

**UNIFIED SCHOOL DISTRICT NUMBER 410
HILLSBORO, KANSAS**

FINANCIAL STATEMENTS

FISCAL YEARS ENDED JUNE 30, 2010

**Unified School District Number 410
Hillsboro, Kansas**

Fiscal Year Ended June 30, 2010

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 410
Hillsboro, Kansas 67063

We have audited the accompanying financial statements of Unified School District Number 410 Hillsboro, Kansas, as of and for the year ended June 30, 2010. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative information has been derived from the District's 2009 financial statements and, in our report dated November 2, 2009, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 in Note 1, the District prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with 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 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 the District as of June 30, 2010, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2010, and its cash receipts and expenditures, and budgetary comparisons for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2010 on our consideration of the Unified School District Number 410's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Unified School District Number 410, Hillsboro, Kansas' financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements of Unified School District Number 410, Hillsboro, Kansas. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Swindoll, Janzen, Hawk & Loyd, LLC

Certified Public Accountants

October 20, 2010



Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Unified School District Number 410
Hillsboro, Kansas

We have audited the financial statements of the Unified School District Number 410 as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Auditing Guide*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting and are listed as reference numbers 10-1 and 10-2. A material weakness is a significant deficiency, or 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 District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

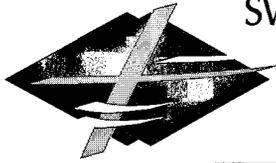
We noted certain matters that we reported to management of the District, in a separate letter dated October 20, 2010.

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

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll Janzen Hawk & Loyd, LLC

October 20, 2010



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

Board of Education
Unified School District Number 410
Hillsboro, Kansas

Compliance

We have audited the compliance of the Unified School District Number 410 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements. In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Unified School District Number 410 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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 over compliance that we consider to be material weaknesses, as defined above.

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

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll Janzen Hawk & Loyd, LLC

October 20, 2010

**Unified School District Number 410
Hillsboro, Kansas**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended June 30, 2010**

	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
GOVERNMENTAL TYPE FUNDS:							
GENERAL OPERATING FUNDS							
General	\$ (458,573.00)	\$ -	\$ 4,693,525.49	\$ 4,510,290.00	\$ (275,337.51)	\$ 17,701.03	\$ (257,636.48)
Supplemental General	(56,941.53)	-	1,446,025.34	1,504,514.00	(115,430.19)	-	(115,430.19)
SPECIAL REVENUE FUNDS							
At Risk (4 Year Old)	15,000.00	-	53,942.24	53,942.24	15,000.00	390.64	15,390.64
At Risk (K-12)	100,000.00	-	263,943.00	263,943.00	100,000.00	293.43	100,293.43
Bilingual Education	-	-	5,849.19	5,849.19	-	-	-
Capital Outlay	700,648.22	-	296,508.53	310,165.84	686,990.91	18,507.57	705,498.48
Driver Training	5,000.00	-	11,187.10	11,187.10	5,000.00	-	5,000.00
Food Service	15,000.00	-	316,006.27	316,006.27	15,000.00	-	15,000.00
Professional Development	15,000.00	-	21,852.07	26,852.07	10,000.00	503.55	10,503.55
Parent Education	14,276.92	-	123,422.44	104,830.12	32,869.24	52.30	32,921.54
Special Education	304,948.93	-	1,026,358.66	960,910.11	370,397.48	-	370,397.48
Vocational Education	130,000.00	-	307,218.47	307,218.47	130,000.00	7,252.75	137,252.75
KPERs Special Retirement Contribution	-	-	137,167.05	270,324.73	(133,157.68)	-	(133,157.68)
Title I	-	-	79,218.00	79,218.00	-	-	-
Title I - ARRA	-	-	19,540.00	19,540.00	-	-	-
Title II-A	-	-	23,475.00	23,475.00	-	-	-
Title II-D	-	-	638.00	638.00	-	-	-
Title II-D - ARRA	-	-	719.00	719.00	-	-	-
Title IV	-	-	2,561.00	1,125.00	1,436.00	-	1,436.00
Gate Receipts	3,053.56	-	96,845.44	90,271.83	9,627.17	-	9,627.17
School Projects	44,869.05	-	66,836.95	66,323.73	45,382.27	-	45,382.27
DEBT SERVICE FUND							
Bond and Interest	180,239.58	-	365,600.24	341,330.06	204,509.76	-	204,509.76
CAPITAL PROJECT FUNDS							
Bond Construction - Separate Project	244,884.99	-	219.82	95,606.98	149,497.83	-	149,497.83
Bond Construction - Joint Project	921,969.47	-	69,062.90	991,032.37	-	-	-

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

**Unified School District Number 410
Hillsboro, Kansas**

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (CONT.)
For the Year Ended June 30, 2010

	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
FIDUCIARY TYPE FUNDS:							
PRIVATE PURPOSE TRUST FUNDS							
Good Citizen Scholarship	\$ 3,558.31	\$ 11,406.25	\$ 1,784.30	\$ 14,406.25	\$ 2,342.61	\$ 8,950.00	\$ 11,292.61
C.M. Sextro Scholarship	33,524.20	-	2,635.38	2,250.00	33,909.58	2,271.67	36,181.25
Earl Wineinger Scholarship	4,441.47	-	517.28	1,000.00	3,958.75	1,000.00	4,958.75
PERMANENT FUNDS							
Good Citizen Scholarship	<u>200,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000.00</u>	<u>-</u>	<u>200,000.00</u>
Total	<u>\$ 2,420,900.17</u>	<u>\$ 11,406.25</u>	<u>\$ 9,432,659.16</u>	<u>\$ 10,372,969.36</u>	<u>\$ 1,491,996.22</u>	<u>\$ 56,922.94</u>	<u>\$ 1,548,919.16</u>

COMPOSITION OF CASH:

Central Investment Account - Central National Bank	\$ 13,161.48
Credit Card Account - Central National Bank	25,841.85
Money Market - Hillsboro State Bank	1,130,070.85
Central Office Petty Cash Fund - Emprise Bank	1,500.00
High School Petty Cash Fund - Emprise Bank	1,500.00
Elementary Petty Cash Fund - Central National Bank	500.00
High School Activity Account - Emprise Bank	77,999.76
Elementary School Activity Account - Emprise Bank	1,548.73
Good Citizen Scholarship Certificate of Deposit - Emprise Bank	100,000.00
Good Citizen Scholarship Certificate of Deposit - Hillsboro State Bank	100,000.00
Kansas Municipal Investment Pool	<u>149,498.12</u>
Total Cash	1,601,620.79
Agency Funds per Statement 4	<u>(52,701.63)</u>
Total (Excluding Agency Funds)	<u>\$ 1,548,919.16</u>

**Unified School District Number 410
Hillsboro, Kansas**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended June 30, 2010**

	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total for Budget Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
GOVERNMENTAL TYPE FUNDS:						
GENERAL OPERATING FUNDS						
General	\$ 4,725,425.00	\$ (215,135.00)	\$ -	\$ 4,510,290.00	\$ 4,510,290.00	\$ -
Supplemental General	1,504,514.00		-	1,504,514.00	1,504,514.00	-
SPECIAL REVENUE FUNDS						
At Risk (4 Year Old)	54,968.00	-	-	54,968.00	53,942.24	1,025.76
At Risk (K-12)	270,000.00	-	-	270,000.00	263,943.00	6,057.00
Bilingual Education	7,000.00	-	-	7,000.00	5,849.19	1,150.81
Capital Outlay	730,500.00	-	-	730,500.00	310,165.84	420,334.16
Driver Training	14,839.00	-	-	14,839.00	11,187.10	3,651.90
Food Service	349,883.00	-	-	349,883.00	316,006.27	33,876.73
Inservice Education	35,670.00	-	-	35,670.00	26,852.07	8,817.93
Parent Education	110,588.00	-	-	110,588.00	104,830.12	5,757.88
Special Education	1,013,006.00	-	-	1,013,006.00	960,910.11	52,095.89
Vocational Education	324,071.00	-	-	324,071.00	307,218.47	16,852.53
KPERS Special Retirement Contribution	320,415.00	-	-	320,415.00	270,324.73	50,090.27
DEBT SERVICE FUND						
Bond and Interest	343,705.00	-	-	343,705.00	341,330.06	2,374.94
TOTALS	\$ 9,804,584.00	\$ (215,135.00)	\$ -	\$ 9,589,449.00	\$ 8,987,363.20	\$ 602,085.80

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

STATEMENT 2

Unified School District Number 410
Hillsboro, Kansas

GENERAL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2010			Variance Favorable (Unfavorable)
	2009 Actual	Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 8,520.95	\$ 10,844.65	\$ 21,010.00	\$ (10,165.35)
Current year	525,488.80	521,174.48	517,288.00	3,886.48
Delinquent tax	2,369.38	4,645.45	8,892.00	(4,246.55)
Mineral production tax	1,260.68	480.39	800.00	(319.61)
Motor vehicle tax	48.11	58.52	-	58.52
State aid	3,436,422.00	3,294,465.00	3,263,964.00	30,501.00
Federal aid - ARRA	-	212,472.00	212,472.00	-
Machinery & equipment state aid	4,685.75	-	-	-
Special education state aid	785,523.00	649,385.00	700,999.00	(51,614.00)
Total Cash Receipts	4,764,318.67	4,693,525.49	\$ 4,725,425.00	\$ (31,899.51)
Expenditures:				
Instruction -				
Certified salaries	1,644,458.62	1,331,230.76	\$ 1,592,930.60	\$ 261,699.84
Certified salaries - ARRA	-	126,720.46	-	(126,720.46)
Non-certified salaries	3,500.96	6,187.90	4,000.00	(2,187.90)
Insurance	120,425.87	117,086.00	120,678.00	3,592.00
Social Security	116,467.38	110,734.45	124,043.00	13,308.55
Other employee benefits	23,947.63	41,385.31	40,574.00	(811.31)
Purchased professional services	11,219.48	4,150.43	4,925.00	774.57
Purchased property services	171.95	517.20	400.00	(117.20)
Other purchased services	7,766.45	7,484.19	52,823.00	45,338.81
Teaching supplies	88,589.32	76,565.83	87,025.00	10,459.17
Textbooks	119,804.96	46,853.76	93,300.00	46,446.24
Property, equipment and furniture	17,141.76	38,043.91	26,500.00	(11,543.91)
Other	52,188.75	32,909.86	35,353.00	2,443.14
Student Support Services -				
Certified salaries	125,930.98	112,542.82	120,880.00	8,337.18
Certified salaries - ARRA	-	4,288.08	-	(4,288.08)
Non-certified salaries	17,248.32	17,432.92	17,250.00	(182.92)
Insurance	15,075.00	14,988.00	14,990.00	2.00
Social Security	10,285.41	9,995.19	10,567.00	571.81
Other employee benefits	1,098.76	575.99	608.00	32.01
Purchased professional services	535.00	450.00	700.00	250.00
Other purchased services	9,322.00	9,326.00	9,375.00	49.00
Supplies	1,326.66	1,680.94	1,770.00	89.06
Instruction Support Staff -				
Certified salaries	101,210.40	38,683.44	47,415.00	8,731.56
Certified salaries - ARRA	-	3,597.08	-	(3,597.08)
Non-certified salaries	65,287.75	74,352.90	85,614.00	11,261.10
Non-certified salaries - ARRA	29,088.40	6,609.87	-	(6,609.87)
Insurance	24,849.00	23,496.00	23,494.00	(2.00)
Social Security	14,094.82	9,075.47	10,062.00	986.53
Other employee benefits	1,227.38	537.66	579.00	41.34
Purchased professional services	6,276.50	5,150.00	5,200.00	50.00
Books and periodicals	8,458.06	4,139.31	7,508.00	3,368.69
Miscellaneous supplies	1,425.30	3,578.32	1,695.00	(1,883.32)
Property, equipment and furniture	210.33	1,475.35	250.00	(1,225.35)

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

Unified School District Number 410
Hillsboro, Kansas

GENERAL (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2010			Variance Favorable (Unfavorable)
	2009 Actual	Actual	Budget	
Expenditures (cont.):				
General Administration -				
Certified salaries	\$ 81,935.35	\$ 79,747.84	\$ 96,720.00	\$ 16,972.16
Certified salaries - ARRA	-	7,583.33	-	(7,583.33)
Non-certified salaries	68,209.49	70,836.11	74,282.40	3,446.29
Non-certified salaries - ARRA	-	3,928.92	-	(3,928.92)
Insurance	13,445.00	10,620.00	14,220.00	3,600.00
Social Security	11,096.71	12,543.09	13,082.00	538.91
Other employee benefits	17,484.98	(1,991.82)	(2,745.00)	(753.18)
Purchased professional services	(12,305.88)	14,410.00	15,357.00	947.00
Purchased property services	13,000.00	11,000.00	12,000.00	1,000.00
Communications	42.48	-	-	-
Other purchased services	9,291.79	7,005.82	10,419.00	3,413.18
Supplies	1,595.88	1,653.91	1,800.00	146.09
Property, equipment and furniture	-	348.99	900.00	551.01
Other	39,720.77	13,668.95	11,406.00	(2,262.95)
School Administration -				
Certified salaries	245,583.78	172,412.21	200,490.00	28,077.79
Certified salaries - ARRA	-	16,444.16	-	(16,444.16)
Non-certified salaries	3,561.60	117,473.68	129,941.00	12,467.32
Non-certified salaries - ARRA	93,598.62	10,480.67	-	(10,480.67)
Insurance	44,820.00	53,876.00	44,672.00	(9,204.00)
Social Security	24,758.60	23,193.79	25,278.00	2,084.21
Other employee benefits	2,150.28	1,361.01	1,453.00	91.99
Purchased professional services	1,126.00	948.72	2,100.00	1,151.28
Other	402.12	477.53	1,800.00	1,322.47
Supplies	2,888.49	4,871.83	2,175.00	(2,696.83)
Property, equipment and furniture	-	459.70	-	(459.70)
Operations and Maintenance -				
Non-certified salaries	261,949.73	223,409.78	255,574.00	32,164.22
Non-certified salaries - ARRA	-	19,539.34	-	(19,539.34)
Insurance	49,558.50	50,010.00	50,735.00	725.00
Social Security	18,807.14	17,457.40	19,554.00	2,096.60
Other employee benefits	16,844.26	9,688.02	11,437.00	1,748.98
Purchased professional services	-	200.00	-	(200.00)
Rentals	2,000.00	6,500.00	4,250.00	(2,250.00)
Repair of buildings	13,354.12	(23,988.21)	(900.00)	23,088.21
Other	-	27,964.33	-	(27,964.33)
Other purchased services	674.92	1,822.80	2,000.00	177.20
General supplies	43,801.39	40,945.39	43,650.00	2,704.61
Motor Fuel	3,752.94	5,500.14	2,500.00	(3,000.14)
Property, equipment and furniture	28,079.49	7,251.06	8,100.00	848.94
Other	37,650.87	33,493.62	38,700.00	5,206.38

Unified School District Number 410
Hillsboro, Kansas

GENERAL (cont.)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2010			Variance Favorable (Unfavorable)
	2009 Actual	Actual	Budget	
Expenditures (cont.):				
Vehicle Operating Services -				
Non-certified salaries	\$ 127,194.07	\$ 108,108.86	\$ 120,821.00	\$ 12,712.14
Non-certified salaries - ARRA	-	6,980.92	-	(6,980.92)
Insurance	24,129.30	20,682.00	21,834.00	1,152.00
Social Security	8,942.12	8,148.25	9,184.00	1,035.75
Other employee benefits	5,513.44	4,058.27	4,699.00	640.73
Purchased professional services	-	-	-	-
Vehicle insurance	3,413.42	4,764.79	4,500.00	(264.79)
Supplies	3,193.96	2,664.78	3,000.00	335.22
Motor fuel	37,490.48	35,102.08	59,500.00	24,397.92
Property and equipment	362.44	484.96	1,750.00	1,265.04
Other	2,140.80	2,405.26	3,450.00	1,044.74
Supervision -				
Rent of vehicles	9,377.13	9,184.24	10,000.00	815.76
Vehicle Services and Maintenance Services -				
Non-certified salaries	25,756.21	23,780.07	25,965.00	2,184.93
Non-certified salaries - ARRA	-	2,038.75	-	(2,038.75)
Insurance	3,166.00	3,240.00	3,240.00	-
Social Security	1,912.19	1,954.51	1,986.00	31.49
Other employee benefits	1,365.99	905.51	989.00	83.49
Purchased property services	5,400.31	7,654.65	9,000.00	1,345.35
Supplies	8,883.83	6,261.66	6,250.00	(11.66)
Other Supplemental Services -				
Non-certified salaries	53,934.28	43,670.45	52,495.00	8,824.55
Non-certified salaries - ARRA	(1,662.00)	4,260.42	-	(4,260.42)
Insurance	9,225.00	9,540.00	9,540.00	-
Social Security	3,818.45	3,742.43	4,013.00	270.57
Other employee benefits	328.29	215.15	238.00	22.85
Purchased professional services	1,303.00	808.00	1,178.00	370.00
Other purchased services	6,470.80	6,624.84	7,615.00	990.16
Supplies	-	718.32	750.00	31.68
Community Service Operations	(10.36)	(5.27)	-	5.27
Appraisal Services	3,000.00	-	-	-
Outgoing Transfers -				
Bilingual Education	-	5,849.19	3,687.00	(2,162.19)
Special Education	938,737.91	851,453.40	700,999.00	(150,454.40)
At Risk (K-12)	-	-	27,283.00	27,283.00
Adjustment to comply with legal max	-	-	(215,135.00)	(215,135.00)
Total Expenditures	5,060,879.68	4,510,290.00	\$ 4,510,290.00	\$ -
Receipts Over (Under) Expenditures	(296,561.01)	183,235.49		
Unencumbered Cash, Beginning	(162,011.99)	(458,573.00)		
Unencumbered Cash, Ending	\$ (458,573.00)	\$ (275,337.51)	*	

* See Footnote 10 (Statutory Presentation)

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

**Unified School District Number 410
Hillsboro, Kansas**

SUPPLEMENTAL GENERAL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009		2010	
	Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 13,223.80	\$ 17,478.22	\$ 29,407.00	\$ (11,928.78)
Current year	708,737.81	661,447.28	625,920.00	35,527.28
Delinquent tax	4,660.03	6,625.49	12,010.00	(5,384.51)
Motor and recreational vehicle tax	96,876.48	95,141.35	94,706.00	435.35
State aid	624,400.00	493,751.00	676,896.00	(183,145.00)
Federal aid - ARRA	-	171,582.00	-	171,582.00
Machinery & equipment state aid	3,779.52	-	-	-
Total Cash Receipts	<u>1,451,677.64</u>	<u>1,446,025.34</u>	<u>\$ 1,438,939.00</u>	<u>\$ 7,086.34</u>
Expenditures:				
Instruction -				
Certified salaries - ARRA	-	129,810.10	\$ -	\$ (129,810.10)
Teaching supplies	33,125.65	22,249.53	20,250.00	(1,999.53)
Miscellaneous supplies	255.53	-	-	-
Other purchased services	116,301.89	120,400.37	132,600.00	12,199.63
Property and equipment	105,454.76	-	14,720.00	14,720.00
Student Support Services -				
Certified salaries - ARRA	-	4,288.08	-	(4,288.08)
Instruction Support Staff -				
Certified salaries - ARRA	-	3,597.08	-	(3,597.08)
Non-certified salaries - ARRA	-	4,166.67	-	(4,166.67)
General Administration -				
Certified salaries - ARRA	-	7,583.33	-	(7,583.33)
Purchased professional & technical services	-	1,820.63	-	(1,820.63)
Insurance	3,417.05	4,263.23	4,500.00	236.77
Communications	28,938.79	21,974.96	21,000.00	(974.96)
School Administration -				
Certified salaries - ARRA	-	10,796.84	-	(10,796.84)
Non-certified salaries - ARRA	-	3,400.17	-	(3,400.17)
Operations and Maintenance -				
Non-certified salaries - ARRA	-	1,839.66	-	(1,839.66)
Water	8,257.18	7,421.89	9,000.00	1,578.11
Sewer	2,146.68	2,695.20	2,400.00	(295.20)
Cleaning	9,269.87	9,204.47	11,051.00	1,846.53
Rentals	54,478.09	54,478.09	54,500.00	21.91
Other purchased services	38,067.01	43,838.99	45,000.00	1,161.01
Heating	64,250.17	50,038.55	85,000.00	34,961.45
Electricity	139,664.76	129,727.22	160,000.00	30,272.78
Vehicle Operating Services -				
Non-certified salaries - ARRA	-	1,839.66	-	(1,839.66)
Other Supplemental Services -				
Non-certified salaries - ARRA	-	4,260.41	-	(4,260.41)
Outgoing Transfers -				
Driver Training	6,826.22	5,953.10	8,639.00	2,685.90
Food Service	56,811.43	48,625.81	70,726.00	22,100.19
Professional Development	25,624.12	21,907.07	25,670.00	3,762.93
Parent Education	40,685.60	11,698.00	11,698.00	-
Special Education	199,668.70	172,929.21	238,254.00	65,324.79
At Risk (4 Year Old)	37,084.77	32,544.21	32,718.00	173.79
At Risk (K-12)	229,115.23	263,943.00	242,717.00	(21,226.00)
Vocational Education	328,477.50	307,218.47	314,071.00	6,852.53
Total Expenditures	<u>1,527,921.00</u>	<u>1,504,514.00</u>	<u>\$ 1,504,514.00</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(76,243.36)	(58,488.66)		
Unencumbered Cash, Beginning	19,301.83	(56,941.53)		
Unencumbered Cash, Ending	<u>\$ (56,941.53)</u>	<u>\$ (115,430.19)</u>	*	

* See Footnote 10 (Statutory Presentation)

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

**Unified School District Number 410
Hillsboro, Kansas**

AT RISK (4 YEAR OLD)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 Actual	2010		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Revenue from other sources	\$ 459.84	\$ 27.79	\$ 200.00	\$ (172.21)
Federal aid	23,885.51	21,370.24	22,050.00	(679.76)
Transfer from Supplemental General	37,084.77	32,544.21	32,718.00	(173.79)
Total Cash Receipts	<u>61,430.12</u>	<u>53,942.24</u>	<u>\$ 54,968.00</u>	<u>\$ (1,025.76)</u>
Expenditures:				
Instruction -				
Certified salaries	37,057.42	34,081.25	\$ 34,600.00	\$ 518.75
Non-certified salaries	7,146.83	6,271.17	5,702.00	(569.17)
Insurance	8,540.00	8,640.00	8,640.00	-
Social security	3,368.67	2,951.28	3,096.00	144.72
Other employee benefits	279.62	167.98	180.00	12.02
Teaching supplies	4,758.98	1,181.35	2,000.00	818.65
Textbooks	278.60	258.57	250.00	(8.57)
Property and equipment	-	390.64	500.00	109.36
Total Expenditures	<u>61,430.12</u>	<u>53,942.24</u>	<u>\$ 54,968.00</u>	<u>\$ 1,025.76</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>15,000.00</u>	<u>15,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>		

**Unified School District Number 410
Hillsboro, Kansas**

AT RISK (K-12)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009 Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Transfer from General	\$ -	\$ -	\$ 27,283.00	\$ (27,283.00)
Transfer from Supplemental General	<u>229,115.23</u>	<u>263,943.00</u>	<u>242,717.00</u>	<u>21,226.00</u>
Total Receipts	<u>229,115.23</u>	<u>263,943.00</u>	<u>\$ 270,000.00</u>	<u>\$ (6,057.00)</u>
Expenditures:				
Instruction -				
Certified salaries	127,388.03	157,327.83	\$ 144,010.00	\$ (13,317.83)
Non-certified salaries	59,296.63	60,212.95	59,353.00	(859.95)
Insurance	23,094.13	23,918.00	20,762.00	(3,156.00)
Social security	13,262.02	15,823.91	13,470.00	(2,353.91)
Other employee benefits	1,169.83	909.73	774.00	(135.73)
Other purchased services	-	-	18,981.00	18,981.00
Teaching supplies	707.01	504.04	2,650.00	2,145.96
Textbooks	-	2,876.54	1,000.00	(1,876.54)
Technology supplies	1,441.00	2,200.00	3,500.00	1,300.00
Property and equipment	2,672.58	-	4,500.00	4,500.00
Other	<u>84.00</u>	<u>170.00</u>	<u>1,000.00</u>	<u>830.00</u>
Total Expenditures	<u>229,115.23</u>	<u>263,943.00</u>	<u>\$ 270,000.00</u>	<u>\$ 6,057.00</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>100,000.00</u>	<u>100,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>		

**Unified School District Number 410
Hillsboro, Kansas**

BILINGUAL EDUCATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009 Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Other revenue	\$ -	\$ -	\$ 3,313.00	\$ (3,313.00)
Transfer from General	-	5,849.19	3,687.00	2,162.19
Total Revenue	-	5,849.19	\$ 7,000.00	\$ 1,150.81
Expenditures:				
Instruction -				
Non-certified salaries	-	5,359.50	\$ -	\$ (5,359.50)
Social security	-	410.02	-	(410.02)
Other employee benefits	-	22.38	-	(22.38)
Teaching supplies	-	57.29	7,000.00	6,942.71
Total Expenditures	-	5,849.19	\$ 7,000.00	\$ 1,150.81
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**Unified School District Number 410
Hillsboro, Kansas**

CAPITAL OUTLAY

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009 Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 4,458.91	\$ 5,816.84	\$ 9,788.00	\$ (3,971.16)
Current year	235,869.71	235,181.27	233,299.00	1,882.27
Delinquent tax	1,245.63	1,763.97	3,997.00	(2,233.03)
Motor vehicle tax	19,613.88	31,427.49	31,328.00	99.49
Recreational vehicle tax	287.18	458.95	469.00	(10.05)
Interest on idle funds	14,084.28	5,548.35	10,000.00	(4,451.65)
Federal Aid	900.00	-	-	-
State Aid	78,532.00	-	-	-
Other county revenue	797.49	797.49	800.00	(2.51)
Miscellaneous	<u>77,750.82</u>	<u>15,514.17</u>	<u>6,500.00</u>	<u>9,014.17</u>
Total Cash Receipts	<u>433,539.90</u>	<u>296,508.53</u>	<u>\$ 296,181.00</u>	<u>\$ 327.53</u>
Expenditures:				
Instruction -				
Purchased property services	-	-	\$ 27,500.00	\$ 27,500.00
Property, equipment and furniture	88,867.91	165,461.77	181,000.00	15,538.23
Instructional Support Staff -				
Property, equipment and furniture	50,350.37	-	25,000.00	25,000.00
Support Services, School Administration -				
Property, equipment and furniture	1,140.40	284.19	-	(284.19)
Operations and maintenance -				
Property, equipment and furniture	31,325.00	34,208.00	60,000.00	25,792.00
Transportation -				
Property, equipment and furniture	-	-	50,000.00	50,000.00
Facility Acquisition and Construction Services -				
Land Acquisition	8,379.00	2,175.00	-	(2,175.00)
Land Improvement	5,000.00	85,000.00	85,000.00	-
Building improvements	<u>8,008.39</u>	<u>23,036.88</u>	<u>302,000.00</u>	<u>278,963.12</u>
Total Expenditures	<u>193,071.07</u>	<u>310,165.84</u>	<u>\$ 730,500.00</u>	<u>\$ 420,334.16</u>
Receipts Over (Under) Expenditures	240,468.83	(13,657.31)		
Unencumbered Cash, Beginning	<u>460,179.39</u>	<u>700,648.22</u>		
Unencumbered Cash, Ending	<u>\$ 700,648.22</u>	<u>\$ 686,990.91</u>		

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

**Unified School District Number 410
Hillsboro, Kansas**

DRIVER TRAINING

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)**

		<u>2010</u>		
	<u>2009</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash Receipts:				
State aid	\$ 1,406.00	\$ 1,700.00	\$ 1,700.00	\$ -
Other local source revenue	2,347.50	3,534.00	4,500.00	(966.00)
Transfer from Supplemental General	<u>6,826.22</u>	<u>5,953.10</u>	<u>8,639.00</u>	<u>(2,685.90)</u>
Total Cash Receipts	<u>10,579.72</u>	<u>11,187.10</u>	<u>\$ 14,839.00</u>	<u>\$ (3,651.90)</u>
Expenditures:				
Instruction -				
Certified salaries	9,074.52	9,196.00	\$ 10,860.00	\$ 1,664.00
Social Security	744.11	726.68	879.00	152.32
Textbooks	-	-	750.00	750.00
Property and equipment	-	-	250.00	250.00
Student Transportation -				
Other equipment services	263.18	327.59	500.00	172.41
Insurance	101.00	259.20	250.00	(9.20)
General supplies	31.78	32.00	100.00	68.00
Motor fuel	277.13	471.00	1,000.00	529.00
Other	<u>88.00</u>	<u>174.63</u>	<u>250.00</u>	<u>75.37</u>
Total Expenditures	<u>10,579.72</u>	<u>11,187.10</u>	<u>\$ 14,839.00</u>	<u>\$ 3,651.90</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>5,000.00</u>	<u>5,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 5,000.00</u>	<u>\$ 5,000.00</u>		

**Unified School District Number 410
Hillsboro, Kansas**

FOOD SERVICE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		<u>2010</u>		
	<u>2009</u> <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Cash Receipts:				
State aid	\$ 3,501.76	\$ 3,316.85	\$ 3,619.00	\$ (302.15)
Federal aid	117,003.64	131,504.62	115,136.00	16,368.62
Student sales	131,380.36	110,183.80	126,453.00	(16,269.20)
Adult sales	13,487.65	13,264.40	13,949.00	(684.60)
Miscellaneous	11,889.32	9,110.79	10,000.00	(889.21)
Transfer from Supplemental General	56,811.43	48,625.81	70,726.00	(22,100.19)
Total Cash Receipts	<u>334,074.16</u>	<u>316,006.27</u>	<u>\$ 339,883.00</u>	<u>\$ (23,876.73)</u>
Expenditures:				
Food Service Operations -				
Non-certified salaries	117,986.69	107,392.37	\$ 109,507.00	\$ 2,114.63
Insurance	27,972.00	34,992.00	35,338.00	346.00
Social Security	8,169.65	6,963.80	8,377.00	1,413.20
Other employee benefits	7,276.00	4,094.66	4,961.00	866.34
Purchased professional services	890.00	-	250.00	250.00
Other purchased services	3,877.78	4,787.61	3,100.00	(1,687.61)
Food and milk	155,483.54	146,874.60	167,000.00	20,125.40
Miscellaneous supplies	12,418.50	10,505.23	11,350.00	844.77
Property and equipment	-	396.00	10,000.00	9,604.00
Total Expenditures	<u>334,074.16</u>	<u>316,006.27</u>	<u>\$ 349,883.00</u>	<u>\$ 33,876.73</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>15,000.00</u>	<u>15,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>		

**Unified School District Number 410
Hillsboro, Kansas**

PROFESSIONAL DEVELOPMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		2010		
	2009 Actual	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts:				
State aid	\$ 2,874.00	\$ (55.00)	\$ -	\$ (55.00)
Transfer from Supplemental General	<u>25,624.12</u>	<u>21,907.07</u>	<u>25,670.00</u>	<u>(3,762.93)</u>
Total Cash Receipts	<u>28,498.12</u>	<u>21,852.07</u>	<u>\$ 25,670.00</u>	<u>\$ (3,817.93)</u>
Expenditures:				
Instructional Support Staff -				
Certified salaries	10,683.38	10,309.86	\$ 8,520.00	\$ (1,789.86)
Non-certified salaries	-	-	250.00	250.00
Social Security	795.69	791.84	671.00	(120.84)
Other employee benefits	67.38	45.99	39.00	(6.99)
Purchased professional services	7,633.48	6,843.70	6,550.00	(293.70)
Other purchases and services	8,782.32	8,651.68	9,145.00	493.32
Books and periodicals	-	-	10,000.00	10,000.00
Miscellaneous supplies	<u>535.87</u>	<u>209.00</u>	<u>495.00</u>	<u>286.00</u>
Total Expenditures	<u>28,498.12</u>	<u>26,852.07</u>	<u>\$ 35,670.00</u>	<u>\$ 8,817.93</u>
Receipts Over (Under) Expenditures	-	(5,000.00)		
Unencumbered Cash, Beginning	<u>15,000.00</u>	<u>15,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 15,000.00</u>	<u>\$ 10,000.00</u>		

**Unified School District Number 410
Hillsboro, Kansas**

PARENT EDUCATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 Actual	2010		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State aid	\$ 58,717.00	\$ 59,842.00	\$ 59,382.00	\$ 460.00
Payment from other school districts	22,339.00	22,430.00	22,430.00	-
Miscellaneous	12,033.94	27,999.95	17,926.00	10,073.95
Federal aid	911.07	1,452.49	750.00	702.49
Transfer from Supplemental General	40,685.60	11,698.00	11,698.00	-
Total Cash Receipts	134,686.61	123,422.44	\$ 112,186.00	\$ 11,236.44
Expenditures:				
Student Support Services -				
Non-certified salaries	93,567.69	73,566.71	\$ 70,869.00	\$ (2,697.71)
Insurance	12,610.00	12,960.00	12,960.00	-
Social Security	6,605.06	5,078.57	5,421.00	342.43
Other employee benefits	585.68	301.53	312.00	10.47
Purchased professional services	-	200.00	400.00	200.00
Other purchased services	1,881.61	877.81	5,850.00	4,972.19
Supplies	1,531.36	3,331.00	3,800.00	469.00
Miscellaneous supplies	2,729.99	2,322.95	2,750.00	427.05
Other	926.00	901.00	1,000.00	99.00
Instructional Support Staff -				
Other purchased services	-	-	100.00	100.00
Supplies	240.30	478.02	700.00	221.98
Other Supplemental Services -				
Purchased professional services	425.00	135.00	500.00	365.00
Other purchased services	2,727.98	2,059.60	3,426.00	1,366.40
Motor fuel	2,135.93	2,617.93	2,500.00	(117.93)
Total Expenditures	125,966.60	104,830.12	\$ 110,588.00	\$ 5,757.88
Receipts Over (Under) Expenditures	8,720.01	18,592.32		
Unencumbered Cash, Beginning	5,556.91	14,276.92		
Unencumbered Cash, Ending	\$ 14,276.92	\$ 32,869.24		

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

**Unified School District Number 410
Hillsboro, Kansas**

SPECIAL EDUCATION

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)**

	<u>2009 Actual</u>	<u>2010</u>		<u>Variance Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Federal aid	\$ 1,169.76	\$ 1,976.05	\$ -	\$ 1,976.05
Transfer from General	938,737.91	851,453.40	700,999.00	150,454.40
Transfer from Supplemental General	199,668.70	172,929.21	238,254.00	(65,324.79)
Total Cash Receipts	<u>1,139,576.37</u>	<u>1,026,358.66</u>	<u>\$ 939,253.00</u>	<u>\$ 87,105.66</u>
Expenditures:				
Instruction -				
Payment to Special Education Coop	1,048,150.00	932,457.00	\$ 967,262.00	\$ 34,805.00
Student transportation services-				
Property	6,641.16	-	-	-
Vehicle Operating Service -				
Non-certified salaries	22,913.66	15,134.00	18,695.00	3,561.00
Insurance	3,725.20	1,704.00	2,851.00	1,147.00
Social Security	1,739.76	1,090.45	1,430.00	339.55
Other employee benefits	1,225.38	530.01	83.00	(447.01)
Other	10,315.47	7,410.53	17,585.00	10,174.47
Vehicle Servicing and Maintenance -				
Other equipment services	3,122.75	1,967.18	3,500.00	1,532.82
General supplies	933.47	616.94	1,600.00	983.06
Total Expenditures	<u>1,098,766.85</u>	<u>960,910.11</u>	<u>\$ 1,013,006.00</u>	<u>\$ 52,095.89</u>
Receipts Over (Under) Expenditures	40,809.52	65,448.55		
Unencumbered Cash, Beginning	<u>264,139.41</u>	<u>304,948.93</u>		
Unencumbered Cash, Ending	<u>\$ 304,948.93</u>	<u>\$ 370,397.48</u>		

Unified School District Number 410
Hillsboro, Kansas

VOCATIONAL EDUCATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 Actual	2010		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Federal aid	\$ 3,461.23	\$ -	\$ -	\$ -
Transfer from Supplemental General	<u>328,477.50</u>	<u>307,218.47</u>	<u>\$ 314,071.00</u>	<u>(6,852.53)</u>
Total Receipts	<u>331,938.73</u>	<u>307,218.47</u>	<u>\$ 314,071.00</u>	<u>\$ (6,852.53)</u>
Expenditures:				
Instruction -				
Certified salaries	230,243.66	228,511.01	\$ 228,949.00	\$ 437.99
Insurance	21,300.00	21,600.00	21,600.00	-
Social Security	15,816.58	16,002.90	17,515.00	1,512.10
Other employee benefits	1,434.58	936.25	1,007.00	70.75
Tuition	17,560.00	7,310.00	14,280.00	6,970.00
Other services	-	-	7,625.00	7,625.00
General teaching supplies	25,100.20	18,659.13	13,120.00	(5,539.13)
Property, equipment and furniture	20,483.71	14,199.18	19,225.00	5,025.82
Instructional Support Staff -				
Purchased professional services	-	-	750.00	750.00
Total Expenditures	<u>331,938.73</u>	<u>307,218.47</u>	<u>\$ 324,071.00</u>	<u>\$ 16,852.53</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>130,000.00</u>	<u>130,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 130,000.00</u>	<u>\$ 130,000.00</u>		

**Unified School District Number 410
Hillsboro, Kansas**

KPERS SPECIAL RETIREMENT CONTRIBUTION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 Actual	2010		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State Sources - KPERS	\$ 273,859.47	\$ 137,167.05	\$ 320,415.00	\$ (183,247.95)
Expenditures:				
Employee Benefits -				
Instruction	159,550.54	163,276.16	\$ 193,494.00	\$ 30,217.84
Student Support	17,034.06	15,624.77	18,527.00	2,902.23
Instructional Support	17,417.46	10,596.73	12,570.00	1,973.27
General Administration	10,598.36	12,516.03	14,848.00	2,331.97
School Administration	24,263.94	24,707.68	29,291.00	4,583.32
Other Supplemental Services	3,751.88	3,919.70	4,653.00	733.30
Operations & Maintenance	19,252.32	19,111.95	22,656.00	3,544.05
Student Transportation Services	13,090.48	12,380.87	14,669.00	2,288.13
Food Service	8,900.43	8,190.84	9,707.00	1,516.16
Total Expenditures	<u>273,859.47</u>	<u>270,324.73</u>	<u>\$ 320,415.00</u>	<u>\$ 50,090.27</u>
Receipts Over (Under) Expenditures	-	(133,157.68)		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (133,157.68)</u>		

**Unified School District Number 410
Hillsboro, Kansas**

TITLE I

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009</u>	<u>2010</u>
	Actual	Actual
Cash Receipts:		
Federal grant	\$ 79,905.00	\$ 79,218.00
Transfer from Title II-A	12,220.00	-
Transfer from Title IV	925.00	-
	<hr/>	<hr/>
Total Cash Receipts	93,050.00	79,218.00
	<hr/>	<hr/>
Expenditures:		
Instruction -		
Certified salaries	40,200.00	31,451.84
Non-certified salaries	37,322.75	34,199.54
Insurance	9,430.00	8,640.00
Social security	5,337.28	4,457.16
Employee benefits	483.61	248.15
Supplies	276.36	79.60
Equipment	-	141.71
	<hr/>	<hr/>
Total Expenditures	93,050.00	79,218.00
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<hr/>	<hr/>
	-	-
Unencumbered Cash, Ending	<hr/>	<hr/>
	\$ -	\$ -

**Unified School District Number 410
Hillsboro, Kansas**

TITLE I - ARRA

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)**

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Federal grant	\$ -	\$ 19,540.00
Expenditures:		
Instruction -		
Certified salaries	-	7,665.50
Non-certified salaries	-	6,122.00
Insurance	-	3,372.00
Social security	-	757.68
Employee benefits	-	53.64
Supplies	-	1,171.18
Instruction Support Staff -		
Purchased professional & technical services	-	398.00
Total Expenditures	<u>-</u>	<u>19,540.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

**Unified School District Number 410
Hillsboro, Kansas**

TITLE II-A

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Federal grant	\$ 24,441.00	\$ 23,475.00
Expenditures:		
Instruction -		
Certified salaries	-	21,729.75
Insurance	510.00	-
Social security	318.68	1,654.38
Other employee benefits	30.46	90.87
Instructional support staff -		
Certified salaries	10,889.50	-
Non-certified salaries	11.19	-
Social security	423.83	-
Other employee benefits	37.34	-
Outgoing transfers -		
Title I	<u>12,220.00</u>	<u>-</u>
Total Expenditures	<u>24,441.00</u>	<u>23,475.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

**Unified School District Number 410
Hillsboro, Kansas**

TITLE II-D

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts:		
Federal grant	\$ 764.00	\$ 638.00
Expenditures:		
Instructional Support Staff -		
Purchased professional services	275.00	250.00
Other Supplemental Services -		
Purchased professional services	489.00	350.00
Other purchased services	-	38.00
Total Expenditures	<u>764.00</u>	<u>638.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

**Unified School District Number 410
Hillsboro, Kansas**

TITLE II-D - ARRA

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)**

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts:		
Federal grant	\$ -	\$ 719.00
Expenditures:		
Instructional Support Staff -		
Purchased professional services	-	60.00
Other Supplemental Services -		
Purchased professional services	-	30.00
Other purchased services	-	629.00
Total Expenditures	-	719.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

**Unified School District Number 410
Hillsboro, Kansas**

TITLE IV

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
Cash Receipts:		
Federal grant	\$ 1,851.00	\$ 2,561.00
Expenditures:		
Instruction -		
Teaching supplies	462.00	602.80
Instructional support staff -		
Non-certified salaries	-	50.00
Purchased professional services	464.00	472.20
Outgoing transfers -		
Transfer to Title I	<u>925.00</u>	<u>-</u>
Total Expenditures	<u>1,851.00</u>	<u>1,125.00</u>
Receipts Over (Under) Expenditures	-	1,436.00
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 1,436.00</u>

**Unified School District Number 410
Hillsboro, Kansas**

BOND AND INTEREST

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 <u>Actual</u>	2010		Variance Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Taxes and Shared Revenue -				
Ad valorem property				
Prior year	\$ 3,065.69	\$ 3,999.23	\$ 6,730.00	\$ (2,730.77)
Current year	162,167.83	235,240.06	233,301.00	1,939.06
Delinquent tax	964.71	1,315.39	2,748.00	(1,432.61)
Motor vehicle and recreational vehicle tax	15,387.97	21,933.56	21,865.00	68.56
Miscellaneous income	6,693.12	-	-	-
Machinery & equipment state aid	891.57	-	-	-
State aid	56,947.00	103,112.00	95,577.00	7,535.00
Total Cash Receipts	246,117.89	365,600.24	\$ 360,221.00	\$ 5,379.24
Expenditures:				
Interest	260,374.74	341,330.06	\$ 343,705.00	\$ 2,374.94
Receipts Over (Under) Expenditures	(14,256.85)	24,270.18		
Unencumbered Cash, Beginning	194,496.43	180,239.58		
Unencumbered Cash, Ending	\$ 180,239.58	\$ 204,509.76		

**Unified School District Number 410
Hillsboro, Kansas**

BOND CONSTRUCTION (SEPARATE PROJECT)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Interest on idle funds	\$ 20,458.39	\$ 219.82
Expenditures:		
Land acquisition	395,000.00	-
Architecture and engineering	19,321.98	-
New building acquisition & construction	1,611,601.12	31,283.50
Transfer to Joint Project Bond Construction	-	64,323.48
Total Expenditures	<u>2,025,923.10</u>	<u>95,606.98</u>
Receipts Over (Under) Expenditures	(2,005,464.71)	(95,387.16)
Unencumbered Cash, Beginning	<u>2,250,349.70</u>	<u>244,884.99</u>
Unencumbered Cash, Ending	<u>\$ 244,884.99</u>	<u>\$ 149,497.83</u>

**Unified School District Number 410
Hillsboro, Kansas**

BOND CONSTRUCTION (JOINT PROJECT)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	2009 Actual	2010 Actual
	<u> </u>	<u> </u>
Cash Receipts:		
Sale of bond	\$ 2,073,125.29	\$ -
Interest on idle funds	847.08	4,739.42
Transfer from Bond Construction Separate Project	-	64,323.48
	<u> </u>	<u> </u>
Total Cash Receipts	<u>2,073,972.37</u>	<u>69,062.90</u>
Expenditures:		
Purchased professional services	46,066.75	-
Other purchased services	1,960.18	-
Architecture and engineering	136,193.54	14,074.18
Construction services	958,168.55	976,958.19
	<u> </u>	<u> </u>
Total Expenditures	<u>1,142,389.02</u>	<u>991,032.37</u>
Receipts Over (Under) Expenditures	931,583.35	(921,969.47)
Unencumbered Cash, Beginning	<u>(9,613.88)</u>	<u>921,969.47</u>
Unencumbered Cash, Ending	<u>\$ 921,969.47</u>	<u>\$ -</u>

**Unified School District Number 410
Hillsboro, Kansas**

GOOD CITIZEN SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009</u>			<u>2010</u>		
	<u>Actual Expendable</u>	<u>Actual Nonexpendable</u>	<u>Total</u>	<u>Actual Expendable</u>	<u>Actual Nonexpendable</u>	<u>Total</u>
Cash Receipts:						
Interest on idle funds	\$ 4,157.55	\$ -	\$ 4,157.55	\$ 1,784.30	\$ -	\$ 1,784.30
Total Cash Receipts	4,157.55	-	4,157.55	1,784.30	-	1,784.30
Expenditures:						
Scholarships awarded	18,781.25	-	18,781.25	14,406.25	-	14,406.25
Receipts Over (Under) Expenditures	(14,623.70)	-	(14,623.70)	(12,621.95)	-	(12,621.95)
Unencumbered Cash, Beginning	3,400.76	200,000.00	203,400.76	3,558.31	200,000.00	203,558.31
Prior Year Cancelled Encumbrances	14,781.25	-	14,781.25	11,406.25	-	11,406.25
Unencumbered Cash, Ending	\$ 3,558.31	\$ 200,000.00	\$ 203,558.31	\$ 2,342.61	\$ 200,000.00	\$ 202,342.61

**Unified School District Number 410
Hillsboro, Kansas**

C.M. SEXTRO MEMORIAL SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Donations	\$ 2,500.00	\$ 2,500.00
Interest on idle funds	322.92	135.38
	<u>2,822.92</u>	<u>2,635.38</u>
Total Cash Receipts		
Expenditures:		
Scholarships awarded	<u>1,250.00</u>	<u>2,250.00</u>
Receipts Over (Under) Expenditures	1,572.92	385.38
Unencumbered Cash, Beginning	<u>31,951.28</u>	<u>33,524.20</u>
Unencumbered Cash, Ending	<u>\$ 33,524.20</u>	<u>\$ 33,909.58</u>

**Unified School District Number 410
Hillsboro, Kansas**

EARL WINEINGER MEMORIAL SCHOLARSHIP

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>2009 Actual</u>	<u>2010 Actual</u>
Cash Receipts:		
Donations	\$ -	\$ 500.00
Interest on idle funds	51.11	17.28
	<u>51.11</u>	<u>517.28</u>
Total Cash Receipts	51.11	517.28
Expenditures:		
Scholarships awarded	500.00	1,000.00
	<u>500.00</u>	<u>1,000.00</u>
Receipts Over (Under) Expenditures	(448.89)	(482.72)
Unencumbered Cash, Beginning	<u>4,890.36</u>	<u>4,441.47</u>
Unencumbered Cash, Ending	<u>\$ 4,441.47</u>	<u>\$ 3,958.75</u>

**Unified School District Number 410
Hillsboro, Kansas**

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2010

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organizations:				
High School:				
Class of 2010	\$ 1,229.72	\$ -	\$ 1,229.72	\$ -
Class of 2011	1,911.03	5,931.38	7,147.86	694.55
Class of 2012	1,136.74	3,309.47	1,832.68	2,613.53
Class of 2013	-	3,007.74	1,823.60	1,184.14
Art Club	106.86	304.31	115.00	296.17
Chess Club	1,523.23	4,154.32	3,482.25	2,195.30
FCCLA	2,091.86	7,660.78	6,695.18	3,057.46
FFA	6,373.21	28,710.10	26,157.51	8,925.80
H-Club	462.17	5,764.60	4,514.37	1,712.40
Student Council	111.80	35,611.57	34,951.75	771.62
Tech Student Association	2,888.21	7,891.75	7,788.56	2,991.40
	<u>17,834.83</u>	<u>102,346.02</u>	<u>95,738.48</u>	<u>24,442.37</u>
Total Student Organizations	17,834.83	102,346.02	95,738.48	24,442.37
State Sales Tax	84.27	8,777.35	8,764.94	96.68
Payroll Revolving	<u>27,865.83</u>	<u>28,162.58</u>	<u>27,865.83</u>	<u>28,162.58</u>
Total Agency Funds	<u>\$ 45,784.93</u>	<u>\$ 139,285.95</u>	<u>\$ 132,369.25</u>	<u>\$ 52,701.63</u>

Unified School District Number 410
Hillsboro, Kansas

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

For the Year Ended June 30, 2010

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Gate Receipts:				
Athletics-High School	\$ 2,722.69	\$ 90,091.78	\$ 85,248.42	\$ 7,566.05
Musical	329.92	4,169.27	3,830.59	668.60
Drama	0.95	2,584.39	1,192.82	1,392.52
	<u>3,053.56</u>	<u>96,845.44</u>	<u>90,271.83</u>	<u>9,627.17</u>
Total Gate Receipts	<u>\$ 3,053.56</u>	<u>\$ 96,845.44</u>	<u>\$ 90,271.83</u>	<u>\$ 9,627.17</u>
School Projects:				
High School	\$ 38,043.38	\$ 58,862.12	\$ 55,530.80	\$ 41,374.70
Middle School	4,753.05	5,900.17	8,194.38	2,458.84
Elementary School	2,072.62	2,074.66	2,598.55	1,548.73
	<u>44,869.05</u>	<u>66,836.95</u>	<u>66,323.73</u>	<u>45,382.27</u>
Total School Projects	<u>\$ 44,869.05</u>	<u>\$ 66,836.95</u>	<u>\$ 66,323.73</u>	<u>\$ 45,382.27</u>

UNIFIED SCHOOL DISTRICT NUMBER 410

HILLSBORO, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Unified School District Number 410 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District Number 410 (the primary government). There were no component units in the year ended June 30, 2010.

(b) Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into two categories: Governmental and Fiduciary. Within each of these two categories there are one or more fund types. The District uses the following fund types:

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Special Revenue Funds - Special Revenue Funds are used to account for the collection and disbursement of monies earmarked for a special purpose.

Debt Service Fund - Debt Service Funds are used to account for the servicing of general long-term debt such as general obligation bonds.

Capital Project Funds - Capital Project Funds are used to account for the source of funds and the use of those funds to be expended on the particular capital project.

FIDUCIARY FUND TYPES

This fund type accounts for assets held by the District as a trustee or agent for others and therefore cannot be used to support the District's own programs.

Private Purpose Trust Funds - These funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Permanent Fund - This fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the District's programs, that is, for the benefit of the District or its patrons.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted account 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 fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

(e) Budget and Tax Cycle

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. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

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. There were budget amendments 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Budget and Tax Cycle (cont.)

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

A legal operating budget is not required for Fiduciary and Permanent Funds, Capital Project Funds and the following Special Revenue Funds: Title I, Title I-ARRA, Title II-A, Title II-D, Title II-D-ARRA, Title IV, Gate Receipts, and School Projects.

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

2. COMPLIANCE WITH KANSAS STATUTES

In violation of K.S.A. 10-1113 and 10-1121, indebtedness in excess of cash balance was created at year end in the KPERs Special Retirement Contribution Fund.

3. DEPOSITS AND 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 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. At June 30, 2010, the District held 100% of their investments in the Kansas Municipal Investment Pool.

Custodial credit risk. Custodial credit risk is the risk that in the event of 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. All deposits were legally secured at June 30, 2010.

(a) Deposits

At year end the carrying amount of the District's cash and certificates of deposit was \$1,452,123. The bank balance was held by three banks resulting in a concentration of credit risk. The bank balance was \$2,206,267. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$2,206,267 was covered by F.D.I.C. insurance and \$0 was collateralized by FHLB letters of credit and by pledged securities held under joint custody receipts issued by a third-party bank in the District's name under joint custody arrangements. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party agreement signed by all three parties: the District, the pledging bank, and the independent third-party bank holding the pledged securities.

3. DEPOSITS AND INVESTMENTS (cont.)

(b) Investments

Custodial credit risk – investments. For an investment, this is the risk that, in the event of failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At June 30, 2010, the District had invested in funds in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

As of June 30, 2010, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Less than 1 Year</u>	<u>Rating</u>
Kansas Municipal Investment Pool	<u>\$ 149,498</u>	<u>\$ 149,498</u>	S&P AAAF/SLT

4. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Statutory Amount</u>
General	Bilingual Education	K.S.A. 72-6428	\$ 5,849
General	Special Education	K.S.A. 72-6428	851,453
Supplemental General	At Risk (4 Year Old)	K.S.A. 72-6433	32,544
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	263,943
Supplemental General	Driver Training	K.S.A. 72-6433	5,953
Supplemental General	Food Service	K.S.A. 72-6433	48,626
Supplemental General	Professional Development	K.S.A. 72-6433	21,907
Supplemental General	Parent Education	K.S.A. 72-6433	11,698
Supplemental General	Special Education	K.S.A. 72-6433	172,929
Supplemental General	Vocational Education	K.S.A. 72-6433	307,218
Bond Construction - Separate	Bond Construction - Joint		64,323

5. LEAVE POLICIES

Vacation, sick leave and other compensated absences are recorded as expenditures in governmental funds when they are paid.

Employees earn 15 days sick leave each year with a maximum accumulation of 90 days. Payment for unused sick leave for employees is made for sick days that would be lost over the maximum. It is paid with the first paycheck of the succeeding year's contract and is computed at a rate of \$25 per day. Employees eligible for and exercising a retirement option in the Kansas Public Employees Retirement System (KPERs) are paid for all unused sick leave days. This payment is based on a rate of \$25 per day lost and is made with the final payment of the contract. Employees leaving the District, that do not qualify as described above, do not receive any compensation for unused sick leave.

5. LEAVE POLICIES (cont.)

Sick leave days may be converted to personal leave after all paid personal leave has been exhausted. The rate of conversion is three sick leave days to one personal leave day. The draw on sick leave is on an "as used" basis; the employee may not accumulate any unused personal days using the benefit feature. A maximum of two personal leave days may be gained annually using this conversion. Sick leave days used in this conversion are deducted from the certified staff person's accumulated sick leave.

Classified full-time staff, meeting length of service requirements, are allowed two weeks paid vacation, which is increased by three days after five years of employment and by an additional two days after 15 years of employment. Classified employees may accumulate up to five days of unused vacation over their annual allotment of vacation time. Certified staff are not granted paid vacation time.

Certified and classified staff are granted compensated absences in the form of personal leave days. They are allowed two days per year, which can accumulate to six days. Amounts accumulated in excess of the maximum, that would otherwise be lost, are paid with the first paycheck of the succeeding year's contract. Upon retirement, the District purchases any unused personal days for certified employees, at the employees final daily salary.

6. EARLY RETIREMENT INCENTIVE

The District, during a period ending on May 15, 2004, provided an early retirement program for certain eligible employees. Employees were eligible if they were a certified employee of the District, were eligible for full KPERS early retirement benefits, had a minimum of twenty (20) years of employment in a public school system, with ten (10) of those being with USD 410, and must have applied for early retirement on or before May 15, 2004. Those eligible under this program may receive benefits for up to five (5) years.

The District, during a period ending April 24, 2009, provided an early retirement program for certain eligible employees. Employees were eligible if they were a certified employee of the District, were eligible for and exercising a retirement option in KPERS, had a minimum of twenty (20) years of employment in a public school system, with five (5) of those being with the USD 410, and must have applied for early retirement on or before April 25, 2008 or between September 1, 2008 and April 24, 2009. Those eligible under this program may receive benefits for up to five (5) years. Payments to retired employees under this plan were \$27,910 for the year ended June 30, 2010.

Payments to retired employees under this plan were \$27,910 for the year ended June 30, 2010.

7. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
Refunding and Improvement Series 2008	4.15-5.50%	12-1-08	\$ 2,085,000	09-01-28	\$ 2,085,000	\$ -	\$ -	\$ -	\$ 2,085,000	\$ 109,524
Series 2007-A	4.375-4.75%	09-15-07	4,605,000	09-01-27	4,555,000	-	-	-	4,555,000	201,306
Refunding Series 2007-B	5.00%	09-15-07	610,000	09-01-13	<u>610,000</u>	-	-	-	<u>610,000</u>	<u>30,500</u>
Total General Obligation Bonds					<u>7,250,000</u>	-	-	-	<u>7,250,000</u>	<u>341,330</u>
Capital Leases:										
Temperature Control System - HMS & HHS	5.80%	03-09-01	350,000	03-01-11	74,400	-	36,152	(36,152)	38,248	4,315
Temperature Control System - HES	4.60%	01-24-03	112,635	07-15-12	50,078	-	11,678	(11,678)	38,400	2,334
Mailing System	7.72%	05-30-08	3,852	05-30-13	<u>3,195</u>	-	<u>710</u>	<u>(710)</u>	<u>2,485</u>	<u>227</u>
Total Capital Leases					<u>127,673</u>	-	<u>48,540</u>	<u>(48,540)</u>	<u>79,133</u>	<u>6,876</u>
Compensated Absences	N/A	N/A	N/A	N/A	<u>19,867</u>	<u>839</u>	-	<u>839</u>	<u>20,706</u>	-
Total Long-Term Debt					<u>\$ 7,397,540</u>	<u>\$ 839</u>	<u>\$ 48,540</u>	<u>\$ (47,701)</u>	<u>\$ 7,349,839</u>	<u>\$ 348,206</u>

7. LONG-TERM DEBT (cont.)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year								Total
	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2029	
Principal:									
General Obligation Bonds - Refunding and Improvement Series 2008	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ 400,000	\$ 560,000	\$ 1,070,000	\$ 2,085,000
General Obligation Bonds - Series 2007-A	-	-	-	-	120,000	1,160,000	1,805,000	1,470,000	4,555,000
General Obligation Bonds - Refunding Series 2007-B	-	-	195,000	200,000	215,000	-	-	-	610,000
Capital Lease - Temperature Control System - HMS & HHS	38,248	-	-	-	-	-	-	-	38,248
Capital Lease - Temperature Control System - HES	12,222	12,792	13,386	-	-	-	-	-	38,400
Capital Lease - Mailing System	766	828	891	-	-	-	-	-	2,485
Total Principal	51,236	13,620	209,277	200,000	390,000	1,560,000	2,365,000	2,540,000	7,329,133
Interest:									
General Obligation Bonds - Refunding and Improvement Series 2008	109,524	109,524	109,523	109,524	109,524	513,326	399,056	180,735	1,640,736
General Obligation Bonds - Series 2007-A	201,306	201,306	201,306	201,307	198,456	855,150	531,672	99,531	2,490,034
General Obligation Bonds - Refunding Series 2007-B	30,500	25,625	15,750	5,375	-	-	-	-	77,250
Capital Lease - Temperature Control System - HMS & HHS	2,219	-	-	-	-	-	-	-	2,219
Capital Lease - Temperature Control System - HES	1,789	1,220	626	-	-	-	-	-	3,635
Capital Lease - Mailing System	170	108	45	-	-	-	-	-	323
Total Interest	345,508	337,783	327,250	316,206	307,980	1,368,476	930,728	280,266	4,214,197
Total Principal and Interest	\$ 396,744	\$ 351,403	\$ 536,527	\$ 516,206	\$ 697,980	\$ 2,928,476	\$ 3,295,728	\$ 2,820,266	\$ 11,543,330

7. LONG-TERM DEBT (cont.)

In September 2007, the District issued \$610,000 of General Obligation Refunding Bonds Series 2007-B with an interest rate of 5% to advance refund \$590,000 of the General Obligation School Building Bonds, Series 2004 with rates ranging from 3% to 3.50%. The proceeds were also used to pay the costs of issuance. The net proceeds of \$596,469 (after payment of \$14,548 of underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2004 Series bonds. As a result, \$590,000 of the 2004 series bonds are considered defeased and the liability for those bonds has been removed from long-term debt. For the year ended June 30, 2010, outstanding defeased bonds totaled \$180,000.

In December, 2008, the District issued \$2,085,000 of General Obligation Refunding and Improvement Bonds Series 2008 with interest rates ranging from 4.15% to 5.50% for improvements and to advance refund \$50,000 of the General Obligation Bonds Series 2007-A with interest rate of 4.75%. The net proceeds of \$2,137,432 (after payment of \$39,582 of underwriting fees and other issuance costs) were used for school improvements and to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payment of a portion of the 2007-A Series bonds. As a result, \$50,000 of the 2007-A Series bonds are considered defeased and the liability for those bonds has been removed from long-term debt. For the year ended June 30, 2010, outstanding defeased bonds totaled \$50,000.

8. CAPITAL PROJECT

At year end, capital project authorizations compared with expenditures from inception are as follows:

	Expenditures to Date	Project Authorization
School Improvement 2007	\$ 4,547,558	\$ 4,605,000
School Improvement 2008	\$ 2,143,035	\$ 2,085,000

K.S.A. 10-131 allows interest earned on investment of bond proceeds to be used on the project for which the bonds were issued which is why expenditures exceed project authorization.

9. PENSION COSTS AND EMPLOYEE BENEFITS

Defined Benefit Pension Plan

Plan Description: The District contributes to 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.

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 currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$140,318,394 received as of June 30, 2010, (with the remaining balance of \$108,149,792 received July 9, 2010), \$242,277,363, and \$220,815,154, respectively, equal to the statutory required contributions for each year.

10. 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 District to record any payment of general state aid that is due to be paid during the month of June and paid to the District after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET For the Year Ended June 30, 2010 GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes			
Ad valorem property			
Prior year	\$ 10,844.65	\$ 21,010.00	\$ (10,165.35)
Current year	521,174.48	517,288.00	3,886.48
Delinquent tax	4,645.45	8,892.00	(4,246.55)
Motor vehicle tax	58.52	-	58.52
Mineral production tax	480.39	800.00	(319.61)
State aid	3,111,230.00	3,263,964.00	(152,734.00)
Federal aid - ARRA	212,472.00	212,472.00	-
Special education state aid	649,385.00	700,999.00	(51,614.00)
	<u>4,510,290.49</u>	<u>\$ 4,725,425.00</u>	<u>\$ (215,134.51)</u>
Expenditures			
Instruction	1,939,870.06	\$ 2,182,551.60	\$ 242,681.54
Student Support Services	171,279.94	176,140.00	4,860.06
Instructional Support Staff	170,695.40	181,817.00	11,121.60
General Administration	231,355.14	247,441.40	16,086.26
School Administration	401,999.30	407,909.00	5,909.70
Other Supplemental Service	69,579.61	75,829.00	6,249.39
Operations and Maintenance	419,793.67	435,600.00	15,806.33
Vehicle Operating Services	193,400.17	228,738.00	35,337.83
Supervision	9,184.24	10,000.00	815.76
Vehicle and Maintenance Services	45,835.15	47,430.00	1,594.85
Community Service Operations	(5.27)	-	5.27
Outgoing Transfers	857,302.59	731,969.00	(125,333.59)
Adjust to Comply with Legal Max	-	(215,135.00)	(215,135.00)
	<u>4,510,290.00</u>	<u>\$ 4,510,290.00</u>	<u>\$ -</u>
Legal General Fund Budget	4,510,290.00	\$ 4,510,290.00	\$ -
Statutory Revenues Over (Under) Expenditures	0.49		
Modified Unencumbered Cash, July 1, 2009	-		
Modified Unencumbered Cash, June 30, 2010	<u>\$ 0.49</u>		

10. COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A 72-6434(d) (cont.)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

For the Year Ended June 30, 2010

SUPPLEMENTAL GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes			
Ad valorem property			
Prior year	\$ 17,478.22	\$ 29,407.00	\$ (11,928.78)
Current year	661,447.28	625,920.00	35,527.28
Delinquent tax	6,625.49	12,010.00	(5,384.51)
Motor vehicle tax	93,775.16	93,311.00	464.16
Recreational vehicle tax	1,366.19	1,395.00	(28.81)
State aid	505,011.00	676,896.00	(171,885.00)
Federal aid - ARRA	171,582.00	-	171,582.00
Total Statutory Revenues	1,457,285.34	\$ 1,438,939.00	\$ 18,346.34
Expenditures			
Instruction	272,460.00	\$ 167,570.00	\$ (104,890.00)
Student Support Services	4,288.08	-	(4,288.08)
Instruction Support Staff	7,763.75	-	(7,763.75)
General Administration	35,642.15	25,500.00	(10,142.15)
School Administration	14,197.01	-	(14,197.01)
Other Supplemental Services	4,260.41	-	(4,260.41)
Operations & Maintenance	299,244.07	366,951.00	67,706.93
Vehicle Operating Services	1,839.66	-	(1,839.66)
Outgoing Transfers	864,818.87	944,493.00	79,674.13
Total Expenditures	1,504,514.00	\$ 1,504,514.00	\$ -
Statutory Revenues Over (Under) Expenditures	(47,228.66)		
Modified Unencumbered Cash, July 1, 2009	65,575.47		
Modified Unencumbered Cash, June 30, 2010	\$ 18,346.81		

11. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of October 20, 2010, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, if any, will not have a material effect on the individual governmental funds or the overall financial position of the District.

During the ordinary course of its operation the District is a party to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material impact on the District.

The District is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2009 to 2010, and there were no settlements that exceeded insurance coverage in the past three years.

12. 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 quantified 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 federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

13. SCHOLARSHIP FUNDS

During the year ended June 30, 1992, the District was named trustee of the John A. and Harriet Kizler Wiebe Good Citizen Scholarship. Under the terms of the trust agreement, all contributions to the fund must be maintained as principal. Scholarships shall be granted annually from the income derived from the trust principal during the previous year to two high school seniors graduating from Hillsboro High School who intend to continue their education with post-high school studies. The trust principal has been classified as a permanent fund and the current year earnings as a private purpose trust fund on Statement 1 with the cash restricted as described above.

The District has been named custodian of the C.M. Sextro Academic Scholarship for Mathematics. Under the terms of the agreement, the fund is intended to have an indefinite life and will be based on the donor continuing to make contributions to the fund as needed. The District may grant two scholarships annually from the memorial fund principal and interest to recipients. Funds from the memorial shall first be considered for Hillsboro High School seniors intending to pursue post-high school studies who intend to major in mathematics, engineering, sciences, business or any other field requiring higher mathematics. There shall be two scholarships awarded, with the total amount given determined by the scholarship committee annually. The trust has been classified as private purpose trust fund on Statement 1 with the cash restricted as described above.

During the year ended June 30, 2001, the District was named custodian of the Earl Wineinger Memorial Scholarship Fund. Under the terms of the agreement, the fund is intended to have a limited life and shall be terminated after all funds have been distributed. The District may grant one scholarship annually from the memorial fund principal and interest to the recipient. The scholarship is to be awarded to college bound graduating seniors from a Marion County high school who plan on a field of study in an agricultural related field with preference given to agricultural education. The selection will be done by a selection committee appointed by the Wineinger family. If the selection committee feels there are no viable candidates, a recipient need not be named for that year. The trust has been classified as a private purpose trust fund on Statement 1 with the cash restricted as described above.

14. COMMITMENTS

On September 18, 2008, the Board signed a contract with JKL, LLC in the amount of \$395,000 for the purchase of a building and property located at 415-416 South Date, Hillsboro, Kansas, to be used for a transportation, maintenance, and central office facility. Earnest money of \$39,500 was deposited, with a closing date scheduled on or before September 1, 2009.

15. INTERLOCAL AGREEMENT

The District has entered into an interlocal agreement with Tabor College for the acquisition, construction, financing, ownership and operation of athletic facilities. The agreement is for a period of 40 years from the effective date unless terminated early. The agreement, among other things, provides for the sharing of expenses for the facility.

16. SUBSEQUENT EVENT

Management has evaluated the effects on the financial statements of subsequent events occurring through October 20, 2010 which is the date at which the financial statements were available to be issued.

**UNIFIED SCHOOL DISTRICT NUMBER 410
HILLSBORO, KANSAS**

OTHER SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2010

**Unified School District Number 410
Hillsboro, Kansas**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture - Cluster</u>			
Passed Through State Department of Education			
School Breakfast Program	10.553	DO410	\$ 22,102.14
National School Lunch Program	10.555	DO410	106,575.89
Summer Reimbursement	10.559	DO410	<u>2,826.59</u>
Total U.S. Department of Agriculture			<u>131,504.62</u>
<u>U.S. Department of Education</u>			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	DO410	79,218.00
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	DO410	19,540.00
Title II-A Improving Teacher Quality	84.367	DO410	23,475.00
Title II-D Education Technology	84.318	DO410	638.00
ARRA - Title II-D - Education Technology State Grants, Recovery Act	84.386	DO410	719.00
ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	DO410	384,054.00
Title IV - Safe and Drug-Free Schools	84.186	DO410	375.00
Passed Through ESSDACK			
Carl Perkins	84.048		2,719.36
Passed Through McPherson Public Schools USD 418			
Head Start	93.600		<u>21,370.24</u>
Total U.S. Department of Education			<u>532,108.60</u>
Total Expenditures of Federal Awards			<u>\$ 663,613.22</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Unified School District Number 410, Hillsboro, Kansas, and is presented using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule.

**UNIFIED SCHOOL DISTRICT NUMBER 410
HILLSBORO, KANSAS**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2010**

There were no reportable findings for the year ended June 30, 2009.

**UNIFIED SCHOOL DISTRICT NUMBER 410
HILLSBORO, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Unified School District Number 410.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District Number 410, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

State Fiscal Stabilization Fund –	<u>CFDA No.</u>
Education State Grants, Recovery Act	84.394
8. The threshold for distinguishing Types A and B program was \$300,000.
9. Unified School District Number 410 was not a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

Number 10-01 Lack of Segregation of Duties

Condition: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it. Due to resource constraints, these conflicting phases of transactions potentially occur throughout your entity at various times throughout the fiscal year. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Number 10-01 Lack of Segregation of Duties (cont.)

Criteria: The segregation of incompatible duties means that no employee should be in a position to both commit an irregularity and conceal it. An Elected Official's Guide to Internal Controls and Fraud Prevention states that "ideally, no single individual should be able to:

- a) *authorize* a transaction;
- b) *record* the transaction in the books of account; and
- c) ensure custody of the asset resulting from the transaction."

In a smaller entity setting, it is very difficult to maintain ideal segregation of duties. We consider this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Effect: Lack of segregation of duties aids in the possibility that errors and irregularities whether caused by fraud or human error will not be detected.

Cause: Due to the limited staff in the District, segregation of duties has not been possible as required in an ideal internal control structure. At this time, we feel it would be cost prohibitive to increase staff in the District offices sufficiently to rectify this situation. Current office staff and the Board should however, continually review the opportunity to implement segregation of duties that will enhance the internal control structure at a minimal cost to the District.

Recommendation: We recommend that the office staff continually review their procedures for opportunities to increase the segregation of duties in the office as well as the overall internal controls and oversight over the accounting functions in the office. We recommend the Board be aware of the importance of segregating the office duties in order to maintain a good internal control structure that will aid in the prevention and detection of errors and irregularities whether caused by fraud or human error.

Within the constraints of available resources, management should attempt to logically segregate duties among people or processes to mitigate risks and meet their financial reporting objectives.

Number 10-02 Financial Statement Reporting

Condition: Our firm has been asked to prepare the financial statements for the District; however, our firm cannot be considered part of the internal control structure of the District in regard to the preparation of the financial statements.

Criteria: The District prepares its financial statements in accordance 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, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit Guide (KMAG)*.

Effect: We consider this condition related to external financial statement and other supplemental information preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Number 10-02 Financial Statement Reporting (cont.)

Cause: District personnel do have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the District governing body on an as needed basis. However, the District either has no documented policy or procedures related to the preparation of the external financial statements and other supplemental information and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements and other supplemental information.

Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- a) Obtain a current copy of the Kansas Municipal Audit Guide (KMAG);
- b) Obtain a report check list for KMAG financial statements;
- c) Participate in a training session on financial statement preparation and review; and
- d) Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF EDUCATION

ARRA – State Stabilization Fund – Education State Grants, Recovery Act – CFDA Number 84.394

NONE