

UNIFIED SCHOOL DISTRICT NO. 286
SEDAN, KANSAS

FINANCIAL STATEMENTS
JUNE 30, 2010

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

UNIFIED SCHOOL DISTRICT NO. 286
TABLE OF CONTENTS
JUNE 30, 2010

	<u>Page</u>
Financial Statements	
Independent Auditors' Report	1 – 2
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	3
Summary of Expenditures - Actual and Budget	4
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	5
Supplemental General Fund	6
At Risk Fund (4 Year Old)	7
At Risk Fund (K-12)	8
Capital Outlay Fund	9
Driver Training Fund	10
Food Service Fund	11
Professional Development Fund	12
Summer School Fund	13
Special Education Fund	14
Vocational Education Fund	15
Recreation Commission Fund	16
KPERs Contribution Fund	17
Statement of Cash Receipts and Expenditures - Actual	
Federal Funds	18
Contingency Reserve Fund	19
Textbook and Student Material Revolving Fund	20
Learning Tree Grant Fund	21
Statement of Cash Receipts and Cash Disbursements	
Agency Funds	22 – 24
Statement of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	25 – 26
Notes to Financial Statements	27 – 36
Federal Award Information	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	37 – 38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	39 – 40
Schedule of Expenditures of Federal Awards	41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43
Schedule of Prior Year Findings and Questioned Costs	44



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Unified School District No. 286
Sedan, Kansas**

We have audited the accompanying financial statements of **Unified School District No. 286, Sedan, Kansas**, as of and for the year ended **June 30, 2010**, 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. The prior year partial comparative financial information has been derived from the District's 2009 financial statements and, in our report dated October 28, 2009, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, **Unified School District No. 286, Sedan, 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 these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

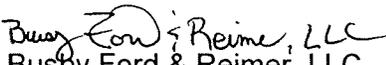
In our opinion, because of the effects of the matter discussed in the preceding paragraph the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 286, Sedan, Kansas** as of **June 30, 2010**, or the changes in its financial position for the year then ended.

**Board of Education
Unified School District No. 286**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Unified School District No. 286, Sedan, Kansas**, 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 4, 2010, on our consideration of **Unified School District No. 286, Sedan, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 performed for the purpose of forming an opinion on the financial statements of **Unified School District No. 286, Sedan, Kansas** taken as a whole. 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Busby Ford & Reimer, LLC
October 4, 2010

UNIFIED SCHOOL DISTRICT NO. 286
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Outstanding Encumbrances and Accounts Payable	Payable	
General Fund	\$ (423,113)	\$ 0	\$ 3,185,847	\$ 3,133,559	\$ (370,825)	\$ 18,962	\$	\$ (351,863)
Special Revenue Funds								
Supplemental General	(34,335)	0	595,662	619,399	(58,072)	175,976		117,904
At Risk (4 Year Old)	0	0	24,072	24,072	0	0		0
At Risk (K-12)	7,829	0	332,010	339,839	0	399		399
Capital Outlay	2,079,444	0	25,329	35,362	2,069,411	0		2,069,411
Driver Training	34,214	0	0	9,651	24,563	0		24,563
Food Service	67,536	0	224,889	221,860	70,565	0		70,565
Professional Development	27,803	0	368	6,255	21,916	0		21,916
Summer School	58,503	0	0	0	58,503	0		58,503
Special Education	178,510	0	557,305	537,932	197,883	0		197,883
Vocational Education	0	0	54,700	54,700	0	0		0
Recreation Commission	173	0	19,700	19,873	0	0		0
KPERS Contribution	0	0	83,009	83,009	0	0		0
Federal Funds	0	0	178,427	178,427	0	11,833		11,833
Contingency Reserve	216,268	0	0	0	216,268	0		216,268
Textbook and Student Material								
Revolving	85,911	0	7,375	10,391	82,895	650		83,545
Learning Tree Grant	1,568	0	0	1,568	0	0		0
District Activity Funds	14,525	0	79,939	85,914	8,550	0		8,550
	<u>\$ 2,314,836</u>	<u>\$ 0</u>	<u>\$ 5,368,632</u>	<u>\$ 5,361,811</u>	<u>\$ 2,321,657</u>	<u>\$ 207,820</u>		<u>\$ 2,529,477</u>

Composition of Cash:

Checking Accounts	\$ 549,051
Certificates of Deposit	2,000,000
Investments	66,832
Agency Funds	2,615,883
	<u>(86,406)</u>
	<u>\$ 2,529,477</u>

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

**UNIFIED SCHOOL DISTRICT NO. 286
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010**

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
		Comply with Legal Max	Legal Max	Qualifying Budget Credits	Qualifying Budget Credits			
General Fund	\$ 3,193,448	\$ (96,986)	\$ 37,097	\$ 3,133,559	\$ 3,133,559	\$ 3,133,559	\$ 0	
Special Revenue Funds								
Supplemental General At Risk (4 Year Old)	623,500	0	0	623,500	619,399	4,101		
At Risk (K-12)	24,200	0	0	24,200	24,072	128		
Capital Outlay	390,000	0	0	390,000	339,839	50,161		
Driver Training	1,830,000	0	0	1,830,000	35,362	1,794,638		
Food Service	34,214	0	0	34,214	9,651	24,563		
Professional Development	245,335	0	0	245,335	221,860	23,475		
Summer School	28,171	0	0	28,171	6,255	21,916		
Special Education	58,503	0	0	58,503	0	58,503		
Vocational Education	628,510	0	0	628,510	537,932	90,578		
Recreation Commission	58,500	0	0	58,500	54,700	3,800		
KPERS Contribution	23,500	0	0	23,500	19,873	3,627		
Federal Funds	206,370	0	0	206,370	83,009	123,361		
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	178,427	XXXXXXXXXX		
Textbook and Student Material	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX		
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	10,391	XXXXXXXXXX		
Learning Tree Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1,568	XXXXXXXXXX		
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	85,914	XXXXXXXXXX		
	\$ 7,344,251	\$ (96,986)	\$ 37,097	\$ 7,284,362	\$ 5,361,811	\$ 2,198,851		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 341,247	\$ 321,877	\$ 299,794	\$ 22,083
State Sources	2,950,681	2,713,536	2,743,381	(29,845)
Federal Sources	7,391	150,434	145,190	5,244
	<u>3,299,319</u>	<u>3,185,847</u>	<u>\$ 3,188,365</u>	<u>\$ (2,518)</u>
Expenditures				
Instruction	1,676,483	1,634,035	\$ 1,704,920	\$ 70,885
Student Support Services	32,154	54,557	29,460	(25,097)
Instructional Support Staff	76,135	33,000	78,340	45,340
General Administration	81,796	87,572	65,640	(21,932)
School Administration	205,928	197,480	208,560	11,080
Operations & Maintenance	298,269	187,059	166,138	(20,921)
Student Transportation Services	116,743	110,658	106,350	(4,308)
Other Supplemental Services	42,789	43,434	43,840	406
Transfers	928,731	785,764	790,200	4,436
Adjustment to Comply With Legal Max	0	0	(96,986)	(96,986)
Adjustment for Qualifying Budget Credits	0	0	37,097	37,097
	<u>3,459,028</u>	<u>3,133,559</u>	<u>\$ 3,133,559</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(159,709)	52,288		
Unencumbered Cash, Beginning	(263,404)	(423,113)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (423,113)</u>	<u>\$ (370,825)</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Supplemental General Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 192,661	\$ 288,233	\$ 286,801	\$ 1,432
County Sources	22,727	28,130	32,276	(4,146)
State Sources	179,329	204,171	297,634	(93,463)
Federal Sources	0	75,128	0	75,128
	394,717	595,662	\$ 616,711	\$ (21,049)
Expenditures				
Instruction	335,629	288,585	\$ 337,600	\$ 49,015
Student Support Services	0	0	3,650	3,650
Instructional Support Staff	5,694	0	5,750	5,750
General Administration	12,160	0	27,800	27,800
School Administration	16,017	0	16,200	16,200
Operations & Maintenance	0	140,168	206,000	65,832
Transfers	59,500	190,646	26,500	(164,146)
	429,000	619,399	\$ 623,500	\$ 4,101
Receipts Over (Under) Expenditures	(34,283)	(23,737)		
Unencumbered Cash, Beginning	(52)	(34,335)		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ (34,335)	\$ (58,072)		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>At Risk Fund (4 Year Old)</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 24,200	\$ 24,072	\$ 24,200	\$ (128)
	<u>24,200</u>	<u>24,072</u>	<u>24,200</u>	<u>(128)</u>
Expenditures				
Instruction	24,200	24,072	\$ 24,200	\$ 128
	<u>24,200</u>	<u>24,072</u>	<u>\$ 24,200</u>	<u>\$ 128</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>At Risk Fund (K-12)</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Transfers	\$ 266,640	\$ 332,010	\$ 382,171	\$ (50,161)
	<u>266,640</u>	<u>332,010</u>	<u>\$ 382,171</u>	<u>\$ (50,161)</u>
Expenditures				
Instruction	258,811	339,839	\$ 390,000	\$ 50,161
	<u>258,811</u>	<u>339,839</u>	<u>\$ 390,000</u>	<u>\$ 50,161</u>
Receipts Over (Under) Expenditures	7,829	(7,829)		
Unencumbered Cash, Beginning	0	7,829		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 7,829</u>	<u>\$ 0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Capital Outlay Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 82,700	\$ 14,370	\$ 19,187	\$ (4,817)
County Sources	11,422	10,959	12,541	(1,582)
State Sources	24,084	0	0	0
	<u>118,206</u>	<u>25,329</u>	<u>\$ 31,728</u>	<u>\$ (6,399)</u>
Expenditures				
Instruction	0	31,727	\$ 60,000	\$ 28,273
Instructional Support Staff	0	0	50,000	50,000
General Administration	0	0	100,000	100,000
School Administration	0	0	75,000	75,000
Operations and Maintenance	0	0	25,000	25,000
Transportation	0	0	500,000	500,000
Facility Acquisition & Construction Services	135,863	3,635	1,020,000	1,016,365
	<u>135,863</u>	<u>35,362</u>	<u>\$ 1,830,000</u>	<u>\$ 1,794,638</u>
Receipts Over (Under) Expenditures	(17,657)	(10,033)		
Unencumbered Cash, Beginning	2,097,101	2,079,444		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 2,079,444</u>	<u>\$ 2,069,411</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Driver Training Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
State Sources	\$ 874	\$ 0	\$ 0	\$ 0
	<u>874</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction	0	8,546	\$ 30,614	\$ 22,068
Vehicle Operations	0	1,105	3,600	2,495
	<u>0</u>	<u>9,651</u>	<u>\$ 34,214</u>	<u>\$ 24,563</u>
Receipts Over (Under) Expenditures	874	(9,651)		
Unencumbered Cash, Beginning	33,340	34,214		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 34,214</u>	<u>\$ 24,563</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 286
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>Food Service Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 129,635	\$ 48,743	\$ 52,110	\$ (3,367)
State Sources	2,072	2,107	2,318	(211)
Federal Sources	96,874	109,039	96,871	12,168
Transfers	0	65,000	26,500	38,500
	<u>228,581</u>	<u>224,889</u>	<u>\$ 177,799</u>	<u>\$ 47,090</u>
Expenditures				
Operations & Maintenance	29,705	14,154	\$ 30,030	\$ 15,876
Food Service Operations	198,396	207,706	215,305	7,599
	<u>228,101</u>	<u>221,860</u>	<u>\$ 245,335</u>	<u>\$ 23,475</u>
Receipts Over (Under) Expenditures	480	3,029		
Unencumbered Cash, Beginning	67,056	67,536		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 67,536</u>	<u>\$ 70,565</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Professional Development Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 2,479	\$ 0	\$ 0	\$ 0
State Sources	<u>1,249</u>	<u>368</u>	<u>0</u>	<u>368</u>
	<u>3,728</u>	<u>368</u>	<u>\$ 0</u>	<u>\$ 368</u>
Expenditures				
Instructional Support Staff	<u>13,394</u>	<u>6,255</u>	<u>\$ 28,171</u>	<u>\$ 21,916</u>
	<u>13,394</u>	<u>6,255</u>	<u>\$ 28,171</u>	<u>\$ 21,916</u>
Receipts Over (Under) Expenditures	(9,666)	(5,887)		
Unencumbered Cash, Beginning	37,469	27,803		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 27,803</u>	<u>\$ 21,916</u>		

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

**UNIFIED SCHOOL DISTRICT NO. 286
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>Summer School Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers	\$ 0	\$ 0	\$ 0	\$ 0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction	0	0	\$ 58,503	\$ 58,503
	<u>0</u>	<u>0</u>	<u>\$ 58,503</u>	<u>\$ 58,503</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	58,503	58,503		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 58,503</u>	<u>\$ 58,503</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Special Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 64,000	\$ 55,062	\$ 0	\$ 55,062
Transfers	<u>512,740</u>	<u>502,243</u>	<u>450,000</u>	<u>52,243</u>
	<u>576,740</u>	<u>557,305</u>	<u>\$ 450,000</u>	<u>\$ 107,305</u>
Expenditures				
Instruction	536,281	489,635	\$ 580,510	\$ 90,875
Vehicle Operating Services	<u>39,425</u>	<u>48,297</u>	<u>48,000</u>	<u>(297)</u>
	<u>575,706</u>	<u>537,932</u>	<u>\$ 628,510</u>	<u>\$ 90,578</u>
Receipts Over (Under) Expenditures	1,034	19,373		
Unencumbered Cash, Beginning	177,476	178,510		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 178,510</u>	<u>\$ 197,883</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Vocational Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Federal Sources	\$ 6,573	\$ 1,615	\$ 0	\$ 1,615
Transfers	<u>50,922</u>	<u>53,085</u>	<u>58,500</u>	<u>(5,415)</u>
	<u>57,495</u>	<u>54,700</u>	<u>\$ 58,500</u>	<u>\$ (3,800)</u>
 Expenditures				
Instruction	<u>57,495</u>	<u>54,700</u>	<u>\$ 58,500</u>	<u>\$ 3,800</u>
	<u>57,495</u>	<u>54,700</u>	<u>\$ 58,500</u>	<u>\$ 3,800</u>
 Receipts Over (Under) Expenditures	0	0		
 Unencumbered Cash, Beginning	0	0		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>Recreation Commission Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 17,824	\$ 16,964	\$ 20,492	\$ (3,528)
County Sources	2,856	2,736	3,105	(369)
	20,680	19,700	\$ 23,597	\$ (3,897)
Expenditures				
Community Service Operations	22,000	19,873	\$ 23,500	\$ 3,627
	22,000	19,873	\$ 23,500	\$ 3,627
Receipts Over (Under) Expenditures	(1,320)	(173)		
Unencumbered Cash, Beginning	1,493	173		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 173	\$ 0		

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

UNIFIED SCHOOL DISTRICT NO. 286
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>KPERS Contribution Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 176,385	\$ 83,009	\$ 206,370	\$ (123,361)
	176,385	83,009	\$ 206,370	\$ (123,361)
Expenditures				
Instruction	119,942	56,446	\$ 140,332	\$ 83,886
Student Support Services	7,055	4,154	8,254	4,100
Instructional Support Staff	5,292	2,490	6,192	3,702
General Administration	3,528	827	4,128	3,301
School Administration	12,347	5,811	14,446	8,635
Other Supplemental Services	3,527	1,660	4,127	2,467
Operations and Maintenance	14,111	6,641	16,510	9,869
Student Transportation Services	8,819	4,150	10,318	6,168
Food Service Operations	1,764	830	2,063	1,233
	176,385	83,009	\$ 206,370	\$ 123,361
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ 0		

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

UNIFIED SCHOOL DISTRICT NO. 286
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Federal Funds

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources	\$ 177,730	\$ 178,427
	<u>177,730</u>	<u>178,427</u>
 Expenditures		
Instruction	<u>133,850</u>	<u>178,427</u>
	<u>133,850</u>	<u>178,427</u>
 Receipts Over (Under) Expenditures	 43,880	 0
 Unencumbered Cash, Beginning	 (43,880)	 0
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 0</u>	 <u>\$ 0</u>

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

UNIFIED SCHOOL DISTRICT NO. 286
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Contingency Reserve Fund

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfers	\$ 83,729	\$ 0
	<u>83,729</u>	<u>0</u>
Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	83,729	0
Unencumbered Cash, Beginning	132,539	216,268
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 216,268</u>	<u>\$ 216,268</u>

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

UNIFIED SCHOOL DISTRICT NO. 286
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Textbook and Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 7,912	\$ 7,375
Transfers	<u>50,000</u>	<u>0</u>
	<u>57,912</u>	<u>7,375</u>
Expenditures		
Instruction	<u>0</u>	<u>10,391</u>
	<u>0</u>	<u>10,391</u>
Receipts Over (Under) Expenditures	57,912	(3,016)
Unencumbered Cash, Beginning	27,999	85,911
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 85,911</u>	<u>\$ 82,895</u>

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

UNIFIED SCHOOL DISTRICT NO. 286
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Learning Tree Grant Fund

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Cash Receipts		
Local Sources	\$ 0	\$ 0
	<u> 0</u>	<u> 0</u>
Expenditures		
Instruction	<u> 0</u>	<u> 1,568</u>
	<u> 0</u>	<u> 1,568</u>
Receipts Over (Under) Expenditures	0	(1,568)
Unencumbered Cash, Beginning	1,568	1,568
Prior Year Canceled Encumbrances	<u> 0</u>	<u> 0</u>
Unencumbered Cash, Ending	<u> 1,568</u>	<u> 0</u>

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

**UNIFIED SCHOOL DISTRICT NO. 286
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Class of 2010	\$ 2,433	\$ 6,550	\$ 8,983	\$ 0
Class of 2011	1,744	4,742	5,215	1,271
Class of 2012	847	165	65	947
Class of 2013	355	335	89	601
Class of 2014	231	350	0	581
Class of 2015	0	250	0	250
FCCLA	2,966	8,476	6,819	4,623
NHS	311	0	139	172
Lettermen	337	0	0	337
Cheerleaders	1,295	3,176	2,788	1,683
Stuco	139	7,194	6,514	819
FFA	2,367	9,569	10,562	1,374
Alpha Beta Gamma	327	0	8	319
Skills USA	902	320	48	1,174
Peer Tutors	235	0	0	235
Program	2,632	3,783	4,388	2,027
Junior High Cheerleaders	138	3,823	3,463	498
Junior High Stuco	239	178	0	417
	<u>17,498</u>	<u>48,911</u>	<u>49,081</u>	<u>17,328</u>

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

**UNIFIED SCHOOL DISTRICT NO. 286
 AGENCY FUNDS
 STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
 FOR THE YEAR ENDED JUNE 30, 2010**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Elementary School				
Elementary Stuco	\$ 1,663	\$ 4,988	\$ 4,631	\$ 2,020
Accelerated Reader	<u>227</u>	<u>0</u>	<u>0</u>	<u>227</u>
	<u>1,890</u>	<u>4,988</u>	<u>4,631</u>	<u>2,247</u>

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

**UNIFIED SCHOOL DISTRICT NO. 286
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Scholarships				
Root Scholarship	\$ 8,094	\$ 707	\$ 366	\$ 8,435
Travis Scholarship	<u>54,361</u>	<u>4,983</u>	<u>948</u>	<u>58,396</u>
	<u>62,455</u>	<u>5,690</u>	<u>1,314</u>	<u>66,831</u>
 Total Agency Funds	 <u>\$ 81,843</u>	 <u>\$ 59,589</u>	 <u>\$ 55,026</u>	 <u>\$ 86,406</u>

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

UNIFIED SCHOOL DISTRICT NO. 286
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Unencumbered		Prior Year Canceled		Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add	
	Cash Balance	Encumbrances	Encumbrances	Payable				Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
High School	\$ 3,380	\$ 0	\$ 0	\$ 32,621	\$ 33,619	\$ 2,382	\$ 0	\$ 0	\$ 2,382
Athletics	321	0	0	13,781	13,704	398	0	0	398
Concessions	7,238	0	0	11,219	15,911	2,546	0	0	2,546
Yearbook	751	0	0	3,330	3,516	565	0	0	565
Band	561	0	0	137	418	280	0	0	280
Speech/Forensics	331	0	0	13,080	13,217	194	0	0	194
Vocal Music	414	0	0	2,265	2,103	576	0	0	576
Sales Tax	780	0	0	0	200	580	0	0	580
Coke									
	<u>13,776</u>	<u>0</u>	<u>0</u>	<u>76,433</u>	<u>82,688</u>	<u>7,521</u>	<u>0</u>	<u>0</u>	<u>7,521</u>

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

UNIFIED SCHOOL DISTRICT NO. 286
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add	
						Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Elementary School Library	\$ 749	0	\$ 3,506	\$ 3,226	\$ 1,029	\$ 0	\$ 1,029
	<u>749</u>	<u>0</u>	<u>3,506</u>	<u>3,226</u>	<u>1,029</u>	<u>0</u>	<u>1,029</u>
Total District Activity Funds	<u>\$ 14,525</u>	<u>\$ 0</u>	<u>\$ 79,939</u>	<u>\$ 85,914</u>	<u>\$ 8,550</u>	<u>\$ 0</u>	<u>\$ 8,550</u>

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

UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Unified School District No. 286 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Sedan, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The following types of funds comprise the financial activities of the District for the year:

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 receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Agency Funds-To account for resources held by the District as an agent for others.

UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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. 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. 75-110a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the statutory basis of accounting.

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

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, 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, matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed 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, temporary notes, and compensated absences are not presented in the financial statements.

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. 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. There was one amendment for the year ended June 30, 2010.

UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Federal Funds	Contingency Reserve Fund
Textbook and Student Material Revolving Fund	Learning Tree Grant Fund
District Activity Funds	

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

Note 2 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2010, the State made contributions of \$171,935. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

Note 4 - Prior Year Balances:

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2009, financial statements in order to conform to the June 30, 2010, presentation.

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 5 - Deposits & Investments:

As of June 30, 2009, the District had the following investments with maturities of one year or less:

Investment Type	Fair Value	Rating
Scholarships-Mutual Funds	\$ 66,832	N/A

K.S.A. 9-1401 establishes the depositories which may be used by the Government. 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 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 Government 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. 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. The Government's allocation of investments as of June 30, 2010, is as follows:

Investment Type	Percentage of Investments
Scholarships-Mutual Funds	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may 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%. All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was \$2,549,051 and the bank balance was \$3,057,381. The bank balance is held by two banks. Of the bank balance, \$288,850 was covered by depository insurance, and the remaining \$2,768,531 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the 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.

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:					Total
	At Risk (4Year Old)	At Risk (K-12)	Food Service	Special Education	Vocational Education	
Transfer from:						
General Fund	\$ 24,072	\$ 332,010	\$ 0	\$ 376,597	\$ 53,085	\$ 785,764
Supplemental General Fund	<u>0</u>	<u>0</u>	<u>65,000</u>	<u>125,646</u>	<u>0</u>	<u>190,646</u>
	<u>\$ 24,072</u>	<u>\$ 332,010</u>	<u>\$ 65,000</u>	<u>\$ 502,243</u>	<u>\$ 53,085</u>	<u>\$ 976,410</u>

Note 7 - Postemployment 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 local government 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 government 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 government under this program.

Note 8 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Note 9 - Compliance with Kansas Statutes:

During the month of May 2010, the General Fund had a negative unencumbered cash balance of \$45,373. This is a violation of K.S.A. 10-1113.

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 10 - Defined Benefit Pension Plan:

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer, defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas Ave, Suite 100, Topeka, KS 66603-3869) 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 contributed 8.57% of covered payroll for the year ended June 30, 2010. 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 \$248,468,186, \$242,277,363 and \$220,815,154 respectively, equal to the required contributions for each year.

Note 11 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 12 - Subsequent Events:

The District has evaluated subsequent events through October 4, 2010, the date which the financial statements were available to be issued.

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 13 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d):

K.S.A. 72-6417(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 on June 30. The following shows the revenue as required by the Statutes.

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

	<u>General Fund</u>		Variance -
	Statutory		Favorable
	Transactions	Budget	(Unfavorable)
Statutory Revenues			
Local Sources	\$ 321,877	\$ 299,794	\$ 22,083
State Sources	2,656,165	2,743,381	(87,216)
Federal Sources	<u>150,434</u>	<u>145,190</u>	<u>5,244</u>
	<u>\$ 3,128,476</u>	<u>\$ 3,188,365</u>	<u>\$ (59,889)</u>
 Expenditures			
Instruction	1,634,035	\$ 1,704,920	\$ 70,885
Student Support Services	54,557	29,460	(25,097)
Instructional Support Staff	33,000	78,340	45,340
General Administration	87,572	65,640	(21,932)
School Administration	197,480	208,560	11,080
Operations & Maintenance	187,059	166,138	(20,921)
Student Transportation Services	110,658	106,350	(4,308)
Other Supplemental Services	43,434	43,840	406
Transfers	785,764	790,200	4,436
Adjustment to Comply With Legal Max	0	(96,986)	(96,986)
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>37,097</u>	<u>37,097</u>
	<u>\$ 3,133,559</u>	<u>\$ 3,133,559</u>	<u>\$ 0</u>
 Receipts Over (Under) Expenditures	(5,083)		
 Modified Unencumbered Cash, Beginning	5,083		
 Prior Year Canceled Encumbrances	<u>0</u>		
 Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

Supplemental General Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Transactions</u>		
Statutory Revenues			
Local Sources	\$ 288,233	\$ 286,801	\$ 1,432
County Sources	28,130	32,276	(4,146)
State Sources	221,119	297,634	(76,515)
Federal Sources	75,128	0	75,128
	<u>612,610</u>	<u>\$ 616,711</u>	<u>\$ (4,101)</u>
Expenditures			
Instruction	288,585	\$ 337,600	\$ 49,015
Student Support Services	0	3,650	3,650
Instructional Support Staff	0	5,750	5,750
General Administration	0	27,800	27,800
School Administration	0	16,200	16,200
Operations & Maintenance	140,168	206,000	65,832
Transfers	190,646	26,500	(164,146)
	<u>619,399</u>	<u>\$ 623,500</u>	<u>\$ 4,101</u>
Receipts Over (Under) Expenditures	(6,789)		
Modified Unencumbered Cash, Beginning	6,789		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010
Professional Development Fund

	Statutory Transactions	Budget	Variance - Favorable (Unfavorable)
Statutory Revenues			
Local Sources	\$ 0	\$ 0	\$ 0
State Sources	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures			
Instructional Support Staff	<u>6,255</u>	<u>\$ 28,171</u>	<u>\$ 21,916</u>
	<u>6,255</u>	<u>\$ 28,171</u>	<u>\$ 21,916</u>
Receipts Over (Under) Expenditures	(6,255)		
Modified Unencumbered Cash, Beginning	28,171		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 21,916</u>		

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

KPERS Contribution Fund

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
Cash Receipts			
State Sources	\$ 171,935	\$ 206,370	\$ (34,435)
	<u>171,935</u>	<u>\$ 206,370</u>	<u>\$ (34,435)</u>
Expenditures			
Instruction	116,916	\$ 140,332	\$ 23,416
Student Support Services	8,600	8,254	(346)
Instructional Support Staff	5,158	6,192	1,034
General Administration	1,716	4,128	2,412
School Administration	12,036	14,446	2,410
Other Supplemental Services	3,439	4,127	688
Operations and Maintenance	13,755	16,510	2,755
Student Transportation Services	8,596	10,318	1,722
Food Service Operations	1,719	2,063	344
	<u>171,935</u>	<u>\$ 206,370</u>	<u>\$ 34,435</u>
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

**Board of Education
Unified School District No. 286
Sedan, Kansas**

We have audited the financial statements of **Unified School District No. 286, Sedan, Kansas** as of and for the year ended **June 30, 2010**, and have issued our report thereon dated October 4, 2010, which was adverse because of the District's policy to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Unified School District No. 286, Sedan, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Unified School District No. 286, Sedan, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Unified School District No. 286, Sedan, Kansas'** internal control over financial reporting.

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

**Board of Education
Unified School District No. 286**

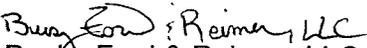
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 286, Sedan, Kansas**' 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 **Unified School District No. 286, Sedan, Kansas** in a separate letter dated October 4, 2010.

This report is intended solely for the information and use of the Board of Education and management of **Unified School District No. 286, Sedan, Kansas** and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
October 4, 2010



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Board of Education
Unified School District No. 286
Sedan, Kansas**

Compliance

We have audited **Unified School District No. 286, Sedan, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on **Unified School District No. 286, Sedan, Kansas'** major federal programs for the year ended **June 30, 2010**. **Unified School District No. 286, Sedan, Kansas'** major federal programs are identified in the summary of auditors' 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 **Unified School District No. 286, Sedan, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 286, Sedan, Kansas'** 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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 286, Sedan, Kansas'** 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 of **Unified School District No. 286, Sedan, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 286, Sedan, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2010**.

**Board of Education
Unified School District No. 286**

Internal Control Over Compliance

Management of **Unified School District No. 286, Sedan, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 286, Sedan, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 **Unified School District No. 286, Sedan, Kansas'** internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Education and management of **Unified School District No. 286, Sedan, Kansas** and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
October 4, 2010

**UNIFIED SCHOOL DISTRICT NO. 286
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash		Receipts	Expenditures	Unencumbered Cash	
			7-1-09	6-30-10			6-30-10	6-30-10
Department of Education								
Rural Education Achievement Program	84.358	\$ 10,233	\$ 0	\$ 0	10,233	\$ 10,233	\$ 0	\$ 0
(Passes Through Kansas Department of Education)								
Department of Agriculture								
School Breakfast Program	10.553	18,520						
National School Lunch Program	10.555	90,519						
		<u>109,039</u>	0	0	109,039	109,039	0	0
Department of Education								
Title I Low Income	84.010	88,870	0	0	88,870	88,870	0	0
Drug Free	84.186	1,511	0	0	1,511	1,511	0	0
Title II Tech Literacy	84.318	702	0	0	702	702	0	0
Title II-Improving Teacher Quality	84.367	33,609	0	0	33,609	33,609	0	0
Title II-ARRA	84.386	1,726	0	0	1,726	1,726	0	0
Title I-ARRA	84.389	41,776	0	0	41,776	41,776	0	0
Stabilization-ARRA	84.394	220,318	0	0	220,318	220,318	0	0
		<u>388,512</u>	0	0	388,512	388,512	0	0
(Passes Through Kansas SRS)								
Department of Health and Human Services								
Medicaid	93.778	5,244	0	0	5,244	5,244	0	0
(Passes Through Southeast Kansas Education Service Center)								
Department of Education								
Carl Perkins	84.048	1,615	0	0	1,615	1,615	0	0
Total Federal Financial Assistance		\$ 514,643	\$ 0	\$ 0	514,643	\$ 514,643	\$ 0	\$ 0

**UNIFIED SCHOOL DISTRICT NO. 286
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 286, Sedan, Kansas** and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**UNIFIED SCHOOL DISTRICT NO. 286
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an adverse opinion on the financial statements of **Unified School District No. 286, Sedan, Kansas**.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of **Unified School District No. 286, Sedan, Kansas** were disclosed during the audit.
4. No significant deficiencies or material weakness were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for **Unified School District No. 286, Sedan, Kansas** expresses an unqualified opinion on the major federal programs.
6. There were no audit findings relative to the major federal award programs for **Unified School District No. 286, Sedan, Kansas**.
7. The programs tested as major programs were:

Title I - ARRA	84.389
Stabilization - ARRA	84.394
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Unified School District No. 286, Sedan, Kansas** was determined not to be a low-risk auditee.

**UNIFIED SCHOOL DISTRICT NO. 286
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

There are no prior audit findings.