UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2010

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2010

TABLE OF CONTENTS

Independent Auditors' Report 1

Statement 1 - Summary of Cash Receipts, Expenditures, and Unencumbered Cash 2

Statement 2 - Summary of Expenditures - Actual and Budget 3

Statement 3 - Statement of Cash Receipts and Expenditures - Actual and Budget
Individually Presented by Fund

Governmental Fund Categories

General Funds

3-1 General Fund 4
3-2 Supplemental General Fund 5

Special Revenue Funds

3-3 Capital Outlay Fund 6
3-4 Vocational Education Fund 7
3-5 Special Education Fund 8
3-6 Food Service Fund 9
3-7 Driver Training Fund 10
3-8 KPERS Retirement Contributions Fund 11
3-9 Professional Development Fund 12
3-10 Summer School Fund 13
3-11 Contingency Fund 14
3-12 Textbook Rental Fund 15
3-13 Title I Fund 16
3-14 Title IIa Fund 17
3-15 Title IId Fund 18
3-16 Title IV Fund 19
3-17 At Risk Fund (K-12) 20
3-18 Grants Fund 21

Debt Service Fund

3-19 Bond and Interest Fund 22

Statement 4 - Summary of Cash Receipts and Cash Disbursements – Agency Funds 23

Statement 5 – Statement of Cash Receipts, Expenditures, and Unencumbered Cash
District Activity Funds 24

Notes to Financial Statements 25

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Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 355 Ellinwood, Kansas
Ellinwood, Kansas

We have audited the accompanying financial statements of **Unified School District No. 355 Ellinwood, 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 **Unified School District No. 355 Ellinwood, Kansas**' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described more fully in Note 1, **Unified School District No. 355 Ellinwood, Kansas**, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 355 Ellinwood, Kansas**, as of June 30, 2010, or the changes in financial position for the year then ended. Further, **Unified School District No. 355 Ellinwood, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Unified School District No. 355 Ellinwood, Kansas**, as of June 30, 2010, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran + Ball

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

October 11, 2010

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

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 Fund Categories							
General Funds							
General Fund	$ (236,670)	-	3,197,655	3,271,499	**(310,514)**	-	**(310,514)**
Supplemental General Fund	48,977	-	977,130	955,000	**71,107**	-	**71,107**
Special Revenue Funds							
Capital Outlay Fund	746,722	-	150,679	63,013	**834,388**	-	**834,388**
Vocational Education Fund	-	-	310,287	194,792	**115,495**	-	**115,495**
Special Education Fund	205,395	-	588,731	567,987	**226,139**	-	**226,139**
Food Service Fund	45,997	-	223,114	212,088	**57,023**	-	**57,023**
Driver Training Fund	38,244	-	4,994	6,650	**36,588**	-	**36,588**
KPERS Retirement Contributions Fund	-	-	193,928	193,928	**-**	-	**-**
Professional Development Fund	28,003	-	-	4,378	**23,625**	-	**23,625**
Summer School Fund	9,795	-	-	-	**9,795**	-	**9,795**
Contingency Fund	246,846	-	18,372	5,633	**259,585**	-	**259,585**
Textbook Rental Fund	54,560	-	6,053	5,705	**54,908**	-	**54,908**
Title I Fund	(89)	-	118,041	118,041	**(89)**	-	**(89)**
Title IIa Fund	-	-	28,679	28,679	**-**	-	**-**
Title IId Fund	-	-	2,192	2,192	**-**	-	**-**
Title IV Fund	-	-	1,596	1,596	**-**	-	**-**
At Risk Fund (K-12)	-	-	244,131	244,131	**-**	-	**-**
Grants Fund	1,146	-	38,201	34,434	**4,913**	-	**4,913**
Debt Service Fund							
Bond and Interest Fund	687,723	-	597,228	524,807	**760,144**	-	**760,144**
Fiduciary Fund							
District Activity Funds	10,434	-	89,983	87,064	**13,353**	-	**13,353**
Total Reporting Entity (Excluding Agency Funds)	$ 1,887,083	-	6,790,994	6,521,617	**2,156,460**	-	**2,156,460**

Composition of Cash		
	Checking Accounts	$ **2,157,155**
	Savings Accounts	**7,516**
	Certificates of Deposits	**30,000**
	Total Cash	**2,194,671**
	Agency Funds per Statement 4	**(38,211)**
	Total Reporting Entity (Excluding Agency Funds)	$ **2,156,460**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2010

Funds	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 Fund Categories						
General Funds						
General Fund	$ 3,403,926	(172,260)	42,193	3,273,859	**3,271,499**	(2,360)
Supplemental General Fund	955,000	-	-	955,000	**955,000**	-
Special Revenue Funds						
Capital Outlay Fund	475,000	-	-	475,000	**63,013**	(411,987)
Vocational Education Fund	239,447	-	-	239,447	**194,792**	(44,655)
Special Education Fund	628,486	-	-	628,486	**567,987**	(60,499)
Food Service Fund	247,152	-	-	247,152	**212,088**	(35,064)
Driver Training Fund	8,873	-	-	8,873	**6,650**	(2,223)
KPERS Retirement Contributions Fund	232,308	-	-	232,308	**193,928**	(38,380)
Professional Development Fund	49,944	-	-	49,944	**4,378**	(45,566)
Summer School Fund	9,795	-	-	9,795	**-**	(9,795)
At Risk Fund (K-12)	259,734	-	-	259,734	**244,131**	(15,603)
Debt Service Fund						
Bond and Interest Fund	524,808	-	-	524,808	**524,807**	(1)

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
General Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues	$ 634,939	**561,550**	562,995	(1,445)
Intergovernmental Revenues				
State Special Education	443,078	**390,218**	390,218	-
Equalization Aid	2,500,573	**2,047,921**	2,088,380	(40,459)
Federal Aid	-	**800**	-	800
Federal Aid - ARRA	-	**155,773**	155,773	-
State Aid	1,000	**2,000**	-	2,000
Reimbursed Expenses	35,733	**39,393**	-	39,393
Total Cash Receipts	3,615,323	**3,197,655**	3,197,366	289
Expenditures				
Instruction	1,566,531	**1,358,291**	1,476,037	(117,746)
Student Support Services	38,659	**16,480**	38,899	(22,419)
Instructional Support Staff	5,336	**-**	38,000	(38,000)
General Administration	195,251	**143,019**	242,252	(99,233)
School Administration	259,395	**255,491**	260,465	(4,974)
Operations and Maintenance	327,535	**294,890**	239,991	54,899
Student Transportation Services	121,252	**36,285**	122,000	(85,715)
Community Service Operations	116,562	**121,524**	163,225	(41,701)
Operating Transfers Out	983,783	**1,045,519**	823,057	222,462
Adjustment to Comply with Legal Max	-	**-**	(172,260)	172,260
(a) Adjustment for Qualifying Budget Credits	-	**-**	42,193	(42,193)
Total Expenditures	3,614,304	**3,271,499**	3,273,859	(2,360)
Cash Receipts Over (Under) Expenditures	1,019	**(73,844)**		
Unencumbered Cash - Beginning	(237,689)	**(236,670)**		
Unencumbered Cash - Ending	$ (236,670)	**(310,514)**		

(a) Adjustment for Qualifying Budget Credits

Reimbursed Expenses Over Amount Budgeted	$ 39,393
State Aid Over Amount Budgeted	2,000
Federal Aid Over Amount Budgeted	800
Total	$ 42,193

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Supplemental General Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues	$ 701,110	**731,417**	662,896	68,521
Intergovernmental Revenues				
Equalization Aid	229,623	**184,588**	240,746	(56,158)
Federal Aid - ARRA	-	**61,125**	-	61,125
Total Cash Receipts	930,733	**977,130**	903,642	73,488
Expenditures				
Instruction	254,542	**251,948**	208,068	43,880
Student Support Services	-	**27,467**	850	26,617
Instructional Support Staff	-	**3,558**	-	3,558
General Administration	4,050	**49,432**	5,000	44,432
School Administration	-	**10,766**	5,000	5,766
Operations and Maintenance	328,109	**320,643**	381,635	(60,992)
Student Transportation Services	-	**49,333**	-	49,333
Operating Transfers Out	329,148	**241,853**	354,447	(112,594)
Total Expenditures	915,849	**955,000**	955,000	-
Cash Receipts Over (Under) Expenditures	14,884	**22,130**		
Unencumbered Cash - Beginning	34,093	**48,977**		
Unencumbered Cash - Ending	$ 48,977	**71,107**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Capital Outlay Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Interest Income	$ 27,312	**10,935**	25,000	(14,065)
Other Income	31,174	**64,744**	29,000	35,744
Operating Transfers In	10,000	**75,000**	-	75,000
Total Cash Receipts	68,486	**150,679**	54,000	96,679
Expenditures				
Instruction	-	-	475,000	(475,000)
Facility Acquisition and Construction	-	**63,013**	-	63,013
Total Expenditures	-	**63,013**	475,000	(411,987)
Cash Receipts Over (Under) Expenditures	68,486	**87,666**		
Unencumbered Cash - Beginning	678,236	**746,722**		
Unencumbered Cash - Ending	$ 746,722	**834,388**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Vocational Education Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers In	$ 195,115	**310,085**	239,447	70,638
Other Income	-	**202**	-	202
Total Cash Receipts	195,115	**310,287**	239,447	70,840
Expenditures				
Instruction	189,334	**189,187**	231,447	(42,260)
Operations and Maintenance	5,781	**5,605**	8,000	(2,395)
Total Expenditures	195,115	**194,792**	239,447	(44,655)
Cash Receipts Over (Under) Expenditures	-	**115,495**		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	**115,495**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Special Education Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers In	$ 626,727	**588,731**	618,057	(29,326)
Expenditures				
Instruction	589,590	**535,994**	588,844	(52,850)
Student Transportation Services	36,806	**31,993**	39,642	(7,649)
Total Expenditures	626,396	**567,987**	628,486	(60,499)
Receipts Over (Under) Expenditures	331	**20,744**		
Unencumbered Cash - Beginning	205,064	**205,395**		
Unencumbered Cash - Ending	$ 205,395	**226,139**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Food Service Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenues				
State Aid	$ 2,258	**2,220**	2,420	(200)
Federal Aid	101,888	**107,589**	102,107	5,482
Student Sales	65,170	**60,031**	65,873	(5,842)
Adult Sales	8,408	**7,187**	16,406	(9,219)
Other Income	1,824	**1,087**	-	1,087
Operating Transfers In	57,253	**45,000**	40,000	5,000
Total Cash Receipts	236,801	**223,114**	226,806	(3,692)
Expenditures				
Food Service Operation	224,633	**212,088**	247,152	(35,064)
Cash Receipts Over (Under) Expenditures	12,168	**11,026**		
Unencumbered Cash - Beginning	33,829	**45,997**		
Unencumbered Cash - Ending	$ 45,997	**57,023**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Driver Training Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue				
State Aid	$ 1,140	**1,700**	1,750	(50)
Other Income	3,568	**3,294**	3,570	(276)
Total Cash Receipts	4,708	**4,994**	5,320	(326)
Expenditures				
Instruction	6,540	**5,426**	6,533	(1,107)
Operations and Maintenance	1,442	**1,224**	2,340	(1,116)
Total Expenditures	7,982	**6,650**	8,873	(2,223)
Cash Receipts Over (Under) Expenditures	(3,274)	**(1,656)**		
Unencumbered Cash - Beginning	41,518	**38,244**		
Unencumbered Cash - Ending	$ 38,244	**36,588**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
KPERS Retirement Contributions Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue				
State Aid	$ 196,871	**193,928**	232,308	(38,380)
Expenditures				
Instruction	122,277	**120,450**	144,288	(23,838)
Student Support Services	8,337	**8,212**	9,838	(1,626)
Instructional Support Staff	11,069	**10,903**	13,061	(2,158)
General Administration	4,910	**4,836**	5,794	(958)
School Administration	26,482	**26,087**	31,249	(5,162)
Operations and Maintenance	11,800	**11,624**	13,924	(2,300)
Student Transportation Services	3,577	**3,523**	4,220	(697)
Student Activities	1,710	**1,685**	2,018	(333)
Food Service	6,709	**6,608**	7,916	(1,308)
Total Expenditures	196,871	**193,928**	232,308	(38,380)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Professional Development Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue				
State Aid	$ 4,174	-	-	-
Operating Transfers In	60,423	-	15,000	(15,000)
Total Cash Receipts	64,597	-	15,000	(15,000)
Expenditures				
Instruction	27,526	**3,507**	49,944	(46,437)
General Administration	6,856	**821**	-	821
School Administration	2,759	**50**	-	50
Total Expenditures	37,141	**4,378**	49,944	(45,566)
Cash Receipts Over (Under) Expenditures	27,456	**(4,378)**		
Unencumbered Cash - Beginning	547	**28,003**		
Unencumbered Cash - Ending	$ 28,003	**23,625**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Summer School Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts	$ -	-	-	-
Expenditures				
Instruction	391	-	9,795	(9,795)
Cash Receipts Over (Under) Expenditures	(391)	-		
Unencumbered Cash - Beginning	10,186	**9,795**		
Unencumbered Cash - Ending	$ 9,795	**9,795**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Contingency Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Operating Transfers In	$	100,000	**18,372**
Expenditures			
Equipment		-	**5,633**
Cash Receipts Over (Under) Expenditures		100,000	**12,739**
Unencumbered Cash - Beginning		146,846	**246,846**
Unencumbered Cash - Ending	$	246,846	**259,585**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Textbook Rental Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Operating Transfers In	$	24,813	**6,053**
Expenditures			
Textbook Purchases		8,629	**5,705**
Cash Receipts Over (Under) Expenditures		16,184	**348**
Unencumbered Cash - Beginning		38,376	**54,560**
Unencumbered Cash - Ending	$	54,560	**54,908**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title I Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Intergovernmental Revenue			
Title I Federal Aid	$	73,950	**118,041**
Expenditures			
Instruction		72,881	**116,972**
School Administration		1,069	**1,069**
Total Expenditures		73,950	**118,041**
Cash Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		(94)	**(89)**
Prior Year Cancelled Encumbrances		5	**-**
Unencumbered Cash - Ending	$	(89)	**(89)**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title IIa Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Intergovernmental Revenue			
Title IIa Federal Aid	$	28,562	**28,679**
Expenditures			
Instruction		26,019	**21,340**
Student Support Services		2,543	**4,025**
Other Expenses		-	**3,314**
Total Expenditures		28,562	**28,679**
Cash Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title IId Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Intergovernmental Revenue			
Title IId Federal Aid	$	707	**2,192**
Expenditures			
Instruction		94	**160**
Student Support Services		613	**474**
Other Expenses		-	**1,558**
Total Expenditures		707	**2,192**
Cash Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Title IV Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Intergovernmental Revenue			
Title IV Federal Aid	$	1,591	**1,596**
Expenditures			
Instruction		1,397	**1,390**
Instructional Support Staff		194	**206**
Total Expenditures		1,591	**1,596**
Cash Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
At Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	**Current Year**	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers In	$ 238,600	**244,131**	250,000	(5,869)
Miscellaneous	-	-	9,743	(9,743)
Total Cash Receipts	238,600	**244,131**	259,743	(15,612)
Expenditures				
Instruction	238,600	**244,131**	259,734	(15,603)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Grants Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	**Current Year Actual**
Cash Receipts			
Intergovernmental Revenues			
Federal Aid	$	22,690	**23,144**
Pass-through From ESSDACK		4,359	**2,000**
Other Revenue From Local Sources		10,037	**13,057**
Total Cash Receipts		37,086	**38,201**
Expenditures			
Instruction		922	**246**
Instructional Support Staff		1,393	**1,378**
General Administration		4,359	**2,000**
Other Supplemental Services		22,690	**22,644**
Operations and Maintenance		6,919	**8,166**
Total Expenditures		36,283	**34,434**
Cash Receipts Over (Under) Expenditures		803	**3,767**
Unencumbered Cash - Beginning		343	**1,146**
Unencumbered Cash - Ending	$	1,146	**4,913**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Bond and Interest Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues	$ 569,420	**560,487**	521,338	39,149
Intergovernmental Revenue				
State Aid	79,373	**36,741**	36,737	4
Total Cash Receipts	648,793	**597,228**	558,075	39,153
Expenditures				
Principal Payments	265,000	**280,000**	280,000	-
Interest Payments	264,088	**244,807**	244,808	(1)
Total Expenditures	529,088	**524,807**	524,808	(1)
Cash Receipts Over (Under) Expenditures	119,705	**72,421**		
Unencumbered Cash - Beginning	568,018	**687,723**		
Unencumbered Cash - Ending	$ 687,723	**760,144**		

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	**Ending Cash Balance**
Student Activity Funds				
High School				
Cheer-Spirit Squad	$ 5,397	8,100	12,704	**793**
High School Band	642	653	1,118	**177**
Band Fundraisers	11,851	19,809	25,362	**6,298**
Athletic Fundraisers	1,100	2,185	1,713	**1,572**
Big Al's Tourney	-	4,908	4,908	**-**
Computer Technology	907	579	545	**941**
EHS After-Prom Organization	4,631	14,144	13,681	**5,094**
FFA	8,178	11,084	11,073	**8,189**
Kayette Club	229	179	75	**333**
Mystic Blues	853	5,538	2,303	**4,088**
EHS Today	306	-	-	**306**
Stuco	1,965	16,195	17,373	**787**
Weightlifting Club	162	-	-	**162**
Vocational Agriculture	1,355	7,122	7,974	**503**
National Honor Society	223	65	322	**(34)**
International Club	1,953	376	427	**1,902**
Entrepreneurship	573	-	-	**573**
FCCLA	770	-	-	**770**
Fellowship of Christian Athletes	38	-	-	**38**
Drama Club	164	20	150	**34**
Future Business Leaders of America	-	1,242	1,058	**184**
Tri-M Honor	-	310	250	**60**
Class of 2010	1,976	653	2,005	**624**
Class of 2011	818	15,537	12,296	**4,059**
Class of 2012	37	1,068	350	**755**
Class of 2013	-	311	311	**-**
Hope Tree Fund	208	61	-	**269**
Insurance Clearing Fund	2,649	57,251	60,166	**(266)**
Total Agency Funds	$ 46,985	167,390	176,164	**38,211**

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
District Activity Funds
Statement of Cash Receipts, Expenditures, and Unencumbered Cash (Statutory Basis)
For the Year Ended June 30, 2010

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**
Ellinwood High School							
Gate Receipts	$ 22	-	17,662	17,211	**473**	-	**473**
Athletics	702	-	16,326	15,784	**1,244**	-	**1,244**
Activity - Miscellaneous	1	-	3,590	2,871	**720**	-	**720**
Library	3,237	-	1,777	2,048	**2,966**	-	**2,966**
Music Equipment	1,041	-	242	68	**1,215**	-	**1,215**
Technology Fund	163	-	-	-	**163**	-	**163**
Shirts, etc.	162	-	7,460	7,364	**258**	-	**258**
Vending Machine	1,003	-	261	-	**1,264**	-	**1,264**
Driver's Ed	-	-	3,720	3,720	**-**	-	**-**
Eagle Exchange	319	-	1,267	1,219	**367**	-	**367**
Woodworking	1,997	-	2,442	1,576	**2,863**	-	**2,863**
Musical	1,787	-	4,123	4,086	**1,824**	-	**1,824**
Yearbook	-	-	11,472	11,476	**(4)**	-	**(4)**
Book Rental	-	-	19,641	19,641	**-**	-	**-**
Total District Activity Funds	$ 10,434	-	89,983	87,064	**13,353**	-	**13,353**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 355 Ellinwood, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the 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. The following is a summary of such significant policies.

Reporting Entity

Unified School District No. 355 Ellinwood, Kansas is a municipal corporation governed by an elected board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no such entities under its control.

Unified School District No. 355 Ellinwood, Kansas is the primary government as defined in GASB #14 and further amended by GASB #39. The School Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Presentation – Fund Accounting

The accounts of **Unified School District No. 355 Ellinwood, Kansas** are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of **Unified School District No. 355 Ellinwood, Kansas** for the year ended June 30, 2010.

Governmental Fund Categories

General Funds – to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Categories

Agency Funds – to account for assets held by a governmental unit as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditures, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

District Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from District activities. These funds exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the Board of Education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

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

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

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 expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the 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.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general funds, special revenue funds (unless specifically exempted by statute), and debt service fund. Although directory rather

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

d. 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 were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds and the following special revenue funds: Contingency Fund, Textbook Rental Fund, Title I Fund, Title IIa Fund, Title IId Fund, Title IV Fund, and Grants Fund.

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

Deposits and Investments
Unified School District No. 355 Ellinwood, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments 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 K.S.A. 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 does not use "peak periods". All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was $2,194,671 and the bank balance was $2,405,559. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $1,473,433 was covered by federal depository insurance and $932,126 was collateralized with securities held by pledging financial institutions' agents 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. The District had no investments at June 30, 2010.

Compensated Absences

Vacation Leave
The superintendent is allowed 10 days of vacation per year. The board secretary and the business manager are allowed 15 days per year. Other classified personnel with 12 month contracts are allowed .8333 days per month of employment up to 14 years of service. For employees with 15 or more years of service, vacation days will be accrued at the rate of 1.25 days per month.

Classified employees are encouraged to use their vacation days before the end of the fiscal year, however, five days of vacation are allowed to be carried over according to the classified handbook.

Sick Leave
Certified Employees – The policy regarding sick pay is that all employees are allowed 10 days per year, accumulative to 60 or more days (could be from 60 to 70 days), the days not used for sick leave during that year above 60 days will be bought back at the end of the school year at a rate of $50 per day.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classified Employees – Full-time employees are allowed 10 days per year, accumulative to 40 days. Upon termination of employment, no sick leave benefits will be paid out beyond the District's buy-back policy for certified personnel. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences", no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Sick Leave Bank – The sick leave bank is voluntary and open to all employees who receive sick leave days from the District. The purpose of the sick leave pool is to allow staff members to contribute unused sick leave to a pool and allow participating members, who would otherwise have their pay reduced, draw from the pool and avoid having their pay reduced. Employees have until September 1st of each school year to deposit sick days to the bank. The number of sick leave days that can be drawn from the pool by one individual in any one fiscal year is limited to 20 percent of the days in the pool or one month, which ever is greater. The number of sick leave days that can be drawn by all individuals is limited to the total days in the pool.

Personal Leave
Certified Employees – Each employee is allowed two days per year, accumulative to five days. At the end of the school year, the District will buy any accumulated personal days that exceed five days of accumulated leave for the year at a rate of $50 per day.

Classified Employees – Full-time employees are allowed two days personal leave per contract year. Each employee may accumulate personal leave to a maximum of five days. Employees may choose to redeem any or all at $40 per (8 hour) day.

The potential liability for accumulated sick leave, personal leave and vacation leave is shown on the schedule of long-term debt.

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

Defined Benefit Pension Plan
Plan Description
Unified School District No. 355 Ellinwood, Kansas co ntributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy
K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State of Kansas is required to contribute the remaining amount necessary to achieve actuarially determined contribution rate. The State currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and periodically revised. The State of 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.

Other Post Employment Benefits
As provided by K.S.A. 12-5040, **Unified School District No. 355 Ellinwood, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

Early Retirement Plan
Certified personnel employed during the 1996-1997 school year or prior are eligible to participate in the District's early retirement program if certain eligibility requirements are met. The employee must have completed 10 years of service with the District and be eligible for KPERS retirement.

Eligibility commences on July 1 following the school year during which the 61st birthday occurs. It continues until any year between ages 61 and 65. Notification must be given to the District by April 1 in the year prior to the July 1 retirement date. Upon early retirement, the retiree will have a choice of either Plan A or Plan B to determine the amount of their early retirement benefit based on a percentage of their final base pay and their health insurance benefit.

Plan A

On or before	61	62	63	64
1st Year	8%	7%	5%	3%
2nd Year	5%	5%	1%	0%
3rd Year	2%	1%	0%	0%
4th Year	0%	0%	0%	0%

Health insurance of $1,800 per year for a maximum of 4 years.

Plan B

On or before	61	62	63	64
1st Year	11%	10%	8%	6%
2nd Year	8%	8%	4%	0%
3rd Year	5%	4%	0%	0%
4th Year	3%	0%	0%	0%

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

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. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as expenditures approved in federal and state grant contracts.

Reimbursements

Unified School District No. 355 Ellinwood, Kansas records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The District's interfund transfers and statutory authority for June 30, 2010 were as follows:

From	To	Statutory Authority	Amount
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	$ 244,131
General Fund	Special Education Fund	K.S.A. 72-6428	390,218
General Fund	Capital Outlay Fund	K.S.A. 72-6428	75,000
General Fund	Contingency Fund	K.S.A. 72-6428	18,372
General Fund	Textbook Rental Fund	K.S.A. 72-6428	6,053
General Fund	Food Service Fund	K.S.A. 72-6428	24,359
General Fund	Vocational Education Fund	K.S.A. 72-6428	287,386
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	20,641
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	198,513
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	22,699

NOTE 3 – LITIGATION

Unified School District No. 355 Ellinwood, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 355 Ellinwood, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, crime, umbrella, linebacker, auto and fidelity bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 355 Ellinwood, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

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

NOTE 7 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Unified School District No. 355 Ellinwood, Kansas did not remit to the state fiscal agent at least 20 days before the day of maturity on the bond and interest payments due on the General Obligation Bond Series 2000, which is a violation of K.S.A. 10-130.

The District has outstanding checks at year end in the activity funds that are over two years old which is a violation of K.S.A. 10-816.

The District has expenditures that exceeded available monies in the following funds which are violations of K.S.A.10-1113:

Title I Fund	$ 89
Activity Fund	$ 38

Although the Title I Fund is a Federal reimbursement program, the current year funding has been exhausted resulting in the statute violation listed above.

NOTE 8 – RELATED PARTY TRANSACTIONS

The District expended $29,466 on fuel and repairs with Ellinwood Coop which is managed by a board member. The District also expended $736 on repairs and inspections at the Pit Stop Service Station which is owned by a board member.

NOTE 9 – PRIOR YEAR'S DEBT DEFEASEMENT

In 2005, the District defeased a portion of the General Obligation School Improvement Bond Series 2000 bonds issue by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase qualified securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's financial statements. Those bonds will be called for redemption and payment on September 1, 2010.

NOTE 9 – PRIOR YEAR'S DEBT DEFEASEMENT (continued)

As of June 30, 2010, the amount of defeased debt outstanding but removed as a liability from the financial statements aggregated $4,245,000 represented in full by General Obligation School Improvement Bond Series 2000 bonds.

NOTE 10 – LONG-TERM DEBT

Unified School District No. 355 Ellinwood, Kansas has the following types of long-term debt.

General Obligation Bonds
On June 1, 2000, the District issued $6,188,000 in Series 2000 A bonds to renovate and improve District buildings.

On August 1, 2005, the District issued $4,245,000 in Series 2005 A refunding bonds for the purpose of providing funds for refunding $4,110,000 in Series 2000 A bonds.

Changes in long-term debt for the District at June 30, 2010 and current maturities of long- term debt and interest for the next five years and in five year increments are included on the next page.

NOTE 10 - LONG-TERM DEBT (continued)

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Building Bonds 2000 A	5.3%-8.0%	06/01/00	$ 6,188,000	09/01/10	$ 575,000	-	(280,000)	(280,000)	**295,000**	244,808
Refunding Bonds 2005 A	3.4%-4.3%	08/01/05	4,245,000	09/01/20	4,245,000	-	-	-	**4,245,000**	-
Total Contractual Indebtedness					4,820,000	-	(280,000)	(280,000)	**4,540,000**	244,808
Compensated Absences					20,837			290,861	**311,698**	
Total Long-Term Debt					**$ 4,840,837**	**-**	**(280,000)**	**10,861**	**4,851,698**	**244,808**

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

	2011	2012	2013	2014	2015	2016 - 2020	2021 - 2022	**Total**
Principal								
General Obligation Bonds								
Building Bonds 2000 A	$ 295,000	-	-	-	-	-	-	**295,000**
Refunding Bonds 2005 A	-	355,000	370,000	385,000	395,000	2,235,000	505,000	**4,245,000**
Total Principal	295,000	355,000	370,000	385,000	395,000	2,235,000	505,000	**4,540,000**
Interest								
General Obligation Bonds								
Building Bonds 2000 A	118,064	-	-	-	-	-	-	**118,064**
Refunding Bonds 2005 A	-	164,805	152,735	139,785	125,925	389,635	21,715	**994,600**
Total Interest	118,064	164,805	152,735	139,785	125,925	389,635	21,715	**1,112,664**
Total Principal and Interest	$ 413,064	519,805	522,735	524,785	520,925	2,624,635	526,715	**5,652,664**

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

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

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
General Fund
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenues	$ **561,550**	562,995	(1,445)
Intergovernmental Revenues			
State Special Education	**390,218**	390,218	-
Equalization Aid	**2,124,125**	2,088,380	35,745
Federal Aid	**800**	-	800
Federal Aid - ARRA	**155,773**	155,773	-
State Aid	**2,000**	-	2,000
Reimbursed Expenses	**39,393**	-	39,393
Total Statutory Revenues	**3,273,859**	3,197,366	76,493
Expenditures			
Instruction	**1,358,291**	1,476,037	(117,746)
Student Support Services	**16,480**	38,899	(22,419)
Instructional Support Staff	**-**	38,000	(38,000)
General Administration	**143,019**	242,252	(99,233)
School Administration	**255,491**	260,465	(4,974)
Operations and Maintenance	**294,890**	239,991	54,899
Student Transportation Services	**36,285**	122,000	(85,715)
Community Service Operations	**121,524**	163,225	(41,701)
Operating Transfers Out	**1,045,519**	823,057	222,462
Adjustment to Comply with Legal Max	**-**	(172,260)	172,260
(a) Adjustment for Qualifying Budget Credits	**-**	42,193	(42,193)
Total Expenditures and Legal General Fund Budget	**3,271,499**	3,273,859	(2,360)
Statutory Revenues Over (Under) Expenditures	**2,360**		
Modified Unencumbered Cash, Beginning	**(2,360)**		
Modified Unencumbered Cash, Ending	$ **-**		

(a) Adjustment for Qualifying Budget Credits	
Reimbursed Expenses Over Amount Budgeted	$ 39,393
State Aid Over Amount Budgeted	2,000
Federal Aid Over Amount Budgeted	800
Total	$ 42,193

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417 (d) AND K.S.A. 72-6434(d) (continued)

UNIFIED SCHOOL DISTRICT NO. 355 ELLINWOOD, KANSAS
Supplemental General Fund
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

		Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues				
Taxes and Shared Revenues	$	**731,417**	662,896	68,521
Intergovernmental Revenues				
Equalization Aid		**179,903**	240,746	(60,843)
Federal Aid - ARRA		**61,125**	-	61,125
Total Statutory Revenues		**972,445**	903,642	68,803
Expenditures				
Instruction		**251,948**	208,068	43,880
Student Support Services		**27,467**	850	26,617
Instructional Support Staff		**3,558**	-	3,558
General Administration		**49,432**	5,000	44,432
School Administration		**10,766**	5,000	5,766
Operations and Maintenance		**320,643**	381,635	(60,992)
Student Transportation Services		**49,333**	-	49,333
Operating Transfers Out		**241,853**	354,447	(112,594)
Total Expenditures		**955,000**	955,000	-
Statutory Revenues Over (Under) Expenditures		**17,445**		
Modified Unencumbered Cash, Beginning		**101,473**		
Modified Unencumbered Cash, Ending	$	**118,918**		