

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
 Financial Statements With Independent Auditors' Report
 For the Year Ended June 30, 2011

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 291 Grinnell, Kansas
Grinnell, Kansas

We have audited the accompanying financial statements of **Unified School District No. 291 Grinnell, Kansas**, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 291 Grinnell, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Unified School District No. 291 Grinnell, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 291 Grinnell, Kansas**, as of June 30, 2011, or the changes in its financial position for the year then ended. Further, **Unified School District No. 291 Grinnell, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 291 Grinnell, Kansas**, as of June 30, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd
ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

September 19, 2011

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (27,730)	-	805,760	816,123	(38,093)	1,845	(36,248)
Supplemental General Fund	7,464	-	175,392	175,000	7,856	16,893	24,749
Special Revenue Funds							
At Risk Fund (4 Year Old)	12,613	-	5,000	-	17,613	-	17,613
At Risk Fund (K-12)	706	-	27,710	26,060	2,356	-	2,356
Capital Outlay Fund	423,619	-	55,959	67,323	412,255	24,424	436,679
Food Service Fund	14,568	-	43,164	43,321	14,411	-	14,411
Professional Development Fund	2,441	-	4,000	2,358	4,083	485	4,568
Vocational Education Fund	-	-	5,118	5,118	-	-	-
Special Education Fund	108,306	-	105,843	116,251	97,898	-	97,898
KPERS Special Retirement Fund	-	-	32,383	32,383	-	-	-
Contingency Reserve Fund	104,368	-	-	-	104,368	-	104,368
REAP Grant Fund	307	-	5,882	5,989	-	-	-
Title I Low Income Fund	-	-	9,064	9,064	-	-	-
Gifts and Grants Fund	10	-	4,454	2,259	2,205	100	2,305
Title IIA (Reap) Fund	-	-	4,250	4,250	-	-	-
Title IID Fund	-	-	31	31	-	31	31
TRC Grant Fund	8,500	-	235	8,735	-	474	474
District Activity Funds	7,536	-	41,045	35,422	13,159	-	13,159
Total Reporting Entity (Excluding Agency Funds)	\$ 662,708	-	1,325,090	1,349,687	638,111	44,252	682,363
			Composition of Cash				
			Certificates of Deposit				\$ 422,725
			Checking Accounts				261,334
			Cash on Hand				225
			Total Cash				684,284
			Agency Funds per Statement 4				(1,921)
			Total Reporting Entity (Excluding Agency Funds)				\$ 682,363

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 793,172	(30,969)	53,920	816,123	816,123	-
Supplemental General Fund	175,000	-	-	175,000	175,000	-
Special Revenue Funds						
At Risk Fund (4 Year Old)	12,614	-	-	12,614	-	(12,614)
At Risk Fund (K-12)	28,388	-	-	28,388	26,060	(2,328)
Capital Outlay Fund	442,879	-	-	442,879	67,323	(375,556)
Food Service Fund	48,930	-	-	48,930	43,321	(5,609)
Professional Development Fund	2,441	-	-	2,441	2,358	(83)
Vocational Education Fund	6,018	-	-	6,018	5,118	(900)
Special Education Fund	195,593	-	-	195,593	116,251	(79,342)
KPERS Special Retirement Fund	43,401	-	-	43,401	32,383	(11,018)
Gifts and Grants Fund	4,010	-	-	4,010	2,259	(1,751)

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 274,994	253,082	247,190	5,892
Delinquent Tax	114	602	680	(78)
Intergovernmental Revenue				
Mineral Severance Tax	1,182	1,963	-	1,963
Grants/Reimbursements	5,379	9,265	-	9,265
Student Tuition Other District/Reimbursement	46,083	44,756	-	44,756
Equalization Aid	437,187	368,885	381,448	(12,563)
Special Education Aid	80,967	85,843	85,843	-
Federal Aid	-	26,328	-	26,328
Federal Aid - ARRA	47,624	15,036	15,036	-
Total Cash Receipts	893,530	805,760	730,197	75,563
Expenditures				
Instruction	447,295	421,456	444,244	(22,788)
Student Support Services	6,030	9,700	-	9,700
Instructional Support Services	26,079	24,885	23,443	1,442
General Administration	80,333	48,587	49,726	(1,139)
School Administration	43,503	39,689	41,750	(2,061)
Operations and Maintenance	85,135	82,056	56,700	25,356
Transportation	43,560	28,633	31,100	(2,467)
Other Support Services	27,537	26,646	27,353	(707)
Transfers Out	122,073	134,471	118,856	15,615
Adjustment to Comply with Legal Max	-	-	(30,969)	30,969
Legal General Fund Budget	881,545	816,123	762,203	53,920
(a) Budget Credits	-	-	53,920	(53,920)
Total Expenditures	881,545	816,123	816,123	-
Cash Receipts Over (Under) Expenditures	11,985	(10,363)		
Unencumbered Cash - Beginning	(39,743)	(27,730)		
Prior Year Cancelled Encumbrances	28	-		
Unencumbered Cash - Ending	\$ (27,730)	(38,093)		
(a) Adjustment for Qualifying Budget Credits				
Grants/Reimbursements Over Amount Budgeted			\$ 9,265	
Student Tuition Other District/Reimbursement Over Amount Budgeted			44,655	
Total			\$ 53,920	

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Supplemental General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 113,859	167,281	160,567	6,714
Delinquent Tax	78	292	284	8
Motor Vehicle Tax	6,775	7,299	6,615	684
Recreational Vehicle Tax	63	69	71	(2)
Mineral Severance Tax	-	451	71	380
Total Cash Receipts	<u>120,775</u>	<u>175,392</u>	<u>167,608</u>	<u>7,784</u>
Expenditures				
Instruction	22,027	58,791	72,850	(14,059)
Student Support Services	-	-	1,800	(1,800)
Instructional Support Services	-	2,155	600	1,555
General Administration	-	22,251	28,000	(5,749)
Operations and Maintenance	40,867	43,707	58,000	(14,293)
Transportation	-	13,596	13,750	(154)
Transfers Out	58,106	34,500	-	34,500
Total Expenditures	<u>121,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(225)	392		
Unencumbered Cash - Beginning	<u>7,689</u>	<u>7,464</u>		
Unencumbered Cash - Ending	<u>\$ 7,464</u>	<u>7,856</u>		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
At Risk Fund (4 Year Old)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ -	5,000	-	5,000
Expenditures				
Instruction	16,360	-	12,614	(12,614)
Cash Receipts Over (Under) Expenditures	(16,360)	5,000		
Unencumbered Cash - Beginning	28,973	12,613		
Unencumbered Cash - Ending	\$ 12,613	17,613		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
At Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 30,600	27,710	27,683	27
Expenditures				
Instruction	30,642	26,060	28,388	(2,328)
Cash Receipts Over (Under) Expenditures	(42)	1,650		
Unencumbered Cash - Beginning	748	706		
Unencumbered Cash - Ending	\$ 706	2,356		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 57,209	27,436	26,909	527
Delinquent Tax	74	134	142	(8)
Motor Vehicle Tax	5,450	5,712	4,104	1,608
Recreational Vehicle Tax	52	49	44	5
Mineral Severance Tax	-	9	44	(35)
Interest	2,280	-	-	-
Transfers In	-	15,565	-	15,565
Other Local Revenue				
Insurance Proceeds	44,578	-	-	-
Other Income	5,283	7,054	-	7,054
Total Cash Receipts	<u>114,926</u>	<u>55,959</u>	<u>31,243</u>	<u>24,716</u>
Expenditures				
Instruction	26,604	27,084	50,050	(22,966)
Student Support Services	-	-	40,000	(40,000)
General Administration	1,599	-	7,500	(7,500)
School Administration	-	-	20,313	(20,313)
Central Services	-	-	35,000	(35,000)
Operations and Maintenance	5,476	40,239	110,016	(69,777)
Transportation	-	-	80,000	(80,000)
Facility Acquisition and Construction	101,538	-	100,000	(100,000)
Total Expenditures	<u>135,217</u>	<u>67,323</u>	<u>442,879</u>	<u>(375,556)</u>
Cash Receipts Over (Under) Expenditures	(20,291)	(11,364)		
Unencumbered Cash - Beginning	<u>443,910</u>	<u>423,619</u>		
Unencumbered Cash - Ending	<u>\$ 423,619</u>	<u>412,255</u>		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 521	514	441	73
Federal Aid	15,743	15,270	16,467	(1,197)
Services	17,857	18,956	17,455	1,501
Interest Income	-	2,924	-	2,924
Transfers In	5,000	5,500	-	5,500
Total Cash Receipts	<u>39,121</u>	<u>43,164</u>	<u>34,363</u>	<u>8,801</u>
Expenditures				
Operations and Maintenance	1,255	1,388	350	1,038
Food Service Operation	43,087	41,933	48,580	(6,647)
Total Expenditures	<u>44,342</u>	<u>43,321</u>	<u>48,930</u>	<u>(5,609)</u>
Cash Receipts Over (Under) Expenditures	(5,221)	(157)		
Unencumbered Cash - Beginning	<u>19,789</u>	<u>14,568</u>		
Unencumbered Cash - Ending	<u>\$ 14,568</u>	<u>14,411</u>		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	2,000	4,000	-	4,000
Expenditures				
Instructional Support Services	1,502	2,358	2,441	(83)
Cash Receipts Over (Under) Expenditures	498	1,642		
Unencumbered Cash - Beginning	1,943	2,441		
Unencumbered Cash - Ending	\$ 2,441	4,083		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 2,006	5,118	4,012	1,106
Expenditures				
Instruction	2,006	5,118	6,018	(900)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Interest	\$ 890	-	-	-
Transfers In	132,073	105,843	87,161	18,682
Total Cash Receipts	132,963	105,843	87,161	18,682
Expenditures				
Instruction	119,694	116,251	195,593	(79,342)
Cash Receipts Over (Under) Expenditures	13,269	(10,408)		
Unencumbered Cash - Beginning	95,037	108,306		
Unencumbered Cash - Ending	\$ 108,306	97,898		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
KPERS Special Retirement Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 39,455	32,383	43,401	(11,018)
Expenditures				
Instruction	26,524	22,278	30,041	(7,763)
Instructional Support Services	1,360	578	1,360	(782)
General Administration	2,495	2,202	2,550	(348)
School Administration	2,101	1,831	2,200	(369)
Other Supplemental Services	1,576	1,205	1,600	(395)
Operations and Maintenance	2,941	2,313	3,000	(687)
Student Transportation Services	1,145	1,157	1,250	(93)
Food Service Operation	1,313	819	1,400	(581)
Total Expenditures	39,455	32,383	43,401	(11,018)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Transfers In	\$ -	-
Expenditures	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>104,368</u>	<u>104,368</u>
Unencumbered Cash - Ending	<u>\$ 104,368</u>	<u>104,368</u>

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
REAP Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 20,722	5,682
Expenditures		
Instruction	20,499	5,989
Cash Receipts Over (Under) Expenditures	223	(307)
Unencumbered Cash - Beginning	84	307
Unencumbered Cash - Ending	\$ 307	-

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title I Low Income Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 15,675	9,064
Expenditures		
Instruction	16,009	9,064
Cash Receipts Over (Under) Expenditures	(334)	-
Unencumbered Cash - Beginning	-	-
Prior Year Cancelled Encumbrances	334	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title IVA (Reap) Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 240	-
Expenditures		
Instruction	<u>290</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(50)	-
Unencumbered Cash - Beginning	<u>50</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Gifts and Grants Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ 2,037	4,454	4,000	454
Expenditures				
Instruction	2,037	2,259	4,010	(1,751)
Cash Receipts Over (Under) Expenditures	-	2,195		
Unencumbered Cash - Beginning	10	10		
Unencumbered Cash - Ending	\$ 10	2,205		

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title IIA (Reap) Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 4,336	4,250
Expenditures		
Instruction	4,336	4,250
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title IID Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 291	31
Expenditures		
Instruction	291	31
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
TRC Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 8,500	235
Expenditures		
Instruction	8,925	8,735
Cash Receipts Over (Under) Expenditures	(425)	(8,500)
Unencumbered Cash - Beginning	8,925	8,500
Unencumbered Cash - Ending	\$ 8,500	-

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
State for School Preparedness Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
State Aid	\$ 500	-
Expenditures		
Instruction	500	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds				
JH Cheerleaders	\$ 507	728	907	328
Pep Club	431	-	139	292
JH Student Council	1,316	288	383	1,221
Student and Staff Act.	3,848	1,302	5,150	-
Total Student Organization	6,102	2,318	6,579	1,841
Non-Student Organization Funds				
Flower Fund	3	90	41	52
Board Flower Fund	17	50	39	28
Total Non-Student Organization	20	140	80	80
Total	\$ 6,122	2,458	6,659	1,921

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
District Activity Funds
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Middle School							
Athletics	1,163	-	16,867	9,839	8,191	-	8,191
Concessions	2,920	-	11,006	11,393	2,533	-	2,533
Total Middle school	4,083	-	27,873	21,232	10,724	-	10,724
School Projects							
Annual	722	-	1,295	1,890	127	-	127
Library	39	-	150	-	189	-	189
Music	156	-	-	156	-	-	-
Middle School Projects	1,032	-	-	1,032	-	-	-
Grade School Projects	1,504	-	11,727	11,112	2,119	-	2,119
Total School Projects	3,453	-	13,172	14,190	2,435	-	2,435
Total District Activity Funds	\$ 7,536	-	41,045	35,422	13,159	-	13,159

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 291 Grinnell, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no component units.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2011.

Governmental Fund Categories

General Fund – to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

District Activity Funds – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Fiduciary Fund Categories

Agency Funds – to account for assets held by the District as trustee or agent for others.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. The general fund and vocational education fund were amended this year.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, REAP Grant Fund, Title I Low Income Fund, Title IVA (Reap) Fund, Title IIA (Reap) Fund, Title IID Fund, TRC Grant Fund, and State for School Preparedness Fund.

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

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

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

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$684,284 and the bank balance was \$746,995. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$516,494 was covered by federal depository insurance and \$230,501 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2011.

Compensated Absences

Sick Leave and Personal Leave

All full-time employees are entitled to 10 days of sick leave per year. Any unused sick leave shall be allowed to accumulate for a total of 75 days, which can be carried forward to the new contract year. Any teacher who has taught in the school district for at least 5 years and resigns prior to June 1 of the current school year will be entitled to receive \$35 per day for each day of accumulated sick leave with a maximum of \$2,625. Teachers with less than 5 years that resign prior to May 1 of the current school year will be entitled to receive \$17.50 per day of accumulated sick leave.

Any full-time classified staff that has worked for the District at least 5 years and gives at least a 4 week notice of resignation will be entitled to receive \$35 per day for each day of accumulated sick leave with a maximum of \$2,625. Any full-time staff member with less than 5 years that gives 4 weeks notice of resignation will be entitled to payment of \$17.50 per day of accumulated sick leave.

Each full-time employee shall be entitled to two days of personal leave. If the two days are not used, the employee will be allowed to carry over one day to the following year, making a total of not more than three days available in one year. Any unused personal leave days will be forfeited upon termination with no compensation paid for the unused days.

At the end of the school term, employees may apply to have the District buy up to two days of unused personal leave at \$30 per day. For the year ended June 30, 2011, the District paid \$223 in unused personal leave.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statements

June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensatory Time

Classified personnel may elect to earn compensatory hours for work over 40 hours in a work week at a rate of not less than 1.5 hours for each hour over 40 hours worked in lieu of overtime. At the end of each contract year unused compensatory time will be paid at the employee's current hourly rate of pay. There was no unused compensatory time at year end.

A potential liability for sick leave is shown in Note 7.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Salary Reduction Plan

\$50 per month will be contributed by the District for each part-time employee to the District's Section 125 Plan. In addition, part-time employees also will receive a prorated increase up to \$350 annually to the District's Section 125 Plan. \$104.17 per month will be contributed by the District for each full-time employee to the District's Section 125 Plan. The employer contribution may be made up of non-elective contributions and/or elective contributions authorized by each participant on a salary reduction basis or taken as cash as designated by the employee.

The Board of Education approves a maximum of \$14,000 annually per employee to be used in a Salary Reduction Plan for licensed employees and KPERS eligible classified employees. Payments to employees under this plan were \$18,682 for the year ended June 30, 2011.

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) 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. The State currently contributes 9.17% of covered payroll and 20.48% of licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were \$32,383, \$39,455, and \$43,323, respectively.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the District for special purposes.

Reimbursements

The District records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 291 Grinnell, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2011 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 85,843
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	27,710
General Fund	Vocational Education Fund	K.S.A. 72-6428	5,118
General Fund	TRC Grant Fund	K.S.A. 72-6428	235
General Fund	Capital Outlay Fund	K.S.A. 72-6428	15,565
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	4,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	5,500
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	20,000
Supplemental General Fund	At Risk Fund (4 Year Old)	K.S.A. 72-6433	5,000

NOTE 3– LITIGATION

Unified School District No. 291 Grinnell, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 4 – RISK MANAGEMENT

Unified School District No. 291 Grinnell, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, linebacker, worker's compensation and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 291 Grinnell, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 291 Grinnell, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – LONG-TERM DEBT

Unified School District No. 291 Grinnell, Kansas has the following types of long-term debt.

<u>Issue</u>	<u>Balance Beginning of Year</u>	<u>Net Change</u>	<u>Balance End of Year</u>
Compensated Absences	\$ 19,863	(2,917)	16,946

NOTE 8 – COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d)

K.S.A. 72-6417(d) and K.S.A 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Notes to Financial Statements
June 30, 2011

NOTE 8 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
General Fund
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 253,082	247,190	5,892
Delinquent Tax	602	680	(78)
Intergovernmental Revenue			
Mineral Severance Tax	1,963	-	1,963
Grants/Reimbursements	9,265	-	9,265
Student Tuition Other District/Reimbursement	44,756	-	44,756
Equalization Aid	379,121	381,448	(2,327)
Special Education Aid	85,843	85,843	-
Federal Aid	26,328	-	26,328
Federal Aid - ARRA	15,036	15,036	-
	<u>815,996</u>	<u>730,197</u>	<u>85,799</u>
Expenditures			
Instruction	421,456	444,244	(22,788)
Student Support Services	9,700	-	9,700
Instructional Support Services	24,885	23,443	1,442
General Administration	48,587	49,726	(1,139)
School Administration	39,689	41,750	(2,061)
Operation and Maintenance	82,056	56,700	25,356
Transportation	28,633	31,100	(2,467)
Other Support Services	26,646	27,353	(707)
Transfers Out	134,471	118,856	15,615
Adjustment to Comply with Legal Max	-	(30,969)	30,969
Legal General Fund Budget	816,123	762,203	53,920
(a) Adjustment for Qualifying Budget Credits	-	53,920	(53,920)
	<u>816,123</u>	<u>816,123</u>	<u>-</u>
Statutory Revenues Over (Under) Expenditures	(127)		
Modified Unencumbered Cash - Beginning	<u>127</u>		
Modified Unencumbered Cash - Ending	<u>\$ -</u>		
(a) Adjustment for Qualifying Budget Credits			
Grants/Reimbursements Over Amount Budgeted		\$ 9,265	
Student Tuition Other District/Reimbursement Over Amount Budgeted		<u>44,655</u>	
Total		<u>\$ 53,920</u>	