

**UNIFIED SCHOOL DISTRICT NO. 326**

Logan, Kansas

Independent Audit Report

July 1, 2008 to June 30, 2009

**MAPES & MILLER**

Certified Public Accountants

Norton, Kansas

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Financial Statements

For the Fiscal Year Ended June 30, 2009

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# MAPES & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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## INDEPENDENT AUDITOR'S REPORT

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We have audited the accompanying financial statements of Unified School District No. 326, Logan, Kansas, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Unified School District No. 326, Logan, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between the regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 326, Logan, Kansas, as of June 30, 2009, or changes in 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 Unified School District No. 326, Logan, Kansas as of June 30, 2009, and their respective cash receipts and expenditures and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

To the Board of Education  
Unified School District No. 326  
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This report is intended solely for the information and use of the governing body and management of the Unified School District No. 326, Logan, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports and other Federal and State Agencies to whose jurisdiction the District is subject, and should not be used for any other purpose. This restriction is not intended to limit distribution of this report, which, upon acceptance by the Board of Education, is a matter of public record.

## Mapes & Miller

Certified Public Accountants

Norton, Kansas  
January 11, 2010

**UNIFIED SCHOOL DISTRICT NO. 326**

Logan, Kansas

Statement 1

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds:							
General	\$ (100,722)	4,045	1,784,605	1,830,291	(142,363)	18,264	(124,099)
Supplemental General	19,040	7,787	403,206	420,740	9,293	9,909	19,202
Special Revenue:							
At Risk 4 Year Old	23,349	0	45,975	39,324	30,000	8	30,008
At Risk K-12	10,001	0	157,320	118,001	49,320	0	49,320
Capital Outlay	130,357	51	69,033	53,882	145,559	2,606	148,165
Driver Training	9,971	0	342	2,443	7,870	0	7,870
Food Service	24,372	0	157,977	138,620	43,729	0	43,729
Professional Development	277	40	3,596	3,125	788	590	1,378
Summer School	4,619	0	4,182	8,800	1	0	1
Special Education	73,071	0	358,904	336,322	95,653	37	95,690
Vocational Education	7,475	0	30,577	27,476	10,576	0	10,576
KPERs Special Retirement Contribution	0	0	90,244	90,244	0	0	0
Federal Funds	17,064	70	77,212	59,218	35,128	1,785	36,913
Gifts and Grants	4,339	0	78,200	66,792	15,747	0	15,747
Contingency Reserve	22,657	0	25,553	0	48,210	0	48,210
Textbook Rental and Student Material Revolving	5,106	0	4,942	1,479	8,569	0	8,569
District Activity Funds	20,883	0	21,895	20,197	22,581	0	22,581
Fiduciary Type Funds:							
Private Purpose Trust Funds:							
States Scholarship	15,676	0	1,271	600	16,347	0	16,347
Sansom Scholarship	9,969	0	1,085	800	10,254	0	10,254
Total Reporting Entity (Excluding Agency Funds)	\$ <u>297,504</u>	<u>11,993</u>	<u>3,316,119</u>	<u>3,218,354</u>	<u>407,262</u>	<u>33,199</u>	<u>440,461</u>

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Composition of Cash

For the Year Ended June 30, 2009

STATEMENT 1

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First National Bank, Logan, Kansas	
Checking Account	\$ 1,500
NOW Account	99,116
Savings Account	634
Certificates of Deposit	306,054
Farmers National Bank, Logan, Kansas	
Checking Account	1,500
NOW Account	47,048
Savings Account	1,085
Certificates of Deposit	<u>9,169</u>
Total Cash	466,106
Agency Funds per Statement 4	<u>(25,645)</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u><u>440,461</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 326**

STATEMENT 2

Logan, Kansas

Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2009

Description	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General	\$ 1,833,489	(9,249)	6,051	1,830,291	1,830,291	0
Supplemental General	420,000	0	740	420,740	420,740	0
Special Revenue:						
At Risk 4 Year Old	40,349	0	0	40,349	39,324	(1,025)
At Risk K-12	120,001	0	0	120,001	118,001	(2,000)
Capital Outlay	197,312	0	0	197,312	53,882	(143,430)
Driver Training	3,659	0	0	3,659	2,443	(1,216)
Food Service	157,582	0	0	157,582	138,620	(18,962)
Professional Development	10,800	0	0	10,800	3,125	(7,675)
Summer School	8,800	0	0	8,800	8,800	0
Special Education	404,999	0	0	404,999	336,322	(68,677)
Vocational Education	27,476	0	0	27,476	27,476	0
KPERs Special Retirement Contribution	101,794	0	0	101,794	90,244	(11,550)
Federal Funds	48,457	0	0	48,457	59,218	*
Gifts and Grants	60,337	0	0	60,337	66,792	*

\* Exempt from Budget Law

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

UNIFIED SCHOOL DISTRICT NO. 326

STATEMENT 3

Logan, Kansas

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General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ (310)	4,240	(4,550)
Current Tax	279,096	230,888	48,208
Delinquent Tax	1,800	1,645	155
Mineral Tax	12,781	10,000	2,781
State Equalization Aid	1,314,304	1,356,817	(42,513)
State Machinery & Equipment State Aid	30	0	30
Special Education Aid	170,853	229,899	(59,046)
User Charges	3,509	0	3,509
Reimbursed Expenses	2,542	0	2,542
	<u>1,784,605</u>	<u>1,833,489</u>	<u>(48,884)</u>
Total Cash Receipts			
Expenditures:			
Instruction	944,628	992,500	(47,872)
Student Support Services	15,624	16,500	(876)
Instructional Support Staff	3,018	5,500	(2,482)
General Administration	127,531	108,300	19,231
School Administration	131,148	134,900	(3,752)
Operations and Maintenance	43,842	0	43,842
Student Transportation Services	79,094	78,790	304
Transfer to Capital Outlay	18,023	40,000	(21,977)
Transfer to Food Service	0	35,000	(35,000)
Transfer to Professional Development	0	10,000	(10,000)
Transfer to Summer School	0	5,000	(5,000)
Transfer to Special Education	274,749	279,999	(5,250)
Transfer to Vocational Education	21,120	20,000	1,120
Transfer to Contingency Reserve	25,553	10,000	15,553
Transfer to At Risk 4 Year Old	6,600	17,000	(10,400)
Transfer to At Risk K-12	139,361	80,000	59,361
Adjustment to Comply with Legal Max			
Legal General Fund Budget	0	(9,249)	9,249
	<u>1,830,291</u>	<u>1,824,240</u>	<u>6,051</u>

(Continued)

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

General Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
(Continued)			
Adjustment for Qualifying Budget Credits:	\$		
User Charges	0	3,509	(3,509)
Reimbursed Expenses	<u>0</u>	<u>2,542</u>	<u>(2,542)</u>
 Total Expenditures	 <u>1,830,291</u>	 <u>1,830,291</u>	 <u>0</u>
 Cash Receipts Over (Under) Expenditures	 (45,686)		
Unencumbered Cash, Beginning	(100,722)		
Prior Year Cancelled Encumbrances	<u>4,045</u>		
 Unencumbered Cash, Ending	 \$ <u><u>(142,363)</u></u> *		

\*See Note 13 (Cash Basis Exemption)

See Note 14 (Statutory Presentation)

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

## UNIFIED SCHOOL DISTRICT NO. 326

STATEMENT 3

Logan, Kansas

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## Supplemental General Fund

## Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 356	6,622	(6,266)
Current Tax	329,923	313,681	16,242
Delinquent Tax	2,473	2,084	389
Motor Vehicle Tax	22,725	25,348	(2,623)
Recreational Vehicle Tax	622	434	188
Other Revenue - Local Sources	3,680	0	3,680
Reimbursed Expenses	740	0	740
State Machinery & Equipment State Aid	12	0	12
Supplemental State Aid	42,675	51,282	(8,607)
Total Cash Receipts	<u>403,206</u>	<u>399,451</u>	<u>3,755</u>
Expenditures:			
Instruction	34,911	13,500	21,411
Student Support Services	0	2,500	(2,500)
General Administration	29,052	34,200	(5,148)
Operations and Maintenance	170,046	259,500	(89,454)
Student Transportation Services	22,362	72,000	(49,638)
Transfer to Food Service	54,000	8,300	45,700
Transfer to Professional Development	3,000	0	3,000
Transfer to Summer School	1,582	0	1,582
Transfer to Special Education	40,900	0	40,900
Transfer to Vocational Education	7,553	0	7,553
Transfer to At Risk 4 Year Old	39,375	0	39,375
Transfer to At Risk K-12	17,959	30,000	(12,041)
Legal Supplemental General Fund Budget	420,740	420,000	740
Adjustment for Qualifying Budget Credit:			
Reimbursed Expenses	0	740	(740)
Total Expenditures	<u>420,740</u>	<u>420,740</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(17,534)		
Unencumbered Cash, Beginning	19,040		
Prior Year Cancelled Encumbrances	<u>7,787</u>		
Unencumbered Cash, Ending	\$ <u><u>9,293</u></u>		

See Note 14 (Statutory Presentation)

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

At Risk 4 Year Old Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Transfer from General	\$ 6,600	17,000	(10,400)
Transfer from Supplemental General	<u>39,375</u>	<u>0</u>	<u>39,375</u>
Total Cash Receipts	<u>45,975</u>	<u>17,000</u>	<u>28,975</u>
Expenditures:			
Instruction	39,324	40,149	(825)
Instructional Support Services	<u>0</u>	<u>200</u>	<u>(200)</u>
Total Expenditures	<u>39,324</u>	<u>40,349</u>	<u>(1,025)</u>
Cash Receipts Over (Under) Expenditures	6,651		
Unencumbered Cash, Beginning	<u>23,349</u>		
Unencumbered Cash, Ending	\$ <u>30,000</u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

At Risk K-12 Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Transfer from General	\$ 139,361	80,000	59,361
Transfer from Supplemental General	<u>17,959</u>	<u>30,000</u>	<u>(12,041)</u>
Total Cash Receipts	<u>157,320</u>	<u>110,000</u>	<u>47,320</u>
Expenditures:			
Instruction	118,001	119,001	(1,000)
Instructional Support Staff	<u>0</u>	<u>1,000</u>	<u>(1,000)</u>
Total Expenditures	<u>118,001</u>	<u>120,001</u>	<u>(2,000)</u>
Cash Receipts Over (Under) Expenditures	39,319		
Unencumbered Cash, Beginning	<u>10,001</u>		
Unencumbered Cash, Ending	\$ <u><u>49,320</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

STATEMENT 3

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Capital Outlay Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Tax in Process	\$ 30	566	(536)
Current Tax	25,290	24,780	510
Delinquent Tax	278	177	101
Motor Vehicle Tax	2,484	2,759	(275)
Recreational Vehicle Tax	63	47	16
Interest on Idle Funds	5,181	0	5,181
State Machinery & Equipment State Aid	3	0	3
Other Revenue - Local Sources	17,681	0	17,681
Transfer from General	<u>18,023</u>	<u>40,000</u>	<u>(21,977)</u>
 Total Cash Receipts	 <u>69,033</u>	 <u>68,329</u>	 <u>704</u>
 Expenditures:			
Instruction	1,507	10,000	(8,493)
Student Support Services	3,054	15,000	(11,946)
General Administration	219	0	219
Operations and Maintenance	15,004	20,000	(4,996)
Transportation	34,098	73,000	(38,902)
Facilities Acquisition and Construction	0	64,312	(64,312)
Building Improvements	<u>0</u>	<u>15,000</u>	<u>(15,000)</u>
 Total Expenditures	 <u>53,882</u>	 <u>197,312</u>	 <u>(143,430)</u>
 Cash Receipts Over (Under) Expenditures	 15,151		
Unencumbered Cash, Beginning	130,357		
Prior Year Cancelled Encumbrances	<u>51</u>		
 Unencumbered Cash, Ending	 \$ <u>145,559</u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Driver Training Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 342	<u>1,188</u>	<u>(846)</u>
Expenditures:			
Instruction	2,134	3,059	(925)
Vehicle Operations and Maintenance	<u>309</u>	<u>600</u>	<u>(291)</u>
Total Expenditures	<u>2,443</u>	<u>3,659</u>	<u>(1,216)</u>
Cash Receipts Over (Under) Expenditures			
Unencumbered Cash, Beginning	(2,101)		
	<u>9,971</u>		
Unencumbered Cash, Ending	\$ <u>7,870</u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Food Service Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Federal Aid	\$ 51,691	43,087	8,604
State Aid	1,180	1,142	38
Food Service	46,250	44,167	2,083
Interest on Idle Funds	4,071	0	4,071
Miscellaneous	785	0	785
Transfer from General	0	35,000	(35,000)
Transfer from Supplemental General	<u>54,000</u>	<u>8,300</u>	<u>45,700</u>
Total Cash Receipts	<u>157,977</u>	<u>131,696</u>	<u>26,281</u>
Expenditures:			
Operations and Maintenance	7,524	7,150	374
Food Service Operation	<u>131,096</u>	<u>150,432</u>	<u>(19,336)</u>
Total Expenditures	<u>138,620</u>	<u>157,582</u>	<u>(18,962)</u>
Cash Receipts Over (Under) Expenditures	19,357		
Unencumbered Cash, Beginning	<u>24,372</u>		
Unencumbered Cash, Ending	\$ <u><u>43,729</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

STATEMENT 3

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**Professional Development Fund**  
 Statement of Cash Receipts and Expenditures  
 Actual and Budget  
For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 596	800	(204)
Transfer from General	0	10,000	(10,000)
Transfer from Supplemental General	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Cash Receipts	<u>3,596</u>	<u><b>10,800</b></u>	<u><b>(7,204)</b></u>
Expenditures:			
Instructional Support Staff	<u>3,125</u>	<u><b>10,800</b></u>	<u><b>(7,675)</b></u>
Cash Receipts Over (Under) Expenditures	471		
Unencumbered Cash, Beginning	277		
Prior Year Cancelled Encumbrances	<u>40</u>		
Unencumbered Cash, Ending	\$ <u><b>788</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Summer School Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Other Revenue - Local Sources	\$ 2,600	0	2,600
Transfer from General	0	5,000	(5,000)
Transfer from Supplemental General	<u>1,582</u>	<u>0</u>	<u>1,582</u>
Total Cash Receipts	<u>4,182</u>	<u>5,000</u>	<u>(818)</u>
Expenditures:			
Instruction	<u>8,800</u>	<u>8,800</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(4,618)		
Unencumbered Cash, Beginning	<u>4,619</u>		
Unencumbered Cash, Ending	\$ <u>1</u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

STATEMENT 3

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Special Education Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Other Revenue - Local Sources	\$ 43,255	55,000	(11,745)
Transfer from General	274,749	279,999	(5,250)
Transfer from Supplemental General	<u>40,900</u>	<u>0</u>	<u>40,900</u>
Total Cash Receipts	<u>358,904</u>	<u><b>334,999</b></u>	<u><b>23,905</b></u>
Expenditures:			
Instruction	333,652	355,100	(21,448)
Instructional Support Staff	0	42,199	(42,199)
General Administration	0	1,000	(1,000)
Student Transportation Services	<u>2,670</u>	<u>6,700</u>	<u>(4,030)</u>
Total Expenditures	<u>336,322</u>	<u><b>404,999</b></u>	<u><b>(68,677)</b></u>
Cash Receipts Over (Under) Expenditures	22,582		
Unencumbered Cash, Beginning	<u>73,071</u>		
Unencumbered Cash, Ending	\$ <u><b>95,653</b></u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

STATEMENT 3

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Vocational Education Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Miscellaneous	1,904	0	1,904
Transfer from General	\$ 21,120	20,000	1,120
Transfer from Supplemental General	<u>7,553</u>	<u>0</u>	<u>7,553</u>
Total Cash Receipts	<u>30,577</u>	<u>20,000</u>	<u>10,577</u>
Expenditures:			
Instruction	<u>27,476</u>	<u>27,476</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	3,101		
Unencumbered Cash, Beginning	<u>7,475</u>		
Unencumbered Cash, Ending	\$ <u>10,576</u>		

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

STATEMENT 3

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KPERS Special Retirement Contribution Fund

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended June 30, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
State Aid	\$ 90,244	<u>93,675</u>	<u>(3,431)</u>
Expenditures:			
Instruction	62,268	70,238	(7,970)
Student Support	226	255	(29)
General Administration	6,542	7,380	(838)
School Administration	6,317	7,124	(807)
Operations and Maintenance	7,671	8,653	(982)
Student Transportation	3,610	4,070	(460)
Food Service	<u>3,610</u>	<u>4,074</u>	<u>(464)</u>
Total Expenditures	<u>90,244</u>	<u>101,794</u>	<u>(11,550)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

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

UNIFIED SCHOOL DISTRICT NO. 326  
Logan, Kansas

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

	Title I	Title II Part A	Title II Part D	Title V	Small Rural School	Totals	Budget*	Variance Over (Under)
Cash Receipts:								
Federal Aid	\$ 47,792	12,145	336	0	16,939	77,212	<b>48,444</b>	<b>28,768</b>
Expenditures:								
Instruction	35,117	10,518	0	0	4,787	50,422	48,157	2,265
Instructional Support Staff	0	1,639	336	0	6,821	8,796	300	8,496
Total Expenditures	<u>35,117</u>	<u>12,157</u>	<u>336</u>	<u>0</u>	<u>11,608</u>	<u>59,218</u>	<b>48,457</b>	<b>10,761</b>
Cash Receipts Over (Under) Expenditures	12,675	(12)	0	0	5,331	17,994		
Unencumbered Cash, Beginning	0	12	0	1	17,051	17,064		
Prior Year Cancelled Encumbrances	<u>70</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70</u>		
Unencumbered Cash, Ending	<b>\$ 12,745</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>22,382</b>	<b>35,128</b>		

\* Exempt from Budget Law per K.S.A. 12-1663.

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

UNIFIED SCHOOL DISTRICT NO. 326  
Logan, Kansas

**Gifts and Grants Funds**  
Statement of Cash Receipts and Expenditures  
Actual and Budget  
For the Year Ended June 30, 2009

	Hansen Foundation	Kan-Ed Grant	Rose Memorial	Totals	Budget*	Variance Over (Under)
Cash Receipts:						
Donations and Grants	\$ 75,200	3,000	0	78,200	56,000	22,200
Expenditures:						
Instruction	59,880	0	0	59,880	43,337	16,543
Instructional Support Staff	0	0	0	0	17,000	(17,000)
Student Activities	3,912	0	0	3,912	0	3,912
Technology	0	3,000	0	3,000	0	3,000
Total Expenditures	63,792	3,000	0	66,792	60,337	6,455
Cash Receipts Over (Under) Expenditures	11,408	0	0	11,408		
Unencumbered Cash, Beginning	4,336	0	3	4,339		
Unencumbered Cash, Ending	\$ 15,744	0	3	15,747		

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

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>Contingency Reserve</u>	<u>Textbook Rental and Student Material Revolving</u>
Cash Receipts:		
Transfer from General	\$ 25,553	0
Rental Fees & Books	<u>0</u>	<u>4,942</u>
Total Cash Receipts	<u>25,553</u>	<u>4,942</u>
Expenditures:		
Instruction	<u>0</u>	<u>1,479</u>
Cash Receipts Over (Under) Expenditures	25,553	3,463
Unencumbered Cash, Beginning	22,657	5,106
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>48,210</u></u>	<u><u>8,569</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Any Non-budgeted Fund

Statement of Cash Receipts and Expenditures

Actual

For the Year Ended June 30, 2009

STATEMENT 3

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	<u>States Scholarship</u>	<u>Sansom Scholarship</u>
Cash Receipts:		
Donations	\$ 648	804
Interest on Idle Funds	<u>623</u>	<u>281</u>
Total Cash Receipts	<u>1,271</u>	<u>1,085</u>
Expenditures:		
Scholarships	<u>600</u>	<u>800</u>
Cash Receipts Over (Under) Expenditures	671	285
Unencumbered Cash, Beginning	<u>15,676</u>	<u>9,969</u>
Unencumbered Cash, Ending	\$ <u>16,347</u>	<u>10,254</u>

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

UNIFIED SCHOOL DISTRICT NO. 326

STATEMENT 4

Logan, Kansas

Agency Funds

Summary of Cash Receipts and Cash Disbursements  
For the Year Ended June 30, 2009

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Student Organization Funds:				
High School Cheerleaders	\$ 2,723	3,992	5,928	787
Concessions	404	12,575	12,695	284
Kays	468	8,519	6,462	2,525
Student Council	5,295	10,660	11,013	4,942
Junior High Cheerleaders	702	3,728	4,401	29
Seventh Grade Class	210	154	266	98
Eighth Grade Class	447	512	680	279
Freshmen	970	1,163	1,148	985
Sophomores	2,163	2,097	2,630	1,630
Juniors	1,671	7,077	6,790	1,958
Seniors	2	1,671	1,673	0
Yearbook	1,625	11,289	6,518	6,396
Band	991	1,532	1,165	1,358
Dance Team and Flags	1,520	2,256	3,595	181
Football Team	90	250	0	340
Basketball Team	13	515	8	520
Golf Team	9	0	0	9
Track Team	149	2,140	2,150	139
Art	0	202	0	202
	<u>19,452</u>	<u>70,332</u>	<u>67,122</u>	<u>22,662</u>
Total Student Organization Funds				
Other Agency Funds:				
Sales Tax	1	3,388	3,223	166
Calculator Deposits	160	690	430	420
LTA Scholarship	0	667	667	0
Preschool Committee	4,222	3,676	6,682	1,216
Site Council	1,181	0	0	1,181
	<u>5,564</u>	<u>8,421</u>	<u>11,002</u>	<u>2,983</u>
Total Other Agency Funds				
Total Agency Funds	\$ <u>25,016</u>	<u>78,753</u>	<u>78,124</u>	<u>25,645</u>

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

UNIFIED SCHOOL DISTRICT NO. 326

STATEMENT 5

Logan, Kansas

District Activity Funds

Statement of Cash Receipts, Expenditures and Unencumbered Cash

For the Fiscal Year Ended June 30, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts	\$ 19,520	0	19,385	18,167	20,738	0	20,738
Play	1,148	0	1,011	531	1,628	0	1,628
Library	215	0	0	0	215	0	215
Book Fair	<u>0</u>	<u>0</u>	<u>1,499</u>	<u>1,499</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total District Activity Funds	<u>\$ 20,883</u>	<u>0</u>	<u>21,895</u>	<u>20,197</u>	<u>22,581</u>	<u>0</u>	<u>22,581</u>

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

UNIFIED SCHOOL DISTRICT NO. 326

Logan, Kansas

Notes to the Financial Statements

June 30, 2009

1. Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 326, Logan, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation.

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

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

Fund Accounting

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

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

Governmental Funds:

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

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

Fiduciary Funds:

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

### Reimbursed Expenditures

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

### Statutory Basis of Accounting.

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

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

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

The basis of presentation described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles of 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 of the United States of America. Capital assets that account for the land, building, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

## 2. Budgetary Information

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

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

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

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

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

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

	<u>Statutory Authority for Exemption</u>
Title I	K.S.A. 12-1663
Title II, Part A	K.S.A. 12-1663
Title II, Part D	K.S.A. 12-1663
Title V	K.S.A. 12-1663
Small Rural School Grant	K.S.A. 12-1663
Hansen Foundation	K.S.A. 79-2925
Kan-Ed Grant	K.S.A. 12-16,111
Rose Memorial	K.S.A. 79-2925
Contingency Reserve	K.S.A. 72-6426
Textbook Rental and Student Material Revolving	K.S.A. 72-8250
Gate Receipts	K.S.A. 72-8208a
Play	K.S.A. 72-8208a
Library	K.S.A. 72-8208a
Book Fair	K.S.A. 72-8208a

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

### 3. Property Taxes

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

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

4. **Lease Obligations**

There were no long-term leases that required disclosure.

5. **Inventories and Prepaid Expense**

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

6. **Compensated Absences**

Annual Leave

The employees of Unified School District No. 326 are allowed ten days of annual leave per year, cumulative to ninety days. Annual leave accumulated greater than ninety days is paid out at the substitute pay rate to all employees. In addition, each certified employee may donate one of their ten annual leave days into a leave bank that will be shared by all certified employees who join the pool. Any certified employee who surpasses his/her own accumulated annual leave may use the leave bank upon approval of the leave bank committee. The leave bank is to be accumulative from one year to the next not to exceed 150 days.

Upon approval of the leave bank committee, the employee may draw up to the maximum number of days from the following schedule:

New employee	10 days
Second year	20 days
Third year and beyond	30 days

Any certified employee who does not join the pool shall be ineligible to belong for three years. After that time they may join the pool in the same manner as a newly hired employee.

The District has adopted an unused annual leave buy-back policy for employees upon retirement. The employee must currently be a full-time employee, must be eligible for full KPERS retirement benefits or have reached age 60, and must have 12 years or more of continuous employment service for the District to be eligible for payment. Any employee who meets the eligibility requirements will receive compensation for unused annual leave up to 90 days at the substitute pay rate. Payment will be according to the following scale:

After 12 years and up to 15 years	- 50 percent
After 16 years and up to 19 years	- 75 percent
After 20 years	- 100 percent

The District also has an administrator annual leave buy-back policy and is based on 90 days leave at \$83.33 per day and 15 years experience as an administrator in the District and is payable upon retirement. If the retiring administrator has less than 15 years experience the buy-back is based upon the following payment scale:

After 7 years and up to 11 years	- 50 percent
After 11 years and up to 15 years	- 75 percent
After 15 years	- 100 percent

As of June 30, 2009 the District had five employees eligible for annual leave buy-back. The cost of accumulated annual leave at June 30, 2009 is \$30,337 and is included in long-term debt in Note 10.

#### Vacation Pay

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

<u>Completed Years of Service</u>	<u>Vacation Days Earned</u>
1st and 2nd years	5 days
3rd through 10th years	10 days
11th year	11 days
12th year	12 days
13th year	13 days
14th year	14 days
15th year	15 days

The cost of accumulated vacation pay for twelve month employees at June 30, 2009 is \$1,456 and is included in long-term debt in Note 10.

#### 7. Defined Benefit Pension Plan

##### Plan Description

Unified School District No. 326, Logan, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

##### Funding Policy

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

**8. Other Post Employment Benefits**

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

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

**9. Deposits and Investments**

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

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

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk - Deposits**

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

At June 30, 2009, the District's carrying amount of deposits was \$511,778 and the bank balance was \$694,166. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$311,218 was covered by federal depository insurance, \$382,948 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

10. General Long-term Debt

Changes in long-term liabilities for Unified School District No. 326, Logan, Kansas for the year ended June 30, 2009 were as follows:

Issue	Interest Rates	Date Issued	Year of Maturity	Original Amount	Balance Beginning of Year	Net Change	Balance End of Year
Compensating Absences:							
Annual Leave	N/A	N/A	N/A	N/A	\$ 20,605	9,732	30,337
Vacation	N/A	N/A	N/A	N/A	<u>3,779</u>	<u>(2,323)</u>	<u>1,456</u>
Total Compensated Absences					<u>\$ 24,384</u>	<u>7,409</u>	<u>31,793</u>

11. Risk Management

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

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

12. Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Capital Outlay	K.S.A. 72-6428	\$ 18,023
General	Special Education	K.S.A. 72-6428	274,749
General	Vocational Education	K.S.A. 72-6428	21,120
General	Contingency Reserve	K.S.A. 72-6428	25,553
General	At Risk 4 Year Old	K.S.A. 72-6428	6,600
General	At Risk K-12	K.S.A. 72-6428	139,361
Supplemental General	Food Service	K.S.A. 72-6433	54,000
Supplemental General	Professional Development	K.S.A. 72-6433	3,000
Supplemental General	Summer School	K.S.A. 72-6433	1,582
Supplemental General	Special Education	K.S.A. 72-6433	40,900
Supplemental General	Vocational Education	K.S.A. 72-6433	7,553
Supplemental General	At Risk 4 Year Old	K.S.A. 72-6433	39,375
Supplemental General	At Risk K-12	K.S.A. 72-6433	17,959

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

K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The General Fund has a negative ending unencumbered cash balance of \$142,363 for the year ending June 30, 2009. This is due to the late distribution of general state aid and special education services aid. The general state aid payment of \$100,748 was received on July 9, 2009. The special education services payment of \$45,672 was received on July 1, 2009. Expenditures by school districts in excess of current revenues due to late general aid are exempted by K.S.A. 10-1116(a). However, there is no such statutory exemption for expenditures by school districts in excess of current revenues due to the late distribution of special education aid. Thus, the General Fund is in violation of K.S.A 10-1113.

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

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

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

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

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

GENERAL FUND

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues:			
Tax in Process	\$ (310)	4,240	(4,550)
Current Tax	279,096	230,888	48,208
Delinquent Tax	1,800	1,645	155
Mineral Tax	12,781	10,000	2,781
State Equalization Aid	1,313,857	1,356,817	(42,960)
State Machinery and Equipment State Aid	30	0	30
Special Education State Aid	216,525	229,899	(13,374)
User Charges	3,509	0	3,509
Reimbursed Expenses	2,542	0	2,542
Total Statutory Revenues	<u>1,829,830</u>	<u>1,833,489</u>	<u>(3,659)</u>
Expenditures:			
Instruction	944,628	992,500	(47,872)
Student Support Services	15,624	16,500	(876)
Instructional Support Staff	3,018	5,500	(2,482)
General Administration	127,531	108,300	19,231
School Administration	131,148	134,900	(3,752)
Operations and Maintenance	43,842	0	43,842
Student Transportation Services	79,094	78,790	304
Transfer to Capital Outlay	18,023	40,000	(21,977)
Transfer to Food Service	0	35,000	(35,000)
Transfer to Professional Development	0	10,000	(10,000)
Transfer to Summer School	0	5,000	(5,000)
Transfer to Special Education	274,749	279,999	(5,250)
Transfer to Vocational Education	21,120	20,000	1,120
Transfer to Contingency Reserve	25,553	10,000	15,553
Transfer to At Risk 4 Year Old	6,600	17,000	(10,400)
Transfer to At Risk K-12	139,361	80,000	59,361
Adjustment to Qualify for Legal Max	0	(9,249)	9,249
Legal General Fund Budget	1,830,291	1,824,240	6,051
Adjustment for Qualifying Budget Credits:			
User Charges	0	3,509	(3,509)
Reimbursed Expenses	0	2,542	(2,542)
Total Expenditures	<u>1,830,291</u>	<u>1,830,291</u>	<u>0</u>
Revenue Over (Under) Expenditures	(461)		
Modified Unencumbered Cash, Beginning	473		
Prior Year Cancelled Encumbrances	4,045		
Modified Unencumbered Cash, Ending	<u>\$ 4,057</u>		

14. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (continued)STATUTORY REVENUES AND EXPENDITURES – STATUTORY AND BUDGET  
For the Year Ended June 30, 2009

## SUPPLEMENTAL GENERAL

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues:			
Tax in Process	\$ 356	6,622	(6,266)
Current Tax	329,923	313,681	16,242
Delinquent Tax	2,473	2,084	389
Motor Vehicle Tax	22,725	25,348	(2,623)
Recreational Vehicle Tax	622	434	188
Other Revenue - Local Sources	3,680	0	3,680
Reimbursed Expenses	740	0	740
State Machinery and Equipment State Aid	12	0	12
Supplemental State Aid	<u>51,282</u>	<u>51,282</u>	<u>0</u>
Total Statutory Revenues	<u>411,813</u>	<u>399,451</u>	<u>12,362</u>
Expenditures:			
Instruction	34,911	13,500	21,411
Student Support Services	0	2,500	(2,500)
General Administration	29,052	34,200	(5,148)
Operations and Maintenance	170,046	259,500	(89,454)
Student Transportation Services	22,362	72,000	(49,638)
Transfer to Food Service	54,000	8,300	45,700
Transfer to Professional Development	3,000	0	3,000
Transfer to Summer School	1,582	0	1,582
Transfer to Special Education	40,900	0	40,900
Transfer to Vocational Education	7,553	0	7,553
Transfer to At Risk 4 Year Old	39,375	0	39,375
Transfer to At Risk K-12	<u>17,959</u>	<u>30,000</u>	<u>(12,041)</u>
Legal Supplemental General Fund Budget	420,740	420,000	740
Adjustment for Qualifying Budget Credits:			
Reimbursed Expenses	<u>0</u>	<u>740</u>	<u>(740)</u>
Total Expenditures	<u>420,740</u>	<u>420,740</u>	<u>0</u>
Revenue Over (Under) Expenditures	(8,927)		
Modified Unencumbered Cash, Beginning	20,689		
Prior Year Cancelled Encumbrances	<u>7,787</u>		
Modified Unencumbered Cash, Ending	<u>\$ 19,549</u>		

# MAPES & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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

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

THOMAS CARPENTER, CI  
DON TILTON, CPA

January 11, 2010

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

To the Board of Education  
Unified School District No. 326  
Logan, KS 67646

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

We have audited the financial statements of Unified School District No. 326 for the year ended June 30, 2009, and have issued our report thereon dated January 11, 2010.

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

In planning and performing our audit of the financial statements of Unified School District No. 326, Logan, Kansas, as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Unified School District No. 326's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 326's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 326's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed by the cash basis and budget laws of the State of Kansas, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

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

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

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 8, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting practices prescribed by the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Unified School District No. 326 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year ended June 30, 2009. We noted no transactions entered into by Unified School District No. 326 during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

Difficulties Encountered in Performing the Audit

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

#### Corrected and Uncorrected Misstatements

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

#### Disagreements with Management

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

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 11, 2010.

#### Management Consultations with Other Independent Accountants

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

#### Other Audit Findings or Issues

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

We also noted other matters relating to the accounting procedures and system of internal control utilized by the District in maintaining its financial records in accordance with cash basis and budget laws of the State of Kansas.

The following matters as discussed below were considered during our audit of the financial statements as of June 30, 2009, and these comments do not modify the opinion expressed in our audit report on such financial statements and are not considered material weaknesses or significant deficiencies:

1. Encumbrances outstanding included a PO in the amount of \$1,800 which was not actually outstanding as of 6/30/09. This was the remaining balance on a purchase order which was paid in an amount that was less than the original amount booked.

Encumbrances listed in the computerized Cash Summary Report did not agree with the Outstanding PO Report. The encumbrances shown on the computerized Cash Summary included a PO totaling \$149.37 that was not canceled.

2. A new fund should have been established for the Kan-Ed Grant. The Kan-Ed Grant for \$3,000 was credited to the Capital Outlay Fund.
3. Transfers out of the General Fund did not agree with the corresponding transfer in for the At-Risk K-12 Fund, At-Risk 4 Yr Old Fund, Food Service Fund, Special Education Fund, and Vocational Education Fund.
4. Interest income in the amount of \$992.31 was not recorded on the First National Bank CD #42349.
5. Reconciliation of petty cash account was not kept. We have provided Judy with a copy of the reconciliation and the adjustments needed.

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

# Mapes & Miller

Certified Public Accountants

Norton, Kansas