

TEEN Interlocal No. 632
Marion, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended June 30, 2011

CLUBINE AND RETTELE, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS
Salina, Kansas

TEEN Interlocal No. 632
Marion, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

**CLUBINE
&
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Certified Public Accountants



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To the Board of Education
TEEN Interlocal No. 632
Marion, Kansas

We have audited the accompanying financial statements of TEEN Interlocal No. 632, as of and for the fiscal year ended June 30, 2011, which collectively comprise the basic financial statements of TEEN Interlocal No. 632 as listed in the table of contents. These financial statements are the responsibility of TEEN Interlocal No. 632 management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from TEEN Interlocal No. 632 financial statements and, in our report dated May 16, 2011, we expressed an unqualified opinion on the respective financial statements which were prepared using accounting practices prescribed or permitted by the State of Kansas.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide* prescribed by the Division of Accounts and Reports of the State of Kansas. 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 2, TEEN Interlocal No. 632 has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not 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 TEEN Interlocal No. 632 as of June 30, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, TEEN Interlocal No. 632 has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States have determined this to be necessary to supplement, although not required to be part of, the basic financial statements.

In addition, 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 TEEN Interlocal No. 632 as of June 30, 2011, and their respective cash receipts and disbursements, and the respective budgetary comparison for the General Funds and budgeted Special Revenue Funds for the fiscal year then ended, on the basis of accounting described in Note 2.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with TEEN Interlocal No. 632 financial statements for the fiscal year ended June 30, 2010, from which such partial information was derived.

Clubine and Rettele, Chartered

Salina, Kansas

September 29, 2012

TEEN Interlocal No. 632

Marion, Kansas

Summary of Cash Receipts, Expenditures, and Unencumbered Cash-Statutory Basis
For the Fiscal Year Ended June 30, 2011

Statement 1

Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General	\$ 100,000.00	\$ 283,155.02	\$ 275,155.02	\$ 108,000.00	-	\$ 108,000.00
Special Revenue Funds:						
Capital Outlay	10,117.51	8,625.07	-	18,742.58	-	18,742.58
Total Reporting Entity	\$ 110,117.51	\$ 291,780.09	\$ 275,155.02	\$ 126,742.58	\$ -	\$ 126,742.58
Composition of Cash:						
				Checking Account Cash on Hand		\$ 126,536.63
				Total		\$ 205.95
						\$ 126,742.58

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

TEEN Interlocal No. 632
Marion, Kansas

Summary of Expenditures, Actual and Budget - Statutory Basis
For the Fiscal 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 Type Funds:						
General	\$ 281,740.00	\$ -	\$ -	\$ 281,740.00	\$ 275,155.02	\$ (6,584.98)
Special Revenue Funds:						
Capital Outlay	12,158.00	-	-	12,158.00	-	(12,158.00)

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

Marion, Kansas

General Fund

Statement of Cash Receipts and Expenditures - Statutory Basis
 For the Fiscal 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				
Assessments	\$ 190,133.76	\$ 173,979.57	\$ 173,440.00	\$ 539.57
Receipts from Courses	20,514.22	14,750.00	7,450.00	7,300.00
Other Local Sources	1,100.00	1,500.00	-	1,500.00
Fiber Lease	18,838.32	54,234.70	50,606.00	3,628.70
E-Rate Funding	49,574.81	38,375.77	38,500.00	(124.23)
Interest on Idle Funds	301.11	314.98	500.00	(185.02)
Total Cash Receipts	<u>280,462.22</u>	<u>283,155.02</u>	<u>\$ 270,496.00</u>	<u>\$ 12,659.02</u>
Expenditures				
General Administration	76,021.75	77,782.58	\$ 81,705.00	\$ (3,922.42)
Tech Equipment	16,102.45	3,718.99	10,000.00	(6,281.01)
Tech Services	90,503.87	92,521.33	95,900.00	(3,378.67)
Maintenance and Supplies	13,080.75	5,749.68	13,500.00	(7,750.32)
Courses	17,536.75	11,670.00	5,410.00	6,260.00
Subscription Fees/Software Licenses	29,730.95	55,722.77	54,185.00	1,537.77
Miscellaneous/Donations	13,314.76	19,364.60	19,000.00	364.60
Operating Transfers	10,117.51	8,625.07	2,040.00	6,585.07
Total Expenditures	<u>266,408.79</u>	<u>275,155.02</u>	<u>\$ 281,740.00</u>	<u>\$ (6,584.98)</u>
Receipts Over (Under) Expenditures	14,053.43	8,000.00		
Unencumbered Cash, Beginning	<u>85,946.57</u>	<u>100,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 100,000.00</u>	<u>\$ 108,000.00</u>		

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

Marion, Kansas

Capital Outlay Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Fiscal 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				
Operating Transfers	<u>\$ 10,117.51</u>	<u>\$ 8,625.07</u>	<u>\$ 2,040.00</u>	<u>\$ 6,585.07</u>
Expenditures				
Tech Equipment	<u>-</u>	<u>-</u>	<u>\$ 12,158.00</u>	<u>\$ (12,158.00)</u>
Receipts Over (Under) Expenditures	10,117.51	8,625.07		
Unencumbered Cash, Beginning	<u>-</u>	<u>10,117.51</u>		
Unencumbered Cash, Ending	<u>\$ 10,117.51</u>	<u>\$ 18,742.58</u>		

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

TEEN INTERLOCAL NO. 632
Marion, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1 Reporting Entity

TEEN Interlocal No. 632 is a consortium located in Marion and Dickinson Counties. The Interlocal has been established to enable five member districts to share resources for the mutual benefit of the students. The municipal corporation is governed by a Board of Directors comprised of one board member from each of the five member districts.

Note 2 Basis of Accounting

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.

TEEN Interlocal No. 632 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 interlocal 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 expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the interlocal 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.

The financial statements include prior year partial comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with TEEN Interlocal No. 632's financial statements for the year ended June 30, 2010, from which such partial information was derived.

Note 3 Budgetary Information

The Interlocal prepares a budget annually of receipts and expenditures. This budget is required to be submitted to the Kansas State Department of Education on or before August 25th.

Note 4 Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the interlocal. The statute requires banks eligible to hold the interlocal's funds have a main or branch bank in the county in which the interlocal 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 interlocal has no other policies that would further limit interest rate risk.

TEEN INTERLOCAL NO. 632
Marion, Kansas

NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2011

Note 4 Deposits and Investments (Cont.)

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

Concentration of credit risk. State statutes place no limit on the amount the interlocal may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The interlocal had no investments as of June 30, 2011.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the interlocal's deposits may not be returned to it. State statutes require the interlocal's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral 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 interlocal has not designated a peak period. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the interlocal's carrying amount of deposits was \$126,742.58 and the bank balance was \$129,295.92. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$129,295.92 was covered by federal depository insurance.

Note 5 Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 72-6428	\$ 8,625.07

Note 6 Subsequent Events

The interlocal's management has evaluated events and transactions occurring after June 30, 2011 through September 29, 2012. The aforementioned date represents the date the financial statements were available to be issued.