

**UNIFIED SCHOOL DISTRICT NO. 294**

Oberlin, Kansas

Independent Audit Report

July 1, 2008 to June 30, 2009

**MAPES & MILLER**

Certified Public Accountants

Norton, Kansas

UNIFIED SCHOOL DISTRICT NO. 294  
Oberlin, Kansas  
Financial Statements  
For the Fiscal Year Ended June 30, 2009

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# MAPES & MILLER

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A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Education  
Unified School District No. 294  
Oberlin, Kansas 67749

We have audited the accompanying financial statements of Unified School District No. 294, Oberlin, Kansas, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Unified School District No. 294, Oberlin, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 294, Oberlin, Kansas, as of June 30, 2009, or changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 294, Oberlin, Kansas as of June 30, 2009, and its cash receipts and expenditures and budget to actual comparisons, for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

To the Board of Education  
Unified School District No. 294  
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This report is intended solely for the information and use of the governing body and management of the Unified School District No. 294, Oberlin, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports and other federal and state agencies to whose jurisdiction the District is subject, and should not be used for any other purpose. This restriction is not intended to limit distribution of this report, which, upon acceptance by the Board of Education, is a matter of public record.

## Mapes & Miller

Certified Public Accountants

Norton, Kansas  
February 8, 2010

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas

STATEMENT 1

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Summary of Cash Receipts, Expenditures, and Unencumbered Cash

For the Fiscal Year Ended June 30, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds:							
General	\$ (169,275)	367	3,231,344	3,294,084	(231,648)	16,172	(215,476)
Supplemental General	87,034	0	980,088	977,078	90,044	17,194	107,238
Special Revenue:							
At Risk K-12	0	0	350,199	200,000	150,199	154	150,353
Capital Outlay	846,921	0	372,730	463,059	756,592	112,172	868,764
Driver Training	20,499	0	12,064	10,209	22,354	0	22,354
Food Service	52,026	0	232,925	228,300	56,651	0	56,651
Professional Development	40,215	0	764	7,799	33,180	0	33,180
Special Education	299,458	0	536,324	449,440	386,342	0	386,342
Vocational Education	0	0	199,322	199,322	0	9,827	9,827
KPERs Special Retirement Contribution	0	0	190,447	190,447	0	0	0
Federal Funds	(1,600)	0	147,964	142,404	3,960	1,556	5,516
Gifts and Grants	1,181	0	110,783	88,168	23,796	0	23,796
Contingency Reserve	202,398	0	121,134	0	323,532	0	323,532
Textbook Rental and Student Material Revolving	203	0	24,827	24,580	450	0	450
Box Tops for Education	1,728	0	898	1,371	1,255	0	1,255
Knights of Columbus Special Education	2,972	0	508	0	3,480	0	3,480
District Activity Funds	13,429	0	65,567	63,301	15,695	0	15,695

(Continued)

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

**UNIFIED SCHOOL DISTRICT NO. 294**

Oberlin, Kansas

STATEMENT 1

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Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Fiscal Year Ended June 30, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Fiduciary Type Funds:							
Private Purpose Trust Funds:							
Hill Endowment	\$ 238,375	0	0	0	238,375	0	238,375
Hill Scholarship	1,005	0	3,263	10,050	(5,782)	24,900	19,118
Hoehner-Miller Scholarship	2,049	0	16	500	1,565	500	2,065
Emily Shobe Memorial Trust	26,921	0	0	0	26,921	0	26,921
Emily Shobe Scholarship	<u>207</u>	<u>0</u>	<u>2,742</u>	<u>1,500</u>	<u>1,449</u>	<u>1,500</u>	<u>2,949</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u><b>1,665,746</b></u>	<u><b>367</b></u>	<u><b>6,583,909</b></u>	<u><b>6,351,612</b></u>	<u><b>1,898,410</b></u>	<u><b>183,975</b></u>	<u><b>2,082,385</b></u>

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

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas  
Composition of Cash

For the Fiscal Year Ended June 30, 2009

STATEMENT 1

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The Bank, Oberlin, Kansas		
NOW Account	\$	139,374
Savings Account		1,448
Certificate of Deposit		28,421
First National Bank, Oberlin, Kansas		
NOW Accounts		1,633,265
Savings Account		2,064
Certificates of Deposit		338,375
Cash on Hand		<u>42</u>
Total		2,142,989
Agency Funds per Statement 4		<u>(60,604)</u>
Total Reporting Entity (Excluding Agency Funds)	\$	<u><b>2,082,385</b></u>

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 2

Oberlin, Kansas

Summary of Expenditures - Actual and Budget

For the Year Ended June 30, 2009

Description	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds:						
General	\$ 3,348,245	(112,925)	58,764	3,294,084	3,294,084	0
Supplemental General	1,004,474	(27,396)	0	977,078	977,078	0
Special Revenue:						
At Risk K-12	242,537	0	0	242,537	200,000	(42,537)
Capital Outlay	647,500	0	0	647,500	463,059	(184,441)
Driver Training	23,603	0	0	23,603	10,209	(13,394)
Food Service	278,684	0	0	278,684	228,300	(50,384)
Professional Development	47,215	0	0	47,215	7,799	(39,416)
Special Education	695,258	0	0	695,258	449,440	(245,818)
Vocational Education	200,000	0	0	200,000	199,322	(678)
KPERs Special Retirement Contribution	227,597	0	0	227,597	190,447	(37,150)
Federal Funds	113,795	0	0	113,795	142,404	*
Gifts and Grants	305	0	0	305	88,168	*

\* Exempt from Budget Law

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

Page 1

General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 6,531	8,023	(1,492)
Current Tax	661,999	621,718	40,281
Delinquent Tax	9,420	4,356	5,064
Mineral Tax	27,952	0	27,952
State Machinery & Equipment Aid	24	0	24
State Equalization Aid	2,217,357	2,318,348	(100,991)
Special Education State Aid	249,297	395,800	(146,503)
Reimbursed Expenses	<u>58,764</u>	<u>0</u>	<u>58,764</u>
Total Cash Receipts	<u>3,231,344</u>	<u>3,348,245</u>	<u>(116,901)</u>
Expenditures:			
Instruction	1,322,714	984,761	337,953
Student Support Services	85,619	80,150	5,469
Instructional Support Staff	57,068	58,050	(982)
General Administration	124,210	127,842	(3,632)
School Administration	251,438	259,750	(8,312)
Operations and Maintenance	417,318	489,260	(71,942)
Student Transportation Services	239,388	318,320	(78,932)
Other Supplemental Service	127,169	126,775	394
Transfer to Capital Outlay	31,109	50,000	(18,891)
Transfer to Contingency Reserve	121,134	0	121,134
Transfer to Food Service	0	30,000	(30,000)
Transfer to Professional Development	0	5,000	(5,000)
Transfer to Special Education	334,766	395,800	(61,034)
Transfer to Vocational Education	143,476	200,000	(56,524)
Transfer to At Risk K-12	38,675	222,537	(183,862)
Adjustment to Comply with Legal Max	<u>0</u>	<u>(112,925)</u>	<u>112,925</u>
Legal General Fund Budget	3,294,084	3,235,320	58,764

(Continued)

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

Page 2

General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
(Continued)			
Adjustment for Qualifying Budget Credit:			
Reimbursed Expenses	\$ <u>0</u>	<u>58,764</u>	<u>(58,764)</u>
Total Expenditures	<u>3,294,084</u>	<u><b>3,294,084</b></u>	<u><b>0</b></u>
Prior Year Cancelled Encumbrance	367		
Cash Receipts Over (Under) Expenditures	(62,740)		
Unencumbered Cash, Beginning	<u>(169,275)</u>		
Unencumbered Cash, Ending*	\$ <u><b>(231,648)</b></u> *		

\* See Note 13 (Cash Basis Violation)  
See Note 14 (Statutory Presentation)

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Supplemental General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Tax in Process	\$ 9,091	11,609	(2,518)
Current Tax	768,699	713,620	55,079
Delinquent Tax	11,639	4,976	6,663
Mineral Tax	15	0	15
State Machinery & Equipment Aid	25	0	25
Motor Vehicle Tax	74,813	69,419	5,394
Recreational Vehicle Tax	1,474	1,341	133
State Aid	<u>114,332</u>	<u>129,678</u>	<u>(15,346)</u>
 Total Cash Receipts	 <u>980,088</u>	 <u>930,643</u>	 <u>49,445</u>
 Expenditures:			
Instruction	395,501	904,474	(508,973)
Operations and Maintenance	0	100,000	(100,000)
Transfer to Driver Training	10,000	0	10,000
Transfer to Food Service	26,540	0	26,540
Transfer to Special Education	177,668	0	177,668
Transfer to Vocational Education	55,846	0	55,846
Transfer to At Risk (K-12)	311,523	0	311,523
Adjustment to Comply with Legal Max	<u>0</u>	<u>(27,396)</u>	<u>27,396</u>
 Total Expenditures	 <u>977,078</u>	 <u>977,078</u>	 <u>0</u>
 Cash Receipts Over (Under) Expenditures	 3,010		
Unencumbered Cash, Beginning	<u>87,034</u>		
 Unencumbered Cash, Ending	 \$ <u>90,044</u>		

See Note 14 (Statutory Presentation)

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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At Risk (K-12) Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Other Revenue - Local Sources	\$ 1	20,000	(19,999)
Transfer from General	38,675	222,537	(183,862)
Transfer from Supplemental General	<u>311,523</u>	<u>0</u>	<u>311,523</u>
Total Cash Receipts	<u>350,199</u>	<u><b>242,537</b></u>	<u><b>107,662</b></u>
Expenditures:			
Instruction	<u>200,000</u>	<u><b>242,537</b></u>	<u><b>(42,537)</b></u>
Cash Receipts Over (Under) Expenditures	150,199		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><b>150,199</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Capital Outlay Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Tax in Process	\$ 1,760	2,289	(529)
Current Tax	214,953	203,334	11,619
Delinquent Tax	2,585	963	1,622
Mineral Tax	4	0	4
Motor Vehicle Tax	19,841	17,958	1,883
Recreational Vehicle Tax	379	346	33
Machinery and Equipment State Aid	6	0	6
Other Revenue - Local Sources	102,093	0	102,093
Transfer from General	<u>31,109</u>	<u>50,000</u>	<u>(18,891)</u>
 Total Cash Receipts	 <u>372,730</u>	 <u>274,890</u>	 <u>97,840</u>
 Expenditures:			
Instruction	53,738	35,000	18,738
Student Support Services	0	10,000	(10,000)
General Administration	2,579	15,000	(12,421)
School Administration	0	40,000	(40,000)
Central Services	0	2,500	(2,500)
Operations and Maintenance	0	10,000	(10,000)
Transportation	78,675	60,000	18,675
Facilities Acquisition and Construction	<u>328,067</u>	<u>475,000</u>	<u>(146,933)</u>
 Total Expenditures	 <u>463,059</u>	 <u>647,500</u>	 <u>(184,441)</u>
 Cash Receipts Over (Under) Expenditures	 (90,329)		
Unencumbered Cash, Beginning	<u>846,921</u>		
 Unencumbered Cash, Ending	 \$ <u>756,592</u>		

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

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas

Driver Training Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 532	2,700	(2,168)
Other Revenue - Local Sources	1,532	650	882
Transfer from Supplemental General	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Cash Receipts	<u>12,064</u>	<u>3,350</u>	<u>8,714</u>
Expenditures:			
Instruction	8,830	20,253	(11,423)
Vehicle Operations	<u>1,379</u>	<u>3,350</u>	<u>(1,971)</u>
Total Expenditures	<u>10,209</u>	<u>23,603</u>	<u>(13,394)</u>
Cash Receipts Over (Under) Expenditures	1,855		
Unencumbered Cash, Beginning	<u>20,499</u>		
Unencumbered Cash, Ending	\$ <u>22,354</u>		

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Food Service Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Federal Aid	\$ 98,721	92,907	5,814
State Aid	2,536	2,672	(136)
Food Service	103,505	101,079	2,426
Miscellaneous	1,623	0	1,623
Transfer from General	0	30,000	(30,000)
Transfer from Supplemental General	<u>26,540</u>	<u>0</u>	<u>26,540</u>
Total Cash Receipts	<u>232,925</u>	<u>226,658</u>	<u>6,267</u>
Expenditures:			
Operations and Maintenance	28,989	33,325	(4,336)
Food Service Operations	<u>199,311</u>	<u>245,359</u>	<u>(46,048)</u>
Total Expenditures	<u>228,300</u>	<u>278,684</u>	<u>(50,384)</u>
Cash Receipts Over (Under) Expenditures	4,625		
Unencumbered Cash, Beginning	<u>52,026</u>		
Unencumbered Cash, Ending	\$ <u>56,651</u>		

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Professional Development Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 764	2,000	(1,236)
Transfer from General	<u>0</u>	<u>5,000</u>	<u>(5,000)</u>
Total Cash Receipts	<u>764</u>	<u>7,000</u>	<u>(6,236)</u>
Expenditures:			
Instructional Support Staff	<u>7,799</u>	<u>47,215</u>	<u>(39,416)</u>
Cash Receipts Over (Under) Expenditures	(7,035)		
Unencumbered Cash, Beginning	<u>40,215</u>		
Unencumbered Cash, Ending	\$ <u>33,180</u>		

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

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas

Special Education Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Interest	\$ 17,283	0	17,283
Other Revenue - Local Sources	6,607	0	6,607
Transfer from General	334,766	395,800	(61,034)
Transfer from Supplemental General	<u>177,668</u>	<u>0</u>	<u>177,668</u>
 Total Cash Receipts	 <u>536,324</u>	 <u>395,800</u>	 <u>140,524</u>
 Expenditures:			
Instruction	447,868	688,758	(240,890)
Student Transportation Services	<u>1,572</u>	<u>6,500</u>	<u>(4,928)</u>
 Total Expenditures	 <u>449,440</u>	 <u>695,258</u>	 <u>(245,818)</u>
 Cash Receipts Over (Under) Expenditures	 86,884		
Unencumbered Cash, Beginning	<u>299,458</u>		
 Unencumbered Cash, Ending	 \$ <u>386,342</u>		

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

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas

Vocational Education Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts:			
Transfer from General	143,476	200,000	(56,524)
Transfer from Supplemental General	\$ <u>55,846</u>	<u>0</u>	<u>55,846</u>
Total Cash Receipts	<u>199,322</u>	<u>200,000</u>	<u>(678)</u>
Expenditures:			
Instruction	188,802	186,600	2,202
Operations and Maintenance	<u>10,520</u>	<u>13,400</u>	<u>(2,880)</u>
Total Expenditures	<u>199,322</u>	<u>200,000</u>	<u>(678)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

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

**UNIFIED SCHOOL DISTRICT NO. 294**  
Oberlin, Kansas  
**KPERS Special Retirement Contribution Fund**  
Statement of Cash Receipts and Expenditures  
Actual and Budget  
For the Year Ended June 30, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 190,447	<u>227,597</u>	<u>(37,150)</u>
Expenditures:			
Instruction	137,345	164,347	(27,002)
Student Support	8,190	8,500	(310)
Instructional Support	6,490	8,100	(1,610)
General Administration	8,148	8,450	(302)
School Administration	10,215	12,500	(2,285)
Operations and Maintenance	7,649	9,650	(2,001)
Student Transportation Services	10,368	8,550	1,818
Food Service	<u>2,042</u>	<u>7,500</u>	<u>(5,458)</u>
Total Expenditures	<u>190,447</u>	<u>227,597</u>	<u>(37,150)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 294**

Oberlin, Kansas

**Federal Funds**

STATEMENT 3

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Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009

	Title I 09-294	Title I Part A 09-294	Title II Part A 09-294	Title II Part D 09-294	Drug Free Schools 09-294	Small Rural Schools	Total	Budget*	Variance Over (Under)
Cash Receipts:									
Federal Aid	\$ 81,041	14,619	30,518	774	1,442	19,570	147,964	113,795	34,169
Expenditures:									
Instruction	79,435	9,659	30,518	774	1,442	18,970	140,798	112,184	28,614
School Administration	1,606	0	0	0	0	0	1,606	1,611	(5)
Return of Unexpended Funds	0	0	0	0	0	0	0	0	0
Total Expenditures	81,041	9,659	30,518	774	1,442	18,970	142,404	113,795	28,609
Cash Receipts Over (Under) Expenditures	0	4,960	0	0	0	600	5,560		
Unencumbered Cash, Beginning	0	0	0	0	0	(1,600)	(1,600)		
Unencumbered Cash, Ending	\$ 0	4,960	0	0	0	(1,000)	3,960		

\*Exempt from Budget Law per K.S.A. 12-1663  
 See Note 13 (Cash Basis Exemption)

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

**Gifts and Grants Funds**

## Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	Endow- ments/ Gifts Trust	Kan-Ed Grant	Totals	Budget*	Variance Over (Under)
Cash Receipts:					
Donations and Grants	\$ 107,783	0	107,783	0	107,783
Reimbursed Expenses	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Cash Receipts	<u>107,783</u>	<u>3,000</u>	<u>110,783</u>	<u>0</u>	<u>110,783</u>
Expenditures:					
Instruction	0	3,000	3,000	305	2,695
Student Support Services	<u>85,168</u>	<u>0</u>	<u>85,168</u>	<u>0</u>	<u>85,168</u>
Total Expenditures	<u>85,168</u>	<u>3,000</u>	<u>88,168</u>	<u>305</u>	<u>87,863</u>
Cash Receipts Over (Under) Expenditures	22,615	0	22,615		
Unencumbered Cash, Beginning	<u>1,181</u>	<u>0</u>	<u>1,181</u>		
Unencumbered Cash, Ending	\$ <u>23,796</u>	<u>0</u>	<u>23,796</u>		

\* Exempt from Budget Law per K.S.A. 79-2925 and 12-16,111.

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

	<u>Contingency Reserve</u>	<u>Textbook Rental and Student Material Revolving</u>
Cash Receipts:		
Transfer from General	\$ <u>121,134</u>	<u>24,827</u>
Expenditures:		
Instruction	<u>0</u>	<u>24,580</u>
Cash Receipts Over (Under) Expenditures	121,134	247
Unencumbered Cash, Beginning	<u>202,398</u>	<u>203</u>
Unencumbered Cash, Ending	\$ <u><u>323,532</u></u>	<u><u>450</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas

Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Box Tops for Education</u>	<u>Knights of Columbus Special Education</u>
Cash Receipts:		
Donations	\$ <u>898</u>	<u>508</u>
Expenditures:		
Instruction	<u>1,371</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(473)	508
Unencumbered Cash, Beginning	<u>1,728</u>	<u>2,972</u>
Unencumbered Cash, Ending	\$ <u><u>1,255</u></u>	<u><u>3,480</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

	<u>Hill</u> <u>Endowment</u>	<u>Hill</u> <u>Scholarship</u>
Cash Receipts:		
Interest on Idle Funds	\$ _____ 0	_____ 3,263
Expenditures:		
Operations and Maintenance	0	0
Scholarships	_____ 0	_____ 10,050
Total Expenditures	_____ 0	_____ 10,050
Cash Receipts Over (Under) Expenditures	0	(6,787)
Unencumbered Cash, Beginning	_____ 238,375	_____ 1,005
Unencumbered Cash, Ending	\$ <u>238,375</u>	<u>(5,782)</u>

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 3

Oberlin, Kansas

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Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

	<u>Hoehner- Miller Scholarship</u>	<u>Emily Shobe Memorial Trust</u>	<u>Emily Shobe Scholarship</u>
Cash Receipts:			
Interest on Idle Funds	\$ 16	0	1,242
Donations	<u>0</u>	<u>0</u>	<u>1,500</u>
Total Cash Receipts	<u>16</u>	<u>0</u>	<u>2,742</u>
Expenditures:			
Scholarships	<u>500</u>	<u>0</u>	<u>1,500</u>
Cash Receipts Over (Under) Expenditures	(484)	0	1,242
Unencumbered Cash, Beginning	2,049	26,921	207
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,565</u>	<u>26,921</u>	<u>1,449</u>

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

UNIFIED SCHOOL DISTRICT NO. 294

STATEMENT 4

Oberlin, Kansas

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2009

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Funds:				
Junior-Senior High School:				
Speech/Forensics Club	\$ 1,355	690	723	1,322
Band Club	7,301	2,677	3,292	6,686
D-Club	977	1,806	1,787	996
Drama Club	1,165	2,547	1,463	2,249
FFA	723	21,487	18,698	3,512
Junior High Pep Club	244	116	357	3
Junior High Student Council	(40)	1,068	849	179
Kayettes/Senior High Pep Club	5,893	2,868	1,987	6,774
Music Club	6,725	23,764	23,457	7,032
National Honor Society	533	985	716	802
Science Club	589	413	262	740
Senior High Student Council	5,905	27,826	29,551	4,180
Spanish Club	1,606	12,688	14,171	123
Student Activities	7,108	1,756	4,314	4,550
Yearbook	8,925	10,335	11,040	8,220
Class of 2008	827	27	0	854
Class of 2009	1,917	639	586	1,970
Class of 2010	883	5,351	5,132	1,102
Class of 2011	84	1,017	0	1,101
Class of 2012	228	575	70	733
Class of 2013	975	863	0	1,838
Class of 2014	0	3,214	0	3,214
Weight Club	790	2,228	2,802	216
TACT	81	60	0	141
Tech Club	195	0	0	195
TV Communications Class	365	150	0	515
Art Class	20	0	0	20
Industrial Arts Class	599	0	519	80
Subtotal Junior-Senior High School	55,973	125,150	121,776	59,347
Elementary School:				
Student Activities	698	3,624	3,266	1,056
Total Student Organization Funds	56,671	128,774	125,042	60,403
Other Agency Funds:				
Sales Tax Collections	92	4,606	4,497	201
USD No. 295 Jennings Trust	0	71	71	0
Total Other Agency Funds	92	4,677	4,568	201
Total Agency Funds	\$ 56,763	133,451	129,610	60,604

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

**UNIFIED SCHOOL DISTRICT NO. 294**

STATEMENT 5

Oberlin, Kansas

**District Activity Funds**

Statement of Cash Receipts, Expenditures and Unencumbered Cash

For the Fiscal Year Ended June 30, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Junior/Senior High School Athletics	\$ 9,428	0	61,441	59,450	11,419	0	11,419
Junior/Senior High School Library	1,201	0	1,394	1,391	1,204	0	1,204
Elementary Library	2,800	0	2,732	2,460	3,072	0	3,072
 Total District Activity Funds	 \$ <u>13,429</u>	 <u>0</u>	 <u>65,567</u>	 <u>63,301</u>	 <u>15,695</u>	 <u>0</u>	 <u>15,695</u>

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

UNIFIED SCHOOL DISTRICT NO. 294

Oberlin, Kansas

Notes to the Financial Statements

June 30, 2009

1. Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 294, Oberlin, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a government entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the District has no component units. Accordingly these financial statements present all of the activities of the District in accordance with generally accepted accounting principles.

Fund Accounting

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year ended June 30, 2009:

Governmental Funds:

General Fund--To account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Fiduciary Funds:

Private Purpose Trust and Agency Funds--To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

### Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

### Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use to the statutory basis of accounting.

### Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, building, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

## 2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. 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 calendar year on or before August 1st.
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.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended in this manner for the year ended June 30, 2009.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds and the following special revenue funds:

	<u>Statutory Authority for Exemption</u>
Title I 09-294	K.S.A. 12-1663
Title I, Part A 09-294	K.S.A. 12-1663
Title II, Part A 09-294	K.S.A. 12-1663
Title II, Part D 09-294	K.S.A. 12-1663
Drug Free Schools 09-294	K.S.A. 12-1663
Small Rural School Grant	K.S.A. 12-1663
Endowments/Gifts Trust	K.S.A. 79-2925
Kan-Ed Grant	K.S.A. 12-16,111
Contingency Reserve	K.S.A. 72-6426
Textbook Rental and Student Material Revolving	K.S.A. 72-8250
Box Tops for Education	K.S.A. 79-2925
Knights of Columbus Special Education	K.S.A. 79-2925
Junior/Senior High School Athletics	K.S.A. 72-8208a
Junior/Senior High School Library	K.S.A. 72-8208a
Elementary Library	K.S.A. 72-8208a

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

### 3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due 1/2 on December 20th and 1/2 the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the District and therefore are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

### 4. Operating Leases

#### Integrated Mailing System

On April 9, 2008, Unified School District No. 294 entered into an agreement with Pitney Bowes, Inc. for the lease of an integrated mailing system located at the administrative office. The agreement is effective as of April 9, 2008 and calls for quarterly payments of \$411 through April 9, 2012. Payments totaling \$1,644 were made during the year ended June 30, 2009. The amounts due under this agreement in future periods are as follows:

<u>Year</u>	<u>Payment</u>
2009-2010	\$ 1,644
2010-2011	1,644
2011-2012	<u>1,233</u>
Total	<u>\$ 4,521</u>

### 5. Inventories and Prepaid Expense

Inventories and prepaid expenses, which benefit future periods, are recorded as expenditure during the year of purchase.

### 6. Compensated Absences

#### Sick and Personal Leave

The employees of Unified School District No. 294 are allowed one day of sick leave for each month worked per year, cumulative to sixty days. Bus drivers do not receive sick leave. In addition to the above sick leave, personnel may receive compensation from the sick leave bank in cases where a critical illness or severe injury would impose a devastating hardship on the individual and their family. Current employees of the district are no longer allowed to contribute days to the bank. A new employee of the district, at the start of employment, may contribute one day to the bank in order to be eligible to use days from the bank. The bank is to be used by an individual only after his or her own accumulated sick leave is exhausted. The sick leave bank committee determines all applications for use of the sick leave bank.

Certified salaried personnel are allowed three days of leave each school term for personal business or other personal matters. In addition, any days in excess of sixty sick leave days at the beginning of a school year will be traded for personal days in a ratio of five sick days for one personal.

The unused sick leave and personal leave is not paid upon termination, therefore, no cost of accumulated sick and personal leave as of June 30, 2009 has been calculated.

#### Vacation Pay

The superintendent is allowed three weeks of vacation a year. Other twelve-month employees earn vacation based on the following schedule for calendar years of completed service:

<u>Completed Years of Service</u>	<u>Vacation Days Earned</u>
1st through 10th years	10 days
11th through 20th years	15 days
21st year and beyond	20 days

Unused vacation time is not allowed to accumulate. Any unused vacation time at the end of the contract period is forfeited, therefore, no cost of accumulated vacation pay as of June 30, 2009 has been calculated.

### 7. Defined Benefit Pension Plan

#### Plan Description

Unified School District No. 294, Oberlin, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined 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 issue 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, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

#### Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employee contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.97% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school municipalities for the years ending June 30, 2009, 2008, and 2007 was \$242,277,363, \$220,815,154, and \$192,425,626, respectively, equal to the required contributions for each year.

### 8. Early Retirement Program

Faculty members of the District who may find it necessary or desirable to retire from employment with the District prior to normal retirement age may elect to take early retirement under the terms set out in Article XXIV of the negotiated agreement. Early retirement is entirely voluntary and at the discretion of eligible faculty members. Eligibility is determined as follows:

1. Currently a certified faculty member or administrator.
2. Not less than 53 years of age and not more than 64 years of age as of September 1 of the year of selection.
3. Five (5) years or more of employment service with the District and twenty (20) years minimum in education.
4. Eligible for retirement with the Kansas Public Employees Retirement System (KPERS).
5. Met the minimum requirements of KPERS for retirement.

Any faculty member wishing to retire at the end of a contract year must notify the Superintendent by April 1<sup>st</sup> of the contract year.

A faculty member who takes early retirement is entitled to receive annually from the District a sum of money equal to a percentage of the average of the three highest years compensation payable on the following table:

<u>Year of Eligibility</u>	<u>5 Year Plan</u>	<u>10 Year Plan</u>
1	29.00%	14.00%
2	23.00%	13.00%
3	18.00%	12.00%
4	14.00%	11.00%
5	11.00%	10.00%
6		9.00%
7		8.00%
8		7.00%
9		6.00%
10		5.00%

The maximum benefit is 95% of the average of the three highest compensation years. Faculty members who select early retirement after age 60 will be placed on the table as if they had requested early retirement at age 60, i.e., a faculty member who applies at age 62 could receive 18%, 14% and 11%.

The annual early retirement benefit shall be paid on the regular payday of October. A faculty member taking early retirement has the option to maintain health insurance coverage through the District's health insurance program by agreeing to a deduction of health insurance premiums from early retirement benefits. All early retirement benefits, including the option to maintain health insurance, automatically terminate at the time the faculty member reaches age 65 or is eligible for medicare. In the event of death of the retiree, the remaining portion of the early retirement benefit will be paid to his/her designee or heirs.

The Board of Education retains the right to adopt or review the early retirement incentive program on a two-year basis. Any application for early retirement may be granted or denied by the Board. The Board has the right to limit the number of early retirements granted to no more than five (5) in any given year.

As of June 30, 2009 the District had no faculty members approved for early retirement, therefore, no liability for early retirement has been calculated.

#### 9. Other Post Employment Benefits

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

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

## 10. Deposits and Investments

At June 30, 2009, the District had no investments except for certificates of deposit which are considered to be a component of deposits.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the municipality is located and the banks provide an acceptable rate of return on the funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

### Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated any "peak periods" with eligible depositories. All deposits were legally secured at June 30, 2009.

At June 30, 2009, the District's carrying amount of deposits was \$2,142,989 and the bank balance was \$2,493,225. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, \$1,993,225 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

## 11. Operating Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Capital Outlay	K.S.A. 72-6428	\$ 31,109
General	Contingency Reserve	K.S.A. 72-6428	121,134
General	Special Education	K.S.A. 72-6428	334,766
General	Vocational Education	K.S.A. 72-6428	143,476
General	At Risk (K-12)	K.S.A. 72-6428	38,675
Supplemental General	Driver Training	K.S.A. 72-6433	10,000
Supplemental General	Food Service	K.S.A. 72-6433	26,540
Supplemental General	Special Education	K.S.A. 72-6433	177,668
Supplemental General	Vocational Education	K.S.A. 72-6433	55,846
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	311,523

**12. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the District purchases commercial insurance.

During the year ended June 30, 2009, the District did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**13. Compliance with Kansas Statutes****Cash Basis Violation**

K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The General Fund had a negative unencumbered cash balance of \$231,648 as of June 30, 2009. This is due to the late distribution of general state aid, special education services aid, and a mentor teacher program grant payment. The general state aid payment of \$146,796 was received July 9, 2009. The special education services aid payment of 85,469 was received July 1, 2009. The mentor teacher program grant payment of \$1,000 was received July 1, 2009. Expenditures by school districts in excess of current revenues due to late general state aid are exempted by K.S.A. 10-1116(a). However, there is no such statutory exemption for expenditures by school districts in excess of current revenues due to the late distribution of other payments from the state. Thus, the General Fund is in violation of K.S.A. 10-1113.

The Hill Scholarship Fund had a negative unencumbered cash balance of \$5,782 as of June 30, 2009. This is a violation of K.S.A. 10-1113.

**14. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)**

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending June 30. The following shows the revenue as required by the statutes.

In addition, the General Fund Statement also includes special education aid and mentor teachers program grant for the fiscal year ended June 30, 2009, as confirmed by the Kansas State Department of Education. Inclusion of these amounts is not required by the statutes but has been included in this statement to be in conformity with the budget laws of Kansas.

14. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (continued)

STATUTORY REVENUES AND EXPENDITURES – STATUTORY AND BUDGET  
For the Year Ended June 30, 2009

GENERAL FUND

	Statutory Transactions	Budget	Variance Over Under
Statutory Revenues:			
Tax in Process	\$ 6,531	8,023	(1,492)
Current Tax	661,999	621,718	40,281
Delinquent Tax	9,420	4,356	5,064
Mineral Tax	27,952	0	27,952
Machinery and Equipment State Aid	24	0	24
State Equalization Aid	2,193,377	2,318,348	(124,971)
Special Education State Aid	334,766	395,800	(61,034)
Reimbursed Expenses	<u>59,764</u>	<u>0</u>	<u>59,764</u>
Total Statutory Revenues	<u>3,293,833</u>	<u>3,348,245</u>	<u>(54,412)</u>
Expenditures:			
Instruction	1,322,714	984,761	337,953
Student Support Services	85,619	80,150	5,469
Instructional Support Staff	57,068	58,050	(982)
General Administration	124,210	127,842	(3,632)
School Administration	251,438	259,750	(8,312)
Operations and Maintenance	417,318	489,260	(71,942)
Student Transportation Services	239,388	318,320	(78,932)
Other Supplemental Services	127,169	126,775	394
Transfer to Capital Outlay	31,109	50,000	(18,891)
Transfer to Driver Training	121,134	0	121,134
Transfer to Food Service	0	30,000	(30,000)
Transfer to Professional Development	0	5,000	(5,000)
Transfer to Special Education	334,766	395,800	(61,034)
Transfer to Vocational Education	143,476	200,000	(56,524)
Transfer to At Risk (K-12)	38,675	222,537	(183,862)
Adjustment to Comply with Legal Max	<u>0</u>	<u>(112,925)</u>	<u>112,925</u>
Total Expenditures	3,294,084	3,235,320	58,764
Adjustment for Qualifying Budget Credit:			
Reimbursed Expenses	<u>0</u>	<u>59,764</u>	<u>(59,764)</u>
Total Expenditures	<u>3,294,084</u>	<u>3,295,084</u>	<u>(1,000)</u>
Prior Year Cancelled Encumbrance	367		
Revenue Over (Under) Expenditures	(251)		
Modified Unencumbered Cash, Beginning	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 116</u>		

14. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (continued)

STATUTORY REVENUES AND EXPENDITURES – STATUTORY AND BUDGET  
For the Year Ended June 30, 2009

SUPPLEMENTAL GENERAL

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues:			
Tax in Process	\$ 9,091	11,609	(2,518)
Current Tax	768,699	713,620	55,079
Delinquent Tax	11,639	4,976	6,663
Mineral Tax	15	0	15
State Machinery & Equipment Aid	25	0	25
Motor Vehicle Tax	74,813	69,419	5,394
Recreational Vehicle Tax	1,474	1,341	133
State Aid	<u>126,141</u>	<u>129,678</u>	<u>(3,537)</u>
Total Statutory Revenues	<u>991,897</u>	<u><b>930,643</b></u>	<u><b>61,254</b></u>
Expenditures:			
Instruction	395,501	904,474	(508,973)
Operations and Maintenance	0	100,000	(100,000)
Driver Training	10,000	0	10,000
Food Service	26,540	0	26,540
Special Education	177,668	0	177,668
Vocational Education	55,846	0	55,846
At Risk (K-12)	311,523	0	311,523
Adjustment to Comply with Legal Max	<u>0</u>	<u>(27,396)</u>	<u>27,396</u>
Total General Legal Budget	<u>977,078</u>	<u><b>977,078</b></u>	<u><b>0</b></u>
Revenue Over (Under) Expenditures	14,819		
Modified Unencumbered Cash, Beginning	<u>60,387</u>		
Modified Unencumbered Cash, Ending	<u><b>\$ 75,206</b></u>		

# MAPES & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

Members of American Institute of Certified Public Accountants  
and the Kansas Society of Certified Public Accountants

JOHN D. MAPES, CPA  
DENIS W. MILLER, CPA

THOMAS CARPENTER, CPA  
DON TILTON, CPA

February 8, 2010

418 E. Holme  
Norton, KS 67654-1412  
(785) 877-5833  
FAX - (785) 877-5442  
email - mmcpas@ruraltel.net

To the Board of Education  
Unified School District No. 294  
Oberlin, Kansas 67749

711 3<sup>rd</sup> Street  
P.O. Box 266  
Phillipsburg, KS 67661-0266  
(785) 543-6561  
FAX - (785) 543-6563  
email - mmpburg@ruraltel.net

We have audited the financial statements of the Unified School District No. 294 for the year ended June 30, 2009, and have issued our report thereon dated February 8, 2010.

503 Main St.  
P.O. Box 508  
Stockton, KS 67669-0508  
(785) 425-6764  
FAX - (785) 425-6765  
email - mmstkn@ruraltel.net

In planning and performing our audit of the financial statements of the Unified School District No. 294 as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Unified School District No. 294's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 294's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified School District No. 294's internal control.

230 Main St.  
P.O. Box 412  
Quinter, KS 67752-0412  
(785) 754-2111  
FAX - (785) 754-2112  
email - mapes@ruraltel.net

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

117 N. Main St.  
P.O. Box 73  
WaKeeney, KS 67672-0073  
(785) 743-5512  
FAX - (785) 743-5513  
email - mapeswak@ruraltel.net

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

306 N. Pomeroy  
Hill City, KS 67642-1720  
(785) 421-2163  
FAX - (785) 421-2164  
email - mapeshc@ruraltel.net

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

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 18, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on December 16, 2009.

#### Significant Audit Findings

##### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Unified School District No. 294 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the Unified School District No. 294 during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them differ significantly from those expected. No estimates were made by management for the year ended June 30, 2009.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures can be particularly sensitive because of their significance to financial statement users. For the year ended June 30, 2009, there were no sensitive disclosures that were included in the financial statements.

##### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2010.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This communication is intended solely for the information and use of the governing body and management of the District, others within the organization, and the Kansas Department of Administration, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties.