

TEEN Interlocal No. 632
Marion, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended June 30, 2012

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, 2012

TABLE OF CONTENTS

		Page <u>Number</u>
INTRODUCTORY SECTION		
	Title Page	
	Table of Contents	
FINANCIAL SECTION		
	Independent Auditors' Report	1
STATEMENT 1	Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Statutory Basis	2
STATEMENT 2	Summary of Expenditures, Actual and Budget - Statutory Basis	3
STATEMENT 3	Statement of Cash Receipts and Expenditures - Statutory Basis	
	General Fund	4
	Capital Outlay Fund	5
NOTES TO FINANCIAL STATEMENTS		6-7

INDEPENDENT AUDITORS' REPORT

CLUBINE & RETTELE CHARTERED

Certified Public Accountants



Robert I. Clubine, C.P.A.
David A. Rettele, C.P.A.
Jay D. Langley, C.P.A.
Jon K. Bell, C.P.A.
Leslie M. Corbett, C.P.A.
Stacy J. Osner, C.P.A.

Marci K. Fox, C.P.A.
Linda A. Suelter, C.P.A.

218 South Santa Fe
P.O. Box 2267
Salina, Kansas
67402-2267

Salina
785 / 825-5479
Salina Fax
785 / 825-2446

Ellsworth
785 / 472-3915
Ellsworth Fax
785 / 472-5478

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, 2012, 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 September 29, 2012, 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.

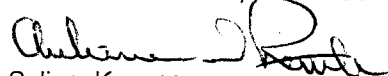
As described more fully in Note 2, TEEN Interlocal No. 632 has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial 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, 2012, 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, 2012, 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, 2011, from which such partial information was derived.

Clubine and Rettele, Chartered


Salina, Kansas

November 21, 2012

TEEN Interlocal No. 632

Statement 1

Marion, Kansas

Summary of Cash Receipts, Expenditures, and Unencumbered Cash-Statutory Basis
For the Fiscal Year Ended June 30, 2012

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	\$ 108,000.00	\$ 262,629.10	\$ 279,555.23	\$ 91,073.87	\$ 2,480.49	\$ 93,554.36
Special Revenue Funds:						
Capital Outlay	18,742.58	-	-	18,742.58	-	18,742.58
Total Reporting Entity	<u>\$ 126,742.58</u>	<u>\$ 262,629.10</u>	<u>\$ 279,555.23</u>	<u>\$ 109,816.45</u>	<u>\$ 2,480.49</u>	<u>\$ 112,296.94</u>
Composition of Cash:				Checking Account		<u>\$ 112,296.94</u>

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, 2012

Statement 2

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	\$ 270,453.00	\$ -	\$ -	\$ 270,453.00	\$ 279,555.23	\$ 9,102.23
Special Revenue Funds:						
Capital Outlay	26,583.00	-	-	26,583.00	-	(26,583.00)

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, 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				
Assessments	\$ 173,979.57	\$ 148,547.16	\$ 148,910.00	\$ (362.84)
Receipts from Courses	14,750.00	10,100.00	17,200.00	(7,100.00)
Other Local Sources	1,500.00	10,915.73	2,300.00	8,615.73
Fiber Lease	54,234.70	57,293.00	57,293.00	-
E-Rate Funding	38,375.77	35,581.04	36,500.00	(918.96)
Interest on Idle Funds	314.98	192.17	250.00	(57.83)
Total Cash Receipts	<u>283,155.02</u>	<u>262,629.10</u>	<u>\$ 262,453.00</u>	<u>\$ 176.10</u>
Expenditures				
General Administration	77,782.58	89,199.62	\$ 88,298.00	\$ 901.62
Tech Equipment	3,718.99	3,994.65	5,000.00	(1,005.35)
Tech Services	92,521.33	91,754.92	93,300.00	(1,545.08)
Maintenance and Supplies	5,749.68	8,470.42	5,500.00	2,970.42
Courses	11,670.00	20,286.30	9,360.00	10,926.30
Subscription Fees/Software Licenses	55,722.77	41,882.16	42,155.00	(272.84)
Miscellaneous/Donations	19,364.60	23,967.16	19,000.00	4,967.16
Operating Transfers	8,625.07	-	7,840.00	(7,840.00)
Total Expenditures	<u>275,155.02</u>	<u>279,555.23</u>	<u>\$ 270,453.00</u>	<u>\$ 9,102.23</u>
Receipts Over (Under) Expenditures	8,000.00	(16,926.13)		
Unencumbered Cash, Beginning	<u>100,000.00</u>	<u>108,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 108,000.00</u>	<u>\$ 91,073.87</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, 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				
Operating Transfers	\$ 8,625.07	\$ -	\$ 7,840.00	\$ (7,840.00)
Expenditures				
Tech Equipment	-	-	\$ 26,583.00	\$ (26,583.00)
Receipts Over (Under) Expenditures	8,625.07	-		
Unencumbered Cash, Beginning	10,117.51	18,742.58		
Unencumbered Cash, Ending	\$ 18,742.58	\$ 18,742.58		

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, 2012

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, 2011, from which such partial information was derived.

Note 3 Budgetary Information

The Interlocal prepares an annual budget of receipts and expenditures. This budget is required to be submitted to the Kansas State Department of Education on or before August 25th. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to budgeted receipts and expenditures. The General Fund expenditures exceeded the adopted budget by \$9,102.23 for the year ended June 30, 2012.

TEEN INTERLOCAL NO. 632
Marion, Kansas

NOTES TO FINANCIAL STATEMENTS (Cont.)
June 30, 2012

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.

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, 2012.

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 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 interlocal has not designated a peak period. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the interlocal's carrying amount of deposits was \$112,296.94 and the bank balance was \$121,718.23. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$121,718.23 was covered by federal depository insurance.

Note 5 Subsequent Events

The interlocal's management has evaluated events and transactions occurring after June 30, 2012 through November 21, 2012. The aforementioned date represents the date the financial statements were available to be issued.