u>42,444,503</u>	<u>-</u>	<u>42,444,503</u>	<u>40,640,083</u>	<u>40,640,083</u>	<u>1,804,420</u>
EXPENDITURES:						
Debt Service						
Principal retirement	61,180,000	[36,095,194]	25,084,806	26,495,000	26,495,000	1,410,194
Interest and other charges	<u>16,212,988</u>	<u>-</u>	<u>16,212,988</u>	<u>15,230,789</u>	<u>15,230,789</u>	<u>[982,199]</u>
Total expenditures	<u>77,392,988</u>	<u>[36,095,194]</u>	<u>41,297,794</u>	<u>41,725,789</u>	<u>41,725,789</u>	<u>427,995</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[34,948,485]</u>	<u>36,095,194</u>	<u>1,146,709</u>	<u>[1,085,706]</u>	<u>[1,085,706]</u>	<u>2,232,415</u>
OTHER FINANCING SOURCES [USES]:						
Sale of bonds	33,665,000	[33,665,000]	-	-	-	-
Bond premium	<u>2,430,194</u>	<u>[2,430,194]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>36,095,194</u>	<u>[36,095,194]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	1,146,709	-	1,146,709	<u>\$ [1,085,706]</u>	<u>\$ [1,085,706]</u>	<u>\$ 2,232,415</u>
FUND BALANCE - Beginning of year	<u>37,817,834</u>	<u>-</u>	<u>37,817,834</u>			
FUND BALANCE - End of year	<u>\$ 38,964,543</u>	<u>\$ -</u>	<u>\$ 38,964,543</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE 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:						
Ad valorem	\$ 2,484,246	\$ -	\$ 2,484,246	\$ 2,311,348	\$ 2,311,348	\$ 172,898
Motor/Recreational vehicles	<u>225,513</u>	<u>-</u>	<u>225,513</u>	<u>245,795</u>	<u>245,795</u>	<u>[20,282]</u>
Total taxes	2,709,759	-	2,709,759	2,557,143	2,557,143	152,616
Investment revenue	98,460	-	98,460	100,000	100,000	[1,540]
Other local sources	<u>38,511</u>	<u>-</u>	<u>38,511</u>	<u>6,015,000</u>	<u>6,015,000</u>	<u>[5,976,489]</u>
Total revenues	<u>2,846,730</u>	<u>-</u>	<u>2,846,730</u>	<u>8,672,143</u>	<u>8,672,143</u>	<u>[5,825,413]</u>
EXPENDITURES:						
Instructional	1,073,167	[1,334,320]	[261,153]	1,200,000	1,200,000	1,461,153
Support services	925,015	[19,404]	905,611	800,000	800,000	[105,611]
Operations and maintenance	1,375,910	[78,250]	1,297,660	-	-	[1,297,660]
Capital outlay	<u>267,944</u>	<u>36,018</u>	<u>303,962</u>	<u>6,700,000</u>	<u>6,700,000</u>	<u>6,396,038</u>
Total expenditures	<u>3,642,036</u>	<u>[1,395,956]</u>	<u>2,246,080</u>	<u>8,700,000</u>	<u>8,700,000</u>	<u>6,453,920</u>
Excess [deficiency] of revenues over [under] expenditures	[795,306]	1,395,956	600,650	<u>\$ [27,857]</u>	<u>\$ [27,857]</u>	<u>\$ 628,507</u>
FUND BALANCE - Beginning of year	<u>6,736,254</u>	<u>[1,615,413]</u>	<u>5,120,841</u>			
FUND BALANCE - End of year	<u>\$ 5,940,948</u>	<u>\$ [219,457]</u>	<u>\$ 5,721,491</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - 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 Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental:						
Federal	\$3,491,123	\$ -	\$ 3,491,123	\$ 3,644,599	\$ 3,644,599	\$ [153,476]
State and local	79,859	-	79,859	90,125	90,125	[10,266]
Charges for services	6,765,213	-	6,765,213	8,583,375	8,583,375	[1,818,162]
Investment	-	-	-	5,000	5,000	[5,000]
Miscellaneous	<u>437,527</u>	<u>-</u>	<u>437,527</u>	<u>350,000</u>	<u>350,000</u>	<u>87,527</u>
Total revenues	<u>10,773,722</u>	<u>-</u>	<u>10,773,722</u>	<u>12,673,099</u>	<u>12,673,099</u>	<u>[1,899,377]</u>
EXPENSES:						
Operations and maintenance	-	-	-	94,500	94,500	94,500
Noninstructional	10,296,890	48,079	10,344,969	12,583,250	12,583,250	2,238,281
Depreciation	<u>199,500</u>	<u>[199,500]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>10,496,390</u>	<u>[151,421]</u>	<u>10,344,969</u>	<u>12,677,750</u>	<u>12,677,750</u>	<u>2,332,781</u>
Excess [deficiency] of revenues over [under] expenses	<u>277,332</u>	<u>151,421</u>	<u>428,753</u>	<u>[4,651]</u>	<u>[4,651]</u>	<u>433,404</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>130,002</u>	<u>-</u>	<u>130,002</u>	<u>125,000</u>	<u>125,000</u>	<u>5,002</u>
Total other financing sources [uses]	<u>130,002</u>	<u>-</u>	<u>130,002</u>	<u>125,000</u>	<u>125,000</u>	<u>5,002</u>
Change in net assets	407,334	151,421	558,755	<u>\$ 120,349</u>	<u>\$ 120,349</u>	<u>\$ 438,406</u>
Net Assets, Beginning of year	<u>4,629,849</u>	<u>[3,783,710]</u>	<u>846,139</u>			
Net assets, End of year	<u>\$5,037,183</u>	<u>\$ [3,632,289]</u>	<u>\$ 1,404,894</u>			

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS - 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:						
Other local sources	\$ 68,150	\$ -	\$ 68,150	\$ 100,000	\$ 100,000	\$ [31,850]
Charges for services	<u>235,019</u>	<u>-</u>	<u>235,019</u>	<u>318,000</u>	<u>318,000</u>	<u>[82,981]</u>
Total revenues	<u>303,169</u>	<u>-</u>	<u>303,169</u>	<u>418,000</u>	<u>418,000</u>	<u>[114,831]</u>
EXPENSES:						
Instructional	216,379	[4,560]	211,819	261,000	261,000	49,181
Instructional staff support	44,227	-	44,227	31,100	31,100	[13,127]
School administration	6,846	-	6,846	4,700	4,700	[2,146]
Operations and maintenance	45	-	45	-	-	[45]
Student transportation services	<u>61,774</u>	<u>-</u>	<u>61,774</u>	<u>125,100</u>	<u>125,100</u>	<u>63,326</u>
Total expenses	<u>329,271</u>	<u>[4,560]</u>	<u>324,711</u>	<u>421,900</u>	<u>421,900</u>	<u>97,189</u>
Change in net assets	<u>[26,102]</u>	<u>4,560</u>	<u>[21,542]</u>	<u>\$ [3,900]</u>	<u>\$ [3,900]</u>	<u>\$ [17,642]</u>
NET ASSETS - Beginning of year	445,189	[4,560]	440,629			
Prior period adjustment	<u>[6,612]</u>	<u>-</u>	<u>[6,612]</u>			
NET ASSETS - Beginning of year, restated	<u>438,577</u>	<u>[4,560]</u>	<u>434,017</u>			
NET ASSETS - End of year	<u>\$412,475</u>	<u>\$ -</u>	<u>\$412,475</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - 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	\$ 35,816	\$ -	\$ 35,816	\$ 49,000	\$ 49,000	\$ [13,184]
Charges for services	<u>126,348</u>	<u>-</u>	<u>126,348</u>	<u>165,000</u>	<u>165,000</u>	<u>[38,652]</u>
Total revenues	<u>162,164</u>	<u>-</u>	<u>162,164</u>	<u>214,000</u>	<u>214,000</u>	<u>[51,836]</u>
EXPENSES:						
Instructional	128,100	294	128,394	161,000	161,000	32,606
School administration	19,158	-	19,158	26,900	26,900	7,742
Operations and maintenance	17,892	-	17,892	46,800	46,800	28,908
Noninstructional	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>400</u>	<u>400</u>
Total expenses	<u>165,150</u>	<u>294</u>	<u>165,444</u>	<u>235,100</u>	<u>235,100</u>	<u>69,656</u>
Excess [deficiency] of revenues over [under] expenses	[2,986]	[294]	[3,280]	<u>\$ [21,100]</u>	<u>\$ [21,100]</u>	<u>\$ 17,820</u>
NET ASSETS - Beginning of year	<u>191,874</u>	<u>[1,122]</u>	<u>190,752</u>			
NET ASSETS - End of year	<u>\$188,888</u>	<u>\$ [1,416]</u>	<u>\$187,472</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2011

	Health Insurance <u>Fund</u>	Part-Time Health Insurance <u>Fund</u>	Workers' Compensation <u>Fund</u>	Risk Management <u>Fund</u>	Total Internal Service <u>Funds</u>
ASSETS					
Cash and investments	\$ 1,715,036	\$ -	\$ 888,668	\$ 891,835	\$ 3,495,539
Total assets	<u>\$ 1,715,036</u>	<u>\$ -</u>	<u>\$ 888,668</u>	<u>\$ 891,835</u>	<u>\$ 3,495,539</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accrued payroll	\$ 55,510	\$ -	\$ -	\$ 100,000	\$ 155,510
Estimated loss reserves	<u>-</u>	<u>-</u>	<u>1,424,688</u>	<u>-</u>	<u>1,424,688</u>
Total liabilities	<u>\$ 55,510</u>	<u>\$ -</u>	<u>\$ 1,424,688</u>	<u>\$ 100,000</u>	<u>\$ 1,580,198</u>
Net Assets					
Unrestricted	<u>\$ 1,659,526</u>	<u>\$ -</u>	<u>\$ [536,020]</u>	<u>\$ 791,835</u>	<u>\$ 1,915,341</u>
Total net assets	<u>\$ 1,659,526</u>	<u>\$ -</u>	<u>\$ [536,020]</u>	<u>\$ 791,835</u>	<u>\$ 1,915,341</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	Health Insurance Fund	Part-Time Health Insurance Fund	Workers' Compensation Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues					
Other local sources	\$ -	\$ 603,122	\$ 812,219	\$ 635,104	\$ 2,050,445
Total operating revenues	-	603,122	812,219	635,104	2,050,445
Operating expenses					
Instruction	57,612	-	419,190	-	476,802
Student support services	-	-	33,732	-	33,732
Instructional support staff	-	-	13,261	-	13,261
Operations and maintenance	-	-	286,318	579,029	865,347
Student transportation services	-	-	7,436	-	7,436
Noninstructional services	-	994,016	324,352	-	1,318,368
Student activities	-	-	-	116,588	116,588
Total operating expenses	57,612	994,016	1,084,289	695,617	2,831,534
Excess [deficiency] of revenues over [under] expenditures	[57,612]	[390,894]	[272,070]	[60,513]	[781,089]
OTHER FINANCING SOURCES [USES]:					
Transfers in	836,011	-	-	-	836,011
Transfers [out]	-	[836,011]	-	-	[836,011]
Total other financing sources [uses]	836,011	[836,011]	-	-	-
Change in net assets	778,399	[1,226,905]	[272,070]	[60,513]	[781,089]
Net assets, Beginning of year	881,127	927,332	[263,950]	852,348	2,396,857
Prior period adjustment	-	299,573	-	-	299,573
Net assets, Beginning of year, Restated	881,127	1,226,905	[263,950]	852,348	2,696,430
Net assets, End of year	\$ 1,659,526	\$ -	\$ [536,020]	\$ 791,835	\$ 1,915,341

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	Health Insurance Fund	Part-Time Health Insurance Fund	Workers' Compensation Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities					
Cash received from customers and users	\$ -	\$ 603,122	\$ 812,219	\$ 635,104	\$ 2,050,445
Cash payments to suppliers and employees for services	<u>[55,382]</u>	<u>[994,016]</u>	<u>[824,187]</u>	<u>[595,617]</u>	<u>[2,469,202]</u>
Net cash provided by [used in] operating activities	<u>[55,382]</u>	<u>[390,894]</u>	<u>[11,968]</u>	<u>39,487</u>	<u>[418,757]</u>
Cash flows from noncapital financing activities					
Transfers from other funds	<u>836,011</u>	<u>[836,011]</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by [used in] noncapital financing activities	<u>836,011</u>	<u>[836,011]</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase [decrease] in cash and cash equivalents	<u>780,629</u>	<u>[1,226,905]</u>	<u>[11,968]</u>	<u>39,487</u>	<u>[418,757]</u>
Cash and cash equivalents - Beginning of year	934,407	927,332	900,636	852,348	3,614,723
Prior period adjustment	<u>-</u>	<u>299,573</u>	<u>-</u>	<u>-</u>	<u>299,573</u>
Cash and cash equivalents - Beginning of year, restated	<u>934,407</u>	<u>1,226,905</u>	<u>900,636</u>	<u>852,348</u>	<u>3,914,296</u>
Cash and cash equivalents - End of year	<u>\$ 1,715,036</u>	<u>\$ -</u>	<u>\$ 888,668</u>	<u>\$ 891,835</u>	<u>\$ 3,495,539</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities					
Operating income [loss]	\$ [57,612]	\$ [390,894]	\$ [272,070]	\$ [60,513]	\$ [781,089]
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities					
Change in assets and liabilities					
Increase [decrease] in accrued payroll	2,230	-	[274]	100,000	101,956
Increase [decrease] in estimated loss reserve	<u>-</u>	<u>-</u>	<u>260,376</u>	<u>-</u>	<u>260,376</u>
Net cash provided by [used in] operating activities	<u>\$ [55,382]</u>	<u>\$ [390,894]</u>	<u>\$ [11,968]</u>	<u>\$ 39,487</u>	<u>\$ [418,757]</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING BALANCE SHEET
 AGENCY FUNDS
 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>
Student/Faculty Activity Accounts				
Arbor Creek Elementary	\$ 9,241	\$ 49,769	\$ 47,883	\$ 11,127
Bentwood Elementary	2,141	12,525	8,947	5,719
Black Bob Elementary	308	9,923	9,751	480
Briarwood Elementary	6,563	12,007	14,533	4,037
Brougham Elementary	6,323	27,900	27,842	6,381
California Trail Junior High	33,018	193,497	177,795	48,720
Cedar Creek Elementary	1,393	19,822	18,466	2,749
Central Elementary	4,425	5,363	6,803	2,985
Chisholm Trail Junior High	32,821	150,557	153,143	30,235
Countryside Elementary	1,007	12,934	12,841	1,100
Fairview Elementary	1,922	5,503	7,425	-
Frontier Trail Junior High	26,369	149,415	147,872	27,912
Green Springs Elementary	9,415	13,770	20,967	2,218
Havencroft Elementary	3,002	17,283	20,704	[419]
Heartland Learning Center/DLC	1,101	6,356	6,498	959
Heatherstone Elementary	1,388	5,271	5,130	1,529
Heritage Elementary	423	4,499	3,919	1,003
Indian Creek Elementary	4,497	14,948	16,690	2,755
Indian Trail Junior High	25,762	96,755	100,532	21,985
Mahaffie Elementary	2,349	14,945	17,294	-
Meadow Lane Elementary	1,219	7,384	7,273	1,330
Northview Elementary	358	10,592	10,338	612
Olathe East Senior High	170,576	657,511	619,090	208,927
Olathe North Senior High	113,880	453,006	408,513	158,373
Olathe South Senior High	200,718	544,942	517,331	228,329
Olathe Northwest Senior High	168,714	544,905	481,034	232,585
Oregon Trail Junior High	18,237	52,316	57,635	12,918
Pioneer Trail Junior High	18,591	123,689	121,929	20,351
Pleasant Ridge Elementary	4,989	24,548	25,484	4,053
Prairie Center Elementary	3,538	13,474	12,703	4,309
Regency Place Elementary	5,728	33,115	35,780	3,063
Ridgeview Elementary	3,875	8,256	11,763	368
Rolling Ridge Elementary	785	3,409	3,963	231
Santa Fe Trail Junior High	27,575	83,102	71,394	39,283
Scarborough Elementary	4,147	7,291	10,211	1,227
Sunnyside Elementary	3,141	9,350	6,062	6,429
Tomahawk Elementary	580	1,028	1,589	19
Walnut Grove Elementary	300	7,262	4,896	2,666
Washington Elementary	1,770	2,279	3,425	624
Westview Elementary	-	5,017	5,017	-
Prairie Trail Junior High	39,169	136,515	124,327	51,357
Clearwater Creek Elementary	2,131	8,067	7,161	3,037
Manchester Park Elementary	2,112	15,884	13,693	4,303
Harmony Early Childhood	91	7,499	6,238	1,352
Millcreek Center	2,815	7,378	6,093	4,100
Madison Place Elementary	310	3,483	1,933	1,860
Woodland Elementary	2,082	5,318	5,948	1,452
Mission Trail Junior High	5,861	85,862	70,983	20,740
Forest View Elementary	1,522	21,462	21,766	1,218
Ravenwood Elementary	6,094	26,759	23,943	8,910
Assets - Cash and investments	<u>\$ 984,376</u>	<u>\$ 3,733,745</u>	<u>\$ 3,522,550</u>	<u>\$ 1,195,501</u>
Liabilities - Due to student organizations	<u>\$ 984,376</u>	<u>\$ 3,733,745</u>	<u>\$ 3,522,550</u>	<u>\$ 1,195,501</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Restated Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Teaching American History	84.215X	\$ -	\$ 135,272	\$ 146,014	\$ [10,742]
Passed Through State Department of Education:					
Title I	84.010	[137,024]	2,016,533	2,018,548	[139,039]
Title I Migrant	84.011	4,704	107,046	108,069	3,681
Title VIB	84.027	[33,524]	4,777,545	4,456,002	288,019
Personnel Training	84.048	-	124,833	131,130	[6,297]
Early Childhood - Preschool Grants	84.173	[2,245]	139,338	131,948	5,145
Drug Free	84.186	4,087	52,865	61,931	[4,979]
Homeless Child	84.196	-	42,501	42,501	-
Tech Literacy	84.318	-	9,096	9,217	[121]
Advance Placement Program	84.330	[2,075]	5,000	16,725	[13,800]
English Language Acquisition	84.365	[13,506]	138,518	139,990	[14,978]
Title II A	84.367	[49,286]	553,029	544,366	[40,623]
School Improvement Fund Section 1003(g)	84.377A	4,617	-	4,617	-
ARRA Tech Literacy	84.386	-	2,149	2,149	-
ARRA Homeless Child	84.387	-	8,917	8,917	-
ARRA Title I Low Income	84.389	[30,337]	610,532	681,173	[100,978]
ARRA Special Education Part B	84.391	83,231	2,621,672	2,756,829	[51,926]
ARRA Special Education Preschool	84.392	-	107,258	107,261	[3]
ARRA Stabilization	84.394	-	2,590,733	2,590,733	-
ARRA Education Jobs Fund	84.394	-	4,536,368	4,536,368	-
Total U.S. Department of Education			<u>18,579,205</u>	<u>18,494,488</u>	
<u>U.S. Department of Health and Human Services</u>					
Head Start	93.600	[138,852]	1,066,488	1,044,394	[116,758]
Total U.S. Department of Health and Human Services			<u>1,066,488</u>	<u>1,044,394</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
School Breakfast Program	10.553	-	386,448	386,448	-
National School Lunch Program	10.555	-	3,045,936	3,045,936	-
Special Milk	10.556	-	37,115	37,115	-
Cash for commodities	10.558	-	59,455	59,455	-
Federal School Food Service	10.559	-	19,925	19,925	-
Fresh Fruit and Vegetables	10.582	-	6,650	6,650	-
Total U.S. Department of Agriculture			<u>3,555,529</u>	<u>3,555,529</u>	
Total Expenditures of Federal Awards			<u>\$ 23,201,222</u>	<u>\$ 23,094,411</u>	

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 233

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 Unified School District No. 233. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental 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.

UNIFIED SCHOOL DISTRICT NO. 233

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 and 84.389	Title I Cluster
84.394	ARRA Education Jobs Fund
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs: \$692,832

Auditee qualified as low-risk auditee? X Yes No

UNIFIED SCHOOL DISTRICT NO. 233

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.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

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
Unified School District No. 233

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Unified School District No. 233 (the District) 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 September 26, 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 control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 other matters that we have reported to management in a separate letter dated September 26, 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 & Odermann, P.A.

September 26, 2011

LOWENTHAL, WEBB & ODERMANN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

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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
Unified School District No. 233

Compliance

We have audited the compliance of Unified School District No. 233 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. Unified School District No. 233'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, Unified School District No. 233 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 Unified School District No. 233 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 233'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 & Odermann, P.A.

September 26, 2011