

BOARD OF EDUCATION
BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205
Leon, Kansas
Financial Statements
June 30, 2007
with
Independent Auditors' Report

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205
 Financial Statements
 Year Ended June 30, 2007
 Table of Contents

Page
 Number

1	Independent Auditors' Report
3	Statement 1: Summary of Cash Receipts, Expenditures and Unencumbered Cash
5	Statement 2: Summary of Expenditures - Actual and Budget
6	Statement 3: Statement of Cash Receipts and Expenditures - Actual and Budget:
6	General Fund
7	Supplemental General Fund
8	At Risk (K-12) Fund
9	Capital Outlay Fund
10	Contingency Reserve Fund - Actual
11	Driver Training Fund
12	Food Service Fund
13	KPERS Special Retirement Contribution Fund
14	Professional Development Fund
15	Special Education Fund
16	Vocational Education Fund
17	Textbook Rental and Student Material Revolving Fund - Actual
18	Summer Recreation Fund - Actual
19	Auditorium Renovation Fund - Actual
20	Misc. Football Grant Fund - Actual
21	Federal Projects Fund - Actual
22	Bond and Interest Fund
23	Statement 4: School Activity Funds - Statement of Cash Receipts and Cash Disbursements - Actual
25	Statement 5: District Activity Funds - Statement of Cash Receipts, Expenditures and Unencumbered Cash
26	Notes to Financial Statements

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, 2007, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1. The schedules and other information listed in the table of contents have been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, such additional information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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, 2007, 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.
CERTIFIED PUBLIC ACCOUNTANTS
417 NORTH TOPEKA AVENUE, P.O. BOX 1259
WICHITA, KANSAS 67201-1259
TELEPHONE 316-262-8371 FAX 316-262-5369
1121 COLLEGE PARK, SUITE 200 - DERBY, KANSAS 67037
Telephone 316-788-7741
Fax 316-788-1881
www.ppglc.com

MEMBERS
MARVIN W. NYE, C.P.A.
GREGORY B. SEVER, C.P.A.
JOHN B. GOSS, C.P.A.
PRINCIPALS
VONDA J. WILSON, C.P.A.
DENISE M. GUDENKAUF, C.P.A.

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

January 19, 2008

Peterson Peterson + Sons A.C.

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.

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 Year Ended June 30, 2007

Funds	Beginning	Prior Year	Cash	Receipts	Expenditures	Unencumbered	Add	Ending
General	Balance	Encumbrances	Cash	Receipts	Expenditures	Cash	Outstanding	Ending
General	\$ (294,320)	\$ -	\$ 5,351,953	\$ 1,277,838	\$ 5,392,323	\$ (334,690)	\$ 16,906	\$ (317,784)
Supplemental General	(41,574)	-	1,277,838	1,264,051	1,264,051	(27,787)	12,740	(15,047)
Special Revenue:	-	-	206,821	206,821	206,821	-	-	-
At Risk (K-12)	-	-	230,303	230,303	404,659	484,957	10,400	495,357
Capital Outlay	659,313	-	-	-	-	181,175	-	181,175
Contingency Reserve	181,175	-	-	-	-	12,255	-	12,255
Driver Training	18,275	4,671	10,691	343,010	332,017	15,080	14,591	29,671
Food Service	4,087	343,010	258,135	258,135	27,865	-	-	-
KPERS Special Retirement Contribution	-	43,617	43,617	27,865	21,239	1,612	-	22,851
Professional Development	5,487	43,617	767,377	768,707	125,348	480	-	125,828
Special Education	126,678	292,101	292,101	292,101	292,101	-	31,336	31,336
Vocational Education	-	88,986	100,023	100,023	2,727	54,798	-	57,525
Textbook Rental and Student Material Revolving	13,764	-	1,169	-	1,169	-	-	1,169
Summer Recreation	1,169	637	-	-	-	22,590	-	22,590
Auditorium Renovation	21,953	203	45,633	39,455	6,381	69	-	6,450
Gate Receipts	203	22,110	26,095	26,095	5,015	-	-	5,015
Misc. Football Grant	9,000	78,125	78,125	78,125	-	52	-	52
Federal Projects:	-	625	625	625	-	-	-	-
Title I	-	2,557	2,557	2,987	-	664	-	664
Title V Innovative Programs	-	28,188	28,188	28,188	-	-	9,137	9,137
Drug Free Education	430	-	-	-	-	-	-	-
Title II A	-	63	-	-	63	-	-	63
Title II A Character First	63	-	-	-	-	-	-	-
Title III	-	763	763	763	-	-	-	-
Debt Service:	-	639,715	639,715	639,715	-	-	-	-
Bond and Interest	977,656	662,444	662,444	9,873,346	9,873,346	1,000,385	-	1,000,385
Total Reporting Entity	\$ 1,683,359	\$ -	\$ 9,705,894	\$ 9,705,894	\$ 9,873,346	\$ 1,515,907	\$ 152,785	\$ 1,668,692

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, 2007

Composition of Cash:	
Checking Accounts - State Bank of Leon (excess of outstanding checks over book balance)	\$ (161,673)
Money Market Accounts - State Bank of Leon	646,253
Petty Cash Checking Account - State Bank of Leon	600
Certificates of Deposit - State Bank of Leon	1,421,078
Payroll Clearing	(155,838)
Total Cash	1,750,420
Agency Funds per Statement 4	(81,728)
Total Reporting Entity (Excluding Agency Funds)	\$ 1,668,692

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, 2007

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	\$ 5,381,620	\$ (55,603)	\$ 66,306	\$ 5,392,323	\$ 5,392,323	\$ -
Supplemental General	1,277,058	(13,007)		1,264,051	1,264,051	-
Special Revenue:						
At Risk (K-12)	210,000			210,000	206,821	3,179
Capital Outlay	800,000			800,000	404,659	395,341
Driver Training	24,377			24,377	10,691	13,686
Food Service	390,000			390,000	332,017	57,983
KPERS Special Retirement Contribution	277,831			277,831	258,135	19,696
Professional Development	29,600			29,600	27,865	1,735
Special Education	817,000			817,000	768,707	48,293
Vocational Education	380,000			380,000	292,101	87,899
Debt Service:						
Bond and Interest	639,815			639,815	639,715	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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 474,266	\$ 466,903	\$ (7,363)
Delinquent tax	4,754	15,512	10,758
Mineral production tax	1,500	3,573	2,073
State Aid:			
Equalization aid	4,263,912	4,228,540	(35,372)
Special education aid	580,000	571,119	(8,881)
Reimbursements	66,306	66,306	-
Total Cash Receipts	<u>5,390,738</u>	<u>5,351,953</u>	<u>(38,785)</u>
Expenditures:			
Instruction	2,628,220	2,663,789	(35,569)
Support services	407,000	528,250	(121,250)
General administration	247,000	211,172	35,828
School administration	504,000	388,995	115,005
Operation and maintenance	374,000	431,544	(57,544)
Student transportation services	291,400	419,217	(127,817)
Transfers to:			
At Risk (K-12) Fund	200,000	167,000	33,000
Professional Development Fund	-	7,000	(7,000)
Special Education Fund	580,000	440,356	139,644
Vocational Education Fund	150,000	135,000	15,000
Adjustment to comply with legal max	(55,603)	-	(55,603)
Legal General Fund Budget	5,326,017	5,392,323	(66,306)
Adjustment for qualifying budget credits	66,306	-	66,306
Total Expenditures	<u>5,392,323</u>	<u>5,392,323</u>	<u>-</u>
Receipts Over (Under) Expenditures	(1,585)	(40,370)	(38,785)
Unencumbered Cash, Beginning	1,585	(294,320)	(295,905)
Unencumbered Cash, Ending	\$ -	\$ (334,690)	\$ (334,690)

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 410,311	\$ 413,979	\$ 3,668
Delinquent tax	4,275	15,204	10,929
Motor vehicle tax	146,058	152,647	6,589
State aid	680,563	696,008	15,445
Total Cash Receipts	1,241,207	1,277,838	36,631
Expenditures:			
Instruction	208,058	280,138	(72,080)
Support services	25,000	-	25,000
General administration	87,000	127,939	(40,939)
Operations and maintenance	395,000	258,165	136,835
Vehicle operating services	90,000	-	90,000
Transfers to:			
At Risk (K-12) Fund	10,000	19,035	(9,035)
Driver Training Fund	2,000	-	2,000
Food Service Fund	37,000	72,000	(35,000)
Professional Development Fund	23,000	33,000	(10,000)
Special Education Fund	250,000	327,021	(77,021)
Vocational Education Fund	150,000	146,753	3,247
Adjustment to comply with legal max	(13,007)	-	(13,007)
Total Expenditures	1,264,051	1,264,051	-
Receipts Over (Under) Expenditures	(22,844)	13,787	36,631
Unencumbered Cash, Beginning	22,844	(41,574)	(64,418)
Unencumbered Cash, Ending	\$ -	\$ (27,787)	\$ (27,787)

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Other	\$ -	\$ 8,638	\$ 8,638
Federal Aid	-	12,148	12,148
Transfers from:			
General Fund	200,000	167,000	(33,000)
Supplemental General Fund	10,000	19,035	9,035
Total Cash Receipts	210,000	206,821	(3,179)
Expenditures:			
Instruction	210,000	206,821	3,179
Total Expenditures	210,000	206,821	3,179
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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 110,264	\$ 106,981	\$ (3,283)
Delinquent tax	1,099	4,290	3,191
Motor vehicle tax	42,228	44,240	2,012
Interest earnings	30,000	26,773	(3,227)
Other	10,000	5,000	(5,000)
State aid	43,085	43,019	(66)
Total Cash Receipts	236,676	230,303	(6,373)
Expenditures:			
Central Services	800,000	280,351	519,649
Transportation	-	124,308	(124,308)
Total Expenditures	800,000	404,659	395,341
Receipts Over (Under) Expenditures	(563,324)	(174,356)	388,968
Unencumbered Cash, Beginning	659,313	659,313	-
Unencumbered Cash, Ending	\$ 95,989	\$ 484,957	\$ 388,968

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, 2007

Unencumbered Cash, Beginning

Unencumbered Cash, Ending

\$ 181,175

\$ 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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 6,370	\$ 2,820	\$ (3,550)
Other	6,500	1,851	(4,649)
Transfer from Supplemental General Fund	2,000	-	(2,000)
Total Cash Receipts	<u>14,870</u>	<u>4,671</u>	<u>(10,199)</u>
Expenditures:			
Instruction	24,377	10,691	13,686
Receipts Over (Under) Expenditures	(9,507)	(6,020)	3,487
Unencumbered Cash, Beginning	20,051	18,275	(1,776)
Unencumbered Cash, Ending	<u>\$ 10,544</u>	<u>\$ 12,255</u>	<u>\$ 1,711</u>

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 6,278	\$ 3,641	\$ (2,637)
Federal aid	148,156	114,303	(33,853)
Charges for services	215,060	153,066	(61,994)
Transfer from Supplemental General Fund	37,000	72,000	35,000
Total Cash Receipts	406,494	343,010	(63,484)
Expenditures:			
Food service operation	390,000	332,017	57,983
Receipts Over (Under) Expenditures	16,494	10,993	(5,501)
Unencumbered Cash, Beginning	4,087	4,087	-
Unencumbered Cash, Ending	\$ 20,581	\$ 15,080	\$ (5,501)

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 277,831	\$ 258,135	\$ (19,696)
Expenditures:			
Instruction	160,000	153,486	6,514
Student support	12,720	13,033	(313)
Instructional support	8,332	9,739	(1,407)
General administration	13,128	11,222	1,906
School administration	36,101	30,571	5,530
Operations and maintenance	17,990	16,971	1,019
Student transportation services	18,498	15,255	3,243
Food service	11,062	7,858	3,204
Total Expenditures	<u>277,831</u>	<u>258,135</u>	<u>19,696</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 3,500	\$ 3,617	\$ 117
Transfers from:			
General Fund	-	7,000	7,000
Supplemental General Fund	23,000	33,000	10,000
Total Cash Receipts	26,500	43,617	17,117
Expenditures:			
Support services	29,600	27,865	1,735
Receipts Over (Under) Expenditures	(3,100)	15,752	18,852
Unencumbered Cash, Beginning	5,487	5,487	-
Unencumbered Cash, Ending	\$ 2,387	\$ 21,239	\$ 18,852

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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Transfers from:			
General Fund	\$ 580,000	\$ 440,356	\$ (139,644)
Supplemental General Fund	250,000	327,021	77,021
Total Cash Receipts	830,000	767,377	(62,623)
Expenditures:			
Instruction	725,000	717,074	7,926
Vehicle operating services	92,000	51,633	40,367
Total Expenditures	817,000	768,707	48,293
Receipts Over (Under) Expenditures	13,000	(1,330)	(14,330)
Unencumbered Cash, Beginning	126,677	126,678	1
Unencumbered Cash, Ending	\$ 139,677	\$ 125,348	\$ (14,329)

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, 2007

Cash Receipts:	
Textbook rental, fees	\$ 88,986
Expenditures:	
Textbook purchases, supplies	100,023
Receipts Over (Under) Expenditures	(11,037)
Unencumbered Cash, Beginning	13,764
Unencumbered Cash, Ending	\$ 2,727

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, 2007

Unencumbered Cash, Beginning

\$ 1,169

Unencumbered Cash, Ending

\$ 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, 2007

	Cash Receipts:
	Donations, interest, etc.
637	Receipts Over (Under) Expenditures
637	Unencumbered Cash, Beginning
637	Unencumbered Cash, Ending
<u>21,953</u>	
<u>\$ 637</u>	

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

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205
 Misc. Football Grant
 Statement of Cash Receipts and Expenditures - Actual
 Year Ended June 30, 2007

	Cash Receipts:	
	Ross Foundation	\$ 22,110
	Expenditures:	
	Equipment	26,095
	Receipts Over (Under) Expenditures	(3,985)
	Unencumbered Cash, Beginning	9,000
	Unencumbered Cash, Ending	<u>\$ 5,015</u>

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

BLUESTEEM UNIFIED SCHOOL DISTRICT NO. 205
 Federal Projects Funds
 Statement of Cash Receipts and Expenditures - Actual
 Year Ended June 30, 2007

	Title V	Title I	Title V	Drug Free Education	Title IIA	Character First	Title IID
Cash Receipts:							
Federal aid	\$ 78,125	\$ 625	\$ 2,557	\$ 28,188	\$ -	\$ 763	
Expenditures:							
Instruction and supplies	78,125	625	2,987	28,188	-	763	
Receipts Over (Under) Expenditures	-	-	(430)	-	-	-	
Unnumbered Cash, Beginning	-	-	430	-	-	-	
Unnumbered Cash, Ending	\$ -	\$ -	\$ -	\$ -	\$ 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, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and Shared Revenue:			
Ad valorem property	\$ 271,800	\$ 260,640	\$ (11,160)
Delinquent tax	3,178	13,684	10,506
Motor vehicle tax	138,292	145,028	6,736
State aid	243,092	243,092	-
Total Cash Receipts	656,362	662,444	6,082
Expenditures:			
Principal	435,000	435,000	-
Interest	204,715	204,715	-
Commission and postage	100	-	100
Total Expenditures	639,815	639,715	100
Receipts Over (Under) Expenditures	16,547	22,729	6,182
Unencumbered Cash, Beginning	977,655	977,656	1
Unencumbered Cash, Ending	\$ 994,202	\$ 1,000,385	\$ 6,183

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, 2007

Ending Cash Balance	Cash Disbursements	Cash Receipts	Beginning Cash Balance	Funds
192	-	-	192	Accelerated Math
5,600	15,338	16,597	4,341	Activities
3,387	3,580	3,131	3,836	Band
23	610	632	1	Baseball
260	64	324	-	Candy Sales
43	356	392	7	Chamber Singers
70	1,282	1,312	40	Charter Buses
-	575	-	575	Class of 2004
404	-	-	404	Class of 2005
-	1,276	-	1,276	Class of 2006
1,514	979	-	2,493	Class of 2007
2,020	3,139	2,503	2,656	Class of 2008
4,184	-	2,212	1,972	Class of 2009
2,118	15	1,133	1,000	Class of 2010
148	-	-	148	Computer
1,985	19,471	18,505	2,951	Concessions
299	-	-	299	Crime Stoppers
59	60	-	119	Creative Writing
430	277	667	40	Cross Country
1,678	8,430	7,893	2,215	Drill Team
3,998	2,025	4,172	1,851	Driver's Ed
484	1,600	1,622	462	Entrepreneurship
26	-	-	26	Faculty
405	19	-	424	FCA
375	237	519	93	FCCLA
840	10,491	11,003	328	Football
231	336	297	270	Forensics/Debate
1	-	-	1	Girls Basketball
1,946	-	536	1,410	Interest
651	-	10	641	Leon History Research
320	27	2	345	Library
596	596	837	355	Leon Pride Program
153	2,519	2,571	101	Madrigals
787	-	-	787	Newspaper
870	1,051	1,834	87	NHS
706	892	903	695	Play

BLUESTEM UNIFIED SCHOOL DISTRICT NO. 205

School Activity Funds
Statement of Cash Receipts and Cash Disbursements - Actual
Year Ended June 30, 2007

Funds	Beginning Cash	Cash Receipts	Cash Disbursements	Ending Cash
Student Organization Funds (continued):	Balance	Receipts	Disbursements	Balance
Production Technology	\$ 40	\$ -	\$ -	\$ 40
Sales tax	217	137	-	354
SADD	528	302	411	419
Sci Con	14	1,141	1,155	-
SRO	860	537	515	882
Student Council	363	3,311	2,674	1,000
Track	-	250	209	41
Volleyball	154	918	901	171
Work Production	291	50	-	341
Yearbook	2,028	14,688	16,077	639
Total	36,936	100,941	97,187	40,690
Bluestem Middle School	304	13,931	14,011	224
Building Activities	1,516	3,663	3,529	1,650
BHS Athletic Fundraising	2,155	5,405	3,606	3,954
Golf Fundraising	76	4,601	2,924	1,753
BMS Fundraising	102	-	102	-
BHS VB Fundraising	4,179	4,246	7,689	736
BHS Cheer	1,986	1,849	2,307	1,528
Student Fundraisers	3,207	-	-	3,207
Read-a-thon	41	2,482	2,319	204
BMS	727	406	187	946
STUCO	2,959	1,535	1,216	3,278
Pop	1,093	2,803	2,092	1,804
Eighth Grade	18,345	40,921	39,982	19,284
Total	5,582	4,334	6,631	3,285
Haverhill Grade School	15,561	55,231	52,323	18,469
Leon Grade School	\$ 76,424	\$ 201,427	\$ 196,123	\$ 81,728
Total Student Organization Funds				

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, 2007

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Gate Receipts:						
Athletics -						
Bluestem High School	\$ 4,903	\$ 41,416	\$ 35,941	\$ 10,378	\$ -	\$ 10,378
Bluestem Middle School	(4,700)	4,217	3,514	(3,997)	-	(3,997)
Total District Activity Funds	\$ 203	\$ 45,633	\$ 39,455	\$ 6,381	\$ -	\$ 6,381

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 2007:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There 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
- Misc. Football Grant

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. Intertund 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:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	\$ 167,000
General Fund	Professional Development Fund	K.S.A. 72-6428	7,000
General Fund	Special Education Fund	K.S.A. 72-6428	440,356
General Fund	Vocational Education Fund	K.S.A. 72-6428	135,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	19,035
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6428	33,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	327,021
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	146,753
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	72,000

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 6.77% 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, 2007, 2006 and 2005 were \$195,425,626, \$159,728,918 and \$138,76,951, 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, 2007.

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 2,425 days of unused sick leave for an estimated liability of \$115,870.

6. Deposits and Investments

Deposits

At June 30, 2007, the carrying amount of the District's deposits was \$1,750,420. The bank balance was \$2,209,175. 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 \$2,009,175 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, 2007, 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

Compliance with K.S.A. 72-6760

The District was in violation of K.S.A. 72-6760 (sealed bid procedures for purchase of materials, goods/wares of construction over \$20,000). The District purchased Apple computers without letting bids and the total purchase price was over \$20,000.

Management is aware of no other statutory violations for the period covered by the June 30, 2007 audit.

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

9. Long-term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2007 were as follows:

General Obligation Bonds: Series 1999	Capital Lease: Energy Equipment	Total Contractual Indebtedness	Compensated absences	Total Long-Term Debt
Interest Rates	Interest Rates			
Date of Issue	Date of Issue			
Amount of Issue	Amount of Issue			
Balance Beginning of Year	Balance Beginning of Year			
Additions	Additions			
Reductions/Payments	Reductions/Payments			
Net Change	Net Change			
Balance End of Year	Balance End of Year			
Interest Paid	Interest Paid			
3.50% to 6.0%	4.33%		N/A	
3/1/1999	4/13/2007		N/A	
\$ 6,780,000	\$ 872,512		N/A	
9/1/2014	4/13/2022			
\$ 5,010,000	-	5,010,000	182,476	\$ 5,192,476
-	872,512	872,512	-	\$ 872,512
\$ 435,000	-	435,000	-	\$ 435,000
-	-	-	(66,606)	\$ (66,606)
\$ 4,575,000	872,512	5,447,512	115,870	\$ 5,563,382
\$ 204,715	-	204,715	-	\$ 204,715

Annual Debt Service Requirements

Principal:	Interest:	Total Principal and Interest
General obligation bonds	General obligation bonds	
Capital lease	Capital lease	
Total Principal Payments	Total Interest Payments	
2008	2008	2008
\$ 460,000	177,865	\$ 718,161
42,516	37,780	80,296
502,516	215,645	718,161
\$ 490,000	152,795	\$ 723,091
44,357	35,939	80,296
534,357	188,734	723,091
\$ 520,000	131,125	\$ 731,421
46,278	34,018	80,296
598,282	141,739	740,021
\$ 550,000	109,725	\$ 740,021
48,282	32,014	80,296
585,000	87,025	752,322
\$ 50,373	29,924	80,296
635,373	116,949	752,322
\$ 1,970,000	112,513	\$ 2,483,994
286,531	114,950	401,481
2,256,531	227,463	2,483,994
\$ -	-	\$ -
354,175	47,306	401,481
354,175	47,306	401,481
\$ 4,575,000	771,048	\$ 6,550,491
872,512	331,931	1,102,979
5,447,512	1,102,979	6,550,491
Total	Total	Total
2018-2022	2018-2022	2018-2022
2012	2012	2012
2011	2011	2011
2013-2017	2013-2017	2013-2017