

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

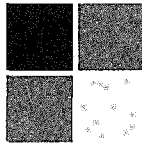
Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

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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, 2012, 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 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 **Unified School District No. 291 Grinnell, Kansas**, 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 **Unified School District No. 291 Grinnell, Kansas**, as of June 30, 2012, 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

August 20, 2012

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustments	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	\$ (38,093)	38,093	-	863,397	863,397	-	5,334	5,334
Supplemental General Fund	7,856	-	-	197,185	190,000	15,041	19,235	34,276
Special Revenue Funds								
At Risk Fund (4 Year Old)	17,613	-	-	20,000	16,976	20,637	-	20,637
At Risk Fund (K-12)	2,356	-	-	24,000	25,930	426	500	926
Capital Outlay Fund	412,255	-	-	66,644	69,337	409,562	-	409,562
Food Service Fund	14,411	-	-	55,641	52,558	17,494	-	17,494
Professional Development Fund	4,083	-	-	5,000	4,030	5,053	1,157	6,210
Vocational Education Fund	-	-	-	6,048	6,048	-	-	-
Special Education Fund	97,898	-	-	140,928	123,847	114,979	-	114,979
KPERs Special Retirement Fund	-	-	-	58,296	58,296	-	-	-
Contingency Reserve Fund	104,368	-	-	-	-	104,368	-	104,368
REAP Grant Fund	-	-	-	32,184	32,184	-	-	-
Title I Low Income Fund	-	-	-	7,704	7,704	-	-	-
Gifts and Grants Fund	2,205	-	-	9,236	10,991	450	216	666
Title IIA (Reap) Fund	-	-	-	3,556	3,556	-	356	356
District Activity Funds	13,159	-	-	38,026	36,315	14,870	611	15,481
Total Reporting Entity (Excluding Agency Funds)	\$ 638,111	38,093	-	1,527,845	1,501,169	702,880	27,409	730,289
Composition of Cash								
							\$	423,672
								308,032
								225
								731,929
								(1,640)
Total Reporting Entity (Excluding Agency Funds)							\$	730,289

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, 2012

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	\$ 827,442	(3,402)	39,357	863,397	863,397	-
Supplemental General Fund	190,000	-	-	190,000	190,000	-
Special Revenue Funds						
At Risk Fund (4 Year Old)	17,614	-	-	17,614	16,976	(638)
At Risk Fund (K-12)	32,354	-	-	32,354	25,930	(6,424)
Capital Outlay Fund	443,808	-	-	443,808	69,337	(374,471)
Food Service Fund	58,283	-	-	58,283	52,558	(5,725)
Professional Development Fund	4,083	-	-	4,083	4,030	(53)
Vocational Education Fund	6,048	-	-	6,048	6,048	-
Special Education Fund	140,517	-	-	140,517	123,847	(16,670)
KPERs Special Retirement Fund	58,710	-	-	58,710	58,296	(414)
Gifts and Grants Fund	5,205	-	6,236	11,441	10,991	(450)

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 253,082	288,367	272,231	16,136
Delinquent Tax	602	2,394	255	2,139
Intergovernmental Revenues				
Mineral Severance Tax	1,963	4,312	-	4,312
Grants/Reimbursements	9,265	39,357	-	39,357
Student Tuition Other District/Reimbursement	44,756	-	-	-
Equalization Aid	379,121	437,687	442,517	(4,830)
Special Education Aid	85,843	90,928	93,917	(2,989)
Federal Aid	26,328	352	-	352
Federal Aid - ARRA	15,036	-	-	-
Total Cash Receipts	815,996	863,397	808,920	54,477
Expenditures				
Instruction	421,456	426,839	431,019	(4,180)
Student Support Services	9,700	10,022	9,800	222
Instructional Support Services	24,885	14,778	14,825	(47)
General Administration	48,587	53,209	51,500	1,709
School Administration	39,689	40,701	42,300	(1,599)
Operations and Maintenance	82,056	89,890	85,175	4,715
Transportation	28,633	32,205	30,846	1,359
Other Support Services	26,646	25,918	27,060	(1,142)
Transfers Out	134,471	169,835	134,917	34,918
Adjustment to Comply With Legal Max	-	-	(3,402)	3,402
Legal General Fund Budget	816,123	863,397	824,040	39,357
(a) Adjustment for Qualifying Budget Credit	-	-	39,357	(39,357)
Total Expenditures	816,123	863,397	863,397	-
Cash Receipts Over (Under) Expenditures	(127)	-		
Unencumbered Cash - Beginning				
As Previously Stated	127	(38,093)		
Prior Period Adjustment	-	38,093		
Unencumbered Cash - Beginning				
As Restated	127	-		
Unencumbered Cash - Ending	\$ -	-		
(a) Adjustment for Qualifying Budget Credit				
Grants/Reimbursements Over Amount Budgeted			\$ 39,357	

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 167,281	186,115	173,034	13,081
Delinquent Tax	292	1,476	171	1,305
Motor Vehicle Tax	7,299	9,422	8,806	616
Recreational Vehicle Tax	69	172	134	38
Mineral Severance Tax	451	-	-	-
Total Cash Receipts	175,392	197,185	182,145	15,040
Expenditures				
Instruction	58,791	36,475	77,075	(40,600)
Student Support Services	-	-	1,000	(1,000)
Instructional Support Services	2,155	431	2,650	(2,219)
General Administration	22,251	25,281	28,275	(2,994)
Operations and Maintenance	43,707	41,336	57,000	(15,664)
Transportation	13,596	18,686	24,000	(5,314)
Transfers Out	34,500	67,791	-	67,791
Total Expenditures	175,000	190,000	190,000	-
Cash Receipts Over (Under) Expenditures	392	7,185		
Unencumbered Cash - Beginning	7,464	7,856		
Unencumbered Cash - Ending	\$ 7,856	15,041		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 5,000	20,000	-	20,000
Expenditures				
Instruction	-	16,976	17,614	(638)
Cash Receipts Over (Under) Expenditures	5,000	3,024		
Unencumbered Cash - Beginning	12,613	17,613		
Unencumbered Cash - Ending	\$ 17,613	20,637		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 27,710	24,000	30,000	(6,000)
Expenditures				
Instruction	26,060	25,930	32,354	(6,424)
Cash Receipts Over (Under) Expenditures	1,650	(1,930)		
Unencumbered Cash - Beginning	706	2,356		
Unencumbered Cash - Ending	\$ 2,356	426		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 27,436	30,124	28,677	1,447
Delinquent Tax	134	329	28	301
Motor Vehicle Tax	5,712	6,072	3,254	2,818
Recreational Vehicle Tax	49	91	49	42
Mineral Severance Tax	9	-	-	-
Transfers In	15,565	27,400	-	27,400
Other Local Revenue	7,054	2,628	-	2,628
Total Cash Receipts	55,959	66,644	32,008	34,636
Expenditures				
Instruction	27,084	420	44,000	(43,580)
Instructional Support Services	-	-	17,000	(17,000)
Student Support Services	-	-	40,000	(40,000)
General Administration	-	-	7,808	(7,808)
School Administration	-	-	20,000	(20,000)
Central Services	-	-	35,000	(35,000)
Operations and Maintenance	40,239	9,784	100,000	(90,216)
Transportation	-	59,133	80,000	(20,867)
Facility Acquisition and Construction	-	-	100,000	(100,000)
Total Expenditures	67,323	69,337	443,808	(374,471)
Cash Receipts Over (Under) Expenditures	(11,364)	(2,693)		
Unencumbered Cash - Beginning	423,619	412,255		
Unencumbered Cash - Ending	\$ 412,255	409,562		

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 514	549	414	135
Federal Aid	15,270	17,552	15,270	2,282
Services	18,956	20,833	20,189	644
Interest Income	2,924	2,457	3,000	(543)
Transfers In	5,500	14,250	5,000	9,250
Total Cash Receipts	<u>43,164</u>	<u>55,641</u>	<u>43,873</u>	<u>11,768</u>
Expenditures				
Operations and Maintenance	1,388	1,789	300	1,489
Food Service Operation	41,933	50,769	57,983	(7,214)
Total Expenditures	<u>43,321</u>	<u>52,558</u>	<u>58,283</u>	<u>(5,725)</u>
Cash Receipts Over (Under) Expenditures	(157)	3,083		
Unencumbered Cash - Beginning	<u>14,568</u>	<u>14,411</u>		
Unencumbered Cash - Ending	<u>\$ 14,411</u>	<u>17,494</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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	4,000	5,000	-	5,000
Expenditures				
Instructional Support Services	2,358	4,030	4,083	(53)
Cash Receipts Over (Under) Expenditures	1,642	970		
Unencumbered Cash - Beginning	2,441	4,083		
Unencumbered Cash - Ending	\$ 4,083	5,053		

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 5,118	6,048	6,000	48
Expenditures				
Instruction	5,118	6,048	6,048	-
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 105,843	140,928	93,917	47,011
Expenditures				
Instruction	116,251	123,847	140,517	(16,670)
Cash Receipts Over (Under) Expenditures	(10,408)	17,081		
Unencumbered Cash - Beginning	108,306	97,898		
Unencumbered Cash - Ending	\$ 97,898	114,979		

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 32,383	58,296	58,710	(414)
Expenditures				
Instruction	22,278	40,103	40,000	103
Instructional Support Services	578	1,041	2,300	(1,259)
General Administration	2,202	3,965	3,500	465
School Administration	1,831	3,297	2,100	1,197
Other Supplemental Services	1,205	2,169	2,500	(331)
Operations and Maintenance	2,313	4,164	4,000	164
Student Transportation Services	1,157	2,082	2,000	82
Food Service Operation	819	1,475	2,310	(835)
Total Expenditures	32,383	58,296	58,710	(414)
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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	104,368	104,368
Unencumbered Cash - Ending	\$ 104,368	104,368

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 5,682	32,184
Expenditures		
Instruction	5,989	32,184
Cash Receipts Over (Under) Expenditures	(307)	-
Unencumbered Cash - Beginning	307	-
Unencumbered Cash - Ending	\$ -	-

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 9,064	7,704
Expenditures		
Instruction	9,064	7,704
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Prior Year Cancelled Encumbrances	-	-
Unencumbered Cash - Ending	\$ -	-

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ 4,454	9,236	3,000	6,236
Expenditures				
Instruction	2,259	10,991	5,205	5,786
(a) Adjustment for Qualifying Budget Credit	-	-	6,236	(6,236)
Total Expenditures	2,259	10,991	11,441	(450)
Cash Receipts Over (Under) Expenditures	2,195	(1,755)		
Unencumbered Cash - Beginning	10	2,205		
Unencumbered Cash - Ending	\$ 2,205	450		
(a) Adjustment for Qualifying Budget Credit				
Donations Over Amount Budgeted			\$ 6,236	

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 4,250	3,556
Expenditures		
Instruction	4,250	3,556
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 31	-
Expenditures		
Instruction	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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 235	-
Expenditures		
Instruction	8,735	-
Cash Receipts Over (Under) Expenditures	(8,500)	-
Unencumbered Cash - Beginning	8,500	-
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, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organizations				
JH Cheerleaders	\$ 328	1,314	1,164	478
Pep Club	292	-	34	258
JH Student Council	1,221	110	481	850
Total Student Organizations	1,841	1,424	1,679	1,586
Non-Student Organizations				
Flower Fund	52	57	83	26
Board Flower Fund	28	-	-	28
Total Non-Student Organizations	80	57	83	54
Total	\$ 1,921	1,481	1,762	1,640

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, 2012

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</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>
Middle School							
Athletics	\$ 8,191	-	11,986	9,709	10,468	-	10,468
Concessions	2,533	-	12,066	11,968	2,631	-	2,631
Total Middle school	10,724	-	24,052	21,677	13,099	-	13,099
School Projects							
Annual	127	-	1,755	1,602	280	-	280
Library	189	-	18	174	33	-	33
Grade School	2,119	-	12,201	12,862	1,458	611	2,069
Total School Projects	2,435	-	13,974	14,638	1,771	611	2,382
Total District Activity Funds	<u>\$ 13,159</u>	<u>-</u>	<u>38,026</u>	<u>36,315</u>	<u>14,870</u>	<u>611</u>	<u>15,481</u>

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, 2012

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, 2012.

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, 2012

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, 2012

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 IIA (Reap) Fund, Title IID Fund, TRC Grant Fund, and District Activity Funds.

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, 2012

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, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$731,929 and the bank balance was \$755,229. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$692,373 was covered by federal depository insurance and \$62,856 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, 2012.

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, 2012, the District paid \$60 in unused personal leave.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statements

June 30, 2012

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 \$20,618 for the year ended June 30, 2012.

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 9.77% of covered payroll and 22.96% for 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, 2012, 2011 and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, 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, 2012, 2011, and 2010 were \$58,296, \$32,383, and \$39,455, respectively.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statements

June 30, 2012

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 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, 2012 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	\$ 90,928
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	24,000
General Fund	Vocational Education Fund	K.S.A. 72-6428	6,048
General Fund	At Risk Fund (4 Year Old)	K.S.A. 72-6428	2,209
General Fund	Capital Outlay Fund	K.S.A. 72-6428	27,400
General Fund	Professional Development Fund	K.S.A. 72-6428	5,000
General Fund	Food Service Fund	K.S.A. 72-6428	14,250
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	50,000
Supplemental General Fund	At Risk Fund (4 Year Old)	K.S.A. 72-6433	17,791

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.

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 5– RISK MANAGEMENT (continued)

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	\$ 16,946	(2,375)	14,571

NOTE 8 – IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$31,626 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

The General Fund Unencumbered Cash has been restated to \$0 to be in conformity with the regulatory basis of accounting as of July 1, 2011.