

**BOARD OF EDUCATION**  
**BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205**  
**Leon, Kansas**  
**Financial Statements**  
**June 30, 2008**  
**with**  
**Independent Auditors' Report**

Independent Auditors' Report

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In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Bluestem Unified School District No. 205, Leon, Kansas, as of June 30, 2008, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

As described in Note 1, the District's policy is 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 generally accepted accounting principles.

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

We have audited the accompanying financial statements of the individual funds of Bluestem Unified School District No. 205, Leon, Kansas, as of and for the year ended June 30, 2008, 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.

Board of Education  
Bluestem Unified School District No. 205  
Leon, Kansas

INDEPENDENT AUDITORS' REPORT

PETERSON, PETERSON & GOSS, L.C.

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MEMBER OF THE  
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This report is intended solely for the use of the management of Bluestem Unified School District No. 205 and the Kansas Department of Education and should not be used for any other purpose.

December 23, 2008

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
Year Ended June 30, 2008

	Beginning	Prior Year	Cash	Receipts	Expenditures	Unencumbered	Add	Ending
	Unencumbered	Cancelled				Cash	Outstanding	Cash
	Balance	Encumbrances				Balance	Encumbrances	Balance
	\$ (334,690)	\$ -	\$ 5,367,980	\$ 1,395,058	\$ 5,334,871	\$ (301,581)	\$ 43,395	\$ (258,186)
	(27,787)				1,382,787	(15,516)	119,667	104,151
General	-	-	239,080	239,080	239,080	-	-	-
At Risk (K-12)	-	-	484,957	266,358	101,698	649,617	-	649,617
Special Revenue:	181,175	-	12,255	12,738	11,842	181,175	-	181,175
Contingency Reserve	12,255	12,738	11,842	11,842	13,151	13,151	-	13,151
Driver Training	15,080	330,909	325,233	272,318	272,318	20,756	241	20,997
Food Service	-	272,318	272,318	272,318	272,318	-	-	-
KPERs Special Retirement Contribution	21,239	12,415	15,146	12,415	15,146	18,508	3,379	21,887
Professional Development	125,348	825,000	820,520	368,762	365,212	129,828	-	129,828
Special Education	-	74,186	63,552	74,186	63,552	13,361	-	13,361
Vocational Education	2,727	1,169	1,169	1,169	1,169	1,169	-	1,169
Textbook Rental and Student Material Revolving	682	22,590	-	682	-	23,272	-	23,272
Auditorium Renovation	6,381	51,324	53,531	4,174	4,174	6,472	-	10,646
District Activity	5,015	700	1,773	3,942	3,942	-	-	3,942
Federal Projects:	-	80,211	80,211	80,211	80,211	-	52	52
Title I	-	1,173	1,173	2,519	1,173	-	1,173	1,173
Title V Innovative Programs	-	2,519	2,519	2,519	2,519	-	571	571
Drug Free Education	-	28,891	25,986	28,891	25,986	2,905	-	2,905
Title II A	63	-	-	-	-	63	-	63
Character First	-	798	798	798	798	-	798	798
Title III	-	637,865	637,865	637,865	637,865	-	-	637,865
Debt Service:	1,000,385	621,745	9,952,847	9,952,847	9,736,115	984,265	-	984,265
Bond and Interest	984,265	621,745	9,952,847	9,952,847	9,736,115	984,265	-	984,265
Total Reporting Entity	\$ 1,515,907	\$ -	\$ 9,952,847	\$ 9,952,847	\$ 9,736,115	\$ 1,732,639	\$ 231,564	\$ 1,964,203

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Summary of Cash Receipts, Cash Disbursements and Unencumbered Cash

Year Ended June 30, 2008

Composition of Cash:	
Checking Accounts - State Bank of Leon (excess of outstanding	
checks over bank balance)	
Money Market Accounts - State Bank of Leon	\$ (278,492)
Petty Cash Checking Account - State Bank of Leon	600
Certificates of Deposit - State Bank of Leon	421,760
Payroll Clearing	(184,169)
Total Cash	<u>2,057,733</u>
Agency Funds per Statement 4	(93,530)
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,964,203</u>

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Summary of Expenditures - Actual and Budget  
 Year Ended June 30, 2008

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 5,312,660	\$ (70,858)	\$ 93,069	\$ 5,334,871	\$ 5,334,871	\$ -
Supplemental General	1,401,480	(18,693)		1,382,787	1,382,787	-
Special Revenue:						
At Risk (K-12)	245,000			245,000	239,080	5,920
Capital Outlay	500,000			500,000	101,698	398,302
Driver Training	30,000			30,000	11,842	18,158
Food Service	375,000			375,000	325,233	49,767
KPERS Special Retirement Contribution	348,774			348,774	272,318	76,456
Professional Development	40,000			40,000	15,146	24,854
Special Education	900,000			900,000	820,520	79,480
Vocational Education	400,000			400,000	365,212	34,788
Debt Service:						
Bond and Interest	637,965			637,965	637,865	100

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 475,918	\$ 479,754	\$ 3,836
Delinquent tax	7,456	17,845	10,389
Mineral production tax	-	3,660	3,660
State Aid:			
Equalization aid	4,092,508	4,174,081	81,573
Special education aid	664,360	599,571	(64,789)
Reimbursements	93,069	93,069	-
Total Cash Receipts	5,333,311	5,367,980	34,669
Expenditures:			
Instruction	2,496,000	2,646,174	(150,174)
Support services	379,500	534,767	(155,267)
General administration	334,760	202,556	132,204
School administration	451,000	356,026	94,974
Operation and maintenance	351,000	477,778	(126,778)
Student transportation services	260,400	320,984	(60,584)
Transfers to:			
At Risk (K-12) Fund	225,000	101,586	123,414
Textbook Rental and Student Materials Fund	-	40,000	(40,000)
Special Education Fund	665,000	605,000	60,000
Vocational Education Fund	150,000	50,000	100,000
Adjustment to comply with legal max	(70,858)	-	(70,858)
Legal General Fund Budget	5,241,802	5,334,871	(93,069)
Adjustment for qualifying budget credits	93,069	-	93,069
Total Expenditures	5,334,871	5,334,871	-
Receipts Over (Under) Expenditures	(1,560)	33,109	34,669
Unencumbered Cash, Beginning	1,560	(334,690)	(336,250)
Unencumbered Cash, Ending	\$ -	\$ (301,581)	\$ (301,581)

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Supplemental General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Cash Receipts:</b>			
Taxes and Shared Revenue:			
Ad valorem property	\$ 455,478	\$ 467,696	\$ 12,218
Delinquent tax	6,655	17,627	10,972
Motor vehicle tax	166,210	167,499	1,289
State aid	727,315	742,236	14,921
<b>Total Cash Receipts</b>	<b>1,355,658</b>	<b>1,395,058</b>	<b>39,400</b>
<b>Expenditures:</b>			
Instruction	298,000	299,874	(1,874)
Support services	50,000	-	50,000
General administration	258,980	115,247	143,733
Operations and maintenance	304,500	345,776	(41,276)
Transfers to:			
At Risk (K-12) Fund	20,000	125,890	(105,890)
Driver Training Fund	30,000	5,000	25,000
Food Service Fund	20,000	71,000	(51,000)
Professional Development Fund	30,000	10,000	20,000
Special Education Fund	240,000	220,000	20,000
Vocational Education Fund	150,000	190,000	(40,000)
Adjustment to comply with legal max	(18,693)	-	(18,693)
<b>Total Expenditures</b>	<b>1,382,787</b>	<b>1,382,787</b>	<b>-</b>
Receipts Over (Under) Expenditures	(27,129)	12,271	39,400
Unencumbered Cash, Beginning	27,129	(27,787)	(54,916)
Unencumbered Cash, Ending	\$ -	\$ (15,516)	\$ (15,516)

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 At Risk (K-12) Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Other	\$ -	\$ 11,604	\$ 11,604
Transfers from:			
General Fund	225,000	101,586	(123,414)
Supplemental General Fund	20,000	125,890	105,890
Total Cash Receipts	245,000	239,080	(5,920)
Expenditures:			
Instruction	238,550	239,080	(530)
Student transportation services	6,450	-	6,450
Total Expenditures	245,000	239,080	5,920
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Capital Outlay Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 110,055	\$ 109,107	\$ (948)
Delinquent tax	1,722	4,602	2,880
Motor vehicle tax	42,828	43,024	196
Interest earnings	40,000	55,739	15,739
Other	5,000	12,919	7,919
State aid	41,055	40,967	(88)
Total Cash Receipts	240,660	266,358	25,698
Expenditures:			
Equipment and furnishings	450,000	101,698	348,302
Transportation	50,000	-	50,000
Total Expenditures	500,000	101,698	398,302
Receipts Over (Under) Expenditures	(259,340)	164,660	424,000
Unencumbered Cash, Beginning	484,957	484,957	-
Unencumbered Cash, Ending	\$ 225,617	\$ 649,617	\$ 424,000

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Contingency Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2008

Unencumbered Cash, Beginning	\$ 181,175
Unencumbered Cash, Ending	\$ 181,175

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Driver Training Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 4,320	\$ 3,740	\$ (580)
Other	2,500	3,998	1,498
Transfer from Supplemental General Fund	30,000	5,000	(25,000)
Total Cash Receipts	<u>36,820</u>	<u>12,738</u>	<u>(24,082)</u>
Expenditures:			
Instruction	27,900	11,090	16,810
Operation and maintenance	2,100	752	1,348
Total Expenditures	<u>30,000</u>	<u>11,842</u>	<u>18,158</u>
Receipts Over (Under) Expenditures	6,820	896	(5,924)
Unencumbered Cash, Beginning	12,255	12,255	-
Unencumbered Cash, Ending	\$ 19,075	\$ 13,151	\$ (5,924)

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Food Service Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 5,895	\$ 3,339	\$ (2,556)
Federal aid	147,381	116,331	(31,050)
Charges for services	203,860	140,239	(63,621)
Transfer from Supplemental General Fund	20,000	71,000	51,000
Total Cash Receipts	<u>377,136</u>	<u>330,909</u>	<u>(46,227)</u>
Expenditures:			
Food service operation	375,000	325,233	49,767
Receipts Over (Under) Expenditures	2,136	5,676	3,540
Unencumbered Cash, Beginning	15,080	15,080	-
Unencumbered Cash, Ending	<u>\$ 17,216</u>	<u>\$ 20,756</u>	<u>\$ 3,540</u>

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
KPERS Special Retirement Contribution Fund

Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 348,774	\$ 272,318	\$ (76,456)
Expenditures:			
Instruction	200,000	166,735	33,265
Student support	25,000	13,191	11,809
Instructional support	20,000	9,214	10,786
General administration	13,000	11,923	1,077
School administration	46,274	27,878	18,396
Other supplemental services	500	-	500
Operations and maintenance	18,000	18,560	(560)
Student transportation services	17,000	15,374	1,626
Food service	9,000	9,443	(443)
Total Expenditures	348,774	272,318	76,456
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Professional Development Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 4,000	\$ 2,386	\$ (1,614)
Other	-	29	29
Transfers from:			
General Fund	30,000	-	(30,000)
Supplemental General Fund	-	10,000	10,000
Total Cash Receipts	34,000	12,415	(21,585)
Expenditures:			
Support services	40,000	15,146	24,854
Receipts Over (Under) Expenditures	(6,000)	(2,731)	3,269
Unencumbered Cash, Beginning	21,240	21,239	(1)
Unencumbered Cash, Ending	\$ 15,240	\$ 18,508	\$ 3,268

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Special Education Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Other	\$ 3,000	\$ -	\$ (3,000)
Transfers from:			
General Fund	665,000	605,000	(60,000)
Supplemental General Fund	240,000	220,000	(20,000)
Total Cash Receipts	908,000	825,000	(83,000)
Expenditures:			
Instruction	838,100	763,215	74,885
Student transportation services	43,900	44,769	(869)
Vehicle operating services	18,000	12,536	5,464
Total Expenditures	900,000	820,520	79,480
Receipts Over (Under) Expenditures	8,000	4,480	(3,520)
Unencumbered Cash, Beginning	125,347	125,348	1
Unencumbered Cash, Ending	\$ 133,347	\$ 129,828	\$ (3,519)

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

Vocational Education Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Federal aid	\$ 100,000	\$ 7,409	\$ (92,591)
Proceeds from building trades house project	-	121,353	121,353
Transfers from:			
General Fund	150,000	50,000	(100,000)
Supplemental General Fund	150,000	190,000	40,000
Total Cash Receipts	400,000	368,762	(31,238)
Expenditures:			
Instruction	400,000	365,212	34,788
Receipts Over (Under) Expenditures	-	3,550	3,550
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	\$ -	\$ 3,550	\$ 3,550

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Textbook Rental and Student Material Revolving Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2008

Cash Receipts:	
Textbook rental, fees	\$ 34,186
Transfer from General Fund	40,000
Total Cash Receipts	<u>74,186</u>
Expenditures:	
Textbook purchases, supplies	63,552
Receipts Over (Under) Expenditures	<u>10,634</u>
Unencumbered Cash, Beginning	2,727
Unencumbered Cash, Ending	<u><u>\$ 13,361</u></u>

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Summer Recreation Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 Year Ended June 30, 2008

Unencumbered Cash, Beginning  
 Unencumbered Cash, Ending

\$ 1,169  
 \$ 1,169

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Auditorium Renovation Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 Year Ended June 30, 2008

	Cash Receipts:
	Donations, interest, etc.
682	Receipts Over (Under) Expenditures
22,590	Unencumbered Cash, Beginning
\$ 23,272	Unencumbered Cash, Ending

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Miscellaneous Football Grant Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 Year Ended June 30, 2008

Cash Receipts:	
Ross Foundation	\$ 700
Expenditures:	
Equipment	<u>1,773</u>
Receipts Over (Under) Expenditures	(1,073)
Unencumbered Cash, Beginning	<u>5,015</u>
Unencumbered Cash, Ending	<u>\$ 3,942</u>

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
 Federal Projects Funds  
 Statement of Cash Receipts and Expenditures - Actual  
 Year Ended June 30, 2008

	Title I	Title V Innovative Programs	Drug Free Education	Title IIA	Character First	Title IID
Cash Receipts:	\$ 80,211	\$ 1,173	\$ 2,519	\$ 28,891	\$ -	\$ 798
Federal aid						
Expenditures:						
Instruction and supplies	80,211	1,173	2,519	25,986	-	798
Receipts Over (Under) Expenditures	-	-	-	2,905	-	-
Unencumbered Cash, Beginning	-	-	-	-	63	-
Unencumbered Cash, Ending	\$ -	\$ -	\$ -	\$ 2,905	\$ 63	\$ -

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205  
Bond and Interest Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 264,095	\$ 261,298	\$ (2,797)
Delinquent tax	4,188	12,296	8,108
Motor vehicle tax	117,056	118,520	1,464
State aid	229,631	229,631	-
Total Cash Receipts	614,970	621,745	6,775
Expenditures:			
Principal	460,000	460,000	-
Interest	177,865	177,865	-
Commission and postage	100	-	100
Total Expenditures	637,965	637,865	100
Receipts Over (Under) Expenditures	(22,995)	(16,120)	6,875
Unencumbered Cash, Beginning	1,000,384	1,000,385	1
Unencumbered Cash, Ending	\$ 977,389	\$ 984,265	\$ 6,876

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

School Activity Funds  
Statement of Cash Receipts and Cash Disbursements - Actual  
Year Ended June 30, 2008

Ending Cash Balance	Cash Disbursements	Cash Receipts	Beginning Cash Balance	Funds
-	\$ 192	\$ -	\$ 192	Accelerated Math
6,460	7,987	8,847	5,600	Activities
2,985	4,081	3,679	3,387	Band
357	515	849	23	Baseball
-	260	-	260	Candy Sales
-	43	-	43	Chamber Singers
-	2,750	2,680	70	Charter Buses
994	8,005	8,999	-	Cheerleaders
404	-	-	404	Class of 2005
1,490	24	-	1,514	Class of 2007
596	2,144	720	2,020	Class of 2008
1,639	6,511	3,966	4,184	Class of 2009
3,657	160	1,699	2,118	Class of 2010
2,016	817	2,833	-	Class of 2011
-	148	-	148	Computer
1,922	21,182	21,119	1,985	Concessions
299	-	-	299	Crime Stoppers
-	59	-	59	Creative Writing
430	-	-	430	Cross County
1,151	7,792	7,265	1,678	Drill Team
3,280	4,084	3,366	3,998	Driver's Ed
776	419	711	484	Entrepreneurship
26	-	-	26	Faculty
385	20	-	405	FCA
333	135	93	375	FCCLA
640	200	-	840	Football
231	-	-	231	Forensics/Debate
175	1,844	2,018	1	Girls Basketball
2,599	-	653	1,946	Interest
-	651	-	651	Leon History Research
343	52	75	320	Library
450	176	30	596	Leon Pride Program
859	3,612	4,318	153	Madrigals
773	14	-	787	Newspaper
194	692	16	870	NHS
1,112	239	645	706	Play

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

School Activity Funds  
Statement of Cash Receipts and Cash Disbursements - Actual  
Year Ended June 30, 2008

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds (continued):				
Production Technology	\$ 40	\$ -	\$ -	\$ 40
Sales tax	354	374	-	728
SADD	419	-	56	363
Sci Con	-	32	-	32
Softball	-	227	227	-
SRO	882	125	188	819
Student Council	1,000	1,433	1,514	919
Track	41	-	-	41
Volleyball	171	1,450	1,226	395
Work Production	341	10	-	351
Yearbook	639	8,179	4,985	3,833
BHS Petty Cash	-	5,357	4,281	1,076
BHS Meals	-	8,249	7,109	1,140
BHS Fundraising	-	4,646	1,773	2,873
BHS Building Fund	-	1,261	146	1,115
Athletics Funds	-	1,650	-	1,650
Skills USA	-	672	672	-
Scholars Bowl	-	358	235	123
Staff Recognition	-	1,000	-	1,000
Civics Fund	-	400	356	44
Wrestling	-	542	525	17
Total High School	40,690	110,546	98,101	53,135
Bluestem Middle School				
Building Activities	224	818	1,041	1
BHS Athletic Fundraising	1,650	-	1,650	-
Golf Fundraising	3,954	-	3,954	-
BMS Fundraising	1,753	435	435	1,753
BHS Cheer	736	-	736	-
Student Fundraisers	1,528	5,294	4,286	2,536
Read-a-thon	3,207	50	53	3,204
BMS	204	2,705	2,206	703
STUCO	946	872	529	1,289
Pop	3,278	1,116	961	3,433
Eighth Grade	1,804	1,625	1,590	1,839
Staff Appreciation	-	750	280	470
Total Middle School	19,284	13,665	17,721	15,228

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

School Activity Funds  
Statement of Cash Receipts and Cash Disbursements - Actual  
Year Ended June 30, 2008

Funds	Beginning Cash	Cash Receipts	Cash Disbursements	Ending Cash
Haverhill Grade School	\$ 3,285	\$ 1,823	\$ 1,175	\$ 3,933
Leon Grade School	18,469	57,701	54,936	21,234
Total Student Organization Funds	\$ 81,728	\$ 183,735	\$ 171,933	\$ 93,530

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

District Activity Funds

Statement of Cash Receipts, Expenditures and Unencumbered Cash

Year Ended June 30, 2008

Gate Receipts - Athletics -		Bluestem High School		Bluestem Middle School		Total District Activity Funds	
Funds							
Beginning Unencumbered Cash Balance	\$ 10,378	\$ 45,046	\$ 40,114	\$ 51,324	\$ 6,381		
Cash Receipts		6,278	13,417				
Expenditures							
Ending Unencumbered Cash Balance	\$ 15,310	\$ 15,310	\$ 4,174	\$ 53,531	\$ 6,381		
Add Outstanding Encumbrances	\$ 6,472	\$ 6,472	\$ 6,472	\$ 6,472	\$ 6,472		
Ending Cash Balance	\$ 21,782	\$ 21,782	\$ 10,646	\$ 21,782	\$ 10,646		

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

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Bluestem Unified School District No. 205 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Bluestem Unified School District No. 205 Board of Education ("Board") is the basic level of government which has financial accountability and control over all activities related to the public school education in the City of Leon, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the seven Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

Basis of Presentation

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

The following types of funds comprise the financial activities of the District for the fiscal year of 2008:

Governmental Funds

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

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

1. Summary of Significant Accounting Policies (continued)

Debt Service Funds - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Basis of Accounting

*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 waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to report on 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, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under 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. General fixed assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) 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 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

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 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. Any unused budgeted expenditure authority lapses at year-end.

2. Budgetary Information (continued)

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

- Contingency Reserve Fund
- Textbook Rental and Student Material Revolving Fund
- Summer Recreation Fund
- Auditorium Renovation Fund
- Federal Projects Funds
- Gate Receipts
- Miscellaneous Football Grant 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.

3. Interfund Transfers

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	\$ 101,586
General Fund	Textbook Rental and Student Material	K.S.A. 72-6428	40,000
General Fund	Revolving Fund	K.S.A. 72-6428	605,000
General Fund	Special Education Fund	K.S.A. 72-6428	50,000
General Fund	Vocational Education Fund	K.S.A. 72-6428	125,890
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	10,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6428	220,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	190,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	71,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	5,000
Supplemental General Fund	Drivers Training Fund	K.S.A. 72-6428	

4. 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, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding policy.* K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.37% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2008, 2007 and 2006 were \$220,815,154, \$195,425,626, and \$159,728,918, respectively, equal to the required contributions for each year.

5. Compensated Absences

Vacation

Twelve month non-teacher personnel are provided vacation based on years of service. All earned vacation time is to be taken from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. Hence, there is no estimated liability for accrued vacation pay at June 30, 2008.

Sick Leave

Full-time teachers contracted for twelve-month positions start each school year with ten days of sick leave with full pay. Teachers may accumulate unused sick leave to a total of 70 days. Classified personnel contracted for twelve-month positions start each school year with 9 days of sick leave with full pay and may accumulate to a total of 50 days. Although there is not a policy that states accrued sick leave will be paid to employees retiring or terminating, as a matter of past practice, some personnel requesting payment for their accumulated leave have been compensated for it.

The District's certified and classified personnel have an accumulation of 2,071 days of unused sick leave for an estimated liability of \$97,262.

6. Deposits and Investments

Deposits

At June 30, 2008, the carrying amount of the District's deposits was \$2,057,733. The bank balance was \$2,566,099. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance \$200,000 was covered by FDIC insurance and the remaining \$2,366,099 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the district, the pledging bank, and the independent third-party bank holding the pledged securities.

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Treasurer's investment pool. All investments must be insured, registered, or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the District.

At June 30, 2008, the District had no investments required to be categorized in the risk categories discussed in the preceding paragraph.

7. Risk Management

The District manages risk primarily through the purchase of insurance coverage from commercial insurers.

8. Compliance with Kansas Statutes

Management is aware of no statutory violations for the year ended June 30, 2008.

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

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

GENERAL FUND

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

Year Ended June 30, 2008

Variance	Statutory	Budget	STATUTORY REVENUES:
Favorable	Transactions	Budget	
(Unfavorable)			
\$ 3,836	\$ 479,754	\$ 475,918	Taxes and Shared Revenue:
10,389	17,845	7,456	Ad valorem property
3,660	3,660	-	Delinquent tax
-	-	-	Mineral production tax
46,904	4,139,412	4,092,508	State Aid:
(64,789)	599,571	664,360	Equalization aid
-	93,069	93,069	Special education aid
-	5,333,311	5,333,311	Reimbursements
			Total Statutory Revenues
			EXPENDITURES:
			Instruction
(150,174)	2,646,174	2,496,000	Support services
132,204	202,556	334,760	General administration
94,974	356,026	451,000	School administration
(126,778)	477,778	351,000	Operation and maintenance
(60,584)	320,984	260,400	Student transportation services
			Transfers to:
			At Risk (K-12) Fund
123,414	101,586	225,000	Textbook Rental and Student Revolving Fund
(40,000)	40,000	-	Special Education Fund
60,000	605,000	665,000	Vocational Education Fund
100,000	50,000	150,000	Adjustment to comply with legal max
(70,858)	-	(70,858)	Legal General Fund Budget
93,069	5,334,871	5,241,802	Adjustment for qualifying budget credits
-	5,334,871	5,334,871	Total Expenditures
			Revenues Over (Under) Expenditures
			MODIFIED UNENCUMBERED CASH, JULY 1, 2007
	1,560	1,560	MODIFIED UNENCUMBERED CASH, JUNE 30, 2008
	\$ -	\$ -	

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

SUPPLEMENTAL GENERAL FUND

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET

Year Ended June 30, 2008

Variance	Statutory	Budget	STATUTORY REVENUES:
Favorable	Transactions		
(Unfavorable)			
			Taxes and Shared Revenue:
		\$ 455,478	Ad valorem property
		6,655	Delinquent tax
		166,210	Motor vehicle tax
		727,315	State aid
	1,388,880	1,355,658	Total Statutory Revenues
			EXPENDITURES:
		298,000	Instruction
		50,000	Support services
		258,980	General administration
		304,500	Operations and maintenance
			Transfers to:
		20,000	At Risk (K-12) Fund
		30,000	Driver Training Fund
		20,000	Food Service Fund
		20,000	Professional Development Fund
		30,000	Special Education Fund
		240,000	Vocational Education Fund
		150,000	Adjustment to comply with legal max
		(18,693)	Total Expenditures
	1,382,787	1,382,787	Revenues Over (Under) Expenditures
			MODIFIED UNENCUMBERED CASH, JULY 1, 2007
	22,844	27,129	MODIFIED UNENCUMBERED CASH, JUNE 30, 2008
	\$ 28,937	\$ -	

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

10. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2008 were as follows:

General Obligation Bonds: Series 1999	Energy Equipment 4.33%	Bobcat 8.99%	Apple Computers 2.92%	Total Contractual Indebtedness			Compensated absences	Total Long-Term Debt
Interest Rates	Date of Issue	Amount of Issue	Date of Issue	Balance Beginning of Year	Reductions/Payments	Net Change	Balance End of Year	Interest Paid
3.50% to 6.0%	3/1/1999	\$ 6,780,000	4/13/2007	\$ 872,512	42,516	-	\$ 829,996	37,780
			11/7/2007	-	3,250	-	21,781	-
			6/12/2008	129,452	-	-	129,452	-
			7/10/2011	154,483	45,766	-	981,229	37,780
				5,447,512	505,766	-	5,096,229	215,645
				115,870	-	(18,608)	97,262	-
				\$ 5,563,382	\$ 505,766	\$ (18,608)	\$ 5,193,491	\$ 215,645

Annual Debt Service Requirements

Principal:	Interest:		Total Principal and Interest
General obligation bonds	Capital lease	General obligation bonds	Capital lease
Total Principal Payments	Total Interest Payments	Total Principal Payments	Total Interest Payments
2009	\$ 490,000	152,795	\$ 781,589
2010	\$ 520,000	131,125	\$ 766,181
2011	\$ 550,000	109,725	\$ 774,780
2012	\$ 585,000	87,025	\$ 787,081
2013	\$ 620,000	62,925	\$ 763,222
2014-2018	\$ 1,350,000	49,588	\$ 1,801,069
2019-2023	\$ -	-	\$ 321,186
Total	\$ 4,115,000	593,183	\$ 5,995,108