

**UNIFIED SCHOOL DISTRICT NO. 233**

**Financial Statements  
and Schedule of Expenditures of  
Federal Awards**

**For the Fiscal Year Ended June 30, 2012**

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UNIFIED SCHOOL DISTRICT NO. 233

Financial Statements and Schedule  
of Expenditures of Federal Awards  
Year ended June 30, 2012

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**FINANCIAL SECTION**

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MIZE & HOUSER  
COMPANY P.A.

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board of Education  
Unified School District No. 233

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Unified School District No. 233 (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Supplemental General and Special Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedule of funding progress on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Those schedules and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mike Houser: Company PA

September 28, 2012

## UNIFIED SCHOOL DISTRICT NO. 233

### MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2012 Unaudited

Our discussion and analysis of Unified School District No. 233, Olathe District Schools financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. The District's overall financial position improved for the year ended June 30, 2012. This narrative should be read in conjunction with the District's financial statements, which begin on page nine.

#### **Financial Highlights**

- The District-wide net assets totaled \$154 million at the end of the current fiscal year.
- The District-wide current assets exceed the current liabilities by \$67 million, representing the District's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at June 30, 2012 totaled \$410 million.
- During the year ended June 30, 2012, the District's total revenues (which include charges for services, local taxes and state and federal aid) were more than total expenses by \$7.5 million.
- The District's general obligation indebtedness decreased by \$30 million.
- The District's net capital assets decreased \$11.4 million in the current fiscal year.

#### **Using This Financial Report**

This annual report consists of two distinct series of financial statements: district-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The district-wide statements are designed to provide information about the Olathe District School's activities as a whole and provide a longer-term view of the District's finances. The fund financial statements tell how the District's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in greater detail than the district-wide statements by providing information about the District's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The District also holds agency funds on behalf of various building level organizations. These funds are reported in a separate statement.

#### **Reporting on the School District as a Whole (District Wide)**

##### Statement of Net Assets and the Statement of Activities

The view of the Olathe District Schools as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Assets and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's net assets and current year change in those net assets. The change in net assets is important because it tells the reader whether the District, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, state and federal educational mandates, state public education funding formulas, and the financial condition of the State of Kansas general fund.

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012  
Unaudited

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, non-instructional services and other.

**Business-Type Activities** - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The District's Food Services, Summer School and Driver Training are reported as business-type activities. In addition, the District's self-insured workers' compensation fund, the health insurance fund and the risk management fund are treated as internal service funds.

**Reporting the District's Most Significant Funds (Fund Financial Statements)**

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the District's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the District's non-major governmental funds.

**Governmental Funds** - Most of the District's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal year end available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the District's educational programs. Major differences between the District's governmental activities as reported in the Statement of Net Assets and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

**Proprietary Funds** - Proprietary funds (Food Services, Summer School and Driver Training) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the District-wide financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012  
Unaudited

**The School District as a Whole**

Government-Wide Net Assets

The Statement of Net Assets provides the financial position of the School District as a whole. The following is a summary of the Olathe District School's Statement of Net Assets as of June 30, 2012:

Olathe District Schools  
Condensed Statement of Net Assets  
June 30, 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current assets	\$ 123,697,747	\$ 102,915,057	\$ 2,644,794	\$ 2,384,086	\$ 126,342,541	\$ 105,299,143
Noncurrent assets	<u>420,501,779</u>	<u>409,010,541</u>	<u>3,411,975</u>	<u>3,242,386</u>	<u>423,913,754</u>	<u>412,252,927</u>
Total assets	<u>\$ 544,199,526</u>	<u>\$ 511,925,598</u>	<u>\$ 6,056,769</u>	<u>\$ 5,626,472</u>	<u>\$ 550,256,295</u>	<u>\$ 517,552,070</u>
Current liabilities	\$ 58,185,361	\$ 37,988,235	\$ 418,223	\$ -	\$ 58,603,584	\$ 37,988,235
Noncurrent liabilities	<u>346,199,469</u>	<u>325,826,576</u>	<u>-</u>	<u>-</u>	<u>346,199,469</u>	<u>325,826,576</u>
Total liabilities	<u>\$ 404,384,830</u>	<u>\$ 363,814,811</u>	<u>\$ 418,223</u>	<u>\$ -</u>	<u>\$ 404,803,053</u>	<u>\$ 363,814,811</u>
Net Assets:						
Invested in capital assets, net of related debt	\$ 93,202,170	\$ 104,696,918	\$ 3,411,975	\$ 3,242,386	\$ 96,614,145	\$ 107,939,304
Restricted for :						
Debt Service	38,964,543	32,616,635	-	-	38,964,543	32,616,635
Unrestricted	<u>7,647,983</u>	<u>10,797,234</u>	<u>2,226,571</u>	<u>2,384,086</u>	<u>9,874,554</u>	<u>13,181,320</u>
Total net assets	<u>\$ 139,814,696</u>	<u>\$ 148,110,787</u>	<u>\$ 5,638,546</u>	<u>\$ 5,626,472</u>	<u>\$ 145,453,242</u>	<u>\$ 153,737,259</u>

The assets of the District are classified as current assets and capital assets. Cash and investments and property taxes in process of collection are the largest current assets. These are assets that are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, land improvements, buildings, building improvements, vehicles, furniture, equipment and technology.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, payroll-related liabilities, compensated absences and early retirement, and current portion of long-term obligations. Current assets exceed current liabilities by \$67 million, representing the District's ability to meet current obligations when due.

The District has \$323 in long-term debt, consisting of general obligation bonds, of which \$21 million is due within the next fiscal year.

The District had total assets at June 30, 2012 totaling \$518 million. The total assets of the District exceeded the total liabilities by \$154 million. Net assets invested in capital assets (including cash balances in capital project funds); net of general obligation debt, totaled \$108 million, restricted net assets totaled \$33 million and unrestricted net assets totaled \$13 million.

UNIFIED SCHOOL DISTRICT NO. 233  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012  
Unaudited

Government-Wide Activities

The following is a condensed statement of the District's change in net assets for the year ended June 30, 2012. Major items of program revenues, grants and general revenues are detailed. District-wide activities increased the net assets of the District by \$7.5 million for the year ended June 30, 2012. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located at page 16 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of long-term debt of \$29 million which is treated as expenditures in the funds statements, but is treated as a reduction of long term debt in the District wide statement of activities. Also, the \$7.5 million of capital outlays to purchase or rebuild assets are reported in the governmental funds as expenditures, however, for governmental activities these costs are shown as assets.

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,829,692	\$ 3,266,291	\$ 7,126,580	\$ 7,219,988	\$ 8,956,272	\$ 10,486,279
Operating grants	58,869,602	63,649,560	3,606,798	4,050,311	62,476,400	67,699,871
General revenues:						
Property taxes	133,558,237	126,936,474	-	-	133,558,237	126,936,474
State aid	116,501,517	121,980,659	-	-	116,501,517	121,980,659
Other	12,187,048	10,469,783	505,677	468,736	12,692,725	10,938,519
Total revenues	<u>322,946,096</u>	<u>326,302,767</u>	<u>11,239,055</u>	<u>11,739,035</u>	<u>334,185,151</u>	<u>338,041,802</u>
Program expenses:						
Instruction	195,895,128	210,795,408	-	-	195,895,128	210,795,408
Support services	63,031,837	65,533,225	-	-	63,031,837	65,533,225
Other	31,694,172	28,871,001	10,990,811	11,926,923	42,684,983	40,797,924
Interest on long term debt	15,631,265	13,447,857	-	-	15,631,265	13,447,857
Total expenses	<u>306,252,402</u>	<u>318,647,491</u>	<u>10,990,811</u>	<u>11,926,923</u>	<u>317,243,213</u>	<u>330,574,414</u>
Excess [deficiency] before transfers	16,693,694	7,655,276	248,244	[187,888]	16,941,938	7,467,388
Transfers in [out]	<u>[130,002]</u>	<u>[153,448]</u>	<u>130,002</u>	<u>153,448</u>	<u>-</u>	<u>-</u>
Increase [decrease] in net assets	16,563,692	7,501,828	378,246	[34,440]	16,941,938	7,467,388
Beginning net assets	148,110,787	139,814,696	5,626,472	5,638,546	153,737,259	145,453,242
Prior period adjustment	<u>[10,961]</u>	<u>794,263</u>	<u>[6,612]</u>	<u>22,366</u>	<u>[17,573]</u>	<u>816,629</u>
Ending net assets	<u>\$ 164,663,518</u>	<u>\$ 148,110,787</u>	<u>\$ 5,998,106</u>	<u>\$ 5,626,472</u>	<u>\$ 170,661,624</u>	<u>\$ 153,737,259</u>

UNIFIED SCHOOL DISTRICT NO. 233

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012  
Unaudited

**Financial Analysis of the District's Funds**

The District uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the District provide information on near-term inflows, outflows and balances of spendable resources. Unreserved fund balances, in particular, measures the District's net resources available for spending at the end of the District's fiscal year.

Total fund balances at June 30, 2012 for the governmental funds totaled \$92.1 million. Total restricted fund balances at June 30, 2012 were nearly \$79 million, of which approximately \$33 million was attributable to the Bond and Interest Fund and \$14 million was attributable to the 2007 Construction Fund.

The General Fund is the chief operating fund of the District. The ending fund balance of the General Fund was approximately \$1.2 million at June 30, 2012.

The Supplemental General Fund is used to account for the general operations of the District and all unassigned revenues and expenditures not provided for in other funds. The ending fund balance of the Supplemental General Fund was approximately \$5 million at June 30, 2012.

The Special Education Fund is used to account for federal and state aid revenues received and used for the education of students with special needs. The ending fund balance of the Special Education Fund was approximately \$9.3 million at June 30, 2012.

The Bond and Interest Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt. The fund has adequate funds accumulated to make the September, 2012 principal and interest requirements.

The Capital Outlay Fund is used to account for tax revenues that are primarily utilized for the acquisition, construction, and remodeling of school district buildings. The ending fund balance of the Capital Outlay Fund was approximately \$11.2 million at June 30, 2012.

The 2007 Construction Fund, fund balance began the year with a \$25 million balance and was reduced by expenditures of \$6.1 million.

The 2009 Construction Fund, fund balance began the year with a \$.7 million balance and was reduced by expenditures of \$.6 million.

**General Fund Budgeting Highlights**

The Olathe District School's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances.

The District's original budgeted expenditures was \$161,191,674 and the final General Fund budgeted expenditures was \$159,551,910. The decrease was due to a decrease in the estimated enrollment.

Kansas statutes allow for the Board of Education to increase the original budget for previously unbudgeted increases in revenues other than ad valorem taxes.

**Capital Assets and Debt Administration**

The Olathe District School's investment in capital assets for its governmental and business-type activities decreased \$11.4 million to a total of \$410 million as of June 30, 2012. The District is actively involved in new construction and major renovation projects, funded by bond election authority, in order to accommodate the rapid growth of the District.

UNIFIED SCHOOL DISTRICT NO. 233  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2012  
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Additional information on the District's capital assets can be found in Note 4 of the financial statements.

At June 30, 2012, the District had total bonded debt outstanding of \$323 million, backed by the full faith and credit of the Olathe District Schools. Total long-term debt decreased for the fiscal year ended June 30, 2012, in the amount of \$30 million. The decrease is primarily due to the regularly scheduled payment of the general obligation bonds.

Additional information on the District's general long term debt can be found in Note 4 to the financial statements.

**Contacting the District**

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the District's Controller at PO Box 2000, Olathe, Kansas 66063-2000.

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Total Primary Government
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 79,476,463	\$ 2,190,674	\$ 81,667,137
Cash and investments restricted for capital projects	19,991,404	-	19,991,404
Receivables (net of allowance for uncollectibles)			
Taxes	1,773,935	-	1,773,935
Interest and other	1,090,420	-	1,090,420
Material and supplies inventory	582,835	193,412	776,247
Total current assets	<u>102,915,057</u>	<u>2,384,086</u>	<u>105,299,143</u>
Noncurrent assets:			
Deferred charges	2,521,019	-	2,521,019
Capital assets:			
Nondepreciable capital assets			
Land	52,643,932	-	52,643,932
Construction in progress	1,434,371	-	1,434,371
Depreciable capital assets			
Less: Accumulated depreciation	[179,464,865]	[2,698,837]	[182,163,702]
Total capital assets:	<u>406,489,522</u>	<u>3,242,386</u>	<u>409,731,908</u>
Total noncurrent assets	<u>409,010,541</u>	<u>3,242,386</u>	<u>412,252,927</u>
Total assets	<u>\$ 511,925,598</u>	<u>\$ 5,626,472</u>	<u>\$ 517,552,070</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,005,718	\$ -	\$ 1,005,718
Retainage payable	152,567	-	152,567
Accrued liabilities	5,463,285	-	5,463,285
Compensated absences	2,995,423	-	2,995,423
Net OPEB obligation	5,735,321	-	5,735,321
Early retirement payable	1,756,427	-	1,756,427
Long-term liabilities			
Due within one year	20,879,494	-	20,879,494
Total current liabilities	<u>37,988,235</u>	<u>-</u>	<u>37,988,235</u>
Noncurrent liabilities:			
Early retirement payable	2,160,112	-	2,160,112
Compensated absences	20,967,958	-	20,967,958
Long-term liabilities			
Due in more than one year	302,698,506	-	302,698,506
Total noncurrent liabilities	<u>325,826,576</u>	<u>-</u>	<u>325,826,576</u>
Total liabilities	<u>\$ 363,814,811</u>	<u>\$ -</u>	<u>\$ 363,814,811</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 104,696,918	\$ 3,242,386	\$ 107,939,304
Restricted for:			
Debt service	32,616,635	-	32,616,635
Unrestricted	10,797,234	2,384,086	13,181,320
Total net assets	<u>\$ 148,110,787</u>	<u>\$ 5,626,472</u>	<u>\$ 153,737,259</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

	Program Revenues			Net [Expenses] Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Instruction	\$ 210,795,408	\$ 3,266,291	\$ 63,649,560	\$ [143,879,557]	\$ -	\$ [143,879,557]
Support services	17,053,060	-	-	[17,053,060]	-	[17,053,060]
Instructional support staff	12,659,543	-	-	[12,659,543]	-	[12,659,543]
General administration	1,065,803	-	-	[1,065,803]	-	[1,065,803]
School administration	14,998,534	-	-	[14,998,534]	-	[14,998,534]
Noninstructional services	313,728	-	-	[313,728]	-	[313,728]
Operations and maintenance	28,871,001	-	-	[28,871,001]	-	[28,871,001]
Other support services	7,847,524	-	-	[7,847,524]	-	[7,847,524]
Student transportation	9,125,970	-	-	[9,125,970]	-	[9,125,970]
Student activities	2,469,063	-	-	[2,469,063]	-	[2,469,063]
Interest on long-term debt	13,447,857	-	-	[13,447,857]	-	[13,447,857]
Total governmental activities	<u>318,647,491</u>	<u>3,266,291</u>	<u>63,649,560</u>	<u>[251,731,640]</u>	<u>-</u>	<u>[251,731,640]</u>
<b>Business-type activities:</b>						
Food Service	11,322,613	6,864,095	3,998,141	-	[460,377]	[460,377]
Summer School	367,543	236,122	-	-	[131,421]	[131,421]
Driver Training	236,767	119,771	52,170	-	[64,826]	[64,826]
Total business-type activities	<u>11,926,923</u>	<u>7,219,988</u>	<u>4,050,311</u>	<u>-</u>	<u>[656,624]</u>	<u>[656,624]</u>
Total school district	<u>\$ 330,574,414</u>	<u>\$ 10,486,279</u>	<u>\$ 67,699,871</u>	<u>[251,731,640]</u>	<u>[656,624]</u>	<u>[252,388,264]</u>
<b>General Revenues:</b>						
Local property taxes						
General				72,330,208	-	72,330,208
Debt service				27,001,978	-	27,001,978
Capital projects				27,604,288	-	27,604,288
State aid				121,980,659	-	121,980,659
Interest and investment earnings				116,844	-	116,844
Miscellaneous				10,352,939	468,736	10,821,675
Transfer				[153,448]	153,448	-
Total general revenues and transfe				<u>259,233,468</u>	<u>622,184</u>	<u>259,855,652</u>
Change in net assets				<u>7,501,828</u>	<u>[34,440]</u>	<u>7,467,388</u>
Net assets - beginning				139,814,696	5,638,546	145,453,242
Prior period adjustment				<u>794,263</u>	<u>22,366</u>	<u>816,629</u>
Net assets - beginning, restated				<u>140,608,959</u>	<u>5,660,912</u>	<u>146,269,871</u>
Net assets - ending				<u>\$ 148,110,787</u>	<u>\$ 5,626,472</u>	<u>\$ 153,737,259</u>

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

UNIFIED SCHOOL DISTRICT NO. 233  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2012

	<u>General</u>	<u>Supplemental General</u>	<u>Special Education</u>	<u>Bond and Interest</u>
<b>ASSETS</b>				
Cash and investments	\$ 4,934,954	\$ 5,132,734	\$ 8,287,075	\$ 32,616,635
Receivables (net)				
Taxes	291,496	626,264	-	387,752
Other	-	-	1,054,281	-
Due from other funds	283,937	-	-	-
Material and supplies inventory	<u>582,835</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 6,093,222</u></b>	<b><u>\$ 5,758,998</u></b>	<b><u>\$ 9,341,356</u></b>	<b><u>\$ 33,004,387</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 136,691	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Accrued liabilities	4,423,399	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	<u>291,496</u>	<u>626,264</u>	<u>-</u>	<u>387,752</u>
<b>Total liabilities</b>	<b><u>4,851,586</u></b>	<b><u>626,264</u></b>	<b><u>-</u></b>	<b><u>387,752</u></b>
<b>Fund balance:</b>				
Nonspendable	582,835	-	-	-
Restricted	-	-	9,296,915	32,616,635
Assigned	658,801	-	44,441	-
Unassigned	<u>-</u>	<u>5,132,734</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<b><u>1,241,636</u></b>	<b><u>5,132,734</u></b>	<b><u>9,341,356</u></b>	<b><u>32,616,635</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 6,093,222</u></b>	<b><u>\$ 5,758,998</u></b>	<b><u>\$ 9,341,356</u></b>	<b><u>\$ 33,004,387</u></b>

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

<u>Capital Outlay</u>	<u>2007 Construction</u>	<u>2009 Construction</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 11,455,482	\$ 19,881,977	\$ 109,427	\$ 13,618,892	\$ 96,037,176
242,336	-	-	226,087	1,773,935
36,139	-	-	-	1,090,420
-	-	-	-	283,937
-	-	-	-	582,835
<u>\$ 11,733,957</u>	<u>\$ 19,881,977</u>	<u>\$ 109,427</u>	<u>\$ 13,844,979</u>	<u>\$ 99,768,303</u>
\$ 233,620	\$ 593,993	\$ -	\$ 41,414	\$ 1,005,718
19,533	133,034	-	-	152,567
-	-	-	-	4,423,399
-	-	-	283,937	283,937
242,336	-	-	226,087	1,773,935
<u>495,489</u>	<u>727,027</u>	<u>-</u>	<u>551,438</u>	<u>7,639,556</u>
-	-	-	-	582,835
10,020,781	13,960,729	109,427	12,332,562	78,337,049
1,217,687	5,194,221	-	960,979	8,076,129
-	-	-	-	5,132,734
<u>11,238,468</u>	<u>19,154,950</u>	<u>109,427</u>	<u>13,293,541</u>	<u>92,128,747</u>
<u>\$ 11,733,957</u>	<u>\$ 19,881,977</u>	<u>\$ 109,427</u>	<u>\$ 13,844,979</u>	<u>\$ 99,768,303</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE SHEET TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2012

Total Governmental Fund Balances		\$ 92,128,747
Amounts reported for governmental activities in the statement of net assets are different because		
Issuance costs are shown as current year expenditures in the funds.		2,521,019
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
The cost of capital assets is	585,954,387	
Accumulated depreciation is	<u>[179,464,865]</u>	406,489,522
Property taxes receivable to be collected, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		1,773,935
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets of liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		2,390,805
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated absences	[23,963,381]	
Net OPEB obligation	[5,735,321]	
Bonds payable	[323,578,000]	
Early retirement payable	<u>[3,916,539]</u>	<u>[357,193,241]</u>
Net Assets of Governmental Activities		<u>\$ 148,110,787</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	General	Supplemental General	Special Education	Bond and Interest
<b>REVENUES:</b>				
Taxes	\$ 32,764,919	\$ 40,072,223	\$ -	\$ 26,413,676
Intergovernmental	95,144,780	18,890,349	30,530,012	7,742,980
Charges for services	-	-	1,927	-
Investment revenue	-	-	-	1
Other local sources	<u>5,095,465</u>	<u>-</u>	<u>441,771</u>	<u>2,376,176</u>
Total revenues	<u>133,005,164</u>	<u>58,962,572</u>	<u>30,973,710</u>	<u>36,532,833</u>
<b>EXPENDITURES:</b>				
Current				
Instruction	83,631,499	26,334,721	31,855,938	-
Support services	6,069,965	1,883,725	4,606,480	-
Instructional support staff	7,786,012	2,414,613	-	-
General administration	672,249	208,042	-	-
School administration	9,485,781	2,940,622	1,177,940	-
Operations and maintenance	16,223,991	4,649,262	111,311	-
Student transportation services	2,460,780	762,842	5,781,255	-
Other support services	5,000,506	1,903,183	-	-
Food service operations	-	-	-	-
Student activities	1,573,119	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	28,570,000
Interest and other charges	-	-	-	14,310,741
Total expenditures	<u>132,903,902</u>	<u>41,097,010</u>	<u>43,532,924</u>	<u>42,880,741</u>
Excess [deficiency] of revenues over [under] expenditures	<u>101,262</u>	<u>17,865,562</u>	<u>[12,559,214]</u>	<u>[6,347,908]</u>
<b>OTHER FINANCING SOURCES [USES]</b>				
Transfers in	-	-	12,007,197	-
Transfers [out]	<u>[434,166]</u>	<u>[16,822,766]</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>[434,166]</u>	<u>[16,822,766]</u>	<u>12,007,197</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[332,904]</u>	<u>1,042,796</u>	<u>[552,017]</u>	<u>[6,347,908]</u>
Fund balance - Beginning of year	1,574,540	4,089,938	9,099,709	38,964,543
Prior period adjustment	-	-	793,664	-
Fund balance - Beginning of year, restated	<u>1,574,540</u>	<u>4,089,938</u>	<u>9,893,373</u>	<u>38,964,543</u>
Fund balance - End of year	<u>\$ 1,241,636</u>	<u>\$ 5,132,734</u>	<u>\$ 9,341,356</u>	<u>\$ 32,616,635</u>

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

Capital Outlay	2007 Construction	2009 Construction	Non-major Governmental Funds	Total Governmental Funds
\$ 13,818,956	\$ -	\$ -	\$ 14,461,225	\$ 127,530,999
-	-	-	33,322,098	185,630,219
-	-	-	3,264,364	3,266,291
116,843	-	-	-	116,844
192,403	-	-	767,568	8,873,383
<u>14,128,202</u>	<u>-</u>	<u>-</u>	<u>51,815,255</u>	<u>325,417,736</u>
3,381,307	-	170,331	48,493,180	193,866,976
1,519,285	-	-	2,069,665	16,149,120
-	-	-	2,454,754	12,655,379
-	-	-	185,512	1,065,803
-	-	-	1,394,191	14,998,534
1,703,063	-	-	1,343,928	24,031,555
-	-	-	36,051	9,040,928
-	-	-	341,895	7,245,584
-	-	-	601,940	601,940
-	-	-	7,562	1,580,681
2,227,027	6,104,750	427,603	1,004,087	9,763,467
-	-	-	-	28,570,000
-	-	-	-	14,310,741
<u>8,830,682</u>	<u>6,104,750</u>	<u>597,934</u>	<u>57,932,765</u>	<u>333,880,708</u>
<u>5,297,520</u>	<u>[6,104,750]</u>	<u>[597,934]</u>	<u>[6,117,510]</u>	<u>[8,462,972]</u>
-	-	-	5,096,287	17,103,484
-	-	-	-	[17,256,932]
-	-	-	5,096,287	[153,448]
<u>5,297,520</u>	<u>[6,104,750]</u>	<u>[597,934]</u>	<u>[1,021,223]</u>	<u>[8,616,420]</u>
5,940,948	25,259,700	707,361	14,314,165	99,950,904
-	-	-	599	794,263
<u>5,940,948</u>	<u>25,259,700</u>	<u>707,361</u>	<u>14,314,764</u>	<u>100,745,167</u>
<u>\$ 11,238,468</u>	<u>\$ 19,154,950</u>	<u>\$ 109,427</u>	<u>\$ 13,293,541</u>	<u>\$ 92,128,747</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES WITH THE DISTRICT - WIDE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Total Net Change In Fund Balances - Governmental Funds		\$ [8,616,420]
Amounts reported for governmental activities in the statement of activities are different because		
Bond issuance costs and payments to escrow for advance refunding are recorded as expenditures in the fund financial statements. However, for the statement of net assets, these costs are shown as assets and amortized over the life of the bonds.		[255,786]
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capitalizable capital outlays exceeds depreciation in the period.		
Capital outlays	7,483,026	
Loss on sale of assets	[1,774,786]	
Depreciation expense	<u>[16,943,693]</u>	[11,235,453]
Property taxes receivable are treated as deferred revenues in the governmental funds, but are treated as revenues in the statement of activities.		[594,525]
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however expenditures for these items are measured by the amount of financial resources used. This year, compensated absence paid were less than amount earned.		[1,032,412]
In the statement of activities, early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however expenditures for these items are measured by the amount of financial resources used. This year, early retirement benefits paid were more than amount earned.		494,999
In the statement of activities, current year net other post employment benefit obligations are measured by the amounts earned during the year. In the governmental funds, however expenditures for these items are measured by the amount of financial resources used.		[1,422,709]
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The revenues and expenses of certain internal service funds are included in governmental activities in the statement of activities.		475,464
Bond proceeds are an other financing source in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities		
Amortization of bond discount		1,118,670
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
Principal retirement		<u>28,570,000</u>
Changes In Net Assets of Governmental Activities		<u>\$ 7,501,828</u>

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
GENERAL FUND  
For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 30,943,115	\$ 1,821,804	\$ 32,764,919	\$ 29,807,968	\$ 29,807,968	\$ 2,956,951
Total taxes	30,943,115	1,821,804	32,764,919	29,807,968	29,807,968	2,956,951
Intergovernmental:						
General aid	96,893,423	6,123,944	103,017,367	107,511,336	105,871,572	[2,854,205]
Federal aid	73,161	-	73,161	-	-	73,161
Special education aid	-	23,696,463	23,696,463	23,872,370	23,872,370	[175,907]
Total intergovernmental	96,966,584	29,820,407	126,786,991	131,383,706	129,743,942	[2,956,951]
Other local sources	5,095,465	[5,095,465]	-	-	-	-
Total revenues	133,005,164	26,546,746	159,551,910	161,191,674	159,551,910	-
<b>EXPENDITURES:</b>						
Instructional	83,631,499	[5,320,952]	78,310,547	84,104,314	82,464,550	4,154,003
Student support	6,069,965	6,558	6,076,523	5,770,885	5,770,885	[305,638]
Instructional staff support	7,786,012	4,439	7,790,451	8,186,423	8,186,423	395,972
General administration	672,249	[1,284]	670,965	757,635	757,635	86,670
School administration	9,485,781	94	9,485,875	9,296,527	9,296,527	[189,348]
Operations and maintenance	16,223,991	[15,863]	16,208,128	15,856,189	15,856,189	[351,939]
Student transportation services	2,460,780	112,017	2,572,797	2,635,076	2,635,076	62,279
Other support services	5,000,506	[70,662]	4,929,844	4,767,373	4,767,373	[162,471]
Student activities	1,573,119	[142,716]	1,430,403	-	-	[1,430,403]
Total expenditures	132,903,902	[5,428,369]	127,475,533	131,374,422	129,734,658	2,259,125
Excess [deficiency] of revenues over [under] expenditures	101,262	31,975,115	32,076,377	29,817,252	29,817,252	2,259,125
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers [out]	[434,166]	[31,642,211]	[32,076,377]	[29,817,252]	[29,817,252]	[2,259,125]
Total other financing sources [uses]	[434,166]	[31,642,211]	[32,076,377]	[29,817,252]	[29,817,252]	[2,259,125]
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[332,904]	332,904	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	1,574,540	[1,574,540]	-			
FUND BALANCE - End of year	\$ 1,241,636	\$ [1,241,636]	\$ -			

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SUPPLEMENTAL GENERAL FUND  
For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 36,519,841	\$ -	\$ 36,519,841	\$ 34,506,296	\$ 34,506,296	\$ 2,013,545
Motor/Recreational vehicles	<u>3,552,382</u>	<u>-</u>	<u>3,552,382</u>	<u>3,853,642</u>	<u>3,853,642</u>	<u>[301,260]</u>
Total taxes	<u>40,072,223</u>	<u>-</u>	<u>40,072,223</u>	<u>38,359,938</u>	<u>38,359,938</u>	<u>1,712,285</u>
Intergovernmental:						
Supplemental state aid	<u>18,890,349</u>	<u>-</u>	<u>18,890,349</u>	<u>18,377,979</u>	<u>17,844,366</u>	<u>1,045,983</u>
Total intergovernmental	<u>18,890,349</u>	<u>-</u>	<u>18,890,349</u>	<u>18,377,979</u>	<u>17,844,366</u>	<u>1,045,983</u>
Total revenues	<u>58,962,572</u>	<u>-</u>	<u>58,962,572</u>	<u>56,737,917</u>	<u>56,204,304</u>	<u>2,758,268</u>
<b>EXPENDITURES:</b>						
Instructional	26,334,721	-	26,334,721	29,946,605	29,412,992	3,078,271
Student support	1,883,725	-	1,883,725	1,788,976	1,788,976	[94,749]
Instructional staff support	2,414,613	-	2,414,613	2,537,790	2,537,790	123,177
General administration	208,042	-	208,042	234,865	234,865	26,823
School administration	2,940,622	-	2,940,622	2,881,923	2,881,923	[58,699]
Operations and maintenance	4,649,262	-	4,649,262	4,915,418	4,915,418	266,156
Transportation	762,842	-	762,842	816,874	816,874	54,032
Other support services	<u>1,903,183</u>	<u>-</u>	<u>1,903,183</u>	<u>1,477,885</u>	<u>1,477,885</u>	<u>[425,298]</u>
Total expenditures	<u>41,097,010</u>	<u>-</u>	<u>41,097,010</u>	<u>44,600,336</u>	<u>44,066,723</u>	<u>2,969,713</u>
Excess [deficiency] of revenues over [under] expenditures	<u>17,865,562</u>	<u>-</u>	<u>17,865,562</u>	<u>12,137,581</u>	<u>12,137,581</u>	<u>5,727,981</u>
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers [out]	<u>[16,822,766]</u>	<u>-</u>	<u>[16,822,766]</u>	<u>[13,853,053]</u>	<u>[13,853,053]</u>	<u>[2,969,713]</u>
Total other financing sources [uses]	<u>[16,822,766]</u>	<u>-</u>	<u>[16,822,766]</u>	<u>[13,853,053]</u>	<u>[13,853,053]</u>	<u>[2,969,713]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	1,042,796	-	1,042,796	\$ [1,715,472]	\$ [1,715,472]	\$ 2,758,268
FUND BALANCE - Beginning of year	<u>4,089,938</u>	<u>-</u>	<u>4,089,938</u>			
FUND BALANCE - End of year	<u>\$ 5,132,734</u>	<u>\$ -</u>	<u>\$ 5,132,734</u>			

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SPECIAL EDUCATION FUND  
For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental:						
State and local	<u>\$ 30,530,012</u>	<u>\$ [23,696,463]</u>	<u>\$ 6,833,549</u>	<u>\$ 6,347,649</u>	<u>\$ 6,347,649</u>	<u>\$ 485,900</u>
Total intergovernmental	30,530,012	[23,696,463]	6,833,549	6,347,649	6,347,649	485,900
Charges for services	1,927	-	1,927	-	-	1,927
Other local sources	<u>441,771</u>	<u>-</u>	<u>441,771</u>	<u>3,622,000</u>	<u>3,622,000</u>	<u>[3,180,229]</u>
Total revenues	<u>30,973,710</u>	<u>[23,696,463]</u>	<u>7,277,247</u>	<u>9,969,649</u>	<u>9,969,649</u>	<u>[2,692,402]</u>
<b>EXPENDITURES:</b>						
Instructional	31,855,938	26,531	31,882,469	34,022,140	34,022,140	2,139,671
Student support	4,606,480	3,942	4,610,422	4,625,300	4,625,300	14,878
School administration	1,177,940	1,570	1,179,510	1,258,500	1,258,500	78,990
Operations and maintenance	111,311	812	112,123	113,300	113,300	1,177
Student transportation services	<u>5,781,255</u>	<u>-</u>	<u>5,781,255</u>	<u>6,225,050</u>	<u>6,225,050</u>	<u>443,795</u>
Total expenditures	<u>43,532,924</u>	<u>32,855</u>	<u>43,565,779</u>	<u>46,244,290</u>	<u>46,244,290</u>	<u>2,678,511</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[12,559,214]</u>	<u>[23,729,318]</u>	<u>[36,288,532]</u>	<u>[36,274,641]</u>	<u>[36,274,641]</u>	<u>[13,891]</u>
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers in	<u>12,007,197</u>	<u>23,696,463</u>	<u>35,703,660</u>	<u>30,569,826</u>	<u>30,569,826</u>	<u>5,133,834</u>
Total other financing sources [uses]	<u>12,007,197</u>	<u>23,696,463</u>	<u>35,703,660</u>	<u>30,569,826</u>	<u>30,569,826</u>	<u>5,133,834</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[552,017]</u>	<u>[32,855]</u>	<u>[584,872]</u>	<u>\$ [5,704,815]</u>	<u>\$ [5,704,815]</u>	<u>\$ 5,119,943</u>
FUND BALANCE - Beginning of year	9,099,709	[11,586]	9,088,123			
Prior year adjustment	<u>793,664</u>	<u>-</u>	<u>793,664</u>			
FUND BALANCE - Beginning of year, restated	<u>9,893,373</u>	<u>[11,586]</u>	<u>9,881,787</u>			
FUND BALANCE - End of year	<u>\$ 9,341,356</u>	<u>\$ [44,441]</u>	<u>\$ 9,296,915</u>			

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2012

	Business-Type Activities: Enterprise Funds			Total	Governmental
	Food Service	Summer School	Driver Training		Activities: Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,727,819	\$ 338,793	\$ 124,062	\$ 2,190,674	\$ 3,430,691
Inventory	193,412	-	-	193,412	-
Total current assets	<u>1,921,231</u>	<u>338,793</u>	<u>124,062</u>	<u>2,384,086</u>	<u>3,430,691</u>
Noncurrent assets:					
Capital assets	5,941,223	-	-	5,941,223	-
Less: accumulated depreciation	<u>2,698,837</u>	<u>-</u>	<u>-</u>	<u>2,698,837</u>	<u>-</u>
Total noncurrent assets	<u>3,242,386</u>	<u>-</u>	<u>-</u>	<u>3,242,386</u>	<u>-</u>
Total assets	<u>\$ 5,163,617</u>	<u>\$ 338,793</u>	<u>\$ 124,062</u>	<u>\$ 5,626,472</u>	<u>\$ 3,430,691</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Estimated loss reserves	\$ -	\$ -	\$ -	\$ -	\$ 1,039,886
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,039,886</u>
Net Assets					
Invested in capital assets	\$ 3,242,386	\$ -	\$ -	\$ 3,242,386	\$ -
Unrestricted	<u>1,921,231</u>	<u>338,793</u>	<u>124,062</u>	<u>2,384,086</u>	<u>2,390,805</u>
Total net assets	<u>\$ 5,163,617</u>	<u>\$ 338,793</u>	<u>\$ 124,062</u>	<u>\$ 5,626,472</u>	<u>\$ 2,390,805</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2012

	Business-Type Activities: Enterprise Funds			Total	Governmental
	Food Service	Summer School	Driver Training		Internal Service Funds
Operating revenues					
Charges for services	\$ 6,864,095	\$ 236,122	\$ 119,771	\$ 7,219,988	\$ -
Other local services	2,792	67,135	-	69,927	1,479,556
Miscellaneous	397,309	1,500	-	398,809	-
Total operating revenues	<u>7,264,196</u>	<u>304,757</u>	<u>119,771</u>	<u>7,688,724</u>	<u>1,479,556</u>
Operating expenses					
Instruction	-	262,392	179,530	441,922	59,935
Support services	-	-	-	-	1,182
Instructional support staff	-	37,261	-	37,261	4,164
School administration	-	-	20,560	20,560	-
Operations and maintenance	-	-	36,677	36,677	634,580
Student transportation services	-	67,890	-	67,890	-
Noninstructional services	11,108,704	-	-	11,108,704	174,248
Student activities	-	-	-	-	129,983
Depreciation	213,909	-	-	213,909	-
Total operating expenses	<u>11,322,613</u>	<u>367,543</u>	<u>236,767</u>	<u>11,926,923</u>	<u>1,004,092</u>
Operating income [loss]	<u>[4,058,417]</u>	<u>[62,786]</u>	<u>[116,996]</u>	<u>[4,238,199]</u>	<u>475,464</u>
Nonoperating revenues [expenses]					
State grants	97,556	-	52,170	149,726	-
Federal grants	3,900,585	-	-	3,900,585	-
Total nonoperating revenues [expenses]	<u>3,998,141</u>	<u>-</u>	<u>52,170</u>	<u>4,050,311</u>	<u>-</u>
Income [loss] before operating transfers	<u>[60,276]</u>	<u>[62,786]</u>	<u>[64,826]</u>	<u>[187,888]</u>	<u>475,464</u>
Transfers from other funds					
Transfers in	153,448	-	-	153,448	-
Total transfers	<u>153,448</u>	<u>-</u>	<u>-</u>	<u>153,448</u>	<u>-</u>
Change in net assets	<u>93,172</u>	<u>[62,786]</u>	<u>[64,826]</u>	<u>[34,440]</u>	<u>475,464</u>
Net assets, Beginning of year	5,037,183	412,475	188,888	5,638,546	1,915,341
Prior period adjustment	33,262	[10,896]	-	22,366	-
Net assets, Beginning of year, Restated	<u>5,070,445</u>	<u>401,579</u>	<u>188,888</u>	<u>5,660,912</u>	<u>1,915,341</u>
Net assets, End of year	<u>\$ 5,163,617</u>	<u>\$ 338,793</u>	<u>\$ 124,062</u>	<u>\$ 5,626,472</u>	<u>\$ 2,390,805</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2012

	Business-Type Activities: Enterprise Funds			Total	Governmental
	Food Service	Summer School	Driver Training		Activities: Internal Service Funds
Cash flows from operating activities					
Cash received from customers and users	\$ 6,864,095	\$ 303,257	\$ 119,771	\$ 7,287,123	\$ 1,479,556
Cash payments to suppliers and employees for services	[11,551,406]	[367,543]	[236,767]	[12,155,716]	[1,544,404]
Other operating receipts	400,101	1,500	-	401,601	-
Net cash provided by [used in] operating activities	<u>[4,287,210]</u>	<u>[62,786]</u>	<u>[116,996]</u>	<u>[4,466,992]</u>	<u>[64,848]</u>
Cash flows from noncapital financing activities					
State grants	97,556	-	52,170	149,726	-
Federal grants	3,900,585	-	-	3,900,585	-
Transfers from other funds	153,448	-	-	153,448	-
Net cash provided by [used in] noncapital financing activities	<u>4,151,589</u>	<u>-</u>	<u>52,170</u>	<u>4,203,759</u>	<u>-</u>
Cash flows from capital and related financing activities					
Capital expenditures	[44,320]	-	-	[44,320]	-
Net cash flows from capital and related financing activities	<u>[44,320]</u>	<u>-</u>	<u>-</u>	<u>[44,320]</u>	<u>-</u>
Net increase [decrease] in cash and cash equivalents	<u>[179,941]</u>	<u>[62,786]</u>	<u>[64,826]</u>	<u>[307,553]</u>	<u>[64,848]</u>
Cash and cash equivalents - Beginning of year	1,874,498	412,475	188,888	2,475,861	3,495,539
Prior period adjustment	<u>33,262</u>	<u>[10,896]</u>	<u>-</u>	<u>22,366</u>	<u>-</u>
Cash and cash equivalents - Beginning of year, restated	<u>1,907,760</u>	<u>401,579</u>	<u>188,888</u>	<u>2,498,227</u>	<u>3,495,539</u>
Cash and cash equivalents - End of year	<u>\$ 1,727,819</u>	<u>\$ 338,793</u>	<u>\$ 124,062</u>	<u>\$ 2,190,674</u>	<u>\$ 3,430,691</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities					
Operating income [loss]	\$ [4,058,417]	\$ [62,786]	\$ [116,996]	\$ [4,238,199]	\$ 475,464
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities					
Depreciation	213,909	-	-	213,909	-
Change in assets and liabilities					
[Increase] decrease in inventory	[24,479]	-	-	[24,479]	-
Increase [decrease] in accrued payroll	[418,223]	-	-	[418,223]	[155,510]
Increase [decrease] in estimated loss reserve	-	-	-	-	[384,802]
Net cash provided by [used in] operating activities	<u>\$ [4,287,210]</u>	<u>\$ [62,786]</u>	<u>\$ [116,996]</u>	<u>\$ [4,466,992]</u>	<u>\$ [64,848]</u>

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

UNIFIED SCHOOL DISTRICT NO. 233

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
June 30, 2012

ASSETS:

Cash and investments \$ 1,034,910

Total assets \$ 1,034,910

LIABILITIES AND FUND BALANCES:

Liabilities:

Due to student organizations \$ 1,034,910

Total liabilities \$ 1,034,910

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

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Unified School District No. 233 (the District) is a municipal corporation governed by an elected seven-member board.

As required by generally accepted accounting principles (GAAP), the financial statements present data for all funds of the District.

According to GAAP, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units. The District has no component units, in addition, the District is not included in any other governmental "reporting entity" as defined by GAAP.

**B. Government-wide and fund financial statements**

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the school district.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The District reports the following major governmental funds:

The General Fund is used to account for the general operations of the District and all revenues and expenditures not accounted for in other funds.

The Supplemental General Fund is used to account for the general operations of the District and all revenues and expenditures not accounted for in other funds.

The Special Education Fund is used to account for federal and state aid revenues received and used for the education of students with special needs.

The Bond and Interest Fund is used to account for the accumulation of resources for and the payments of interest and principal on general long-term debt, which are general obligations of the District.

The Capital Outlay Fund is used to account for revenues that are primarily utilized for the acquisition, construction, repair and remodeling of school district buildings.

The 2007 Construction Fund is used to account for the acquisition, construction, and renovation of major capital facilities financed by the District's general obligation bond issues.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

The 2009 Construction Fund is used to account for the acquisition, construction, and renovation of major capital facilities financed by the District's general obligation bond issues.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

The District reports the following major proprietary funds:

The Food Service Fund is established pursuant to state law to account for all monies received and expended attributable to the district's breakfast and lunch programs.

The Summer School Fund is used to account for user fees derived from summer school education programs and the expenditures necessary to carry out these programs.

The Driver Training Fund is used to account for state aid and user fees used to provide driver's education to students.

Additionally, the District reports the following fund within the proprietary fund type:

The Internal Service Fund accounts for the financing of goods and services provided to other funds of the district on a cost reimbursement basis and uses the accrual basis of accounting. The District's internal service funds include the Workers' Compensation Fund, the Health Insurance Fund and the Risk Management Fund.

The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

For purpose of the statement of cash flows, cash and cash equivalents includes cash, and short-term investments with original maturities of ninety days or less.

**D. Material and Supplies Inventory**

Material and supplies inventory is valued using the average cost method. Inventories recorded in the Food Services Fund consist of purchased commodities. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed. For fund financial statement reporting the reserve for material and supplies inventory is equal to the amount of inventories on hand to indicate that a portion of fund balance is not available for future expenditures.

**E. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000, for buildings and \$2,500, for all other capital assets. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Capital Assets (Continued)**

add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The District does not capitalize interest on the construction of capital assets.

Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	20
Furniture	10
Vehicles	10
Equipment	5
Technology	5

Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the District must reimburse the federal government for any assets which the District retains for its own use after the termination of the grant unless otherwise provided for by the grantor.

**F. Compensated Absences Liabilities**

District certified and classified employees are allowed paid sick leave between 12 and 15 days per year based on their contract period. Unused sick leave has unlimited accumulation and is intended for use on an extended illness. There are some instances, upon retirement, when sick leave can be converted to additional pay or used to purchase District offered insurance at the time of retirement.

District certified and classified employees are allowed paid personal leave between 1 and 4 days per year based on length of service. If these days are not used, they can be converted to double the amount of sick leave each fiscal year.

District classified employees are allowed paid vacation between 10 and 15 days per year based on length of service. Vacation days must be used prior to the end of the fiscal year after the year in which it was earned.

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Fund Balance Reserves**

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Assigned fund balances include amounts that are constrained by the District management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2012

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fund Balance Reserves (Continued)**

that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned. The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds								Total Governmental Funds
	General Fund	Supplemental General Fund	Special Education Fund	Bond and Interest Fund	Capital Outlay Fund	2007 Construction Fund	2009 Construction Fund	Nonmajor Governmental Funds	
Fund Balances:									
Nonspendable									
Inventory	\$ 582,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,835
Restricted for:									
Special education instruction	-	-	9,292,723	-	-	-	-	-	9,292,723
Debt retirement	-	-	-	32,616,635	-	-	-	-	32,616,635
School construction and equipment	-	-	-	-	10,020,781	13,960,729	109,427	85,306	24,176,243
Instruction	-	-	-	-	-	-	-	11,757,664	11,757,664
Instructional support staff	-	-	-	-	-	-	-	374,792	374,792
Operations and maintenance	-	-	-	-	-	-	-	114,800	114,800
Assigned for:									
Special education instruction	-	-	44,441	-	-	-	-	-	44,441
School construction and equipment	-	-	-	-	1,217,687	5,194,221	-	-	6,411,908
Instruction	658,801	-	-	-	-	-	-	914,502	1,573,303
Instructional support staff	-	-	-	-	-	-	-	46,477	46,477
Unassigned:	4,192	5,132,734	-	-	-	-	-	-	5,136,926
Total Fund Balances	<u>\$ 1,245,828</u>	<u>\$ 5,132,734</u>	<u>\$ 9,337,164</u>	<u>\$ 32,616,635</u>	<u>\$ 11,238,468</u>	<u>\$ 19,154,950</u>	<u>\$ 109,427</u>	<u>\$ 13,293,541</u>	<u>\$ 92,128,747</u>

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Kansas statutes require that an operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The General Fund and Supplemental General Fund are subject to budgetary limitation by state statute. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1st.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Management may not amend the budget without the approval of the board of education. However, state statutes permit management to transfer budgeted amounts between line items within an individual fund without this approval. In addition, the District has policies that require that department heads obtain business office approval prior to making any such transfers. The legal level of budgetary control is at the fund level.

If the board of education elects to amend the budget, it must publish a notice of public hearing in the local newspaper. At least ten days after publication the hearing may be held and the budget may be amended at that time. The budget for the year ended June 30, 2012, was amended for the General and Supplemental General Funds.

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. 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. All unencumbered appropriations lapse at year end, except for capital project funds which are carried forward until such time as the project is completed or terminated. Encumbrances are reported as expenditures in the current year's budgetary presentation and as reservations of fund balances in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America. Accordingly, the actual expenditure data presented in the budgetary comparison statements differ from the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds. Legal operating budgets are required for the following funds: General, Supplemental General, Bilingual Education, Capital Outlay, Driver Training, Food Service, Professional Development, Parent As Teachers, Summer School, Special Education, Extraordinary Growth, Vocational Education, KPERS Special Retirement Contribution, Federal Awards, Cost of Living, Special Liability, Special Assessment, At Risk (4 Year Old), At Risk (K-12), Virtual Education and Bond and Interest.

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

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP).



UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Property Taxes**

Taxes are assessed on a calendar year basis, and are levied and become a lien on the property on November 1st in the year of assessment.

The taxes are due upon receipt of the billing, although taxpayers may elect to pay installments on December 20 and May 10. Taxes are distributed to the District as collected by the County Treasurer five times per year. State statutes proscribe the County Treasurer from distributing second half taxes collected prior to July 1 of the ensuing year, unless the County Commission enters into a special agreement with the District to distribute taxes early.

**C. Statutory Violations**

The following fund had deficit fund equity at June 30, 2012: Workers' Compensation \$[151,370] which is a violation of K.S.A. 10-1113. The deficit will be recovered from premiums in the following year.

Actual exceeded budgeted expenditures in the Summer School Fund, which is a violation of K.S.A. 79-2935.

**Note 3. RESTATEMENT OF EQUITY**

Following the close of the previous fiscal year, it was discovered that various accrued liabilities were misstated in the governmental and business-type activities. The effects of which are as follows:

	Governmental Activities	Business Type Activities
Beginning net assets	\$ 139,814,696	\$ 5,638,546
Prior period adjustment	<u>794,263</u>	<u>22,366</u>
Beginning net assets	<u>\$ 140,608,959</u>	<u>\$ 5,660,912</u>

**Note 4. DETAILED NOTES ON ALL FUNDS**

**A. Investments**

The District's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the County in which the District is located or in an adjacent county and that the bank provide an acceptable rate for active funds.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 4. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Investments (Continued)**

The District's investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that at the District invest its idle funds in only temporary notes of the District, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasuries or Notes, the Municipal Investment Pool (KMIP) and certain other investments if the municipality has extended investment authority. Maturities of the above investments may not exceed two years by statute.

Some of the District's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in KSA 10-131.

At June 30, 2012, the District has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasuries	\$ 73,375,360	NA
Kansas Municipal Investment Pool	<u>2</u>	S&P AAf/S1+
Total fair value	<u>\$ 73,375,362</u>	

The District does not have any formal investment policies that would further limit interest rate, credit or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2012

**Note 4. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance <u>July 1, 2011</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2012</u>
District governmental activities:					
Nondepreciable capital assets:					
Land and improvements	\$ 51,553,724	\$ -	\$ 1,090,208	\$ -	\$ 52,643,932
Construction in progress	<u>2,416,488</u>	<u>-</u>	<u>3,339,018</u>	<u>[4,321,135]</u>	<u>1,434,371</u>
Total nondepreciable capital assets	<u>53,970,212</u>	<u>-</u>	<u>4,429,226</u>	<u>[4,321,135]</u>	<u>54,078,303</u>
Depreciable capital assets:					
Buildings and improvements	493,237,674	-	2,921,830	4,321,135	500,480,639
Vehicles	2,381,461	-	57,322	[107,473]	2,331,310
Equipment, furniture and fixtures	<u>31,113,431</u>	<u>-</u>	<u>74,649</u>	<u>[2,123,945]</u>	<u>29,064,135</u>
Total depreciable capital assets	<u>526,732,566</u>	<u>-</u>	<u>3,053,801</u>	<u>2,089,717</u>	<u>531,876,084</u>
Totals at historical cost	<u>580,702,778</u>	<u>-</u>	<u>7,483,027</u>	<u>[2,231,418]</u>	<u>585,954,387</u>
Less accumulated depreciation for:					
Buildings and improvements	152,883,522	-	16,325,786	-	169,209,308
Vehicles	1,816,103	-	133,213	[107,149]	1,842,167
Equipment, furniture and fixtures	<u>8,278,179</u>	<u>-</u>	<u>484,694</u>	<u>[349,483]</u>	<u>8,413,390</u>
Total accumulated depreciation	<u>162,977,804</u>	<u>-</u>	<u>16,943,693</u>	<u>[456,632]</u>	<u>179,464,865</u>
Governmental activities capital assets, net	<u>\$ 417,724,974</u>	<u>\$ -</u>	<u>\$ [9,460,666]</u>	<u>\$ [1,774,786]</u>	<u>\$ 406,489,522</u>
Business-type activities:					
Depreciable capital assets:					
Buildings and improvements	\$ 5,076,263	\$ -	\$ -	\$ -	\$ 5,076,263
Vehicles	174,782	-	44,320	-	219,102
Equipment, furniture and fixtures	<u>645,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>645,858</u>
Totals at historical cost	<u>5,896,903</u>	<u>-</u>	<u>44,320</u>	<u>-</u>	<u>5,941,223</u>
Less accumulated depreciation for:					
Buildings and improvements	2,002,356	-	156,465	-	2,158,821
Vehicles	143,265	-	9,547	-	152,812
Equipment, furniture and fixtures	<u>339,307</u>	<u>-</u>	<u>47,897</u>	<u>-</u>	<u>387,204</u>
Total accumulated depreciation	<u>2,484,928</u>	<u>-</u>	<u>213,909</u>	<u>-</u>	<u>2,698,837</u>
Business-type activities capital assets, net	<u>\$ 3,411,975</u>	<u>\$ -</u>	<u>\$ [169,589]</u>	<u>\$ -</u>	<u>\$ 3,242,386</u>

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 4. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Capital Assets (Continued)**

The District's depreciation expense was charged to governmental functions as follows:

Instruction	\$ 14,968,308
Support services	842,823
Operations and maintenance	149,641
Transportation services	85,042
Student activities	758,399
Noninstructional	<u>139,480</u>
Total depreciation	<u>\$ 16,943,693</u>
Business-type activities:	
Food service	<u>\$ 213,909</u>
Total depreciation	<u>\$ 213,909</u>

**C. Long - Term Liabilities**

The changes in the District's long-term obligations during the year consist of the following:

	Restated Balance <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>	Amounts Due Within <u>One Year</u>
District Governmental Activities					
General Obligation Bonds	\$ 346,171,339	\$ -	\$ 28,570,000	\$ 317,601,339	\$20,095,000
Premium on General Obligation Bonds	<u>7,095,331</u>	<u>-</u>	<u>1,118,670</u>	<u>5,976,661</u>	<u>784,494</u>
Net General Obligation Bonds	353,266,670	-	29,688,670	323,578,000	20,879,494
Compensated Absences	<u>22,930,970</u>	<u>2,866,371</u>	<u>1,833,960</u>	<u>23,963,381</u>	<u>2,995,423</u>
Total governmental activities					
Long-term liabilities	<u>\$ 376,197,640</u>	<u>\$ 2,866,371</u>	<u>\$ 31,522,630</u>	<u>\$ 347,541,381</u>	<u>\$ 23,874,917</u>

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 4. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Long - Term Liabilities (Continued)**

Long-term obligations of the District consists of the following:

	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2012</u>
General obligation bonds					
2001B	03/15/01	09/01/17	3.40% to 5.50%	\$ 39,240,000	\$ 28,785,000
2004A	04/15/04	09/01/18	2.00% to 4.00%	37,207,352	11,546,735
2006A	02/15/06	09/01/20	3.50% to 4.50%	34,416,140	25,479,251
2008A	02/15/08	09/01/08	3.25% to 4.25%	50,751,622	46,937,505
2009A	06/01/09	09/01/29	3.625% to 5.90%	95,000,000	95,000,000
2009B	06/01/09	09/01/18	2.00% to 4.00%	22,405,000	15,087,778
2009C	06/01/09	09/01/16	3.25% to 4.25%	35,371,277	33,340,198
2010A	6/3/2010	9/1/2030	2.15% to 5.70%	26,500,000	26,500,000
2010B	6/3/2010	9/1/2016	2.00% to 4.00%	13,872,886	13,872,886
2010C	6/3/2010	9/1/2019	2.00% to 4.00%	22,222,309	22,222,309
2011A	5/5/2011	9/1/2025	4.55%	<u>4,806,339</u>	<u>4,806,339</u>
Total general obligation bonds payable				<u>\$ 381,792,925</u>	<u>\$ 323,578,000</u>

The annual debt service requirements to maturity for general obligation bonds, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Cumulative Discount/ Premium Accretion</u>	<u>Interest Due</u>	<u>Totals</u>
2012 - 2013	\$ 20,879,494	\$ 13,374,815	\$ 34,254,309
2013 - 2014	28,482,759	12,567,459	41,050,218
2014 - 2015	28,835,702	11,598,515	40,434,217
2015 - 2016	30,703,164	10,505,724	41,208,887
2016 - 2017	31,513,163	9,297,658	40,810,821
2017 - 2018 to 2021 - 2022	86,394,005	32,651,606	119,045,611
2021 - 2022 to 2025 - 2026	58,035,594	18,000,177	76,035,771
2026 - 2027 to 2029 - 2030	<u>38,734,118</u>	<u>3,350,538</u>	<u>42,084,656</u>
Total	<u>\$ 323,578,000</u>	<u>\$ 111,346,491</u>	<u>\$ 434,924,491</u>

The District has entered into various long-term commitments with other municipalities to finance special assessments related to sewer, street, sidewalk and other improvements made involving District property. The funds to satisfy these assessments are generated as a component of the annual property tax levy which is recorded in the Special Assessments Fund.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 4. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Operating Leases**

The District leases certain equipment under the terms of operating lease agreements. The amount of the operating lease payments for year ending June 30, 2012 were \$848,411. The future minimum lease payments for the lease are as follows:

Year ending <u>June 30,</u>	<u>Amount</u>
2013	\$ 848,411
2014	848,412
2015	<u>822,000</u>
Total	<u>\$ 2,518,823</u>

**Note 5. OTHER INFORMATION**

**A. 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 South Kansas Avenue, Topeka, Kansas 66603-3925).

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Kansas contributed 8.57% of covered payroll. 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 statutory required employers share. The State of Kansas contributions to KPERS for the District employees for the years ending June 30, 2012, 2011 and 2010 was \$18,799,222, \$11,036,632, and \$12,801,332, respectively, equal to the required contributions for each year. The District recognizes these on-behalf payments as revenues and expenditures in the KPERS Special Retirement Contribution Fund as required.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 5. OTHER INFORMATION (Continued)**

**B. Interfund Transfers and Due To/From Other Funds**

K.S.A. 72-6428 and K.S.A. 72-6433 allow the transfer of monies between funds. Interfund transfers occurred during the year and were made between the funds identified in the following table to provide sufficient resources to pay the expenditures in the funds receiving the transfer.

<u>Transfers Out:</u>	<u>Transfers In</u>			<u>Total</u>
	<u>Special Education</u>	<u>Other Governmental</u>	<u>Food Service</u>	
General	\$ 4,192	\$ 312,838	\$ 117,136	\$ 434,166
Supplemental General	<u>12,003,005</u>	<u>4,783,449</u>	<u>36,312</u>	<u>16,822,766</u>
Total	<u>\$12,007,197</u>	<u>\$ 5,096,287</u>	<u>\$ 153,448</u>	<u>\$ 17,256,932</u>

**C. Voluntary Early Retirement Plan**

The District offers a voluntary early retirement plan, available to its certified and administrative staff. Employees must have completed at least 15 years of service with the District and must be eligible to receive unreduced retirement benefits from KPERS during the next school year in order to be eligible to receive benefits under the plan. Benefits apply for a maximum of five years, or until the employee reaches age 65, whichever occurs first. The District's contributions are financed on a pay-as-you-go basis. The contributions for the year ended June 30, 2012 were \$1,859,353. At June 30, 2012, the District's liability under this plan was \$3,916,539.

**D. Contingent Liabilities**

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 is 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 the financial statements of the District at June 30, 2012.

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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. During the past three fiscal years, settlements have not exceeded insurance coverage.

The District has a self-insured workers' compensation program for all District employees. The fund is accounted for as a District Internal Service Fund. The program is administered by a third-party administrator. In order to mitigate the risk associated with this program, the District has purchased individual and aggregate "stop loss" insurance of \$300,000 per occurrence and total aggregate of \$1,000,000. The District has on deposit funds for a claims payment account with its third party administrator, but there remains no transfer of risk. The District's liability for claims incurred but not paid, including IBNR claims, is \$1,039,886 as of June 30, 2012. This liability is based on estimates provided by the third party administrator.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 5. OTHER INFORMATION (Continued)**

**D. Contingent Liabilities (Continued)**

Changes in the District's claim liability in fiscal 2012 and 2011 are as follows:

	Year ended June 30,	
	2011	2012
Claims liability, beginning of year	\$ 1,164,312	\$ 1,424,688
Claims incurred, including IBNR	2,249,864	655,084
Claims payments	<u>[1,989,488]</u>	<u>[1,039,886]</u>
Claims liability, end of year	<u>\$ 1,424,688</u>	<u>\$ 1,039,886</u>

The District is also a party in a number of lawsuits as a result of the ordinary course of school activities. District management and legal counsel anticipate that the potential claims against the District not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the District.

A potential liability exists regarding rebatable arbitrage on several series General Obligation Bonds. An arbitrage rebate calculation will be completed to determine if such a liability exists.

**E. Capital Project Funds Expenditures - Budget and Actual (Budgetary Basis)**

The District prepares annual operating budgets for the majority of the governmental funds; however, for the capital projects construction funds, project-length budgets are prepared. The projects budgeted, approved budgets, and cumulative expenditures, as of June 30, 2012, are as follows:

<u>Project Name</u>	<u>Project Budget</u>	<u>Cumulative expenditures through June 30, 2012</u>	<u>Remaining Budget</u>
Construction Projects 2007	\$ 110,271,179	\$ 91,116,229	\$ 19,154,950
Construction Projects 2009	68,000,000	67,890,573	109,427

**F. Postemployment Healthcare Plan**

**Plan Description.** The District operates a single employer defined benefit healthcare plan administered by the District. The Employee Benefit Plan (the Plan) provides medical and pharmacy benefits to eligible retirees and their dependents. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

**Funding Policy.** The contribution requirements of plan participants and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2012, plan participants contributed \$424,712 to the Plan (100% of total premiums) through their required contribution ranging from \$381 to \$572 for retiree-only coverage and ranging from \$705 to \$1,602 for retiree and dependent coverage.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 5. OTHER INFORMATION (Continued)**

**F. Postemployment Healthcare Plan (Continued)**

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 1,877,194
Interest on Net OPEB Obligation	280,320
Adjustment to Annual Required Contribution	<u>[310,093]</u>
Annual OPEB cost (expense)	1,847,421
Benefit payments	<u>424,712</u>
Change in net OPEB obligation	1,422,709
Net OPEB obligation - beginning of year	<u>4,312,612</u>
Net OPEB obligation - end of year	<u>\$ 5,735,321</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 2,007,837	\$ 629,506	\$ 2,870,952
June 30, 2011	2,071,660	630,000	4,312,612
June 30, 2012	1,847,421	424,712	5,735,321

Funding Status and Funding Progress. As of the year ended June 30, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$11,527,494 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,527,494. The covered payroll (annual payroll of active employees covered by the plan) was \$176,934,384, and the ratio of the UAAL to the covered payroll was 6.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2012

**Note 5. OTHER INFORMATION (Continued)**

**F. Postemployment Healthcare Plan (Continued)**

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the year ended June 30, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 6.5% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 5% after ten years. The UAAL is being amortized as a level dollar over an open thirty-year period.

**G. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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UNIFIED SCHOOL DISTRICT NO. 233

REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST-EMPLOYMENT BENEFITS  
June 30, 2012

Schedule of Employer Contributions:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
June 30, 2010	\$ 2,007,837	\$ 629,506	\$ 2,870,952
June 30, 2011	2,071,660	630,000	4,312,612
June 30, 2012	1,847,421	424,712	5,735,321

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll ©	UAAL as Percent of Payroll (b-a)/©
6/30/2008	\$ -	\$ 8,703,471	\$ 8,703,471	0.00%	\$ 131,263,814	6.63%
6/30/2010	-	11,270,141	11,270,141	0.00%	139,365,150	8.09%
6/30/2012	-	11,527,494	11,527,494	0.00%	176,934,384	6.52%

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**COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES**

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UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENTS - NONMAJOR FUNDS

The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**BUDGETED FUNDS:**

**Extraordinary Growth Fund:** This fund is used to provide the legal vehicle to levy taxes for costs associated with commencing operation of new school facilities.

**Bilingual Education Fund:** This fund is used to account for monies received and expended to operate an English as a Second Language (ESL) program.

**Professional Development Fund:** This fund is used to account for state aid revenues that are provided for teacher inservice training programs.

**Vocational Education Fund:** This fund is used to account for revenues received and expenditures incurred for state and federal vocational education programs, administered in accordance with established guidelines and statutes.

**Parent As Teachers Fund:** This fund is used to account for state aid revenues which are used to provide educational training and assistance programs to parents in the District regarding pre-school and selected educational problems of students.

**At Risk (4 Year Old) Fund:** This fund is used to account for monies received and expended for programs for at risk students meeting the specific age requirement.

**At Risk (K-12) Fund:** This fund is used to account for monies received and expended for extended year, extended day, alternative schools, dropout prevention and tutorial assistance programs administered for at risk students.

**KPERS Special Retirement Contribution Fund:** This fund is used to account for the state's on-behalf payments to the District's retirement fund as revenue and expense. The state is required to contribute based on a predetermined percentage of payroll each year.

**Cost of Living:** This fund is available to districts who exceed state averages for Cost of Living factors. The Cost of Living fund's only revenue is from local sources.

**Virtual Education Fund.** This fund is used to account for monies received and expended for virtual, online courses.

**Federal Awards:** This fund has been established to account for the revenues and expenditures associated with federal and state grants that have been awarded to the District for specific purposes.

**Special Liability:** This fund is used to pay for District liability insurance premiums and potential liability claims against the District. The Special Liability fund's only revenue is from local sources.

**NON - BUDGETED FUNDS:**

**Instructional Materials Fund:** This fund is used to account for revenue collected and expenditures incurred in conjunction with the purchase of classroom teaching supplies and printing of teaching aides.

**Contingency Reserve Fund:** This fund is used to account for monies from the General Fund in accordance with Kansas statutes (limited to 10% of General Fund budget) and expended for contingency purposes.

**District Activities Fund:**

**Donations Fund:** This fund is used to account for revenues collected and expenditures incurred in conjunction with local donations for youth services, youth court, drug-free emphasis, and various other activities used to enhance student learning.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENTS - NONMAJOR FUNDS - CONTINUED

**DEBT SERVICE FUND:**

**Special Assessments Fund:** This fund is used to accumulate resources to pay long-term commitments with other municipalities to finance special assessments related to sewer, street, sidewalk and other improvements made involving District property.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2012

	Total Nonmajor Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 13,533,586	\$ 85,306	\$ 13,618,892
Taxes receivable	<u>211,440</u>	<u>14,647</u>	<u>226,087</u>
Total assets	<u>\$ 13,745,026</u>	<u>\$ 99,953</u>	<u>\$ 13,844,979</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 41,414	\$ -	\$ 41,414
Due to other funds	283,937	-	283,937
Deferred revenue	<u>211,440</u>	<u>14,647</u>	<u>226,087</u>
Total liabilities	<u>536,791</u>	<u>14,647</u>	<u>551,438</u>
Fund balances:			
Restricted	12,247,256	85,306	12,332,562
Assigned	<u>960,979</u>	<u>-</u>	<u>960,979</u>
Total fund balances	<u>13,208,235</u>	<u>85,306</u>	<u>13,293,541</u>
Total liabilities and fund balances	<u>\$ 13,745,026</u>	<u>\$ 99,953</u>	<u>\$ 13,844,979</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ 13,592,329	\$ 868,896	\$ 14,461,225
Intergovernmental	33,322,098	-	33,322,098
Charges for services	3,264,364	-	3,264,364
Other local sources	<u>767,568</u>	<u>-</u>	<u>767,568</u>
Total revenues	<u>50,946,359</u>	<u>868,896</u>	<u>51,815,255</u>
EXPENDITURES:			
Current			
Instruction	48,493,180	-	48,493,180
Student support services	2,069,665	-	2,069,665
Instructional support staff	2,454,754	-	2,454,754
General administration	185,512	-	185,512
School administration	1,394,191	-	1,394,191
Operations and maintenance	1,343,928	-	1,343,928
Student transportation services	36,051	-	36,051
Other support services	341,895	-	341,895
Food service operations	601,940	-	601,940
Student activities	7,562	-	7,562
Capital outlay			
Facility acquisition and construction	<u>-</u>	<u>1,004,087</u>	<u>1,004,087</u>
Total expenditures	<u>56,928,678</u>	<u>1,004,087</u>	<u>57,932,765</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[5,982,319]</u>	<u>[135,191]</u>	<u>[6,117,510]</u>
OTHER FINANCING SOURCES [USES]:			
Transfers in	<u>5,096,287</u>	<u>-</u>	<u>5,096,287</u>
Total other financing sources [uses]	<u>5,096,287</u>	<u>-</u>	<u>5,096,287</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[886,032]</u>	<u>[135,191]</u>	<u>[1,021,223]</u>
Fund balance - Beginning of year	14,093,668	220,497	14,314,165
Prior period adjustment	<u>599</u>	<u>-</u>	<u>599</u>
Fund balance - Beginning of year, restated	<u>14,094,267</u>	<u>220,497</u>	<u>14,314,764</u>
Fund balance - End of year	<u>\$ 13,208,235</u>	<u>\$ 85,306</u>	<u>\$ 13,293,541</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2012

	<u>Extraordinary Growth</u>	<u>Bilingual Education</u>	<u>Professional Development</u>	<u>Vocational Education</u>
<b>ASSETS</b>				
Cash and investments	\$ 209,598	\$ 50,223	\$ 80,779	\$ 68,879
Taxes receivable	<u>99,574</u>	-	-	-
Total assets	<u>\$ 309,172</u>	<u>\$ 50,223</u>	<u>\$ 80,779</u>	<u>\$ 68,879</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	<u>99,574</u>	-	-	-
Total liabilities	<u>99,574</u>	-	-	-
Fund balances:				
Restricted	209,598	50,001	50,001	58,040
Assigned	<u>-</u>	<u>222</u>	<u>30,778</u>	<u>10,839</u>
Total fund balances	<u>209,598</u>	<u>50,223</u>	<u>80,779</u>	<u>68,879</u>
Total liabilities and fund balances	<u>\$ 309,172</u>	<u>\$ 50,223</u>	<u>\$ 80,779</u>	<u>\$ 68,879</u>

Parents as Teachers	At Risk (4 Year Old)	At Risk (K-12)	KPERS Special Retirement Contribution
\$ 363,115	\$ 50,498	\$ 67,161	\$ -
-	-	-	-
<u>\$ 363,115</u>	<u>\$ 50,498</u>	<u>\$ 67,161</u>	<u>\$ -</u>
\$ 22,625	\$ -	\$ 8,083	\$ -
-	-	-	-
<u>22,625</u>	<u>-</u>	<u>8,083</u>	<u>-</u>
324,791	50,001	50,002	-
15,699	497	9,076	-
<u>340,490</u>	<u>50,498</u>	<u>59,078</u>	<u>-</u>
\$ 363,115	\$ 50,498	\$ 67,161	\$ -

UNIFIED SCHOOL DISTRICT NO. 233  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2012

	Cost of <u>Living</u>	Virtual <u>Education</u>	Federal <u>Awards</u>	Special <u>Liability</u>	Instructional <u>Materials</u>	Contingency <u>Reserve</u>	District <u>Activities</u>	Donations	Total Nonmajor Special Revenue <u>Funds</u>
<b>ASSETS</b>									
Cash and investments	\$ 40,338	\$ 10,014	\$ -	\$ 114,800	\$ 1,890,752	\$ 9,735,052	\$ 439,672	\$ 412,705	\$ 13,533,586
Taxes receivable	<u>107,837</u>	<u>-</u>	<u>-</u>	<u>4,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,440</u>
Total assets	<u>\$ 148,175</u>	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ 118,829</u>	<u>\$ 1,890,752</u>	<u>\$ 9,735,052</u>	<u>\$ 439,672</u>	<u>\$ 412,705</u>	<u>\$ 13,745,026</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 1,073	\$ -	\$ 8,727	\$ -	\$ -	\$ 906	\$ 41,414
Due to other funds	-	-	283,937	-	-	-	-	-	283,937
Unearned revenue	<u>107,837</u>	<u>-</u>	<u>-</u>	<u>4,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,440</u>
Total liabilities	<u>107,837</u>	<u>-</u>	<u>285,010</u>	<u>4,029</u>	<u>8,727</u>	<u>-</u>	<u>-</u>	<u>906</u>	<u>536,791</u>
Fund balances:									
Restricted	40,338	10,000	[317,879]	114,800	1,478,391	9,735,052	-	394,120	12,247,256
Assigned	<u>-</u>	<u>14</u>	<u>32,869</u>	<u>-</u>	<u>403,634</u>	<u>-</u>	<u>439,672</u>	<u>17,679</u>	<u>960,979</u>
Total fund balances	<u>40,338</u>	<u>10,014</u>	<u>[285,010]</u>	<u>114,800</u>	<u>1,882,025</u>	<u>9,735,052</u>	<u>439,672</u>	<u>411,799</u>	<u>13,208,235</u>
Total liabilities and fund balances	<u>\$ 148,175</u>	<u>\$ 10,014</u>	<u>\$ -</u>	<u>\$ 118,829</u>	<u>\$ 1,890,752</u>	<u>\$ 9,735,052</u>	<u>\$ 439,672</u>	<u>\$ 412,705</u>	<u>\$ 13,745,026</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2012

	Extraordinary Growth	Bilingual Education	Professional Development	Vocational Education
REVENUES:				
Taxes	\$ 6,759,414	\$ -	\$ -	\$ -
Intergovernmental	-	1,306,134	-	3,413,512
Charges for services	-	-	-	110,000
Other local sources	-	-	75,410	25,019
Total revenues	<u>6,759,414</u>	<u>1,306,134</u>	<u>75,410</u>	<u>3,548,531</u>
EXPENDITURES:				
Current				
Instruction	8,084,920	2,775,098	-	4,327,679
Student support services	-	-	-	-
Instructional staff support	-	64,051	219,125	2,118
General administration	-	-	-	-
School administration	-	-	-	129,928
Operations and maintenance	-	-	-	81,341
Student transportation services	-	-	-	5,129
Other support services	-	-	-	-
Food service operations	-	-	-	-
Student activities	-	-	-	7,562
Total expenditures	<u>8,084,920</u>	<u>2,839,149</u>	<u>219,125</u>	<u>4,553,757</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,325,506]</u>	<u>[1,533,015]</u>	<u>[143,715]</u>	<u>[1,005,226]</u>
OTHER FINANCING SOURCES [USES]:				
Transfers in	-	1,516,546	161,241	1,015,866
Total other financing sources [uses]	<u>-</u>	<u>1,516,546</u>	<u>161,241</u>	<u>1,015,866</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[1,325,506]</u>	<u>[16,469]</u>	<u>17,526</u>	<u>10,640</u>
Fund balance - Beginning of year	1,535,104	66,692	63,253	58,239
Prior period adjustment	-	-	-	-
Fund balance - Beginning of year, restated	<u>1,535,104</u>	<u>66,692</u>	<u>63,253</u>	<u>58,239</u>
Fund balance - End of year	<u>\$ 209,598</u>	<u>\$ 50,223</u>	<u>\$ 80,779</u>	<u>\$ 68,879</u>

See independent auditor's report on the financial statements.

Parents as Teachers	At Risk (4 Year Old)	At Risk (K-12)	KPERS Special Retirement Contribution
\$ -	\$ -	\$ -	\$ -
1,423,712	163,840	3,164,960	18,799,222
-	-	-	-
<u>112,444</u>	<u>-</u>	<u>16,584</u>	<u>-</u>
<u>1,536,156</u>	<u>163,840</u>	<u>3,181,544</u>	<u>18,799,222</u>
28,703	214,543	5,047,717	13,694,429
803,927	-	117,894	1,059,208
937,171	-	-	904,183
-	-	-	68,230
-	-	94,599	1,169,664
-	-	15,689	966,098
-	-	5,793	5,698
-	-	-	329,772
-	-	-	601,940
-	-	-	-
<u>1,769,801</u>	<u>214,543</u>	<u>5,281,692</u>	<u>18,799,222</u>
<u>[233,645]</u>	<u>[50,703]</u>	<u>[2,100,148]</u>	<u>-</u>
<u>248,576</u>	<u>50,791</u>	<u>2,092,781</u>	<u>-</u>
<u>248,576</u>	<u>50,791</u>	<u>2,092,781</u>	<u>-</u>
14,931	88	[7,367]	-
325,559	50,410	66,445	-
-	-	-	-
<u>325,559</u>	<u>50,410</u>	<u>66,445</u>	<u>-</u>
<u>\$ 340,490</u>	<u>\$ 50,498</u>	<u>\$ 59,078</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2012

	Cost of <u>Living</u>	Virtual <u>Education</u>	Federal <u>Awards</u>	Special <u>Liability</u>	Instructional <u>Materials</u>	Contingency <u>Reserve</u>	District <u>Activities</u>	Donations	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>									
Taxes	\$6,568,644	\$ -	\$ -	\$ 264,271	\$ -	\$ -	\$ -	\$ -	\$ 13,592,329
Intergovernmental	-	33,827	5,016,891	-	-	-	-	-	33,322,098
Charges for services	-	-	-	-	1,720,812	-	1,433,552	-	3,264,364
Other local sources	-	-	-	-	10,840	-	-	527,271	767,568
<b>Total revenues</b>	<b>6,568,644</b>	<b>33,827</b>	<b>5,016,891</b>	<b>264,271</b>	<b>1,731,652</b>	<b>-</b>	<b>1,433,552</b>	<b>527,271</b>	<b>50,946,359</b>
<b>EXPENDITURES:</b>									
<b>Current</b>									
Instruction	6,592,542	45,737	4,377,784	-	1,838,692	-	993,880	471,456	48,493,180
Student support services	-	-	30,979	-	-	-	-	57,657	2,069,665
Instructional support staff	-	-	305,195	-	6,028	-	-	16,883	2,454,754
General administration	-	-	117,282	-	-	-	-	-	185,512
School administration	-	-	-	-	-	-	-	-	1,394,191
Operations and maintenance	-	-	-	250,000	-	-	-	30,800	1,343,928
Student transportation services	-	-	19,431	-	-	-	-	-	36,051
Other support services	-	-	12,123	-	-	-	-	-	341,895
Food service operations	-	-	-	-	-	-	-	-	601,940
Student activities	-	-	-	-	-	-	-	-	7,562
<b>Total expenditures</b>	<b>6,592,542</b>	<b>45,737</b>	<b>4,862,794</b>	<b>250,000</b>	<b>1,844,720</b>	<b>-</b>	<b>993,880</b>	<b>576,796</b>	<b>56,928,678</b>
Excess [deficiency] of revenues over [under] expenditures	[23,898]	[11,910]	154,097	14,271	[113,068]	-	439,672	[49,525]	[5,982,319]
<b>OTHER FINANCING SOURCES [USES]:</b>									
Transfers in	-	10,486	-	-	-	-	-	-	5,096,287
<b>Total other financing sources [uses]</b>	<b>-</b>	<b>10,486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,096,287</b>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[23,898]	[1,424]	154,097	14,271	[113,068]	-	439,672	[49,525]	[886,032]
Fund balance - Beginning of year	64,236	11,438	[439,107]	100,529	1,994,494	9,735,052	-	461,324	14,093,668
Prior period adjustment	-	-	-	-	599	-	-	-	599
Fund balance - Beginning of year, restated	64,236	11,438	[439,107]	100,529	1,995,093	9,735,052	-	461,324	14,094,267
Fund balance - End of year	\$ 40,338	\$ 10,014	\$ [285,010]	\$ 114,800	\$ 1,882,025	\$ 9,735,052	\$ 439,672	\$ 411,799	\$ 13,208,235

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 EXTRAORDINARY GROWTH FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
Ad valorem	\$ 6,021,267	\$ -	\$ 6,021,267	\$ 143,616	\$ 143,616	\$ 5,877,651
Motor/Recreational vehicles	<u>738,147</u>	<u>-</u>	<u>738,147</u>	<u>939,182</u>	<u>939,182</u>	<u>[201,035]</u>
Total revenues	<u>6,759,414</u>	<u>-</u>	<u>6,759,414</u>	<u>1,082,798</u>	<u>1,082,798</u>	<u>5,676,616</u>
EXPENDITURES:						
Instructional	<u>8,084,920</u>	<u>-</u>	<u>8,084,920</u>	<u>8,084,920</u>	<u>8,084,920</u>	<u>-</u>
Total expenditures	<u>8,084,920</u>	<u>-</u>	<u>8,084,920</u>	<u>8,084,920</u>	<u>8,084,920</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	[1,325,506]	-	[1,325,506]	<u>\$ [7,002,122]</u>	<u>\$ [7,002,122]</u>	<u>\$ 5,676,616</u>
FUND BALANCE - Beginning of year	<u>1,535,104</u>	<u>-</u>	<u>1,535,104</u>			
FUND BALANCE - End of year	<u>\$ 209,598</u>	<u>\$ -</u>	<u>\$ 209,598</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 BILINGUAL EDUCATION FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental:						
State and local	\$ 1,306,134	\$ [1,306,134]	\$ -	\$ 500,000	\$ 500,000	\$ [500,000]
Total revenues	<u>1,306,134</u>	<u>[1,306,134]</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>[500,000]</u>
<b>EXPENDITURES:</b>						
Instructional	2,775,098	[16,469]	2,758,629	2,921,900	2,921,900	163,271
Instructional staff support	<u>64,051</u>	<u>-</u>	<u>64,051</u>	<u>61,800</u>	<u>61,800</u>	<u>[2,251]</u>
Total expenditures	<u>2,839,149</u>	<u>[16,469]</u>	<u>2,822,680</u>	<u>2,983,700</u>	<u>2,983,700</u>	<u>161,020</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,533,015]</u>	<u>[1,289,665]</u>	<u>[2,822,680]</u>	<u>[2,483,700]</u>	<u>[2,483,700]</u>	<u>[338,980]</u>
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers in	<u>1,516,546</u>	<u>1,306,134</u>	<u>2,822,680</u>	<u>2,483,700</u>	<u>2,483,700</u>	<u>338,980</u>
Total other financing sources [uses]	<u>1,516,546</u>	<u>1,306,134</u>	<u>2,822,680</u>	<u>2,483,700</u>	<u>2,483,700</u>	<u>338,980</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[16,469]	16,469	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	<u>66,692</u>	<u>[16,691]</u>	<u>50,001</u>			
FUND BALANCE - End of year	<u>\$ 50,223</u>	<u>\$ [222]</u>	<u>\$ 50,001</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 PROFESSIONAL DEVELOPMENT FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Other local sources	\$ 75,410	\$ -	\$ 75,410	\$ 170,000	\$ 170,000	\$ [94,590]
Total revenues	<u>75,410</u>	<u>-</u>	<u>75,410</u>	<u>170,000</u>	<u>170,000</u>	<u>[94,590]</u>
EXPENDITURES:						
Student support	<u>219,125</u>	<u>17,527</u>	<u>236,652</u>	<u>403,125</u>	<u>403,125</u>	<u>166,473</u>
Total expenditures	<u>219,125</u>	<u>17,527</u>	<u>236,652</u>	<u>403,125</u>	<u>403,125</u>	<u>166,473</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[143,715]</u>	<u>[17,527]</u>	<u>[161,242]</u>	<u>[233,125]</u>	<u>[233,125]</u>	<u>71,883</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>161,241</u>	<u>-</u>	<u>161,241</u>	<u>233,125</u>	<u>233,125</u>	<u>[71,884]</u>
Total other financing sources [uses]	<u>161,241</u>	<u>-</u>	<u>161,241</u>	<u>233,125</u>	<u>233,125</u>	<u>[71,884]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	17,526	[17,527]	[1]	\$ -	\$ -	\$ [1]
FUND BALANCE - Beginning of year	<u>63,253</u>	<u>[13,251]</u>	<u>50,002</u>			
FUND BALANCE - End of year	<u>\$ 80,779</u>	<u>\$ [30,778]</u>	<u>\$ 50,001</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 VOCATIONAL EDUCATION FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental	\$ 3,413,512	\$ [3,276,987]	\$ 136,525	\$ 136,525	\$ 136,525	\$ -
Total intergovernmental	3,413,512	[3,276,987]	136,525	136,525	136,525	-
Charges for services	110,000	-	110,000	200,000	200,000	[90,000]
Other local sources	25,019	-	25,019	1,066,000	1,066,000	[1,040,981]
Total revenues	3,548,531	[3,276,987]	271,544	1,402,525	1,402,525	[1,130,981]
<b>EXPENDITURES:</b>						
Instructional	4,327,679	2,518	4,330,197	5,368,281	5,368,281	1,038,084
Instructional staff support	2,118	-	2,118	5,350	5,350	3,232
School administration	129,928	-	129,928	127,650	127,650	[2,278]
Operations and maintenance	81,341	82	81,423	181,876	181,876	100,453
Other supplemental services	-	-	-	5,400	5,400	5,400
Student transportation services	5,129	-	5,129	-	-	[5,129]
Student activities	7,562	-	7,562	-	-	[7,562]
Total expenditures	4,553,757	2,600	4,556,357	5,688,557	5,688,557	1,132,200
Excess [deficiency] of revenues over [under] expenditures	[1,005,226]	[3,279,587]	[4,284,813]	[4,286,032]	[4,286,032]	1,219
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers in	1,015,866	3,276,987	4,292,853	4,286,032	4,286,032	6,821
Total other financing sources [uses]	1,015,866	3,276,987	4,292,853	4,286,032	4,286,032	6,821
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	10,640	[2,600]	8,040	\$ -	\$ -	\$ 8,040
FUND BALANCE - Beginning of year	58,239	[8,239]	50,000			
FUND BALANCE - End of year	\$ 68,879	\$ [10,839]	\$ 58,040			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 PARENTS AS TEACHERS FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental:						
State and local	\$ 1,423,712	\$ -	\$ 1,423,712	\$ 1,328,725	\$ 1,328,725	\$ 94,987
Total intergovernmental	<u>1,423,712</u>	<u>-</u>	<u>1,423,712</u>	<u>1,328,725</u>	<u>1,328,725</u>	<u>94,987</u>
Other local sources	<u>112,444</u>	<u>-</u>	<u>112,444</u>	<u>596,779</u>	<u>596,779</u>	<u>[484,335]</u>
Total revenues	<u>1,536,156</u>	<u>-</u>	<u>1,536,156</u>	<u>1,925,504</u>	<u>1,925,504</u>	<u>[389,348]</u>
<b>EXPENDITURES:</b>						
Student support	832,630	[18,018]	814,612	721,582	721,582	[93,030]
Instructional support staff	<u>937,171</u>	<u>-</u>	<u>937,171</u>	<u>1,391,966</u>	<u>1,391,966</u>	<u>454,795</u>
Total expenditures	<u>1,769,801</u>	<u>[18,018]</u>	<u>1,751,783</u>	<u>2,113,548</u>	<u>2,113,548</u>	<u>361,765</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[233,645]</u>	<u>18,018</u>	<u>[215,627]</u>	<u>[188,044]</u>	<u>[188,044]</u>	<u>[27,583]</u>
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers in	<u>248,576</u>	<u>-</u>	<u>248,576</u>	<u>197,336</u>	<u>197,336</u>	<u>51,240</u>
Total other financing sources [uses]	<u>248,576</u>	<u>-</u>	<u>248,576</u>	<u>197,336</u>	<u>197,336</u>	<u>51,240</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	14,931	18,018	32,949	<u>\$ 9,292</u>	<u>\$ 9,292</u>	<u>\$ 23,657</u>
FUND BALANCE - Beginning of year	<u>325,559</u>	<u>[33,717]</u>	<u>291,842</u>			
FUND BALANCE - End of year	<u>\$ 340,490</u>	<u>\$ [15,699]</u>	<u>\$ 324,791</u>			

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 AT RISK (4 YEAR OLD) FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustment to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 163,840	\$ [163,840]	\$ -	\$ 50,000	\$ 50,000	\$ [50,000]
Total revenues	<u>163,840</u>	<u>[163,840]</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>[50,000]</u>
EXPENSES:						
Instructional	<u>214,543</u>	<u>88</u>	<u>214,631</u>	<u>267,100</u>	<u>267,100</u>	<u>52,469</u>
Total expenses	<u>214,543</u>	<u>88</u>	<u>214,631</u>	<u>267,100</u>	<u>267,100</u>	<u>52,469</u>
Excess [deficiency] of revenues over [under] expenses	<u>[50,703]</u>	<u>[163,928]</u>	<u>[214,631]</u>	<u>[217,100]</u>	<u>[217,100]</u>	<u>2,469</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>50,791</u>	<u>163,840</u>	<u>214,631</u>	<u>217,100</u>	<u>217,100</u>	<u>[2,469]</u>
Total other financing sources [uses]	<u>50,791</u>	<u>163,840</u>	<u>214,631</u>	<u>217,100</u>	<u>217,100</u>	<u>[2,469]</u>
Change in net assets	88	[88]	-	\$ -	\$ -	\$ -
NET ASSETS - Beginning of year	<u>50,410</u>	<u>[409]</u>	<u>50,001</u>			
NET ASSETS - End of year	<u>\$ 50,498</u>	<u>\$ [497]</u>	<u>\$ 50,001</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 AT RISK (K-12) FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustment to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental	\$ 3,164,960	\$ [3,164,960]	\$ -	\$ -	\$ -	\$ -
Other local sources	16,584	-	16,584	2,000,000	2,000,000	[1,983,416]
<b>Total revenues</b>	<b>3,181,544</b>	<b>[3,164,960]</b>	<b>16,584</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>[1,983,416]</b>
<b>EXPENSES:</b>						
Instructional	5,047,717	[7,526]	5,040,191	7,253,936	7,253,936	2,213,745
Student support services	117,894	159	118,053	130,050	130,050	11,997
School administration	94,599	-	94,599	90,200	90,200	[4,399]
Operations and maintenance	15,689	-	15,689	25,000	25,000	9,311
Student transportation services	5,793	-	5,793	10,000	10,000	4,207
<b>Total expenses</b>	<b>5,281,692</b>	<b>[7,367]</b>	<b>5,274,325</b>	<b>7,509,186</b>	<b>7,509,186</b>	<b>2,234,861</b>
Excess [deficiency] of revenues over [under] expenses	[2,100,148]	[3,157,593]	[5,257,741]	[5,509,186]	[5,509,186]	251,445
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers in	2,092,781	3,164,960	5,257,741	5,509,186	5,509,186	[251,445]
<b>Total other financing sources [uses]</b>	<b>2,092,781</b>	<b>3,164,960</b>	<b>5,257,741</b>	<b>5,509,186</b>	<b>5,509,186</b>	<b>[251,445]</b>
Change in net assets	[7,367]	7,367	-	\$ -	\$ -	\$ -
NET ASSETS - Beginning of year	66,445	[16,443]	50,002			
NET ASSETS - End of year	\$ 59,078	\$ [9,076]	\$ 50,002			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 18,799,222	\$ -	\$ 18,799,222	\$ 20,031,487	\$ 20,031,487	\$ [1,232,265]
Total revenues	<u>18,799,222</u>	<u>-</u>	<u>18,799,222</u>	<u>20,031,487</u>	<u>20,031,487</u>	<u>[1,232,265]</u>
EXPENDITURES:						
Instruction	13,694,429	-	13,694,429	14,592,083	14,592,083	897,654
Student support	1,059,208	-	1,059,208	1,128,638	1,128,638	69,430
Instructional support	904,183	-	904,183	963,451	963,451	59,268
General administration	68,230	-	68,230	72,702	72,702	4,472
School administration	1,169,664	-	1,169,664	1,246,334	1,246,334	76,670
Other supplemental services	329,772	-	329,772	351,388	351,388	21,616
Operations and maintenance	966,098	-	966,098	1,029,424	1,029,424	63,326
Student transportation services	5,698	-	5,698	6,071	6,071	373
Food service	<u>601,940</u>	<u>-</u>	<u>601,940</u>	<u>641,396</u>	<u>641,396</u>	<u>39,456</u>
Total expenditures	<u>18,799,222</u>	<u>-</u>	<u>18,799,222</u>	<u>20,031,487</u>	<u>20,031,487</u>	<u>1,232,265</u>
Excess [deficiency] of revenues over [under] expenditures	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	-	-	-			
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 COST OF LIVING FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustment to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Ad valorem	\$ 6,568,644	\$ -	\$ 6,568,644	\$ 758,320	\$ 758,320	\$ 5,810,324
Total revenues	<u>6,568,644</u>	<u>-</u>	<u>6,568,644</u>	<u>758,320</u>	<u>758,320</u>	<u>5,810,324</u>
EXPENSES:						
Instructional	<u>6,592,542</u>	<u>-</u>	<u>6,592,542</u>	<u>6,660,300</u>	<u>6,660,300</u>	<u>67,758</u>
Total expenses	<u>6,592,542</u>	<u>-</u>	<u>6,592,542</u>	<u>6,660,300</u>	<u>6,660,300</u>	<u>67,758</u>
Change in net assets	[23,898]	-	[23,898]	<u>\$ [5,901,980]</u>	<u>\$ [5,901,980]</u>	<u>\$ 5,878,082</u>
NET ASSETS - Beginning of year	<u>64,236</u>	<u>-</u>	<u>64,236</u>			
NET ASSETS - End of year	<u>\$ 40,338</u>	<u>\$ -</u>	<u>\$ 40,338</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 VIRTUAL EDUCATION FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustment to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 33,827	\$ [33,827]	\$ -	\$ 100,000	\$ 100,000	\$ [100,000]
Total revenues	<u>33,827</u>	<u>[33,827]</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>[100,000]</u>
EXPENSES:						
Instructional	<u>45,737</u>	<u>[1,424]</u>	<u>44,313</u>	<u>144,000</u>	<u>144,000</u>	<u>99,687</u>
Total expenses	<u>45,737</u>	<u>[1,424]</u>	<u>44,313</u>	<u>144,000</u>	<u>144,000</u>	<u>99,687</u>
Excess [deficiency] of revenues over [under] expenses	<u>[11,910]</u>	<u>[32,403]</u>	<u>[44,313]</u>	<u>[44,000]</u>	<u>[44,000]</u>	<u>[313]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>10,486</u>	<u>33,827</u>	<u>44,313</u>	<u>44,000</u>	<u>44,000</u>	<u>313</u>
Total other financing sources [uses]	<u>10,486</u>	<u>33,827</u>	<u>44,313</u>	<u>44,000</u>	<u>44,000</u>	<u>313</u>
Change in net assets	[1,424]	1,424	-	\$ -	\$ -	\$ -
NET ASSETS - Beginning of year	<u>11,438</u>	<u>[1,438]</u>	<u>10,000</u>			
NET ASSETS - End of year	<u>\$ 10,014</u>	<u>\$ [14]</u>	<u>\$ 10,000</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 FEDERAL AWARDS FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental	\$ 5,016,891	\$ -	\$ 5,016,891	\$ 6,991,835	\$ 6,991,835	\$ [1,974,944]
Total revenues	<u>5,016,891</u>	<u>-</u>	<u>5,016,891</u>	<u>6,991,835</u>	<u>6,991,835</u>	<u>[1,974,944]</u>
<b>EXPENDITURES:</b>						
Instruction	4,377,784	[19,518]	4,358,266	6,082,285	6,082,285	1,724,019
Student support services	30,979	2,680	33,659	42,922	42,922	9,263
Instructional staff support	305,195	4,361	309,556	243,866	243,866	[65,690]
General administration	117,282	501	117,783	117,115	117,115	[668]
Student transportation services	19,431	-	19,431	19,000	19,000	[431]
Other support services	12,123	504	12,627	1,500	1,500	[11,127]
Community Services Operations	-	-	-	1,700	1,700	1,700
Total expenditures	<u>4,862,794</u>	<u>[11,472]</u>	<u>4,851,322</u>	<u>6,508,388</u>	<u>6,508,388</u>	<u>1,657,066</u>
Excess [deficiency] of revenues over [under] expenditures	154,097	11,472	165,569	\$ 483,447	\$ 483,447	\$ [317,878]
FUND BALANCE - Beginning of year	<u>[439,107]</u>	<u>[44,341]</u>	<u>[483,448]</u>			
FUND BALANCE - End of year	<u>\$ [285,010]</u>	<u>\$ [32,869]</u>	<u>\$ [317,879]</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 SPECIAL LIABILITY FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 264,271	\$ -	\$ 264,271	\$ 241,762	\$ 241,762	\$ 22,509
Total revenues	<u>264,271</u>	<u>-</u>	<u>264,271</u>	<u>241,762</u>	<u>241,762</u>	<u>22,509</u>
EXPENDITURES:						
General Administration	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total expenditures	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	14,271	-	14,271	\$ [8,238]	\$ [8,238]	\$ 22,509
FUND BALANCE - Beginning of year	<u>100,529</u>	<u>-</u>	<u>100,529</u>			
FUND BALANCE - End of year	\$ <u>114,800</u>	\$ <u>-</u>	\$ <u>114,800</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 SPECIAL ASSESSMENT FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 827,885	\$ -	\$ 827,885	\$ 770,975	\$ 770,975	\$ 56,910
Motor/Recreational vehicles	<u>41,011</u>	<u>-</u>	<u>41,011</u>	<u>44,932</u>	<u>44,932</u>	<u>[3,921]</u>
Total revenues	<u>868,896</u>	<u>-</u>	<u>868,896</u>	<u>815,907</u>	<u>815,907</u>	<u>52,989</u>
<b>EXPENDITURES:</b>						
Site improvements	<u>1,004,087</u>	<u>-</u>	<u>1,004,087</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>145,913</u>
Total expenditures	<u>1,004,087</u>	<u>-</u>	<u>1,004,087</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>145,913</u>
Excess [deficiency] of revenues over [under] expenditures	[135,191]	-	[135,191]	\$ [334,093]	\$ [334,093]	\$ 198,902
FUND BALANCE - Beginning of year	<u>220,497</u>	<u>-</u>	<u>220,497</u>			
FUND BALANCE - End of year	<u>\$ 85,306</u>	<u>\$ -</u>	<u>\$ 85,306</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 BOND AND INTEREST FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 23,013,260	\$ -	\$ 23,013,260	\$ 21,017,792	\$ 21,017,792	\$ 1,995,468
Motor/Recreational vehicles	<u>3,400,416</u>	<u>-</u>	<u>3,400,416</u>	<u>3,057,186</u>	<u>3,057,186</u>	<u>343,230</u>
Total taxes	26,413,676	-	26,413,676	24,074,978	24,074,978	2,338,698
Intergovernmental	7,742,980	-	7,742,980	7,742,981	7,742,981	[1]
Other local sources	2,376,176	-	2,376,176	2,376,176	2,376,176	-
Investment revenue	<u>1</u>	<u>-</u>	<u>1</u>	<u>500,000</u>	<u>500,000</u>	<u>[499,999]</u>
Total revenues	<u>36,532,833</u>	<u>-</u>	<u>36,532,833</u>	<u>34,694,135</u>	<u>34,694,135</u>	<u>1,838,698</u>
<b>EXPENDITURES:</b>						
Debt Service						
Principal retirement	28,570,000	-	28,570,000	28,570,000	28,570,000	-
Interest and other charges	<u>14,310,741</u>	<u>-</u>	<u>14,310,741</u>	<u>14,859,293</u>	<u>14,859,293</u>	<u>548,552</u>
Total expenditures	<u>42,880,741</u>	<u>-</u>	<u>42,880,741</u>	<u>43,429,293</u>	<u>43,429,293</u>	<u>548,552</u>
Excess [deficiency] of revenues over [under] expenditures	[6,347,908]	-	[6,347,908]	\$ [8,735,158]	\$ [8,735,158]	\$ 2,387,250
FUND BALANCE - Beginning of year	<u>38,964,543</u>	<u>-</u>	<u>38,964,543</u>			
FUND BALANCE - End of year	<u>\$ 32,616,635</u>	<u>\$ -</u>	<u>\$ 32,616,635</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 CAPITAL OUTLAY FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 13,370,925	\$ -	\$ 13,370,925	\$ 12,603,113	\$ 12,603,113	\$ 767,812
Motor/Recreational vehicles	<u>448,031</u>	<u>-</u>	<u>448,031</u>	<u>233,474</u>	<u>233,474</u>	<u>214,557</u>
Total taxes	13,818,956	-	13,818,956	12,836,587	12,836,587	982,369
Investment revenue	116,843	-	116,843	100,200	100,200	16,643
Other local sources	<u>192,403</u>	<u>-</u>	<u>192,403</u>	<u>30,000</u>	<u>30,000</u>	<u>162,403</u>
Total revenues	<u>14,128,202</u>	<u>-</u>	<u>14,128,202</u>	<u>12,966,787</u>	<u>12,966,787</u>	<u>1,161,415</u>
<b>EXPENDITURES:</b>						
Instructional	3,381,307	4,102	3,385,409	4,300,000	4,300,000	914,591
Support services	1,519,285	[4,817]	1,514,468	1,800,000	1,800,000	285,532
Operations and maintenance	1,703,063	[83,424]	1,619,639	3,900,000	3,900,000	2,280,361
Capital outlay	<u>2,227,027</u>	<u>1,062,836</u>	<u>3,289,863</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>[289,863]</u>
Total expenditures	<u>8,830,682</u>	<u>978,697</u>	<u>9,809,379</u>	<u>13,000,000</u>	<u>13,000,000</u>	<u>3,190,621</u>
Excess [deficiency] of revenues over [under] expenditures	5,297,520	[978,697]	4,318,823	\$ <u>[33,213]</u>	\$ <u>[33,213]</u>	\$ <u>4,352,036</u>
FUND BALANCE - Beginning of year	<u>5,940,948</u>	<u>[219,457]</u>	<u>5,721,491</u>			
FUND BALANCE - End of year	<u>\$ 11,238,468</u>	<u>\$ [1,198,154]</u>	<u>\$ 10,040,314</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 FOOD SERVICE FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental:						
Federal	\$ 3,900,585	\$ -	\$ 3,900,585	\$ 3,522,036	\$ 3,522,036	\$ 378,549
State and local	97,556	-	97,556	77,525	77,525	20,031
Charges for services	6,864,095	-	6,864,095	7,598,290	7,598,290	[734,195]
Investment	2,792	-	2,792	10,000	10,000	[7,208]
Miscellaneous	<u>397,309</u>	<u>-</u>	<u>397,309</u>	<u>325,000</u>	<u>325,000</u>	<u>72,309</u>
Total revenues	<u>11,262,337</u>	<u>-</u>	<u>11,262,337</u>	<u>11,532,851</u>	<u>11,532,851</u>	<u>[270,514]</u>
<b>EXPENSES:</b>						
Operations and maintenance	-	-	-	792,000	792,000	792,000
Noninstructional	11,108,704	20,280	11,128,984	12,150,000	12,150,000	1,021,016
Depreciation	<u>213,909</u>	<u>[213,909]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>11,322,613</u>	<u>[193,629]</u>	<u>11,128,984</u>	<u>12,942,000</u>	<u>12,942,000</u>	<u>1,813,016</u>
Excess [deficiency] of revenues over [under] expenses	<u>[60,276]</u>	<u>193,629</u>	<u>133,353</u>	<u>[1,409,149]</u>	<u>[1,409,149]</u>	<u>1,542,502</u>
<b>OTHER FINANCING SOURCES [USES]:</b>						
Transfers in	<u>153,448</u>	<u>-</u>	<u>153,448</u>	<u>130,000</u>	<u>130,000</u>	<u>23,448</u>
Total other financing sources [uses]	<u>153,448</u>	<u>-</u>	<u>153,448</u>	<u>130,000</u>	<u>130,000</u>	<u>23,448</u>
Change in net assets	<u>93,172</u>	<u>193,629</u>	<u>286,801</u>	<u>\$ [1,279,149]</u>	<u>\$ [1,279,149]</u>	<u>\$ 1,565,950</u>
Net Assets, Beginning of year	5,037,183	[3,632,289]	1,404,894			
Prior period adjustment	<u>33,262</u>	<u>-</u>	<u>33,262</u>			
Net Assets, Beginning of year, restated	<u>5,070,445</u>	<u>[3,632,289]</u>	<u>1,438,156</u>			
Net assets, End of year	<u>\$ 5,163,617</u>	<u>\$ [3,438,660]</u>	<u>\$ 1,724,957</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
 SUMMER SCHOOL FUND  
 For the Year Ended June 30, 2012

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Other local sources	\$ 68,635	\$ -	\$ 68,635	\$ 100,000	\$ 100,000	\$ [31,365]
Charges for services	<u>236,122</u>	<u>-</u>	<u>236,122</u>	<u>303,000</u>	<u>303,000</u>	<u>[66,878]</u>
Total revenues	<u>304,757</u>	<u>-</u>	<u>304,757</u>	<u>403,000</u>	<u>403,000</u>	<u>[98,243]</u>
EXPENSES:						
Instructional	262,392	9,552	271,944	262,750	262,750	[9,194]
Student Support Services	-	-	-	27,700	27,700	27,700
Instructional staff support	37,261	-	37,261	-	-	[37,261]
School administration	-	-	-	4,400	4,400	4,400
Student transportation services	<u>67,890</u>	<u>-</u>	<u>67,890</u>	<u>77,500</u>	<u>77,500</u>	<u>9,610</u>
Total expenses	<u>367,543</u>	<u>9,552</u>	<u>377,095</u>	<u>372,350</u>	<u>372,350</u>	<u>[4,745]</u>
Change in net assets	<u>[62,786]</u>	<u>[9,552]</u>	<u>[72,338]</u>	<u>\$ 30,650</u>	<u>\$ 30,650</u>	<u>\$ [102,988]</u>
NET ASSETS - Beginning of year	412,475	-	412,475			
Prior period adjustment	<u>[10,896]</u>	<u>-</u>	<u>[10,896]</u>			
NET ASSETS - Beginning of year, restated	<u>401,579</u>	<u>-</u>	<u>401,579</u>			
NET ASSETS - End of year	<u>\$338,793</u>	<u>\$ [9,552]</u>	<u>\$329,241</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
DRIVER TRAINING FUND  
For the Year Ended June 30, 2012

	GAAP Basis	Adjustment to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>REVENUES:</b>						
Intergovernmental:						
State	\$ 52,170	\$ -	\$ 52,170	\$ 41,440	\$ 41,440	\$ 10,730
Charges for services	<u>119,771</u>	<u>-</u>	<u>119,771</u>	<u>175,000</u>	<u>175,000</u>	<u>[55,229]</u>
Total revenues	<u>171,941</u>	<u>-</u>	<u>171,941</u>	<u>216,440</u>	<u>216,440</u>	<u>[44,499]</u>
<b>EXPENSES:</b>						
Instructional	179,530	[1,198]	178,332	177,200	177,200	[1,132]
School administration	20,560	-	20,560	21,700	21,700	1,140
Operations and maintenance	36,677	2,482	39,159	39,300	39,300	141
Noninstructional	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>	<u>200</u>
Total expenses	<u>236,767</u>	<u>1,284</u>	<u>238,051</u>	<u>238,400</u>	<u>238,400</u>	<u>349</u>
Excess [deficiency] of revenues over [under] expenses	[64,826]	[1,284]	[66,110]	<u>\$ [21,960]</u>	<u>\$ [21,960]</u>	<u>\$ [44,150]</u>
NET ASSETS - Beginning of year	<u>188,888</u>	<u>[1,416]</u>	<u>187,472</u>			
NET ASSETS - End of year	<u>\$ 124,062</u>	<u>\$ [2,700]</u>	<u>\$ 121,362</u>			

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENTS – INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency or other departments of agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis.

**Health Insurance Fund:** The Health Insurance Fund tracks expenditures including the actual premiums, claims and other third party administration fees associated with the District health programs. Any revenue would come from the District itself in an accounting mechanism to track the actual insurance premiums in the Operating funds.

**Workers' Compensation Fund:** The Workers Compensation Fund tracks expenditures made to doctors and specialists as well as to pharmacies for prescription drugs related to worker's compensation claims. A re-pricing company is used to obtain the best pricing for medical fees. Additional expenses are operating costs and ergonomic equipment. This fund is self-insured by the District and is covered by an excess insurance policy which covers single events greater than \$300,000.

**Risk Management Fund:** The Risk Management fund provides for the protection of District resources and promotes the safety of students, staff and the public. Effective oversight and management of the fund assists with minimizing the Districts exposure to liability and provides sound loss control practices. Funds transferred from the General fund (primary funding source) to the Risk Management fund are utilized for the purchase of insurance, payment of claims as well as related costs arising from legal action and settlement.

UNIFIED SCHOOL DISTRICT NO. 233  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 June 30, 2012

	Health Insurance <u>Fund</u>	Workers' Compensation <u>Fund</u>	Risk Management <u>Fund</u>	Total Internal Service <u>Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,657,890	\$ 888,516	\$ 884,285	\$ 3,430,691
Total assets	<u>\$ 1,657,890</u>	<u>\$ 888,516</u>	<u>\$ 884,285</u>	<u>\$ 3,430,691</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Estimated loss reserves	\$ -	\$ 1,039,886	\$ -	\$ 1,039,886
Total liabilities	<u>\$ -</u>	<u>\$ 1,039,886</u>	<u>\$ -</u>	<u>\$ 1,039,886</u>
<b>Net Assets</b>				
Unrestricted	\$ 1,657,890	\$ [151,370]	\$ 884,285	\$ 2,390,805
Total net assets	<u>\$ 1,657,890</u>	<u>\$ [151,370]</u>	<u>\$ 884,285</u>	<u>\$ 2,390,805</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2012

	Health Insurance Fund	Workers' Compensation Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues				
Other local sources	\$ -	\$ 768,437	\$ 711,119	\$ 1,479,556
Total operating revenues	<u>-</u>	<u>768,437</u>	<u>711,119</u>	<u>1,479,556</u>
Operating expenses				
Instruction	1,636	58,299	-	59,935
Student support services	-	1,182	-	1,182
Instructional support staff	-	4,164	-	4,164
Operations and maintenance	-	145,894	488,686	634,580
Noninstructional services	-	174,248	-	174,248
Student activities	-	-	129,983	129,983
Total operating expenses	<u>1,636</u>	<u>383,787</u>	<u>618,669</u>	<u>1,004,092</u>
Change in net assets	[1,636]	384,650	92,450	475,464
Net assets, Beginning of year	<u>1,659,526</u>	<u>[536,020]</u>	<u>791,835</u>	<u>1,915,341</u>
Net assets, End of year	<u>\$ 1,657,890</u>	<u>\$ [151,370]</u>	<u>\$ 884,285</u>	<u>\$ 2,390,805</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2012

	Health Insurance Fund	Workers' Compensation Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities				
Cash received from customers and users	\$ -	\$ 768,437	\$ 711,119	\$ 1,479,556
Cash payments to suppliers and employees for services	<u>[57,146]</u>	<u>[768,589]</u>	<u>[718,669]</u>	<u>[1,544,404]</u>
Net cash provided by [used in] operating activities	<u>[57,146]</u>	<u>[152]</u>	<u>[7,550]</u>	<u>[64,848]</u>
Cash flows from noncapital financing activities				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by [used in] noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase [decrease] in cash and cash equivalents	[57,146]	[152]	[7,550]	[64,848]
Cash and cash equivalents - Beginning of year	<u>1,715,036</u>	<u>888,668</u>	<u>891,835</u>	<u>3,495,539</u>
Cash and cash equivalents - End of year	<u>\$ 1,657,890</u>	<u>\$ 888,516</u>	<u>\$ 884,285</u>	<u>\$ 3,430,691</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities				
Operating income [loss]	\$ [1,636]	\$ 384,650	\$ 92,450	\$ 475,464
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities				
Change in assets and liabilities				
Increase [decrease] in accrued payroll	[55,510]	-	[100,000]	[155,510]
Increase [decrease] in estimated loss reserve	<u>-</u>	<u>[384,802]</u>	<u>-</u>	<u>[384,802]</u>
Net cash provided by [used in] operating activities	<u>\$ [57,146]</u>	<u>\$ [152]</u>	<u>\$ [7,550]</u>	<u>\$ [64,848]</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 233  
COMBINING STATEMENTS – AGENCY FUNDS

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

**Student/Faculty Accounts:** These funds are used to account for student and faculty activity monies at the various schools.

UNIFIED SCHOOL DISTRICT NO. 233

COMBINING BALANCE SHEET  
 AGENCY FUNDS  
 For the Year Ended June 30, 2012

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2012</u>
Student/Faculty Activity Accounts				
Arbor Creek Elementary	\$ 11,127	\$ 13,238	\$ 19,391	\$ 4,974
Bentwood Elementary	5,719	214	5,573	360
Black Bob Elementary	480	516	601	395
Briarwood Elementary	4,037	2,615	5,579	1,073
Brougham Elementary	6,381	-	6,381	-
California Trail Junior High	48,720	161,257	183,083	26,894
Cedar Creek Elementary	2,749	-	2,749	-
Central Elementary	2,985	2,145	2,188	2,942
Chisholm Trail Junior High	30,235	124,212	126,600	27,847
Countryside Elementary	1,100	1,286	2,025	361
Frontier Trail Junior High	27,912	122,301	136,239	13,974
Green Springs Elementary	2,218	3,680	5,490	408
Havencroft Elementary	[419]	717	149	149
Heartland Learning Center/DLC	959	-	959	-
Heatherstone Elementary	1,529	-	556	973
Heritage Elementary	1,003	4,720	5,547	176
Indian Creek Elementary	2,755	254	1,886	1,123
Indian Trail Junior High	21,985	104,964	112,589	14,360
Meadow Lane Elementary	1,330	1,513	1,795	1,048
Northview Elementary	612	-	147	465
Olathe East Senior High	208,927	395,327	412,824	191,430
Olathe North Senior High	158,373	394,929	382,289	171,013
Olathe South Senior High	228,329	494,640	489,935	233,034
Olathe Northwest Senior High	232,585	437,315	461,093	208,807
Oregon Trail Junior High	12,918	44,495	50,979	6,434
Pioneer Trail Junior High	20,351	107,608	108,430	19,529
Pleasant Ridge Elementary	4,053	3,190	4,059	3,184
Prairie Center Elementary	4,309	2,875	2,778	4,406
Regency Place Elementary	3,063	1,987	3,850	1,200
Ridgeview Elementary	368	889	803	454
Rolling Ridge Elementary	231	-	231	-
Santa Fe Trail Junior High	39,283	73,480	91,006	21,757
Scarborough Elementary	1,227	207	1,193	241
Sunnyside Elementary	6,429	52	5,798	683
Tomahawk Elementary	19	78	-	97
Walnut Grove Elementary	2,666	1,788	3,866	588
Washington Elementary	624	703	753	574
Prairie Trail Junior High	51,357	125,324	134,740	41,941
Clearwater Creek Elementary	3,037	935	3,750	222
Manchester Park Elementary	4,303	-	4,303	-
Harmony Early Childhood	1,352	-	1,352	-
Millcreek Center	4,100	8,588	8,302	4,386
Madison Place Elementary	1,860	-	1,860	-
Woodland Elementary	1,452	1,672	1,870	1,254
Mission Trail Junior High	20,740	72,323	68,323	24,740
Forest View Elementary	1,218	323	1,104	437
Ravenwood Elementary	8,910	1,922	9,855	977
Assets - Cash and investments	<u>\$ 1,195,501</u>	<u>\$ 2,714,282</u>	<u>\$ 2,874,873</u>	<u>\$ 1,034,910</u>
Liabilities - Due to student organizations	<u>\$ 1,195,501</u>	<u>\$ 2,714,282</u>	<u>\$ 2,874,873</u>	<u>\$ 1,034,910</u>

See independent auditor's report on the financial statements.

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**GOVERNMENTAL AUDIT SECTION**

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UNIFIED SCHOOL DISTRICT NO. 233

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Restated	Receipts	Expenditures	Ending
		Beginning Unencumbered Cash			Unencumbered Cash
<u>U.S. Department of Education</u>					
Teaching American History	84.215X	\$ [11,002]	\$ 280,538	\$ 287,744	\$ [18,208]
Passed Through State Department of Education:					
Title I	84.010	[153,428]	2,585,744	2,663,080	[230,764]
Title I Migrant	84.011	[1,788]	146,880	151,211	[6,119]
Title VIB	84.027	[53,413]	4,790,577	4,825,527	[88,363]
Personnel Training	84.048	[6,297]	136,612	136,177	[5,862]
Early Childhood - Preschool Grants	84.173	[7,143]	139,353	150,502	[18,292]
Drug Free	84.186	[6,399]	20,000	13,601	-
Homeless Child	84.196	-	42,000	42,000	-
Charter Education Initiative	84.215	-	813	813	-
Tech Literacy	84.318	[121]	1,661	1,540	-
Advance Placement Program	84.330	[13,225]	15,000	1,775	-
English Language Acquisition	84.365	[18,397]	143,625	138,020	[12,792]
Title II A	84.367	[43,974]	426,582	416,820	[34,212]
Title VI - State Assessments	84.369	-	337	337	-
ARRA Title I Low Income	84.389	[112,450]	191,338	78,888	-
ARRA Special Education Part B	84.391	[180,524]	157,436	-	[23,088]
ARRA Special Education Preschool	84.392	[9,753]	8,279	-	[1,474]
ARRA Education Jobs Fund	84.410	-	73,161	73,161	-
Total U.S. Department of Education			<u>9,159,936</u>	<u>8,981,196</u>	
<u>U.S. Department of Health and Human Services</u>					
Head Start	93.600	[138,126]	1,099,717	970,851	[9,260]
Cooperative Agreements to Support School Health	93.938	-	1,035	1,281	[246]
Total U.S. Department of Health and Human Services			<u>1,100,752</u>	<u>972,132</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
School Breakfast Program	10.553	-	491,716	491,716	-
National School Lunch Program	10.555	-	3,332,484	3,332,484	-
Special Milk	10.556	-	34,415	34,415	-
Cash for commodities	10.558	[1,174]	62,368	67,163	[5,969]
Federal School Food Service	10.559	-	47,907	47,907	-
Fresh Fruit and Vegetables	10.574	-	1,820	1,820	-
Total U.S. Department of Agriculture			<u>3,970,710</u>	<u>3,975,505</u>	
Total Expenditures of Federal Awards			<u>\$ 14,231,398</u>	<u>\$ 13,928,833</u>	

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 233

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2012

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 233. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with accounting principles generally accepted in the United States of America.

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.367	Title II A
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$417,865

Auditee qualified as low-risk auditee?   X   Yes        No

UNIFIED SCHOOL DISTRICT NO. 233

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For the Year Ended June 30, 2012

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Education  
Unified School District No. 233

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Unified School District No. 233 (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

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However, we noted certain other matters that we have reported to management in a separate letter dated September 28, 2012.

This report is intended solely for the information and use of the Board of Education, administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Mike Houser: Company PA*

September 28, 2012



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Unified School District No. 233

Compliance

We have audited the compliance of Unified School District No. 233 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) "Circular A-133 Compliance Supplement" that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Unified School District No. 233's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Unified School District No. 233 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Unified School District No. 233 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Unified School District No. 233's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Mike Houser: Company PA*

September 28, 2012