

**ADAMS, BROWN, BERAN AND BALL, CHTD.**

**Routing Instructions for Processing Financial Statements**

Client: Unified School District NO. 354-Claflin Client Number: 9,0160  
 In-Charge Accountant: Jessica Torluemke Engagement Partner: Ken Beran  
 Cold Reviewer: Amber Georg EQC Reviewer: N/A  
 Balance Sheet Date: 6-30-09 Report Date: ~~10-5-09~~ Date Required: ASAP  
 File Location: Engagement File Name: FR-01 and FR-02

	Done By	Date
1. <b>Submit Statements to Data Processing.</b> Review original draft of statements, make necessary changes and submit statements to data processing.	<u>JT</u>	<u>9-24-09</u>
2. <b>Type Draft.</b> Type, update and format report and statements.	<u>JT</u>	<u>9-24-09</u>
3. <b>Spell Check.</b> Run spelling and grammar check on Word and Excel files.	<u>JT</u>	<u>9-24-09</u>
4. <b>Proof and Foot Draft.</b> Route to individual responsible for proofing statements. (This individual <b>MUST</b> be someone other than the in-charge accountant.) Mark changes and corrections and resubmit to data processing.	<u>WY</u>	<u>9-25-09</u>
5. <b>Cold Review.</b> Submit financial statements for a cold review as required by the Quality Control Policies and Procedures (include PPC opinions used). Resubmit to data processing if necessary.		
6. <b>Engagement Quality Control Review.</b> Obtain an engagement quality control review when required by the Quality Control Policies and Procedures. Resubmit to data processing if necessary.	<u>N/A</u>	<u>N/A</u>
7. <b>In-Charge Review.</b> Review to ensure that all changes suggested by the cold review and engagement quality control review have been made. Review to ensure that reports appear professional and are in accordance with firm policy.		
8. <b>Engagement Partner Review and Approval.</b> Obtain Engagement Partner review and approval. Resubmit to data processing if necessary. Review to ensure that reports appear professional and are in accordance with firm policy.		
9. <b>Production.</b> Produce statements and documents as follows:	Original Issue Number of Copies	Subsequent Release Number of Copies
Bound Basic	_____	_____
Bound Basic and Supplemental Information	_____	_____
Unbound Basic	_____	_____
Unbound Basic and Supplemental Information	_____	_____
Scan Basic	_____	_____
Scan Basic and Supplemental Information	_____	_____
10. <b>Signing Reports.</b> Route to Engagement Partner for signing of report.		
11. <b>Delivery.</b> Document delivery of statements as follows.		

DATE DELIVERED \_\_\_\_\_

PERSON TO WHOM DELIVERED \_\_\_\_\_

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**

Financial Statements with Independent Auditors' Report

For the Year Ended June 30, 2009

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
Financial Statements with Independent Auditors' Report  
For the Year Ended June 30, 2009

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**TABLE OF CONTENTS**

	<u>Page</u> <u>Number</u>
Independent Auditors' Report .....	1
Statement 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash .....	2
Statement 2	
Summary of Expenditures – Actual and Budget .....	3
Statement 3	
Statement of Cash Receipts and Expenditures – Actual and Budget (where applicable)	
Governmental Fund Categories	
3-1    General Fund .....	4
3-2    Supplemental General Fund .....	5
Special Revenue Funds	
3-3    Capital Outlay Fund .....	6
3-4    Driver Training Fund .....	7
3-5    Food Service Fund .....	8
3-6    Professional Development Fund .....	9
3-7    Special Education Fund .....	10
3-8    Vocational Education Fund .....	11
3-9    Recreation Commission Fund .....	12
3-10   KPERs Special Retirement Contribution Fund .....	13
3-11   At-Risk (K-12) Fund .....	14
3-12   At-Risk (4 Year Old) Fund .....	15
3-13   Contingency Reserve Fund .....	16
3-14   Textbook Rental Fund .....	17
3-15   Title I Fund .....	18
3-16   Title V Fund .....	19
3-17   R.E.A.P. Grant #5 Fund .....	20
3-18   R.E.A.P. Grant #6 Fund .....	21
3-19   Title II A – Teacher Quality Fund .....	22
3-20   Title II D – Education Technology Fund .....	23
Statement 4	
Summary of Cash Receipts and Cash Disbursements	
Agency Funds .....	24
Statement 5	
Statement of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds .....	25
Notes to Financial Statements .....	26-36

## INDEPENDENT AUDITORS' REPORT

Board of Education  
**Unified School District No. 354**  
Claffin, Kansas 67525

We have audited the accompanying financial statements of **Unified School District No. 354, Claffin, 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 **Unified School District No. 354, Claffin, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described more fully in Note 1, **Unified School District No. 354, Claffin, Kansas** prepares its financial statements using accounting practices prescribed or permitted by the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 354, Claffin, Kansas**, as of June 30, 2009, or changes in financial position for the year then ended. Further, **Unified School District No. 354, Claffin, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 354, Claffin, Kansas**, as of June 30, 2009, their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

October 01, 2009

UNIFIED SCHOOL DISTRICT NO. 354  
Clafflin, Kansas

Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the 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
<b>Governmental Fund Categories</b>							
<b>General Fund</b>	\$ (110,505)	5	2,285,545	2,260,280	(85,235)	5,223	(80,012)
<b>Supplemental General Fund</b>	13,228	-	563,058	565,000	11,286	6,633	17,919
<b>Special Revenue Funds</b>							
Capital Outlay Fund	102,854	65,200	168,318	72,915	263,457	2,480	265,937
Driver Training Fund	9,398	-	4,695	3,118	10,975	-	10,975
Food Service Fund	41,701	-	151,207	151,776	41,132	-	41,132
Professional Development Fund	7,236	-	16,292	11,875	11,653	408	12,061
Special Education Fund	38,365	-	441,774	420,138	60,001	-	60,001
Vocational Education Fund	-	-	90,991	75,459	15,532	435	15,967
Recreation Commission Fund	1,610	-	28,386	27,000	2,996	-	2,996
KPERS Special Retirement Contribution Fund	-	-	118,806	118,806	-	-	-
At-Risk (K-12) Fund	1,268	-	74,733	41,392	34,609	22	34,631
At-Risk (4 Year Old) Fund	-	-	13,866	7,456	6,410	-	6,410
Contingency Reserve Fund	20,753	-	106,160	-	126,913	-	126,913
Textbook Rental Fund	10,863	750	8,746	2,577	17,782	-	17,782
Title I Fund	5,203	-	33,556	38,759	-	660	660
R.E.A.P. Grant #6 Fund	-	-	21,789	21,789	-	-	-
Title II A - Teacher Quality Fund	-	-	13,606	13,606	-	-	-
Title II D - Education Technology Fund	-	-	321	321	-	-	-
District Activity Funds - Gate Receipts	2,630	-	32,688	31,259	4,059	-	4,059
District Activity Funds - School Projects	8,266	-	25,793	26,724	7,335	-	7,335
<b>Total Special Revenue Funds</b>	250,147	65,950	1,351,727	1,064,970	602,854	4,005	606,859
<b>Total Reporting Entity (Excluding Agency Funds)</b>	\$ 152,870	65,955	4,200,330	3,890,250	528,905	15,861	544,766

**Composition of Cash:**

Checking Accounts	\$ 10,037
Savings Account	101,086
Certificates of Deposit	455,000
Total Cash	566,123
Less Agency Funds per Statement 4	(21,357)
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 544,766</b>

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

UNIFIED SCHOOL DISTRICT NO. 354  
Clafin, Kansas  
Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2009

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance Favorable (Unfavorable)
<b>Governmental Fund Categories</b>						
General Fund	\$ 2,307,820	(47,540)	-	2,260,280	2,260,280	-
Supplemental General Fund	565,000	-	-	565,000	565,000	-
<b>Special Revenue Funds</b>						
Capital Outlay Fund	381,745	-	-	381,745	72,915	308,830
Driver Training Fund	11,558	-	-	11,558	3,118	8,440
Food Service Fund	207,336	-	-	207,336	151,776	55,560
Professional Development Fund	24,544	-	-	24,544	11,875	12,669
Special Education Fund	467,878	-	-	467,878	420,138	47,740
Vocational Education Fund	80,000	-	-	80,000	75,459	4,541
Recreation Commission Fund	27,000	-	-	27,000	27,000	-
KPERS Special Retirement Contribution Fund	143,465	-	-	143,465	118,806	24,659
At-Risk (K-12) Fund	56,270	-	-	56,270	41,392	14,878
At-Risk (4 Year Old) Fund	11,866	-	-	11,866	7,456	4,410

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**General Fund**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenues</b>				
Taxes	\$ 394,705	504,030	488,001	16,029
<b>Intergovernmental Revenue</b>				
Mineral Severance Tax	27,865	36,275	27,000	9,275
Equalization Aid	1,613,628	1,441,092	1,463,293	(22,201)
State Aid	287,830	304,148	281,973	22,175
<b>Total Cash Receipts</b>	<u>2,324,028</u>	<u>2,285,545</u>	<u>2,260,267</u>	<u>25,278</u>
<b>Expenditures</b>				
Instruction	1,082,000	1,055,604	1,083,111	27,507
Student Support Services	85,347	84,042	88,340	4,298
Instructional Support Services	76,529	69,779	70,990	1,211
General Administration	144,312	142,609	147,020	4,411
School Administration	170,686	108,287	175,504	67,217
Operations and Maintenance	181,839	158,173	193,340	35,167
Student Transportation Services	116,312	101,428	136,136	34,708
Operating Transfers	454,634	540,358	413,379	(126,979)
Adjustment to Comply With Legal Max	-	-	(47,540)	(47,540)
<b>Total Expenditures and Legal   General Fund Budget</b>	<u>2,311,659</u>	<u>2,260,280</u>	<u>2,260,280</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	12,369	25,265		
<b>Unencumbered Cash, Beginning</b>	(122,887)	(110,505)		
<b>Prior Year Cancelled Encumbrances</b>	<u>13</u>	<u>5</u>		
<b>Unencumbered Cash, Ending</b>	\$ <u>(110,505)</u>	<u>(85,235)</u>		

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

## UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

## Supplemental General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2009

(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenues</b>				
Taxes	\$ 382,333	506,425	482,232	24,193
<b>Intergovernmental Revenue</b>				
Equalization Aid	77,350	56,633	64,523	(7,890)
<b>Total Cash Receipts</b>	459,683	563,058	546,755	16,303
<b>Expenditures</b>				
Instruction	102,669	91,847	115,370	23,523
Instructional Support Services	15,530	11,513	15,500	3,987
General Administration	8,312	2,663	3,500	837
School Administration	6,788	8,254	6,793	(1,461)
Operations and Maintenance	147,962	148,229	175,837	27,608
Student Transportation Services	12,023	12,728	13,000	272
Architectural Services	-	600	-	(600)
Operating Transfers	151,716	289,166	235,000	(54,166)
<b>Total Expenditures and Legal Supplemental General Fund Budget</b>	445,000	565,000	565,000	-
<b>Cash Receipts Over (Under) Expenditures</b>	14,683	(1,942)		
<b>Unencumbered Cash, Beginning</b>	(1,455)	13,228		
<b>Unencumbered Cash, Ending</b>	\$ 13,228	11,286		

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

## UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

## Capital Outlay Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2009

(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenues</b>				
Taxes	\$ 91,717	113,348	110,891	2,457
<b>Intergovernmental Revenue</b>				
State Aid	1,680	-	-	-
<b>Other Local Sources</b>				
Miscellaneous Revenue	1,224	16,682	75,000	(58,319)
FEMA Proceeds	9,003	-	-	-
Insurance Proceeds	34,914	-	-	-
Interest on Idle Funds	23,326	8,288	23,000	(14,712)
Operating Transfers	-	30,000	-	30,000
<b>Total Cash Receipts</b>	161,864	168,318	208,891	(40,574)
<b>Expenditures</b>				
Instruction	5,429	348	150,000	149,652
School Administration	2,000	2,840	5,000	2,160
Operations and Maintenance	65,160	14,417	70,000	55,583
Transportation	-	14,903	20,000	5,097
Other Supplemental Services	13,254	-	5,000	5,000
Facility Acquisition and Construction	194,803	40,407	131,745	91,338
<b>Total Expenditures</b>	280,646	72,915	381,745	308,830
<b>Cash Receipts Over (Under) Expenditures</b>	(118,782)	95,403		
<b>Unencumbered Cash, Beginning</b>	221,286	102,854		
<b>Prior Year Cancelled Encumbrances</b>	350	65,200		
<b>Unencumbered Cash, Ending</b>	\$ 102,854	263,457		

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

## UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

## Driver Training Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2009

(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenues</b>				
State Aid	\$ 2,750	570	2,160	(1,590)
<b>Other Local Sources</b>				
Student Fees	1,783	2,125	-	2,125
Operating Transfers	-	2,000	-	2,000
<b>Total Cash Receipts</b>	<u>4,533</u>	<u>4,695</u>	<u>2,160</u>	<u>2,535</u>
<b>Expenditures</b>				
Instruction	2,513	2,469	4,505	2,036
Vehicle Operating Services	1,912	649	7,053	6,404
<b>Total Expenditures</b>	<u>4,425</u>	<u>3,118</u>	<u>11,558</u>	<u>8,440</u>
<b>Cash Receipts Over (Under) Expenditures</b>	108	1,577		
<b>Unencumbered Cash, Beginning</b>	<u>9,290</u>	<u>9,398</u>		
<b>Unencumbered Cash, Ending</b>	\$ <u>9,398</u>	<u>10,975</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Food Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Intergovernmental Revenue</b>				
State Aid	\$ 1,614	1,471	1,711	(240)
Federal Aid	40,108	31,222	43,814	(12,592)
<b>Other Local Sources</b>				
Lunch Receipts - Students	51,124	56,186	53,610	2,576
Lunch Receipts - Adults	7,058	7,328	6,500	828
Miscellaneous Revenue	18	-	-	-
Operating Transfers	60,000	55,000	60,000	(5,000)
<b>Total Cash Receipts</b>	159,922	151,207	165,635	(14,428)
<b>Expenditures</b>				
Food Service Operation	161,507	151,776	207,336	55,560
<b>Cash Receipts Over (Under) Expenditures</b>	(1,585)	(569)		
<b>Unencumbered Cash, Beginning</b>	43,286	41,701		
<b>Unencumbered Cash, Ending</b>	\$ 41,701	41,132		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Professional Development Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Intergovernmental Revenue</b>				
State Aid	\$ 1,378	1,292	2,308	(1,016)
<b>Other Local Sources</b>				
Operating Transfers	9,959	15,000	15,000	-
<b>Total Cash Receipts</b>	11,337	16,292	17,308	(1,016)
<b>Expenditures</b>				
Instructional Support Services	11,725	11,875	24,544	12,669
<b>Cash Receipts Over (Under) Expenditures</b>	(388)	4,417		
<b>Unencumbered Cash, Beginning</b>	7,624	7,236		
<b>Unencumbered Cash, Ending</b>	\$ 7,236	11,653		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Special Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Other Local Sources</b>				
Operating Transfers	\$ 399,691	<b>441,774</b>	429,513	12,261
<b>Expenditures</b>				
Instruction	373,875	<b>385,336</b>	418,093	32,757
Vehicle Operating Services	29,657	<b>34,802</b>	49,785	14,983
<b>Total Expenditures</b>	403,532	<b>420,138</b>	467,878	47,740
<b>Cash Receipts Over (Under) Expenditures</b>	(3,841)	<b>21,636</b>		
<b>Unencumbered Cash, Beginning</b>	42,206	<b>38,365</b>		
<b>Unencumbered Cash, Ending</b>	\$ 38,365	<b>60,001</b>		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Vocational Education Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Other Local Sources</b>				
Operating Transfers	\$ 75,257	90,991	80,000	10,991
<b>Expenditures</b>				
Instruction	75,257	75,459	80,000	4,541
<b>Cash Receipts Over (Under) Expenditures</b>	-	15,532		
<b>Unencumbered Cash, Beginning</b>	-	-		
<b>Unencumbered Cash, Ending</b>	-	15,532		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Recreation Commission Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenues</b>				
Taxes	\$ 22,935	28,386	27,750	636
<b>Expenditures</b>				
Community Service Operations	23,334	27,000	27,000	-
<b>Cash Receipts Over (Under) Expenditures</b>	(399)	1,386		
<b>Unencumbered Cash, Beginning</b>	2,009	1,610		
<b>Unencumbered Cash, Ending</b>	\$ 1,610	2,996		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**KPERS Special Retirement Contribution Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Intergovernmental Revenue</b>				
State Aid	\$ 116,638	<u>118,806</u>	<u>143,465</u>	<u>(24,659)</u>
<b>Expenditures</b>				
Instruction	72,069	77,093	87,565	10,472
Student Support Services	5,748	4,055	8,000	3,945
Instructional Support Services	4,458	4,001	6,000	1,999
General Administration	6,407	7,248	7,500	252
School Administration	11,263	8,885	14,000	5,115
Operations and Maintenance	6,771	7,157	8,200	1,043
Student Transportation Services	4,783	4,965	6,000	1,035
Food Service	5,139	5,402	6,200	798
<b>Total Expenditures</b>	<u>116,638</u>	<u>118,806</u>	<u>143,465</u>	<u>24,659</u>
<b>Cash Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash, Beginning</b>	-	-		
<b>Unencumbered Cash, Ending</b>	<u>\$ -</u>	<u>-</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Claflin, Kansas**  
**At-Risk (K-12) Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Other Local Sources</b>				
Operating Transfers	\$ 55,500	74,733	55,000	19,733
<b>Expenditures</b>				
Instruction	55,322	41,392	56,270	14,878
<b>Cash Receipts Over (Under) Expenditures</b>	178	33,341		
<b>Unencumbered Cash, Beginning</b>	1,090	1,268		
<b>Unencumbered Cash, Ending</b>	\$ 1,268	34,609		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**At-Risk (4 Year Old) Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Other Local Sources</b>				
Operating Transfers	\$ -	13,866	8,866	5,000
Interest on Idle Funds	-	-	3,000	(3,000)
<b>Total Cash Receipts</b>	-	13,866	11,866	2,000
<b>Expenditures</b>				
Instruction	-	7,456	11,866	4,410
<b>Cash Receipts Over (Under) Expenditures</b>	-	6,410		
<b>Unencumbered Cash, Beginning</b>	-	-		
<b>Unencumbered Cash, Ending</b>	\$ -	6,410		

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Contingency Reserve Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended June 30, 2009  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Other Local Sources</b>		
Operating Transfers	\$ 5,943	106,160
<b>Unencumbered Cash, Beginning</b>	14,810	20,753
<b>Unencumbered Cash, Ending</b>	\$ 20,753	126,913

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Textbook Rental Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Other Local Sources</b>		
Book Rental Fees	\$ 7,683	7,946
Technology Fees	1,040	800
<b>Total Cash Receipts</b>	8,723	8,746
<b>Expenditures</b>		
Instruction	13,314	2,577
<b>Cash Receipts Over (Under) Expenditures</b>	(4,591)	6,169
<b>Unencumbered Cash, Beginning</b>	14,918	10,863
<b>Prior Year Cancelled Encumbrances</b>	536	750
<b>Unencumbered Cash, Ending</b>	\$ 10,863	17,782

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Title I Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Intergovernmental Revenue</b>		
Federal Aid	\$ 32,931	33,556
<b>Expenditures</b>		
Instruction	35,546	38,759
<b>Cash Receipts Over (Under) Expenditures</b>	(2,615)	(5,203)
<b>Unencumbered Cash, Beginning</b>	7,818	5,203
<b>Unencumbered Cash, Ending</b>	\$ 5,203	-

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafflin, Kansas**  
**Title V Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended June 30, 2009  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Cash Receipts</b>		
<b>Intergovernmental Revenue</b>		
Federal Aid	\$ 465	-
<b>Expenditures</b>		
Student Support Services	<u>465</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, Beginning</b>	<u>-</u>	<u>-</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ -</u>	<u>-</u>

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**R.E.A.P. Grant #5 Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended June 30, 2009  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Intergovernmental Revenue</b>		
Federal Aid	\$ 2,310	-
<b>Expenditures</b>		
Instruction	2,311	-
<b>Cash Receipts Over (Under) Expenditures</b>	(1)	-
<b>Unencumbered Cash, Beginning</b>	1	-
<b>Unencumbered Cash, Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Claffin, Kansas**  
**R.E.A.P. Grant #6 Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended June 30, 2009  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Intergovernmental Revenue</b>		
Federal Aid	\$ -	21,789
<b>Expenditures</b>		
Instruction	-	21,789
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, Beginning</b>	-	-
<b>Unencumbered Cash, Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Claffin, Kansas**  
**Title II A - Teacher Quality Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2009  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Intergovernmental Revenue</b>		
Federal Aid	\$ 13,142	13,606
<b>Expenditures</b>		
Instruction	14,169	13,606
<b>Cash Receipts Over (Under) Expenditures</b>	(1,027)	-
<b>Unencumbered Cash, Beginning</b>	1,027	-
<b>Unencumbered Cash, Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Title II D - Education Technology Fund**  
**Statement of Cash Receipts and Expenditures - Actual**  
**For the Year Ended June 30, 2009**  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2008)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
<b>Intergovernmental Revenue</b>		
Federal Aid	\$ 327	321
<b>Expenditures</b>		
Instruction	327	321
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, Beginning</b>	-	-
<b>Unencumbered Cash, Ending</b>	\$ -	-

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

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafin, Kansas**  
**Agency Funds**  
Summary of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2009

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>High School</b>				
Band	\$ 211	3,194	2,976	429
Class of 2006	92	-	92	-
Class of 2007	610	-	610	-
Class of 2008	19	-	19	-
Class of 2009	2,755	707	3,082	380
Class of 2010	3,215	955	2,076	2,094
Class of 2011	394	7,241	3,944	3,691
Class of 2012	-	1,159	-	1,159
C-Club	924	156	604	476
FFA	2,919	1,641	1,746	2,814
NHS	317	15	152	180
STUCO - Senior High School	857	4,618	4,243	1,232
STUCO - Junior High School	108	1,952	834	1,226
Yearbook	3,666	11,765	9,567	5,864
Cheerleaders	1,791	4,157	5,623	325
Scholar's Bowl	149	261	391	19
<b>Subtotal High School</b>	18,027	37,821	35,959	19,889
<b>Grade School</b>				
STUCO	2,302	5,348	6,182	1,468
<b>Total Student Organizations</b>	\$ 20,329	43,169	42,141	21,357

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

UNIFIED SCHOOL DISTRICT NO. 354  
Claflin, Kansas  
District Activity Funds

Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the 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
<b>Gate Receipts</b>							
High School Athletics Play	\$ 188 2,442	- -	29,375 3,313	27,831 3,428	1,732 2,327	- -	1,732 2,327
<b>Total Gate Receipts</b>	<b>2,630</b>	<b>-</b>	<b>32,688</b>	<b>31,259</b>	<b>4,059</b>	<b>-</b>	<b>4,059</b>
<b>School Projects</b>							
High School Concessions	1,859	-	25,793	26,119	1,533	-	1,533
Grade School Carnival Fund	6,407	-	-	605	5,802	-	5,802
<b>Total School Projects</b>	<b>8,266</b>	<b>-</b>	<b>25,793</b>	<b>26,724</b>	<b>7,335</b>	<b>-</b>	<b>7,335</b>
<b>Total District Activity Funds</b>	<b>\$ 10,896</b>	<b>-</b>	<b>58,481</b>	<b>57,983</b>	<b>11,394</b>	<b>-</b>	<b>11,394</b>

UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

Notes to Financial Statements

June 30, 2009

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1. **Summary of Significant Accounting Policies**

The District has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

**A. Financial Reporting Entity**

**Unified School District No. 354, Clafin, Kansas**, is a municipal corporation governed by an elected board. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding sources.

**Unified School District No. 354, Clafin, Kansas**, is the primary government as defined in GASB #14 and further amended by GASB #39. The School Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

The financial statements of the District consist of all the funds of the District and governmental entities that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no such entities under its control.

**B. Basis of Presentation – Fund Accounting**

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

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

**Governmental Fund Categories**

**General Fund** - reports as the primary fund of the District. The fund is used to account for all financial resources not reported in other funds.

**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 expend for specific purposes.

**Fiduciary Fund Categories**

**Agency Funds** - to account for fiduciary assets held by the District in a custodial capacity as a trustee or an agent on behalf of others.

**Student Activity Fund** - an agency fund that accounts for the receipts and disbursements of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

Notes to Financial Statements

June 30, 2009

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

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

**D. 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 expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. General capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**E. Accounting for Capital Assets and Depreciation**

The District does not maintain a record of capital assets used in performance of general government operations as required by generally accepted accounting principles.

**F. 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) and Debt Service 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 fiscal year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget notice and of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

UNIFIED SCHOOL DISTRICT NO. 354

Clafflin, Kansas

Notes to Financial Statements

June 30, 2009

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**F. Budgetary Information (cont.)**

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 General Fund and Special Education Fund were amended this year.

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

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds and the following special revenue funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Fund, R.E.A.P. Grant #6 Fund, Title II A – Teacher Quality Fund, and Title II D – Education Technology Fund.

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

**G. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds.

**H. Deposits and Investments**

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the Summary of Cash Receipts, Expenditures, and Unencumbered Cash.

At June 30, 2009, the District had no investments.

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

K.S.A. 12-1675 limits the District's 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.

UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

Notes to Financial Statements

June 30, 2009

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**H. Deposits and Investments (cont.)**

*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 did not use peak depository coverage. All deposits were legally secured at June 30, 2009.

At June 30, 2009, the District's carrying amount of deposits was \$566,123 and the bank balance was \$757,996. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$426,151 was covered by federal depository insurance and \$331,845 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

**I. Property Tax Calendar**

Property taxes are collected and remitted to the District by the County Treasurer. Taxes levied annually on November 1<sup>st</sup> are due one half by December 20<sup>th</sup> and one half by May 10<sup>th</sup>. Major property tax payments are received December through June and are recognized as revenue in the year received.

**J. Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures during the year of purchase as required by state statutes.

**K. Compensated Absences**

The District's contracts with various employees permit employees to accumulate various amounts of vacation time and sick leave. The contract states that accumulated vacation time must be taken by the contract date or the time will be lost. Accumulated sick leave is limited to a maximum of seventy days for teachers and eighty days for all other District employees. Accumulated sick leave for personnel who have achieved five or more years of service will be paid for half of sick leave days accumulated at \$10 per day for a maximum of \$325 upon leaving the school system. The total potential liability for sick leave of the District as of June 30, 2009 was approximately \$8,527. This potential liability is shown in Note 9 – Long-Term Debt.

**L. Defined Benefit Pension Plan**

**Plan Description.** - Unified School District No. 354, Clafin, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

Notes to Financial Statements

June 30, 2009

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**L. Defined Benefit Pension Plan (cont.)**

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

**M. Deferred Compensation Plan**

The District sponsors a deferred compensation plan under the Internal Revenue Code Section 403(b). Permanent and part time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

**N. Other Post Employment Benefits**

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

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

**O. Restricted Assets**

These consist of cash restricted for Agency Funds.

**2. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**3. Grants and Shared Revenues**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafflin, Kansas**  
Notes to Financial Statements  
June 30, 2009

**4. Transfers and Payments**

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes. The District's operating transfers and statutory authority for June 30, 2009 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6420	\$ 329,873
General Fund	Contingency Reserve Fund	K.S.A. 72-6426	106,160
General Fund	Food Service Fund	K.S.A. 72-5119	35,000
General Fund	Vocational Education Fund	K.S.A. 72-6421	30,459
General Fund	Capital Outlay Fund	K.S.A. 72-6428	30,000
General Fund	At-Risk (4 Year Old) Fund	K.S.A. 72-6414	8,866
Supplemental General Fund	Special Education Fund	K.S.A. 72-6420	111,901
Supplemental General Fund	At-Risk (K-12) Fund	K.S.A. 72-6414	74,733
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6421	60,532
Supplemental General Fund	Food Service Fund	K.S.A. 72-5119	20,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-9609	15,000
Supplemental General Fund	At-Risk (4 Year Old) Fund	K.S.A. 72-6414	5,000
Supplemental General Fund	Driver Training Fund	K.S.A. 72-6423	2,000
<b>Total</b>			<b>\$ <u>829,524</u></b>

**5. Risk Management Claims and Judgments**

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 students; and natural disasters. The District has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other Districts in the State to participate in the Kansas Association of School Boards Risk Management Services, a public entity risk pool currently operating as a common risk management and insurance program. The District pays an annual premium to the Kansas Association of School Boards Risk Management Services for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Risk Management Services will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by the Kansas Association of School Boards Risk Management Services' Management.

The District carries commercial insurance for all other risks of loss, including property, general liability, inland marine, auto, linebacker, fidelity bond, and comprehensive collision insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At June 30, 2009, the financial statements do not include liabilities for anticipated costs.

UNIFIED SCHOOL DISTRICT NO. 354

Clafin, Kansas

Notes to Financial Statements

June 30, 2009

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6. **Litigation**

The District is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the funds of the District.

7. **Comparative Data**

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the District's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statements 1 and 2) has not been presented since their inclusion would make certain statements unduly complex and difficult to read.

8. **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) require 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 on June 30. Pages 33 and 34 show the revenue as required by these Statutes.

9. **Long-Term Debt**

The District has the following types of Long-Term Debt:

**Capital Leases** – The District has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

Changes in long-term debt for the District at June 30, 2009 and current maturities of long-term debt and interest through maturity are included on pages 35 and 36.

**UNIFIED SCHOOL DISTRICT NO. 354**

**Clafin, Kansas**

**General Fund**

Notes to Financial Statements

Note 8 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2009

	<b>Statutory Transactions</b>	<b>Budget</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Statutory Revenues</b>			
<b>Taxes and Shared Revenues</b>			
Taxes	\$ 504,030	488,001	16,029
<b>Intergovernmental Revenue</b>			
Mineral Severance Tax	36,275	27,000	9,275
Equalization Aid	1,415,814	1,463,293	(47,479)
State Aid	304,148	281,973	22,175
<b>Total Statutory Revenues</b>	<b>2,260,267</b>	<b>2,260,267</b>	<b>-</b>
<b>Expenditures</b>			
Instruction	1,055,604	1,083,111	27,507
Student Support Services	84,042	88,340	4,298
Instructional Support Services	69,779	70,990	1,211
General Administration	142,609	147,020	4,411
School Administration	108,287	175,504	67,217
Operations and Maintenance	158,173	193,340	35,167
Student Transportation Services	101,428	136,136	34,708
Operating Transfers	540,358	413,379	(126,979)
Adjustment to Comply With Legal Max	-	(47,540)	(47,540)
<b>Total Expenditures and Legal General Fund Budget</b>	<b>2,260,280</b>	<b>2,260,280</b>	<b>-</b>
<b>Statutory Revenues Over (Under) Expenditures</b>	<b>(13)</b>		
<b>Modified Unencumbered Cash, Beginning</b>	<b>8</b>		
<b>Prior Year Cancelled Encumbrances</b>	<b>5</b>		
<b>Modified Unencumbered Cash, Ending</b>	<b>\$ -</b>		

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Claffin, Kansas**  
**Supplemental General Fund**  
Notes to Financial Statements  
Note 8 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)  
Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2009

	<u>Statutory Transactions</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
<b>Statutory Revenues</b>			
<b>Taxes and Shared Revenues</b>			
Taxes	\$ 506,425	482,232	24,193
<b>Intergovernmental Revenue</b>			
Equalization Aid	<u>64,523</u>	<u>64,523</u>	-
<b>Total Statutory Revenues</b>	<u>570,948</u>	<u>546,755</u>	<u>24,193</u>
<b>Expenditures</b>			
Instruction	91,847	115,370	23,523
Instructional Support Services	11,513	15,500	3,987
General Administration	2,663	3,500	837
School Administration	8,254	6,793	(1,461)
Operations and Maintenance	148,229	175,837	27,608
Student Transportation Services	12,728	13,000	272
Architectural Services	600	-	(600)
Operating Transfers	<u>289,166</u>	<u>235,000</u>	<u>(54,166)</u>
<b>Total Expenditures and Legal</b>			
<b>Supplemental General Fund Budget</b>	<u>565,000</u>	<u>565,000</u>	-
<b>Statutory Revenues Over (Under) Expenditures</b>	5,948		
<b>Modified Unencumbered Cash, Beginning</b>	<u>18,243</u>		
<b>Modified Unencumbered Cash, Ending</b>	<u>\$ 24,191</u>		

UNIFIED SCHOOL DISTRICT NO. 354

Clifton, Kansas

Notes to Financial Statements

Note 9 - Statement of Changes in Long-Term Debt  
For the Year Ended June 30, 2009

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>Capital Leases</b>										
Bollers	4.75%	11/16/07	\$ 50,000	07/30/10	\$ 50,000	-	(16,667)	(16,667)	33,333	1,639
Tunnel Piping Replacement	4.75%	08/05/08	65,000	07/15/11	-	65,000	-	65,000	65,000	-
<b>Total Capital Leases</b>			115,000		50,000	65,000	(16,667)	48,333	98,333	1,639
<b>Amount to be Provided for Compensated Absences</b>	N/A	N/A	N/A	N/A	9,622	-	-	(1,095)	8,527	-
<b>Total Long-Term Debt</b>			\$ 115,000		\$ 59,622	65,000	(16,667)	47,238	106,860	1,639

**UNIFIED SCHOOL DISTRICT NO. 354**  
**Clafflin, Kansas**  
Notes to Financial Statements  
Note 9 - Schedule of Maturity of Long Term Debt  
For the Year Ended June 30, 2009

	YEAR			Total
	2010	2011	2012	
<b>Principal</b>				
<b>Capital Leases</b>				
Boilers	\$ 16,667	16,666	-	33,333
Tunnel Piping Replacement	20,785	21,595	22,620	65,000
<b>Total Principal</b>	<b>37,452</b>	<b>38,261</b>	<b>22,620</b>	<b>98,333</b>
<b>Interest</b>				
<b>Capital Leases</b>				
Boilers	1,583	792	-	2,375
Tunnel Piping Replacement	2,910	2,100	1,074	6,084
<b>Total Interest</b>	<b>4,493</b>	<b>2,892</b>	<b>1,074</b>	<b>8,459</b>
<b>Total Principal and Interest</b>	<b>\$ 41,945</b>	<b>41,153</b>	<b>23,694</b>	<b>106,792</b>