

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

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**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED JUNE 30, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Unified School District No. 219  
Minneola, Kansas

We have audited the accompanying financial statements of Unified School District No. 219, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 and guidance 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 opinion.

As described more fully in Note A, Unified School District No. 219 has prepared these financial statements using the 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, is presumed to be material.

Further 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. 219 as of June 30, 2012, or the changes in its financial position for the year then ended.

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 the Unified School District No. 219, as of June 30, 2012, and their respective cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

December 11, 2012

**UNIFIED SCHOOL DISTRICT NO. 219**  
**MINNEOLA, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General funds:		
General	\$ 98	\$ -
Supplemental general	38,461	-
Special revenue funds:		
Capital outlay	359,610	-
Driver training	19,492	-
At-risk	-	-
Food service	106,408	-
Professional development	22,237	-
Special education	237,357	-
KPERS contribution	-	-
Recreation	9,473	-
Non-budgeted special revenue funds:		
Textbook and student materials revolving	32,352	-
Contingency reserve	207,165	-
Gifts and grants	6,846	-
Rural education achievement program	-	-
Title II teacher quality	-	-
Title I	-	-
District activity funds	16,088	-
Debt service fund:		
Bond and interest	<u>260,096</u>	<u>-</u>
	1,315,683	-
Component unit:		
Minneola Recreation Commission	<u>40,093</u>	<u>-</u>
Total - excluding agency funds	<u>\$ 1,355,776</u>	<u>\$ -</u>

The accompanying notes are an integral  
part of the financial statements.

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 2,010,204	\$ 2,010,204	\$ 98	\$ 18,826	\$ 18,924
601,312	598,200	41,573	59,304	100,877
93,981	581	453,010	-	453,010
2,110	5,058	16,544	-	16,544
150,066	150,066	-	-	-
233,479	252,265	87,622	-	87,622
-	2,432	19,805	200	20,005
296,939	288,518	245,778	-	245,778
167,362	167,362	-	-	-
22,277	23,700	8,050	-	8,050
20,712	5,019	48,045	959	49,004
-	25,003	182,162	11,490	193,652
3,000	862	8,984	-	8,984
28,295	28,295	-	15,358	15,358
7,772	7,772	-	600	600
45,005	45,005	-	-	-
26,711	25,732	17,067	-	17,067
311,921	303,611	268,406	-	268,406
4,021,146	3,939,685	1,397,144	106,737	1,503,881
27,297	28,205	39,185	-	39,185
<u>\$ 4,048,443</u>	<u>\$ 3,967,890</u>	<u>\$ 1,436,329</u>	<u>\$ 106,737</u>	<u>\$ 1,543,066</u>

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH (CONTINUED)**

Year ended June 30, 2012

	<u>Ending cash balance</u>
Composition of cash:	
U.S.D. No. 219 accounts:	
Checking account - Centera Bank	\$ (279,465)
High school checking account - Centera Bank	8,364
Money market account - Centera Bank	1,773,125
High school money market account - Centera Bank	31,338
Petty cash - Centera Bank	700
Total component unit	<u>39,185</u>
Total cash	1,573,247
Less: Agency funds	<u>(30,181)</u>
Total - excluding agency funds	<u><u>\$ 1,543,066</u></u>

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219**  
**MINNEOLA, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**

Year ended June 30, 2012

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General fund	\$ 2,082,402	\$ (72,198)	\$ 2,010,204	\$ 2,010,204	\$ -
Supplemental general	598,200	-	598,200	598,200	-
Special revenue funds:					
Capital outlay	404,500	-	404,500	581	403,919
Driver training	13,130	-	13,130	5,058	8,072
At-risk	180,000	-	180,000	150,066	29,934
Food service	367,760	-	367,760	252,265	115,495
Professional development	20,783	-	20,783	2,432	18,351
Special education	588,130	-	588,130	288,518	299,612
KPERS contribution	181,505	-	181,505	167,362	14,143
Recreation	23,700	-	23,700	23,700	-
Debt service fund:					
Bond and interest	303,811	-	303,811	303,611	200
	4,763,921	(72,198)	4,691,723	3,801,997	889,726
Component unit:					
Minneola Recreation Commission	77,793	-	77,793	28,205	49,588
	<u>\$ 4,841,714</u>	<u>\$ (72,198)</u>	<u>\$ 4,769,516</u>	<u>\$ 3,830,202</u>	<u>\$ 939,314</u>

The accompanying notes are an integral  
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**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Statutory amounts	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 5,444	\$ 3,095	\$ 1,916	\$ 1,179
Current tax	409,440	400,401	389,072	11,329
Delinquent tax	1,902	5,699	3,137	2,562
Federal aid:				
ARRA stabilization	38,778	-	-	-
Education jobs	67,901	988	-	988
State sources:				
State aid - general	1,371,744	1,402,574	1,443,545	(40,971)
State aid - special education	175,292	196,939	244,363	(47,424)
Mineral production tax	1,147	508	-	508
Total cash receipts	<u>2,071,648</u>	<u>2,010,204</u>	<u>\$ 2,082,033</u>	<u>\$ (71,829)</u>
Expenditures and transfers subject to legal maximum budget:				
Instruction	831,799	777,580	\$ 768,000	\$ (9,580)
Student support services	56,505	64,190	57,740	(6,450)
Instructional support services	55,341	50,013	56,250	6,237
General administration	135,399	145,382	191,080	45,698
School administration	211,654	214,773	214,369	(404)
Operations and maintenance	265,394	267,972	219,244	(48,728)
Student transportation services	101,925	97,516	111,000	13,484
Other supplemental services	45,939	45,773	49,600	3,827
Operating transfers	367,693	347,005	415,119	68,114
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(72,198)</u>	<u>(72,198)</u>
Total expenditures and transfers subject to legal maximum budget	<u>2,071,649</u>	<u>2,010,204</u>	<u>\$ 2,010,204</u>	<u>\$ -</u>
Receipts over (under) expenditures	(1)	-		
Unencumbered cash, beginning of year	<u>99</u>	<u>98</u>		
Unencumbered cash, end of year	<u>\$ 98</u>	<u>\$ 98</u>		

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part of the financial statements.



**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**SUPPLEMENTAL GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Statutory amounts	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 7,297	\$ 4,743	\$ 4,507	\$ 236
Current tax	467,701	457,283	446,843	10,440
Delinquent tax	2,209	7,924	3,602	4,322
Motor vehicle tax	20,168	19,956	20,856	(900)
State sources:				
State aid - supplemental general	82,810	111,406	107,394	4,012
Total cash receipts	580,185	601,312	\$ 583,202	\$ 18,110
Expenditures and transfers subject to legal maximum budget:				
Instruction	323,650	415,616	\$ 404,200	\$ (11,416)
Operations and maintenance	-	14,778	-	(14,778)
Operating transfers	253,749	167,806	194,000	26,194
Total expenditures and transfers subject to legal maximum budget	577,399	598,200	\$ 598,200	\$ -
Receipts over (under) expenditures	2,786	3,112		
Unencumbered cash, beginning of year	35,675	38,461		
Unencumbered cash, end of year	\$ 38,461	\$ 41,573		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**CAPITAL OUTLAY FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
	2012			Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 1,327	\$ 862	\$ 803	\$ 59
Current tax	85,016	83,139	81,226	1,913
Delinquent tax	427	1,497	654	843
Motor vehicle tax	3,937	3,629	3,790	(161)
Interest	6,818	4,854	-	4,854
Other	15,334	-	-	-
Total cash receipts	112,859	93,981	\$ 86,473	\$ 7,508
Expenditures:				
Instruction equipment	5,494	581	\$ 200,000	\$ 199,419
General administration				
equipment	-	-	500	500
Operations and maintenance	31,770	-	50,000	50,000
New building acquisition and				
contractor	-	-	4,000	4,000
Other	-	-	150,000	150,000
Total expenditures	37,264	581	\$ 404,500	\$ 403,919
Receipts over (under) expenditures	75,595	93,400		
Unencumbered cash, beginning of year	284,015	359,610		
Unencumbered cash, end of year	\$ 359,610	\$ 453,010		

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**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**DRIVER TRAINING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 888	\$ 1,880	\$ 1,776	\$ 104
Transfer from supplemental general fund	8,000	-	-	-
Other	52	230	-	230
Total cash receipts	8,940	2,110	\$ 1,776	\$ 334
Expenditures:				
Instruction	2,056	3,724	\$ 11,550	\$ 7,826
Vehicle operations and maintenance	1,375	1,334	1,580	246
Total expenditures	3,431	5,058	\$ 13,130	\$ 8,072
Receipts over (under) expenditures	5,509	(2,948)		
Unencumbered cash, beginning of year	13,983	19,492		
Unencumbered cash, end of year	\$ 19,492	\$ 16,544		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**AT-RISK FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Other	\$ -	\$ -	\$ 10,000	\$ (10,000)
Transfer from general fund	163,779	150,066	170,000	(19,934)
	163,779	150,066	<u>180,000</u>	<u>(29,934)</u>
Expenditures:				
Instruction	163,779	150,066	<u>\$ 180,000</u>	<u>\$ 29,934</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**FOOD SERVICE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Charges for services	\$ 78,581	\$ 78,570	\$ 101,837	\$ (23,267)
State aid	1,779	1,716	1,499	217
Federal aid	79,072	83,152	68,141	15,011
Transfer from supplemental general fund	100,000	67,806	90,000	(22,194)
Other	1,986	2,235	-	2,235
Total cash receipts	261,418	233,479	<u>\$ 261,477</u>	<u>\$ (27,998)</u>
Expenditures:				
Food service operations	244,388	252,265	<u>\$ 367,760</u>	<u>\$ 115,495</u>
Receipts over (under) expenditures	17,030	(18,786)		
Unencumbered cash, beginning of year	89,378	106,408		
Unencumbered cash, end of year	<u>\$ 106,408</u>	<u>\$ 87,622</u>		

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**PROFESSIONAL DEVELOPMENT FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 5,454	\$ -	\$ -	\$ -
Transfer from supplemental general fund	14,000	-	4,000	(4,000)
Total cash receipts	19,454	-	<u>\$ 4,000</u>	<u>\$ (4,000)</u>
Expenditures:				
Instructional support services	4,929	2,432	\$ 20,783	\$ 18,351
Other supplemental services	810	-	-	-
	5,739	2,432	<u>\$ 20,783</u>	<u>\$ 18,351</u>
Receipts over (under) expenditures	13,715	(2,432)		
Unencumbered cash, beginning of year	8,522	22,237		
Unencumbered cash, end of year	<u>\$ 22,237</u>	<u>\$ 19,805</u>		

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**SPECIAL EDUCATION FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
	2012			Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 175,972	\$ 196,939	\$ 244,363	\$ (47,424)
Transfer from supplemental general fund	131,749	100,000	100,000	-
Total cash receipts	307,721	296,939	\$ 344,363	\$ (47,424)
Expenditures:				
Instruction	312,578	280,698	\$ 527,130	\$ 246,432
Instructional support services	605	526	-	(526)
Vehicle operating service	-	7,294	61,000	53,706
Total expenditures	313,183	288,518	\$ 588,130	\$ 299,612
Receipts over (under) expenditures	(5,462)	8,421		
Unencumbered cash, beginning of year	242,819	237,357		
Unencumbered cash, end of year	\$ 237,357	\$ 245,778		

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**KPERS CONTRIBUTION FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			Variance favorable (unfavorable)
	2011	Actual	Budget	
Cash receipts:				
State aid	\$ 100,279	\$ 167,362	\$ 181,505	\$ (14,143)
Expenditures:				
Instruction	59,282	102,268	\$ 120,000	\$ 17,732
Student support services	3,570	6,197	10,000	3,803
Instructional support staff	3,150	4,155	6,000	1,845
General administration	6,319	10,469	2,000	(8,469)
School administration	12,844	20,318	12,505	(7,813)
Operations and maintenance	6,555	10,511	10,000	(511)
Student transportation services	-	540	1,000	460
Other supplemental services	2,999	4,695	10,000	5,305
Food service operation	5,560	8,209	10,000	1,791
Total expenditures	100,279	167,362	\$ 181,505	\$ 14,143
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral  
part of the financial statements.



**UNIFIED SCHOOL DISTRICT NO. 219**  
**MINNEOLA, KANSAS**

RECREATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2012			Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 332	\$ 216	\$ 190	\$ 26
Current tax	21,253	20,780	20,306	474
Delinquent tax	107	374	163	211
Motor vehicle tax	984	907	946	(39)
Total cash receipts	22,676	22,277	\$ 21,605	\$ 672
Expenditures:				
Transfer to component unit	23,700	23,700	\$ 23,700	\$ -
Receipts over (under) expenditures	(1,024)	(1,423)		
Unencumbered cash, beginning of year	10,497	9,473		
Unencumbered cash, end of year	\$ 9,473	\$ 8,050		

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part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**BOND AND INTEREST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
		2012		
	2011	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 4,058	\$ 2,902	\$ 2,747	\$ 155
Current tax	286,192	286,945	280,404	6,541
Delinquent tax	1,316	4,681	2,204	2,477
Motor vehicle tax	11,500	11,321	12,759	(1,438)
State sources:				
State aid - bond and interest	-	6,072	-	6,072
Total cash receipts	303,066	311,921	\$ 298,114	\$ 13,807
Expenditures:				
Principal	135,000	145,000	\$ 145,000	\$ -
Interest	165,961	158,611	158,611	-
Commission and postage	-	-	200	200
Total expenditures	300,961	303,611	\$ 303,811	\$ 200
Receipts over (under) expenditures	2,105	8,310		
Unencumbered cash, beginning of year	257,991	260,096		
Unencumbered cash, end of year	\$ 260,096	\$ 268,406		

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**MINNEOLA RECREATION COMMISSION  
MINNEOLA, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended June 30,			
	2012			Variance
	2011	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from primary government	\$ 23,700	\$ 23,700	\$ 26,000	\$ (2,300)
Fees	1,873	2,265	11,500	(9,235)
Donations	5,000	1,000	-	1,000
Interest	199	125	250	(125)
Other	-	207	-	207
Total cash receipts	<u>30,772</u>	<u>27,297</u>	<u>\$ 37,750</u>	<u>\$ (10,453)</u>
Expenditures:				
Baseball field improvements and maintenance	505	383	\$ 4,200	\$ 3,817
Equipment and maintenance	8,592	1,909	25,000	23,091
Miscellaneous	1,287	2,094	12,593	10,499
Utilities	-	295	500	205
Administration fees	14,905	16,770	22,000	5,230
Minneola library	1,000	1,000	1,000	-
Activity fees	475	425	2,500	2,075
Uniforms, shirts and caps	655	2,924	5,000	2,076
Umpires	2,370	2,405	5,000	2,595
Total expenditures	<u>29,789</u>	<u>28,205</u>	<u>\$ 77,793</u>	<u>\$ 49,588</u>
Receipts over (under) expenditures	983	(908)		
Unencumbered cash, beginning of year	<u>39,110</u>	<u>40,093</u>		
Unencumbered cash, end of year	<u>\$ 40,093</u>	<u>\$ 39,185</u>		

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**UNIFIED SCHOOL DISTRICT NO. 219**  
**MINNEOLA, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**ALL NON-BUDGETED SPECIAL REVENUE FUNDS**

Year ended June 30, 2012

	Textbook and student materials revolving	Contingency reserve	Gifts and Grants
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash receipts:			
Federal aid	\$       -	\$       -	\$       -
Textbook rental fees and sales	20,712	-	-
Donations and contributions	<u>          -</u>	<u>          -</u>	<u>      3,000</u>
Total cash receipts	<u>      20,712</u>	<u>              -</u>	<u>      3,000</u>
Expenditures:			
Instruction	5,019	-	862
Operations and maintenance	<u>          -</u>	<u>      25,003</u>	<u>          -</u>
Total expenditures	<u>      5,019</u>	<u>      25,003</u>	<u>      862</u>
Receipts over (under) expenditures	15,693	(25,003)	2,138
Unencumbered cash, beginning of year	<u>      32,352</u>	<u>      207,165</u>	<u>      6,846</u>
Unencumbered cash, end of year	<u><u>      \$ 48,045</u></u>	<u><u>      \$ 182,162</u></u>	<u><u>      \$ 8,984</u></u>

The accompanying notes are an integral  
part of the financial statements.

Rural education achievement program	Title II teacher quality	Title I	Total
\$ 28,295	\$ 7,772	\$ 45,005	\$ 81,072
-	-	-	20,712
-	-	-	3,000
28,295	7,772	45,005	104,784
28,295	7,772	45,005	86,953
-	-	-	25,003
28,295	7,772	45,005	111,956
-	-	-	(7,172)
-	-	-	246,363
\$ -	\$ -	\$ -	\$ 239,191

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**DISTRICT ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Athletics	\$ 3,040	\$ 21,453	\$ 21,362	\$ 3,131	\$ -	\$ 3,131
Quiz bowl	1,407	240	-	1,647	-	1,647
Music contest	5,032	2,246	1,859	5,419	-	5,419
Math contest	1,946	-	-	1,946	-	1,946
Plays/musical	1,937	-	-	1,937	-	1,937
Yearbook	103	2,035	2,138	-	-	-
Forensics	<u>2,623</u>	<u>737</u>	<u>373</u>	<u>2,987</u>	<u>-</u>	<u>2,987</u>
Total district activity funds	<u>\$ 16,088</u>	<u>\$ 26,711</u>	<u>\$ 25,732</u>	<u>\$ 17,067</u>	<u>\$ -</u>	<u>\$ 17,067</u>

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**AGENCY FUNDS**

**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ACTUAL**

Year ended June 30, 2012

<u>Fund</u>	<u>Beginning cash balance (deficit)</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance (deficit)</u>
Student organization funds:				
High school cheerleaders	\$ 799	\$ 3,172	\$ 1,947	\$ 2,024
Junior high cheerleaders	533	220	220	533
National Junior High Honor Society	353	394	374	373
National Honor Society	1,354	1,078	1,204	1,228
Student council	1,619	4,551	4,662	1,508
Band organization	3,663	20,821	14,978	9,506
Music organization	1,394	-	-	1,394
Seniors	-	2,281	2,281	-
Juniors	2,281	12,338	11,845	2,774
Sophomores	3,980	19,345	19,341	3,984
Graduated Senior Class - 2010	650	1,000	1,650	-
	<u>16,626</u>	<u>65,200</u>	<u>58,502</u>	<u>23,324</u>
Total student organization funds				
District clearing funds:				
High school activity fund resale	(346)	6,467	6,810	(689)
Payroll clearing	8,644	3,368	4,466	7,546
	<u>8,298</u>	<u>9,835</u>	<u>11,276</u>	<u>6,857</u>
Total district clearing funds				
Total agency funds	<u>\$ 24,924</u>	<u>\$ 75,035</u>	<u>\$ 69,778</u>	<u>\$ 30,181</u>

The accompanying notes are an integral  
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219  
MINNEOLA, KANSAS**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2012

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are the representation of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2011 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2012, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting described below.

**1. Reporting entity**

U.S.D. No. 219 Minneola, Kansas is a municipal corporation governed by an elected seven-member board. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the District has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the District's legally adopted budget and trust funds controlled or administered by District employees in their capacity as District employees. These financial statements present U.S.D. No. 219 Minneola, Kansas (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

*Discretely Presented Component Unit.* The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District.

*Minneola Recreation Commission:* The Recreation Commission oversees recreational activities. Four of the five members of the governing board of the Recreation Commission are appointed by the Board of Education. The recreation commission operates as a separate governing body but the USD levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. The recreation commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Minneola Recreation Commission may be obtained as follows:

Minneola Recreation Commission  
c/o U.S.D #219  
Minneola, Kansas 67865



## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Fund accounting

The accounts of the District are organized on the basis of funds. In governmental accounting a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2012:

#### GOVERNMENTAL FUNDS

##### General Funds

The general and supplemental general funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities.

##### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulation.

##### Debt Service Funds

The debt service fund is used to account for the financing of long-term debt that is not otherwise financed from other revenue.

#### FIDUCIARY FUNDS

##### Trust and Agency Funds

Trust and agency funds are used to account for assets held by the District as a trustee or agent for individuals, private organizations and other governmental units.

### 3. 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 expenditure is charged in the fund from which the transfer is made.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. Basis of accounting (continued)

K.S.A. 72-6417 and K.S.A. 72-6434 require that districts receiving state aid in July for the previous fiscal year ended in June to record and account for these funds as receipts for the previous fiscal year ending on the preceding June 30.

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 municipality 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, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown non-cash 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 is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

### 4. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general funds, 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 adoption of the legal annual operating budget:

- a. Preparation of budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of 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 ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2012.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Budgetary information (continued)

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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds and the following special revenue funds:

- Textbook and Student Materials Revolving
- Contingency Reserve
- Rural Education Achievement Program
- Title II Teacher Quality
- Title I
- Gifts and Grants
- District Activity

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.

### 5. Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's investments. Unless specifically designated, all interest income is credited to funds designated by K.S.A. 72-6427.

### 6. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes shall attach on that same date until taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20, the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multi-employer state-wide pension plan. The District's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### 8. Compensated absences

The District's policy is to recognize the costs of compensated absences when actually paid.

The District's policies regarding vacations permit the superintendent, full-time, and part-time non-certified staff the following maximum vacations respectively: One month, three weeks, and three weeks of four hour days. Unused vacation is paid upon termination or resignation. The superintendent earns two school days per year, non-cumulative for personal business. Unused personal days at the end of the year are added to the sick leave cumulative total. All employees earn ten days of sick leave per year with a maximum accumulation of sixty days. Upon termination or resignation from service with the District, all unused sick leave reverts to the District without any monetary payment to the employee. The District does not accrue compensated absences as the amounts thereof are not material in relationship to the financial statements taken as a whole. These costs are expensed as paid.

### 9. Section 125 plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expense, dependent care expense, and other various insurance premiums. The plan is administered by an independent company.

### 10. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

### 11. Other post employment benefits

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

## B. DEPOSITS AND INVESTMENTS

*Policies.* The District has no formal deposit and investment policies; however it does follow state statutes. 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 to 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 to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, 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.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the District to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the Government's deposits may not be returned to it. At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$1,534,062. The bank balance was \$1,684,435. Of the bank balance, \$278,916 was covered by FDIC insurance; \$1,405,519 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

## C. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
High School					
Series 2004					
Issued May 3, 2004					
In the amount of \$3,950,000					
At interest rates of 4.0% to 5.6%					
Maturing September 1, 2015	\$3,415,000	\$ -	\$2,890,000	\$ 525,000	\$ 158,611
General obligation refunding bonds:					
High School					
Series 2012					
Issued March 1, 2012					
In the amount of \$2,945,000					
At interest rates of 2.0% to 3.0%					
Maturing September 1, 2025	-	2,945,000	-	2,945,000	-
Voluntary early retirement	14,709	-	6,789	7,920	-
Total long-term debt	<u>\$3,429,709</u>	<u>\$2,945,000</u>	<u>\$2,896,789</u>	<u>\$3,477,920</u>	<u>\$ 158,611</u>

### C. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	Principal due	Interest due	Total due
2013	\$ 165,000	\$ 98,745	\$ 263,745
2014	210,000	91,558	301,558
2015	225,000	83,185	308,185
2016	235,000	76,400	311,400
2017	245,000	71,600	316,600
2018-2022	1,390,000	256,725	1,646,725
2023-2025	<u>1,000,000</u>	<u>46,050</u>	<u>1,046,050</u>
Total	<u>\$ 3,470,000</u>	<u>\$ 724,263</u>	<u>\$ 4,194,263</u>

### D. DEFEASED BOND

On March 1, 2012, the District issued \$2,945,000 in general obligation bonds with interest rates ranging from 2.00% to 3.00% to advance refund \$2,745,000 of outstanding 2004 Series bonds with interest rates ranging from 4.40% to 5.15%. The net proceeds of \$3,066,452 (after payment of \$35,436 for costs of issuance and \$29,450 in underwriting fees plus an additional \$186,338 of reoffering premiums) were issued to call the 2004 Series bonds callable on September 1, 2015.

The District advance refunded the callable portions of the 2004 Series bonds to reduce its total debt service payments over the next 13 years by \$449,183 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$388,635.

### E. 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 S. Kansas; Topeka, KS 66603-380), or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate at 4% and 6% respectively 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's contribution rate was 9.17% for July 1, 2011 through June 30, 2012 of the covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186 respectively, equal to the required contributions for each year. The amounts attributable to the District for the years ending June 30, 2012, 2011, and 2010 were \$167,362, \$100,279 and \$118,268, respectively.

#### F. INTERFUND TRANSFERS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. Operating transfers as authorized by K.S.A. 72-6428 and 72-6433 were as follows:

<u>From</u>	<u>Amount</u>	<u>To</u>
General fund	\$ 196,939	Special education fund
General fund	150,066	At-Risk fund
Supplemental general fund	67,806	Food service fund
Supplemental general fund	<u>100,000</u>	Special education fund
	<u>\$ 514,811</u>	

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

<u>From</u>	<u>Amount</u>	<u>To</u>
Recreation fund	<u>\$ 23,700</u>	Minneola Recreation Commission

#### G. CONTINGENCIES

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

#### H. RISK MANAGEMENT

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; natural disasters; and medical needs of employees. The District purchases commercial insurance to cover health, property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded coverage in any of the past three years.

#### I. VOLUNTARY EARLY RETIREMENT PLAN

The School Board has adopted a policy that allows certified personnel to voluntarily elect to retire early. Qualifying personnel must be a current employee of the district, have at least fifteen years of service with the District, and must meet the KPERS Retirement Qualification. The annual rate of retirement compensation is fifteen percent of the retiree's final base salary for a maximum of five years. All benefits terminate when the retiree reaches age sixty-five. The liability at year end is disclosed in the long-term debt footnote disclosure.

#### J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2012, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.