

Comprehensive Annual Financial Report

For the fiscal year
ended June 30, 2006



Hutchinson Public Schools
P.O. Box. 1908
1520 North Plum
Hutchinson, KS 67504-1908

Approved by the Board of Education Dec. 11, 2006

Comprehensive Annual Financial Report

of the

Hutchinson Public Schools

Unified School District 308

Hutchinson, Reno County, Kansas

For the Fiscal Year Ended June 30, 2006

Prepared by:

Business Office

Our Vision

Hutchinson Public Schools are committed to providing a stimulating learning community for our students, faculty and staff. We challenge our students to reach their full personal and academic potential. Excellence will be accomplished in a trusting, caring and cooperative environment.

Our Mission

Today and tomorrow: Committed to excellence for all.

Our Beliefs

In Hutchinson USD 308 we believe . . .

- All students are capable of learning.
- All students will learn, and the school district will be accountable for their learning.
- All adults in the schools shall be positive role models.
- The school district, the community and society are partners and share both the responsibility and accountability for quality education.
- Students and staff shall be lifelong learners.
- Everyone has the right to be treated with respect.
- Students learn best when taught by highly motivated, professional educators in a student-centered environment.
- The future success of all our students depends on the quality of education today.

Our Goals

Goal I: Increase the academic achievement of all students

Goal II: Recruit, reward and retain quality employees

Goal III: Evaluate school facilities to determine the alignment between current facilities, educational programs and enrollment patterns

Goal IV: Continue to enhance and expand the district's community engagement and collaboration program

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Financial Section

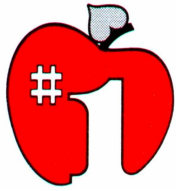
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Introductory Section



*Today and tomorrow: committed
to excellence for all.*

Hutchinson Public Schools

2005-06 SCHOOL YEAR

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December 15, 2006

To the Board of Education and the Citizens of Unified School District No. 308:

The Comprehensive Annual Financial Report (CAFR) for the Hutchinson Public Schools Unified School District No. 308 (the District) for the fiscal year ending June 30, 2006, is submitted herein. Generally accepted accounting principles require that these financial statements present the District (the primary government) and any component units. A component unit is a separate entity for which the District is financially accountable, or the nature and significance of the relationship between the District and entity are such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District's business department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administrative team and, ultimately, with the Board of Education (Board). The data presented in this report is accurate in all material aspects, presents fairly the financial position and results of operations as measured by the financial activity of the various funds, and includes all footnotes and disclosures necessary to gain an understanding of the District's financial activity.

This report conforms to the Governmental Accounting Standards Board financial reporting principles, including the District's discretely presented component unit, the Hutchinson Recreation Commission. All disclosures necessary to enable the reader to gain maximum understanding of the District's financial activity have been included. The notes to the financial statements are considered to be an integral part of the financial statements and contain certain information not shown on the face of the financial statements that is required to be disclosed under generally accepted accounting principles. Readers of the financial statements are encouraged to thoroughly review the information contained in the notes in connection with their overall review of the financial statements.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, "Audit of States, Local Governments, and Non-Profit Organizations." Information related to this single audit is included in a separately issued single audit report.

This report consists of three major sections:

1. Introductory Section – which contain a Letter of Transmittal, the GFOA Certificate of Achievement, a list of Principal Officers along with the District's organization chart.
2. Financial Section – This section begins with the Independent Auditor's Report and Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for non-major funds, and other schedules that provide detailed information relative to the Basic Financial Statements.
3. Statistical Section – This section presents social and economic data, financial trends, and demographic data about the district for the years since implementation of Governmental Accounting Standards Board Statement 34, or ten years if applicable.

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School District General Description

The District is located in Reno County in south central Kansas. With a population of over 40,000, Hutchinson is the only city in the school district. Approximately 93% of students attending Hutchinson Public Schools reside within its boundaries. The school district covers 14 square miles, serves more than 4,772 students (headcount) and employs 662 staff members (full-time equivalent). The District consists of more than 20 schools and other centers. The average age of district schools is 50 years. Student enrollment based on a three-year average has decreased, but is expected to level off with the addition of the four year old at-risk and the International Baccalaureate programs.

The District is the 18th largest school district in the State of Kansas (State). The District provides a full range of school programs and services authorized by State statutes. For the 2005 fiscal year, these services include educational programs for grades PreK-12, special education, Title One, Head Start programs, vocational education and other educational programs, transportation, food services, health services, support services, and professional development activities for educators. Also, under supervision of the District, individuals and groups may utilize District facilities for community functions.

The District was established on July 1, 1966. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board. The Board of Education members are elected by the public and have policy setting authority, the ability to significantly influence operations, and hold primary responsibility for fiscal matters.

Reporting Entity

The Hutchinson Public Schools, Unified School District No. 308, (District) is organized under the laws of the State of Kansas (Kansas) and is governed by an elected seven-member board. Accounting principles generally accepted in the United State of American (GAAP) require these financial statements present the District (the primary government) and its component units.

Economic Outlook and Conditions

The Cost of Doing Business Index (developed by Economy.com) is a relative measure of the overall cost of doing business in a state. The Index compares business costs for each state based upon unit labor costs, effective state and local tax burdens, and energy costs. These costs are compared to national averages and weighted to prepare an overall index. Labor costs account for 75% of the index, with energy (15%) and taxes (10%) accounting for the rest. Kansas index is 94.9 with a national ranking of 20. Doing business in Kansas offers a 5% costs savings compared to the national average.

Hutchinson/Reno County serves as a primary trade center for central and western Kansas. Hutchinson's central location and easy access makes it an attractive destination for residents from throughout the region for retail/wholesale goods, services and dining.

Hutchinson/Reno County is known for the strong work ethic of its workers and the quality of their work. The area's productive workforce and moderate labor costs translate into a solid return on investment for any business deciding to locate or expand in the Hutchinson/Reno County area. The District is the third leading employer in the county.

Major Initiatives

Important educational initiatives continued or implemented were:

Districts' Facility Master Plan – during fiscal year 2005-2006 the Board of Education approved a 78.8 million dollar Master Facility Plan for the voters to consider on the November 7, 2006, bond referendum. The Master Facility Plan includes: (a) improvements to Hutchinson High School, including science laboratories, fine arts facilities, media center, physical education facilities, special education facilities, additional classrooms, and additional interior and exterior improvements, including a new entrance; (b)

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improvements to Middle Schools, including science laboratories, special education facilities, additional classrooms, and site improvements; (c) improvements to K-6 attendance centers, including media centers, safe rooms, physical education facilities, special education facilities, additional classrooms, fine arts facilities and site improvements; (d) a vocational academy; (e) safety and security improvements, and upgrading of electrical, plumbing and drainage at all District buildings.

District's Strategic Plan – in the 2004-2005-school term; the Board of Education approved a strategic plan to guide the District's actions through the year 2010. The five goals contained in the strategic plan were developed based on the input of over 3,000 internal and external stakeholders.

Quest for the State Quality Award – in the 1999-2000-school term; the school district began the initial formal steps toward a system of continuous improvement based on well-defined quality processes. Each subsequent school term, these quality processes have had greater deployment throughout the school district. The school district will apply for the State of Kansas Quality Award in the spring of the 2006-2007-school term. The application for this award is based on the results realized from implementation and deployment of quality processes.

Quest for the National Baldrige Award for Performance Excellence – the Board of Education adopted a resolution during the 2004-2005-school term outlining the intent of the school district to follow a path of continuous quality improvement based on the seven categories of the Baldrige Process of Performance Excellence. All school improvement initiatives reflect the Baldrige Process. It is the intent of the school district to submit the district's case study for the National Baldrige Award for Performance Excellence in Education during the 2006-2007-school term.

Systemic Quality Management – as part of the school district's quality journey, all functions within the school district are viewed as part of a larger system. Change and improvement efforts are brought about through a systems approach to quality management.

Demonstration Site for the North Central Accreditation Process – each school in the Hutchinson Public Schools is accredited by both the State of Kansas and the North Central Association (NCA) – which is a regional accrediting agency. In 2004-05, North Central began to move its accrediting process from a school-based process to a district-based systemic approach. The Hutchinson Public School District was invited by NCA to be one of three Demonstration Sites for this new process. The new NCA process is a district-process that focuses on systemic improvement, and it is aligned with the Baldrige Process of Performance Excellence.

Financial Information, Management, and Control

The accounts of the District are organized and operated on the basis of funds. A fund is 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. Fund descriptions have been provided where applicable.

Management responsibility – The report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets of the government are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal and state financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected.

Legislation – Below is a brief description of the most significant school finance legislation during

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fiscal year 2005-2006:

The spending level of the General fund is set by the State. The formula used by the State to determine individual school district's General Fund budgets is \$4,257 per full-time equivalent student plus additional weighting factors. Additional weighting is allowed for the following: vocation students—50%, bilingual students—39.5%, students transported over 2 ½ miles—13.96%, students qualifying for free lunches—19.3%, and large district (correlation)—2.145%. Additional weighting is allowed for school districts with enrollments less than 1,725, which varies with the size of the district.

School districts do not have control over the level of ad valorem taxes levied for the General Fund. In 1999, the State lowered the school district ad valorem taxes for the General fund to 20 mills from 27 mills.

School districts are authorized to create a Supplemental General Fund which enables school districts to spend above the level dictated by the State for the General Fund. The school finance statute generally limits the Supplemental General Fund to 25 percent of the General fund. The District's 2005-2006 Supplemental General Fund budget was authorized to spend 27% of the General Fund and levied mills for 25%.

The major revenue source for the Supplemental General Fund is local ad valorem property taxes. However, districts with assessed valuations per pupil below the 75th percentile of the State's median, qualify for state funding as well. For 2005-2006 the Supplemental General fund for the District was funded 53.77 percent by ad valorem taxes and 46.23 percent by State aid.

Unencumbered cash balances in the General Fund become a deduction from the following year's State aid.

Because school districts cannot carry a cash balance in the General Funds, the State authorized the establishment of a Contingency Reserve Fund, which was limited by statute for the 2005-2006 school years to six percent of the General Fund budget. As of June 30, 2006, the fund balance of the contingency reserve fund was 3.6 percent of the General Fund budget.

Budgetary Control – In developing and evaluating the District's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records.

State statutes require that budgets be legally adopted for all funds, unless exempted by a specific statute. All legal 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 for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbered appropriations are not re-appropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP). The information found under the required supplementary and supplementary information tabs demonstrates the legal level of budgetary control.

The budget is prepared by location and function. Once the Board adopts the budget, budgetary control is maintained through an online accounting system that includes encumbering estimated expenditures prior to the release of purchase orders to vendors. Management cannot overspend the budget until appropriations are made and approved by the board of education. Purchase orders that exceed available budgeted funds are not released until appropriations are made and approved by the board of education. In accordance with the Kansas Accounting Handbook, all expenditures are accounted for by fund, function and object. Budgets are accounted further by assigning responsibility codes to buildings and departments. This system allows effective monitoring of the expenditure of budget appropriations at the departmental level. Daily budget reports showing orders outstanding and funds are available to each manager of a specific location, function, or program.

Financial Condition – This is the second year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis –

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for State and Local Governments.” GASB 34 creates new basic financial statements for reporting on the School District’s financial activities. As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion follows the Report of Independent Auditors, providing an assessment of the School District finances for 2006.

Cash Management – State statutes permit investments of idle cash only in certain specified securities, including time deposits, repurchase agreements, United States Government Obligations, money market funds, and the Kansas Municipal Investment Pool (MIP). The District attempts to maximize investment earnings on cash temporarily not required for operations. Idle cash from all funds is pooled and invested.

Risk Management – During fiscal year 2006, the District was insured for general property damage and liability coverage through various polices as follows:

	Limit or Exposure
Property	
Building & contents	\$64,242,242
Property Off Premises	25,000
Property in Transit	25,000
Blanket Extra Expense	185,000
Property Deductible	5,000
Crime	
Employee Dishonesty	50,000
ERISA Bond-Scheduled Employees (4)	100,000
Money & Securities/In & Out (20 locations)	4,000
InLand Marine	
Audio/Visual/Music equipment (other limits vary by line coverage)	842,449
Builders Risk Deductible	2,500
General Liability	
Each occurrence	1,000,000
General Aggregate Limit	2,000,000
Garage	
Liability	500,000
Umbrella	
Terrorism	1,000,000
Boiler & Machinery	5,000,000
Errors & Omissions	1,000,000
Deductible	10,000/25,000
Underground Storage Tank	1 Tank

The District has adopted a partially self-funded health plan. The partially self-funded plan is an internal service fund of the District. The program is funded by a monthly contribution made by the District for eligible employees and by eligible employees who participate in the health plan.

Independent Audit

The District is required under State law to have an annual audit of the books of accounts, financial records, and transactions by an independent certified public accounting firm. This requirement has been complied with, and the auditors’ report is presented in the financial section of this report. The auditors’ reports related specifically to the single audit of Federal Financial Assistance programs are available by separate cover.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive

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Annual Financial Reports (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The certificate is presented following this letter.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The timely preparation of this Comprehensive Annual Financial Report could not have been completed without the dedicated efforts of the Districts' Business Office. We would like to express our gratitude to everyone who assisted in its preparation. We also extend our appreciation to our independent auditors, Bartlett, Settle & Edgerle, for their assistance and the professional manner in which the audit was accomplished. We also commend the Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,

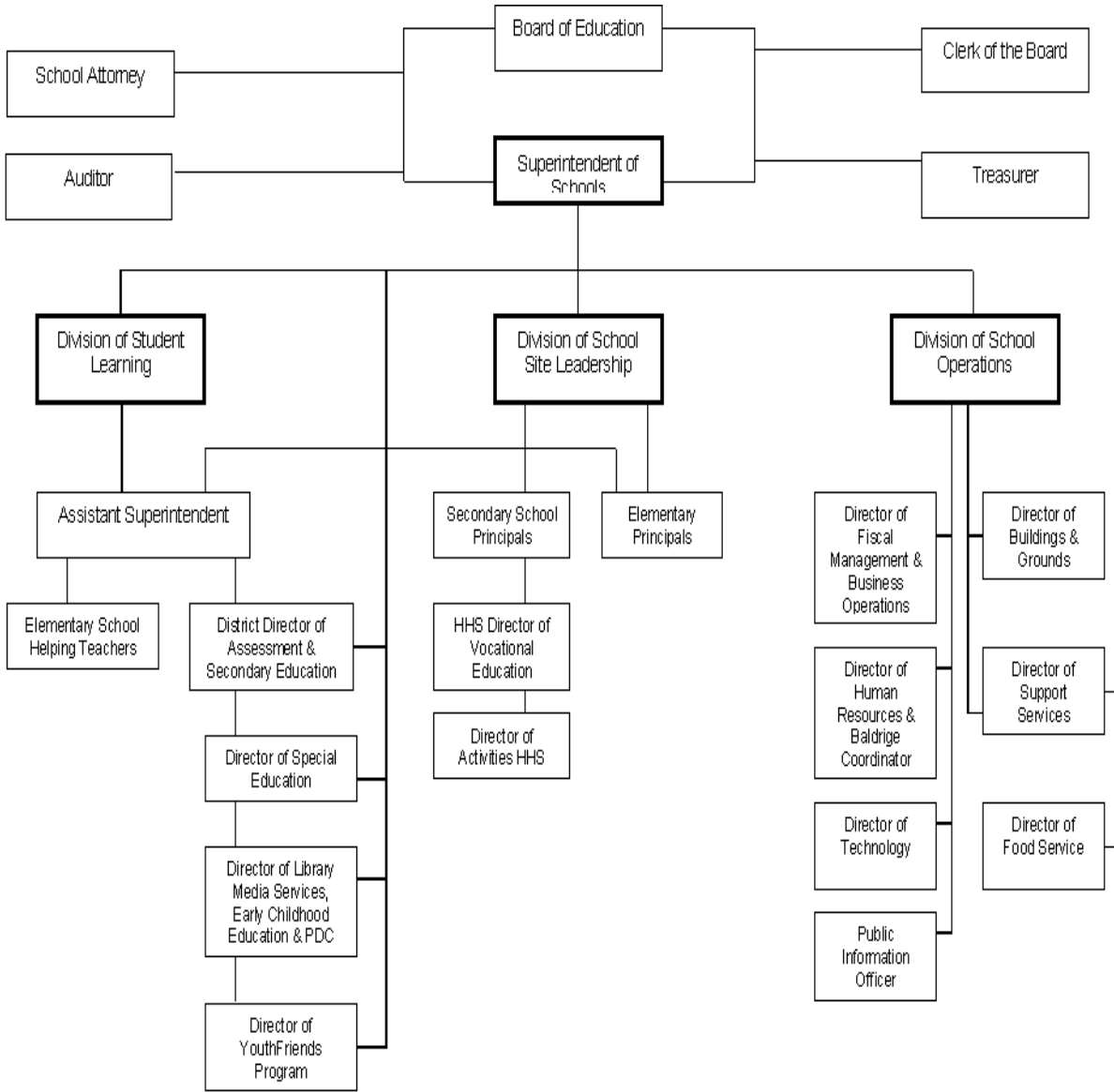


Dr. Wynona Winn
Superintendent of Schools



Lori Blakesley
Director of Fiscal Management and Business Operations

Administrative Organizational Chart



List of Principal Officers

USD 308 Board of Education 2005-06

Hutchinson, Kansas



Board Members, right to left: Vice President Jeff Nichols, Betty Garcia, Darla Neal, David Hindman, President Jeff Allen, Peggy Childs, Bill Drews

Board Member	Present Term		Began as Member
	Began	Ends	
2005-06 President Jeff Allen At Large	2003	2007	1995
2005-06 Vice President Jeff Nichols At Large	2005	2009	2001
Darla Neal At Large	2005	2009	1997
Peggy Childs At Large	2003	2007	1987
Bill Drews At Large	2003	2007	1997
Betty Garcia At Large	2003	2007	6-14-99 Appointed by Board
David Hindman At Large	2005	2009	2001

Key Administrator	Title	Experience	Began with USD 308
Dr. Wynona Winn	Superintendent	44 years	July 1, 2000
Jan Strecker	Assistant Superintendent	30 years	July 28, 1997



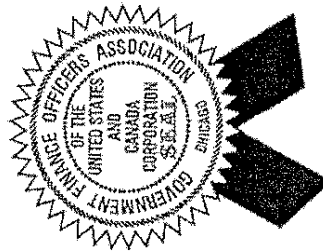
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Business Office
Hutchinson Public Schools, Kansas



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date April 19, 2006

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Financial Section



BARTLETT SETTLE & EDGERLE

A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 308
Hutchinson, Kansas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Unified School District No. 308, Hutchinson, Kansas (District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hutchinson Recreation Commission, which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hutchinson Recreation Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hutchinson Recreation Commission were not audited in accordance with *Government Auditing Standards*. 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

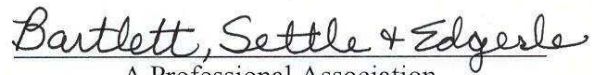
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internal control over financial reporting or on compliance. That report is an integral part of an audit performed with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on the major special revenue funds as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund financial statements, individual fund budgetary comparison schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and the individual fund budgetary comparison schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


A Professional Association

August 18, 2006

Management's Discussion and Analysis

For the Year Ended June 30, 2006

It is a privilege to present to you the financial picture of the Hutchinson Public Schools, Unified School District No. 308 (District). This discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance. Readers desiring additional information on the Hutchinson Recreation Commission should contact the District and request the separately issued report.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The trends of prior years indicated that during the fiscal year 2005-2006, the Hutchinson Public Schools would experience another year of significant increases in the costs for special education instruction, health benefits, and teacher expectations for salary increases. In the 2005-2006 budgeting process, the Board of Education was able to balance the budget by increasing the Supplemental General Fund mill levy by 1.42 mills. The District increased the Supplemental General Fund percent authority from 24% to 25%. The overall mill levy increased .18 mills and stayed relatively flat due to a drop in outstanding debt. The Base State Aid Per Pupil (BSAPP) was increase for the first time in three years to \$4,257; however the correlation weighting percent decreased from 6.3 to 2.145 percent.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operation in *more detail* than the district-wide statements.
 - ◊ The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for the future spending.
 - ◊ *Fiduciary funds* statements provide information about the financial relationships in which the district acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how these have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of the schools buildings and other facilities must be taken into account.

(Continued on page 13)

(Continued from page 12)

In the district-wide financial statements, the District’s activities are divided into two categories:

- *Governmental activities:* All of the District’s basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District does not have any business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

Governmental funds: Most of the District’s basic services are included in governmental funds, which generally focus on the following: (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations have been provided with the governmental funds statements to explain the relationship (or differences) between them.

Proprietary funds: The District’s proprietary fund is an internal service fund that reports the District’s risk financing activities. The District’s internal service fund includes the Health Care Fund.

Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

	2005	2006	Change increase(decrease)
Assets			
Current and other assets	\$ 18,736,833	\$ 21,374,532	\$ 2,637,699
Capital assets	8,233,506	9,453,624	1,220,118
Total Assets	\$ 26,970,339	\$ 30,828,156	\$ 3,857,817
Liabilities			
Current and other liabilities	2,570,778	2,585,191	14,413
Long term liabilities			
Due within one year	2,216,994	2,620,637	403,643
Due in more than one year	6,711,143	5,590,512	(1,120,631)
Total Liabilities	\$ 11,498,915	\$ 10,796,340	\$ (702,575)
Net Assets			
Invested in Capital assets, Net of Debt	42,117	1,757,712	1,715,595
Restricted:			
Debt service	3,417,720	3,537,108	119,388
Self-insurance medical claims	2,009,341	3,085,349	1,076,008
Special assessment purposes	82,153	-	(82,153)
Unrestricted	9,920,093	11,651,647	1,731,554
Total Net Assets	\$ 15,471,424	\$ 20,031,816	\$ 4,560,392

(Continued on page 14)

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The District's total net assets at June 30, 2005 and 2006, respectively, were \$15,471,424 and \$20,031,816.

Eight percent of the District's net assets are invested in capital assets (buildings, land, and equipment).

The remaining net assets consist of restricted and unrestricted amounts. Restricted balances are amounts set-aside to fund medical claims, debt service, and capital projects funded by special assessments.

The results of this year's operations as a whole are reported in the statement of activities as listed in the table of contents. All expenses are reported first. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the state aid provided by the State of Kansas, and the local taxes assessed to community taxpayers.

Table 2 takes the information from the Statement of Activities and rearranges it slightly, to show our total revenues for the year.

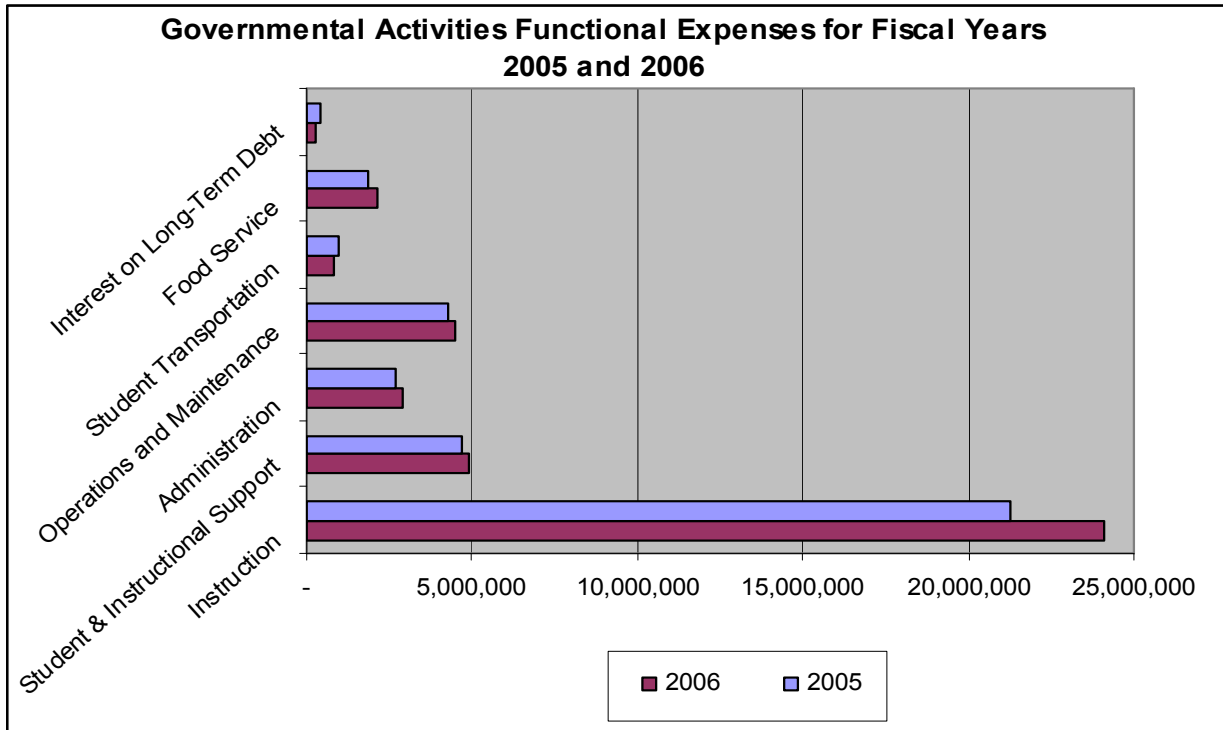
Table 2
Fiscal Years Ended June 30
Governmental Activities
Changes in Net Assets

	2005	2006	Change increase(decrease)
Revenues			
Program revenues:			
Charges for services	\$ 1,793,007	\$ 2,164,847	\$ 371,840
Operating grants and contribu- tions	7,313,849	7,395,998	82,149
General revenues:			
Property taxes	8,647,590	8,920,980	273,390
State aid, not restricted to specific purpose	23,460,194	26,940,873	3,480,679
Investment earnings	245,845	533,647	287,802
Total Revenues	\$41,460,485	\$45,956,345	\$ 4,495,860
Program Expenses			
Instruction	21,244,540	24,094,992	2,850,452
Student support services	2,309,244	2,737,817	428,573
Instructional support ser- vices	2,356,487	2,197,701	(158,786)
General administration	773,026	801,325	28,299
School administration	1,905,387	2,083,190	177,803
Operations and mainte- nance	4,313,341	4,467,089	153,748
Student transportation ser- vices	947,339	802,065	(145,274)
Other support services	1,912,445	1,442,336	(470,109)
Food service operations	1,857,031	2,152,315	295,284
Community service opera- tions	146,849	157,620	10,771
Interest on long-term debt	414,264	300,006	(114,258)
Total expenses	\$38,179,953	\$41,236,456	\$ 3,056,503
 Increase in net assets	 3,280,532	 4,719,889	 1,439,357
Net assets - beginning	14,023,670	15,471,424	1,447,754
Prior period adjustments	(1,832,778)	(159,497)	1,673,281
Net Assets - ending	\$15,471,424	\$20,031,816	\$ 4,560,392

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District programmatic expenditures are primarily driven by increased costs to employee benefits and salary increases. Increases in state aid are due to the State of Kansas increasing the Base State Per Pupil Amount and weightings to the At-Risk and Bilingual programs.



The District received increased state aid in fiscal year 2006 for the first time in three years. The graph above shows the majority of this aid was put into new instructional programs, teacher salaries and benefits.

The School District’s Funds

At June 30, 2006, the District governmental funds reported a combined fund balance of \$16,065,561, which is an increase of \$1,507,556 from 2005. The increase is largely due to the increase in fund balance of the Supplemental General and Capital Outlay Funds. The General, Supplemental General and Special Education funds are the primary source of operating revenues for the District. These funds account for 33 million or 72% of the total revenues. The debt service fund represents 4.7% of the total with the remaining 23.3% in other governmental funds.

General Fund Budgeting Highlights

The School District’s budget is prepared according to Kansas State Statutes and is based on the modified accrual basis of accounting, modified further by the encumbrance method of accounting. The most significant budgeted fund is the General Fund.

Kansas Statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education providing the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of the amount originally adopted by the Board of Education.

For the General fund, the final approved expenditure budget was \$24,748,196 representing a \$13,749 increase from the original adopted budget of \$24,734,447. This difference was due to increases in estimated special education state aid. The District republished the General Fund Budget in order to spend the additional funds. The

(Continued on page 16)

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School District's ending unobligated cash balance in the General Fund was \$1,202 at June 30, 2006, which resulted from cancelled purchase orders carried over from prior fiscal years.

Supplemental General Fund

The Supplemental General fund for fiscal year 2005-2006 was limited by state statute to 27 percent of the General fund. The District used 25 percent of this authority; which is an increase over prior year fiscal year by 1%. The Supplemental General fund is used to cover utility costs, indigent textbooks and periodical costs, technology and activities. Utilities were formally funded by the General Fund.

Special Education Fund

Special education expenditures increased by \$359,524 in fiscal year ending June 30, 2006, primarily due to rising costs of salaries and employee benefits. The number of special education students served in the 2005 - 2006 fiscal year decreased by three percent over the previous year.

Bond Capital Projects

The District currently does not have any bond capital projects in progress. During the fiscal year 2005-2006, the Board of Education approved a 78.8 million dollar Master Facility Plan for the voters to consider on the November 7, 2006, bond referendum.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal 2005 and 2006 years, the District had a net investment of 8.2 million and 9.4 million respectively invested in a broad range of capital assets, including school buildings, computer equipment and vehicles. The increases and decreases to capital assets are attributable to leasing computer equipment and making adjustments to the fixed assets in 2006. The District had assets in the system that did not meet the assets definition and they were removed for fiscal year 2005-2006.

**Table 3
Governmental Activities
Capital assets - net of depreciation**

	2005	2006	Change increase(decrease)
Land	\$ 674,572	\$ 658,472	\$ (16,100)
Land Improvements	982,857	102,380	(880,477)
Buildings	18,698,951	18,698,951	-
Equipment	3,124,087	2,539,290	(584,797)
Capitalized Leased Equipment	-	2,366,722	2,366,722
Vehicles	1,126,526	1,046,719	(79,807)
Accumulated Depreciation	(16,373,487)	(15,958,910)	414,577
Total Capital Assets - Net of Depreciation	<u>\$ 8,233,506</u>	<u>\$ 9,453,624</u>	<u>\$ 1,220,118</u>

Debt

At June 30, 2006 the District had \$6,130,000 in general obligation bonds outstanding, \$1,960,000 due within one year. Table 4 summarizes bonds outstanding.

**Table 4
Governmental Activities
Outstanding Debt, At Year End**

	2005	2006	Change increase(decrease)
1995 Issue	\$ 845,000	\$ -	\$ (845,000)
2001 Issue	2,005,000	1,025,000	(980,000)
2002 Issue	5,105,000	5,105,000	-
Total	<u>\$ 7,955,000</u>	<u>\$ 6,130,000</u>	<u>\$ (1,825,000)</u>

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The decrease above is due to the retiring of the bond series 1995 and payments made on the current debt schedule.

The District maintains an “A2” Moody’s bond rating.

For more information on the District’s capital assets and debt administration, please refer to the footnotes to the financial statements. (See notes IE4, IE7, IIIB and IIIC).

State of Kansas Education Funding

In 1999, a lawsuit was filed on behalf of students, parents and administrators in the Dodge City and Salina school districts alleging that the state’s school finance system was constitutionally flawed. The plaintiffs alleged that the state was not putting enough money into the system and that the money that was going into the system was not distributed fairly. Specifically, the plaintiffs argued that the districts that had the highest number of hard-to-educate students – those with disabilities, limited English proficiency or living in poverty – were not receiving enough funds to adequately address the challenges presented by those students.

On January 3, 2005, the Kansas Supreme Court ruled the Legislature failed to make suitable provisions for the financing of public schools as mandated by the Kansas Constitution. Students in mid-sized and large-sized school districts with high proportions of minority and/or at-risk and special education students were found not to be receiving a suitable education.

A deadline of April 12, 2005, was set for the legislature to correct the funding formula. The Court indicated that “critical factors for the legislature to consider in achieving a suitable formula for financing education were equity with which the funds are distributed and the actual costs of education, including appropriate levels of administrative costs.”

March 30, 2005, the Kansas legislature increased school funding by \$145 million including a \$115 increase per student plus additional funding for high cost students.

June 3, 2005, the Kansas Supreme Court ordered the legislature to implement a minimum increase of \$285 million above the 2004-2005 funding level.

July 6, 2005, a \$289 million compromise bill (including \$148 million previously approved) is passed by the Kansas legislature including the following:

- Base state aid increased by \$140 over 2004-2005 to \$4,257 per student.
 - Correlation weighting decreased from 6.3 to 2.145 percent.
 - At risk weighting increased from \$386 to \$821 per low income student.
 - Bilingual weighting increased from \$773 to \$1,682 per bilingual student.
 - Capital Outlay levy was capped at 8 mills and equalized with state aid.
 - Local Option Budget limit increased from 25% to 27% of the General fund with additional state aid equalization to districts less than the 81.2 percentile of assessed valuation per student across the state.
 - Increased the contingency reserve fund cap from 4% to 6% of the General fund.
- Increased special education aid from 81.7% to 89.3% of excess costs.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If the reader has questions about the report or need additional financial information contact the Director of Fiscal Management and Business Operations at Hutchinson Public School District, 1520 N. Plum, Hutchinson, Kansas 67501.

Basic Financial Statements

**Hutchinson Public Schools
Unified School District No. 308**

**Statement of Net Assets
June 30, 2006**

	Primary Government	Component Unit
	Governmental Activities	Governmental Activities
Assets:		
Cash and cash equivalents	\$ 18,611,727	\$ 549,895
Receivables:		
Interest	88,379	-
Federal aid	84,989	-
State aid	2,248,743	-
Accounts	179,360	16,845
Taxes	-	1,077,000
Inventories	161,334	15,029
Capital assets:		
Nondepreciable	658,472	-
Depreciable, net of accumulated depreciation	8,795,152	128,023
Total assets	30,828,156	1,786,792
Liabilities:		
Accounts payable	54,124	12,727
Accrued payroll	2,109,709	25,454
Medical claims payable	59,789	-
Compensated absences payable	280,527	54,660
Accrued interest payable	81,042	-
Deferred revenue	-	1,077,000
Long-term liabilities:		
Due within one year	2,620,637	-
Due in more than one year	5,590,512	-
Total liabilities	10,796,340	1,169,841
Net assets:		
Invested in capital assets, net of related debt	1,757,712	128,023
Restricted for:		
Debt service	3,537,108	-
Self-insurance medical claims	3,085,349	-
Unrestricted	11,651,647	488,928
Total net assets	\$ 20,031,816	\$ 616,951

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

**Statement of Activities
June 30, 2006**

<u>Functions / Programs</u>	Net (Expense) Revenue and Changes in Net Assets				
	<u>Expenses</u>	Program Revenues		Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Total Governmental Activities
Primary Government:					
Government Activities:					
Instruction	\$ 24,094,992	\$ 1,399,729	\$ 4,548,222	\$ (18,147,041)	\$ -
Student support services	2,737,817	-	767,811	(1,970,006)	-
Instructional support services	2,197,701	-	495,738	(1,701,963)	-
General administration	801,325	-	95,553	(705,772)	-
School administration	2,083,190	-	-	(2,083,190)	-
Operations and maintenance	4,467,089	-	87,655	(4,379,434)	-
Student transportation services	802,065	-	140,036	(662,029)	-
Other support services	1,442,336	177,647	1,304	(1,263,385)	-
Food service operations	2,152,315	586,283	1,191,319	(374,713)	-
Community service operations	157,620	1,188	68,360	(88,072)	-
Interest on long-term debt	300,006	-	-	(300,006)	-
Total Primary Government	<u>\$ 41,236,456</u>	<u>\$ 2,164,847</u>	<u>\$ 7,395,998</u>	<u>(31,675,611)</u>	<u>-</u>
Component Unit:					
Hutchinson Recreation Commission	<u>\$ 1,995,581</u>	<u>\$ 652,026</u>	<u>\$ -</u>	<u>-</u>	<u>(1,343,555)</u>
General Revenues:					
Property taxes levied for:					
General purposes				6,549,258	1,076,944
Debt service				1,516,374	-
Capital outlay				855,348	-
State aid not restricted to specific purposes				26,940,873	62,316
Investment earnings				533,647	12,421
Other revenues				-	166,387
Total general revenues				<u>36,395,500</u>	<u>1,318,068</u>
Change in net assets				4,719,889	(25,487)
Net assets, beginning of year				15,471,424	642,438
Prior period adjustment (Note III. H.)				<u>(159,497)</u>	<u>-</u>
Net assets, end of year				<u>\$ 20,031,816</u>	<u>\$ 616,951</u>

The accompanying notes are an integral part of these financial statements.

Hutchinson Public Schools
Unified School District No. 308

Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	Supplemental <u>General</u>	Special <u>Education</u>	Capital <u>Outlay</u>	Debt <u>Service</u>	Other <u>Governmental</u> <u>Funds</u>	Total <u>Governmental</u> <u>Funds</u>
Assets:							
Cash and cash equivalents	\$ -	\$ 483,300	\$ 2,248,936	\$ 3,846,523	\$ 3,618,150	\$ 5,398,341	\$ 15,595,250
Due from other funds	-	-	419,891	-	-	-	419,891
Receivables:							
Accounts	-	-	-	-	-	179,360	179,360
Interest	-	-	-	80,016	-	-	80,016
Federal aid	-	-	-	-	-	84,989	84,989
State aid	1,944,579	304,164	-	-	-	-	2,248,743
Inventories	<u>80,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,883</u>	<u>161,334</u>
Total assets	<u>\$ 2,025,030</u>	<u>\$ 787,464</u>	<u>\$ 2,668,827</u>	<u>\$ 3,926,539</u>	<u>\$ 3,618,150</u>	<u>\$ 5,743,573</u>	<u>\$ 18,769,583</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable	\$ 14,634	\$ 4,246	\$ 1,201	\$ 28,067	\$ -	\$ 5,976	\$ 54,124
Due to other funds	419,891	-	-	-	-	-	419,891
Accrued payroll	<u>1,218,988</u>	<u>38,765</u>	<u>459,236</u>	<u>-</u>	<u>-</u>	<u>513,018</u>	<u>2,230,007</u>
Total liabilities	<u>1,653,513</u>	<u>43,011</u>	<u>460,437</u>	<u>28,067</u>	<u>-</u>	<u>518,994</u>	<u>2,704,022</u>
Fund balances:							
Reserved for encumbrances	289,864	453,957	2,211	566,015	-	610,812	1,922,859
Reserved for inventories	80,451	-	-	-	-	80,883	161,334
Reserved for debt service	-	-	-	-	3,618,150	-	3,618,150
Unreserved, reported in general fund	1,202	-	-	-	-	-	1,202
Unreserved, reported in special revenue funds	<u>-</u>	<u>290,496</u>	<u>2,206,179</u>	<u>3,332,457</u>	<u>-</u>	<u>4,532,884</u>	<u>10,362,016</u>
Total fund balances	<u>371,517</u>	<u>744,453</u>	<u>2,208,390</u>	<u>3,898,472</u>	<u>3,618,150</u>	<u>5,224,579</u>	<u>16,065,561</u>
Total liabilities and fund balances	<u>\$ 2,025,030</u>	<u>\$ 787,464</u>	<u>\$ 2,668,827</u>	<u>\$ 3,926,539</u>	<u>\$ 3,618,150</u>	<u>\$ 5,743,573</u>	<u>\$ 18,769,583</u>

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006**

Amounts reported for governmental activities in the statement of net assets are different because:

Total governmental fund balances		\$ 16,065,561
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost of capital assets	\$ 25,412,534	
Accumulated depreciation	<u>(15,958,910)</u>	9,453,624
The following liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(81,042)	
Compensated absences payable	(280,527)	
Early retirement payable	(515,237)	
General obligation bonds payable	(6,130,000)	
Capital lease obligations payable	<u>(1,565,912)</u>	(8,572,718)
Internal service funds are used by management to charge the costs of the self-insured health insurance fund. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.		
		<u>3,085,349</u>
Net assets of governmental activities		<u><u>\$ 20,031,816</u></u>

The accompanying notes are an integral part of these financial statements.

Hutchinson Public Schools
Unified School District No. 308
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	General	Supplemental General	Special Education	Capital Outlay	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 3,240,759	\$ 3,308,491	\$ -	\$ 855,348	\$ 1,516,374	\$ 8	\$ 8,920,980
State aid	21,621,525	2,858,684	-	246,531	684,867	1,529,266	26,940,873
Federal aid	-	-	1,161,405	-	-	5,191,437	6,352,842
Medicaid aid	-	-	899,022	-	-	-	899,022
Charges for services	-	-	-	-	-	1,492,646	1,492,646
Earnings on investments	-	-	-	528,369	-	5,278	533,647
Other revenue	-	-	-	177,647	-	621,950	799,597
Contributions	-	-	-	-	-	16,738	16,738
Total revenues	24,862,284	6,167,175	2,060,427	1,807,895	2,201,241	8,857,323	45,956,345
Expenditures:							
Current:							
Instruction	12,805,000	1,335,486	3,559,051	148,506	-	8,387,729	26,235,772
Student support services	879,498	5,458	1,280,011	480	-	565,903	2,731,350
Instructional support services	904,942	513,405	30,651	11,898	-	797,038	2,257,934
General administration	487,848	-	223,244	-	-	95,341	806,433
School administration	1,778,592	8,932	-	-	-	223,989	2,011,513
Operations and maintenance	3,258,357	762,064	-	66,040	-	296,214	4,382,675
Student transportation services	423,642	-	342,788	-	-	10,118	776,548
Other support services	1,184,927	172,281	201	105,431	-	55,616	1,518,456
Food service operations	-	-	-	-	-	1,832,689	1,832,689
Community service operations	24,891	-	-	-	-	132,830	157,721
Architect fees	70,469	-	-	-	-	-	70,469
Capital outlay:							
Facilities acquisition and construction	-	-	-	928,509	-	-	928,509
Debt service:							
Principal	-	-	-	-	1,825,000	-	1,825,000
Interest	-	-	-	-	315,182	-	315,182
Total expenditures	21,818,166	2,797,626	5,435,946	1,260,864	2,140,182	12,397,467	45,850,251
Excess (deficiency) of revenues over expenditures	3,044,118	3,369,549	(3,375,519)	547,031	61,059	(3,540,144)	106,094
Other financing sources (uses):							
Transfers in	-	-	3,251,554	-	-	4,138,164	7,389,718
Transfers out	(4,373,448)	(3,016,270)	-	-	-	-	(7,389,718)
Capital lease financing	1,401,462	-	-	-	-	-	1,401,462
Total other financing sources (uses)	(2,971,986)	(3,016,270)	3,251,554	-	-	4,138,164	1,401,462
Net change in fund balance	72,132	353,279	(123,965)	547,031	61,059	598,020	1,507,556
Fund balance, beginning of year	299,385	391,174	2,332,355	3,351,441	3,557,091	4,626,559	14,558,005
Fund balance, end of year	\$ 371,517	\$ 744,453	\$ 2,208,390	\$ 3,898,472	\$ 3,618,150	\$ 5,224,579	\$ 16,065,561

The accompanying notes are an integral part of these financial statements.

Hutchinson Public Schools
Unified School District No. 308
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 1,507,556
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay expense	\$ 1,725,891	
Depreciation expense	<u>(765,793)</u>	
Difference between capital outlay expense and depreciation expense		960,098
<p>In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		58,329
<p>Proceeds from sales of assets are included in the governmental funds. However, the cost of those assets are removed from capital assets in the government-wide statements.</p>		
Cost of assets disposed	(313,665)	
Related accumulated depreciation	<u>269,569</u>	
Net disposals		(44,096)
<p>Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. However, the capital leases are not revenue in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.</p>		
		(1,401,462)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:</p>		
General obligation bond payment	1,825,000	
Capital lease payment	<u>699,032</u>	
Total payments on long-term liabilities		2,524,032
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>		
Early retirement payable	221,511	
Compensated absences payable	<u>(18,607)</u>	
Total expenses		202,904
<p>Internal service funds are used by management to charge the costs of the self-insured health insurance fund. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		
		<u>912,528</u>
Change in net assets of governmental activities		<u><u>\$ 4,719,889</u></u>

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

**Statement of Fund Net Assets
Proprietary Funds
June 30, 2006**

	<u>Internal Service Funds</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,016,477
Interest receivable	8,363
Premiums receivable	<u>120,298</u>
Total current assets	<u>3,145,138</u>
Liabilities:	
Current liabilities:	
Medical claims payable	<u>59,789</u>
Total current liabilities	<u>59,789</u>
Net Assets:	
Total net assets restricted for self-insurance claims	<u>\$ 3,085,349</u>

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2006**

	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 1,661,155
Operating expenses:	
Contractual services	<u>1,255,144</u>
Operating income (loss)	<u>406,011</u>
Nonoperating revenues:	
Other support	446,000
Interest revenue	<u>60,517</u>
Total nonoperating revenues	<u>506,517</u>
Change in net assets	912,528
Total net assets - beginning of year	2,009,341
Prior period adjustment (Note III. H.)	<u>163,480</u>
Total net assets - end of year	<u><u>\$ 3,085,349</u></u>

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006**

	Internal Service Funds
Cash flows from operating activities:	
Cash received from services	\$ 1,704,337
Cash payments for claims and administrative expenses	<u>(1,296,846)</u>
Net cash provided by operating activities	407,491
Cash flows from non-capital financing activities:	
Cash received from General Fund	446,000
Cash flows from investing activities:	
Interest on investments	<u>52,154</u>
Net increase in cash and cash equivalents	905,645
Cash and cash equivalents - beginning of year	<u>2,110,832</u>
Cash and cash equivalents - end of year	<u><u>\$ 3,016,477</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 406,011
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in premium receivable	43,182
Change in medical claims payable	<u>(41,702)</u>
Net cash provided by operating activities	<u><u>\$ 407,491</u></u>

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 557,359
Total assets	<u>\$ 557,359</u>
Liabilities:	
Accounts payable	\$ 557,359
Total liabilities	<u>\$ 557,359</u>

The accompanying notes are an integral part of these financial statements.

**Hutchinson Public Schools
Unified School District No. 308**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006

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**Hutchinson Public Schools
Unified School District No. 308**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hutchinson Public Schools (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The Hutchinson Public Schools, Unified School District No. 308 (District) is organized under the laws of the State of Kansas (Kansas) and is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the District (the primary government) and a component unit, for which the District is considered to be financially accountable.

The Hutchinson Recreation Commission is a component unit of the District because the Commission's taxes are levied under the taxing authority of the District and the District appoints the majority of the Commission's governing board. The component unit is presented in a separate column in the district-wide financial statements to emphasize that it is a legally separate organization. Complete financial statements for the Hutchinson Recreation Commission may be obtained from their office at 17 East First Street, Hutchinson, Kansas 67501.

B. District-wide and Fund Financial Statements

District-wide financial statements – The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component unit. The effects of interfund activity have been eliminated from the district-wide financial statements. However, any interfund services provided and used are not eliminated in the process of consolidation.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements – The fund financial statements include separate financial statements that are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the budget year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

liabilities generally are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Entitlements and state aid are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal year. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Other receipts become measurable and available when cash is received by the government and is recognized as revenue at that time.

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Supplemental General Fund – This fund is used to account for revenue received and expenditures incurred related to the District’s Local Option Budget (LOB). The LOB allows school districts to spend above the amount provided by the state in the general fund weighting formula.

Special Education Fund – This fund is used to account for programs that deliver educational services to special needs students.

Capital Outlay Fund – This fund accounts for the tax revenues and other sources which are primarily utilized for the acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing, and equipping of District buildings.

Debt Service Fund – This fund accounts for the payment of principal and interest on the District’s general obligation bonds.

Additionally, the District reports the following fund types:

Internal Service Fund – This fund accounts for the District’s self-insured medical program.

Fiduciary Funds – The District has three agency funds which are used to account for assets held by the District as an agent for others. The funds include assets held for the student activity funds and for the District’s component unit. They are custodial in nature and do not involve measurement of results of operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal services funds are charges for medical insurance services. Operating expenses for internal service funds include the payment of medical claims and the related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As permitted by generally accepted accounting principles, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued on or after November 30, 1989, that

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

do not contradict GASB pronouncements in its accounting and reporting practices for its business-type (enterprise) activities. The District currently does not have any enterprise activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Expenditures in the financial statements are grouped by function. Following are descriptions of the District's functions.

Instruction – Activities that deal directly with the interaction between teachers and students.

Student support services – Activities designed to assess and improve the well-being of students and to supplement the teaching process.

Instructional support services – Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.

General administration – Activities concerned with establishing and administering policy for operating the school district.

School administration – Activities concerned with overall administrative responsibility for a school.

Operations and maintenance – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition.

Student transportation services – Activities concerned with conveying students to and from school, as provided by state and federal law.

Other support services – All other support services not classified elsewhere.

Food services operations – Activities concerned with providing food to students and staff in the school district.

Community service operations – Activities concerned with providing community services to students, staff, or other community participants.

Architect fees – The activities of architects and engineers related to acquiring and improving sites and buildings for those preliminary activities that may or may not result in additions to the school district's property.

Facilities acquisition and construction service – Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites.

Debt Service – Activities relating to servicing the debt of the school district, including payments of both principal and interest.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

E. Assets, Liabilities, and Equity

1. Deposits and Investments

Kansas Statute 12-1675 authorizes the District to invest moneys in time deposits, certificates of deposits, repurchase agreements consisting of obligations insured by the U.S. government or any agency thereof, U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool. Investments are reported at fair value based on quoted market prices.

Cash resources of the individual funds (except for any proceeds of general obligation bonds, which are separately invested) are combined to form a pool of cash and temporary investments that are managed by the District Treasurer. Investments of the pooled accounts consist primarily of certificates of deposits. Interest income earned is allocated to various funds based upon statutory guidelines.

Unspent proceeds from certificates of participation or from general obligation bond issues are classified as restricted cash.

For purposes of the statement of cash flows, the District considers all investments by fund in the District's cash and investment pool to be cash equivalents.

2. Receivables

Taxes receivable - Property taxes are assessed on a calendar-year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all tax entities within the county. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the following year. Tax installments paid to the County Treasurer in May are budgeted to finance the current year's operations and are distributed to the District prior to July 1.

State aid receivable - State statutes provide that in the month of June of each school year, the final payment (from the State to District) shall be made of the full amount of the state aid for the year. The State did not make the final general fund state aid payment of \$1,944,579 or the supplemental general state aid payment \$304,164 for the fiscal year ended June 30, 2006 until July 2006. The District was instructed by the State to record the final payment as though it had been received on June 30, 2006. These receipts were recorded for the budgetary basis; however recorded as a receivable by the general and supplemental general funds on the district-wide and fund financial statements.

3. Inventories

All inventories are valued at cost using the average cost method. Inventories in the general fund consist of educational and maintenance supplies. Inventories in the special revenue funds are food supplies. Inventories are recorded as expenditures when consumed rather than when purchased. Reported inventories in the funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even through they are a component of reported assets.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the district-wide financial statements. Capital assets of the District are defined as assets with an initial individual cost of more than \$500. However, the District records only capital assets in excess of \$5,000 on the district-wide financial statements. Capital assets are recorded at historical cost, or estimated historical cost if actual is not available. Donated capital assets are recorded at their estimated fair value as of the date received. The costs of normal maintenance and

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Equity (Continued)

4. Capital Assets (continued)

repairs, that do not add to the value of the asset or materially extend an asset's life, are not capitalized. The District does not possess any significant infrastructure, such as roads or bridges.

All reported capital assets except land are depreciated. Amortization expense of equipment under capital leases is included in depreciation expense. Depreciated is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Land improvements	20 years
Buildings improvements	20-50 years
Equipment	5-20 years
Vehicles	8 years

The District owns various works of art that are not capitalized on these financial statements. Any revenue generated by the artwork would be available to be spent for educational purposes.

5. Medical Claims Payable

The medical claims payable relates to the District's self-insured health care program and includes reported, as well as incurred but not reported, medical claims. These are expected to be fully paid within one year of the financial statement date.

6. Compensated Absences

District personnel are eligible for vacation and/or sick leave benefits in varying amounts depending upon the classification of the employee. Upon separation from the District, unused vacation leave and unused sick leave are eligible for payment to employees according to District policy as stated in District handbooks and the negotiated agreement.

Unused vacation must be used by June 30th of the following fiscal year, or the benefit lapses. If the employee should separate from the District within that timeframe, compensation for unused vacation leave is limited to the amount earned at the beginning of that particular fiscal year. Thus, all liability associated with vacation compensation is due within one year of the fiscal year end.

Unused sick leave is accumulated up to a specified maximum number of days. Upon separation from the District, the compensation is based upon a pre-determined daily dollar amount multiplied by the number of accumulated sick days. The liability associated with this benefit is not material to the financial statements of the District and is not included in the year-end liability.

The compensated absences liability is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only when the liability has matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Equity (Continued)

8. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The reservations of fund balances are as follows:

- Reserved for encumbrances – used to segregate a portion of fund balance legally restricted for the future payment of outstanding encumbrances.
- Reserved for inventory – segregates a portion of fund balance to indicate that inventories do not represent available or spendable resources.
- Reserved for debt service – segregates the fund balance that has accumulated the money received to retire general obligation bonded debt.

9. Net Assets

Net assets represent the difference between assets and liabilities on the district-wide financial statements. Net assets are classified in the following categories:

- Invested in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.
- Restricted net assets – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted net assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets”.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require budgets be adopted for all funds, unless exempted by a specific statute. The statutes provide for the following sequence and timetable in the adoption for the legal budget.

1. Preparation of the budget for fiscal year on or before August 1.
2. Publication in local newspapers of the proposed budget and notice of hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

Kansas statutes allow school districts to operate from July 1 to August 15 without an adopted budget. Kansas statutes also dictate the level of the general fund budget based on a formula that uses a specific dollar amount per full-time equivalent weighted student as of September 20. Because the number of students as of September 20 of the budget year is not known at the time of budget adoption, an estimated number is used. If the estimate is too high, the general fund budget is automatically reduced to the actual number without requiring any formal Board action. If the estimate is too low, the Board of Education may increase the general fund budget to the actual amount only after following the procedures for publication and public hearing as outlined above.

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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Kansas statutes limit the supplemental general fund budget to a percentage of the general fund budget; therefore, this budget could have a corresponding adjustment when the general fund is adjusted to the legal maximum budget amount. For the year ended June 30, 2006, the adopted general fund budget was decreased by \$5,408 and the adopted supplemental general fund budget remained unchanged.

The District's legal level of budget control is at the fund level. Kansas statutes allow for the governing body to increase the original adopted budget for previously unbudgeted increases in revenue other than ad valorem taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was one such budget amendment for this year.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal 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 for future payment and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbered appropriations are not re-appropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the data presented in the budgetary comparison schedules differ from the data presented in the financial statements prepared in accordance with GAAP. The reconciliations are presented on the face of the budgetary comparison schedules.

A legal operating budget is not required for the internal service fund, agency funds, capital project funds (if any), and the following special revenue funds:

Athletic activities	Textbook rental
Contingency reserve	HHS Daycare
Employee wellness	Scholarship funds
District activity funds	

B. Compliance with the Kansas Cash Basis Law

Kansas municipalities are subject to the Cash-Basis Law as stated in Kansas Statute 10-1113. In accordance with the statutory basis of accounting, the Federal Grant Fund has a negative unencumbered cash balance at June 30, 2006. This fund will be reimbursed in the following fiscal year from federal grant programs. This receivable has been recognized for GAAP purposes on the fund financial statements.

III. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of June 30, 2006, the District had cash and cash equivalents as listed below:

Deposits in financial banking institutions	\$ 1,994,136
Certificates of deposits	8,364,352
State investment pool	<u>8,810,598</u>
Total cash and cash equivalents	<u>\$19,169,086</u>

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III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

A reconciliation of this cash to the basic financial statements is as follows:

Cash and cash equivalents per the Statement of Net Assets	\$18,611,727
Cash and cash equivalents per the Statement of Fiduciary Net Assets	<u>557,359</u>
Total shown on basic financial statements	<u>\$19,169,086</u>

The District did not have any activity in investment-type assets.

The District's policies relating to deposits and investments are governed by various Kansas Statutes (KSA). Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

Interest rate risk – In accordance with Kansas Statute 12-1675, the District manages its exposure to interest rate fluctuations by limiting all time investments to maturities of less than two years.

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675 (See Note I. E. 1). The District's practice is to place idle funds in certificates of deposits, United States obligations, and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AA Af/S1+ by Standard & Poor's as of March, 2006. The KMIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments.

Custodial credit risk – The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Kansas Statutes 9-1402 and 9-1405 requires that governments obtain security for all deposits. The District manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities. As of June 30, 2006, the District was not exposed to custodial credit risk with its deposits or investments.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the Kansas Municipal Investment Pool are diverse according to the policies of the investment pool.

The Hutchinson Recreation Commission is governed by the same Kansas Statutes as the District. The Commission's cash at December 31, 2005 consisted of:

Cash on hand	\$ 608
Deposits in financial banking institutions	113,429
State investment pool	<u>435,858</u>
Total component unit cash	<u>\$549,895</u>

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III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity of the governmental activities for the year ended June 30, 2006 was as follows:

<u>Beginning</u>	<u>Prior Period</u>			<u>Ending</u>	
	<u>Balances</u>	<u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Capital assets, not depreciable					
Land	\$ <u>674,572</u>	\$ <u>(16,100)</u>	\$ _____	\$ _____	\$ <u>658,472</u>
Capital assets, depreciable					
Land improvements	982,857	(880,477)	-	-	102,380
Buildings	18,698,951	-	-	-	18,698,951
Equipment	3,124,087	(595,561)	324,429	313,665	2,539,290
Capitalized leased equipment	-	965,260	1,401,462	-	2,366,722
Vehicles	<u>1,126,526</u>	<u>(79,807)</u>	<u>-</u>	<u>-</u>	<u>1,046,719</u>
Total depreciable capital assets	<u>23,932,421</u>	<u>(590,585)</u>	<u>1,725,891</u>	<u>313,665</u>	<u>24,754,062</u>
Accumulated depreciation:					
Land improvements	934,697	(832,317)	-	-	102,380
Buildings	12,815,743	-	239,513	-	13,055,256
Equipment	1,662,244	1,323	159,535	269,569	1,553,533
Leased equipment	-	-	321,753	-	321,753
Vehicles	<u>960,803</u>	<u>(79,807)</u>	<u>44,992</u>	<u>-</u>	<u>925,988</u>
Total accumulated depreciation	<u>16,373,487</u>	<u>(910,801)</u>	<u>765,793</u>	<u>269,569</u>	<u>15,958,910</u>
Governmental activities capital assets (net)	\$ <u>8,233,506</u>	\$ <u>304,116</u>	\$ <u>960,098</u>	\$ <u>44,096</u>	\$ <u>9,453,624</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Instruction	\$593,126
Student support services	1,494
Instructional support	20,726
General administration	1,100
School administration	12,746
Operations and maintenance	55,295
Student transportation	25,513
Other support services	25,673
Food service operations	<u>30,120</u>
Total governmental activities depreciation expense	<u>\$765,793</u>

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III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-Term Liabilities

Long-term liabilities, relating to the District's governmental activities, are as follows:

	<u>Balance at</u> <u>Beginning</u> <u>of Year</u>	<u>Prior</u> <u>Period</u> <u>Adjustment</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>End of</u> <u>Year</u>	<u>Due Within</u> <u>One Year</u>
General obligation bonds	\$7,955,000	\$ -	\$ -	\$1,825,000	\$6,130,000	\$1,960,000
Capital lease obligations	236,389	627,092	1,401,462	699,031	1,565,912	395,528
Early retirement program	<u>736,748</u>	<u>-</u>	<u>98,544</u>	<u>320,055</u>	<u>515,237</u>	<u>265,109</u>
	<u>\$8,928,137</u>	<u>\$627,092</u>	<u>\$1,500,006</u>	<u>\$2,844,086</u>	<u>\$8,211,149</u>	<u>\$2,620,637</u>

The general obligation bonds will be paid through the Debt Service Fund which will be funded with future property tax revenues. The capital lease obligations are liquidated primarily by the General Fund and the Supplemental General Fund. The early retirement program is generally liquidated by the General Fund, with certain amounts allocated to various special revenue funds.

General obligation bonds

Details of the bond issues are as follows:

Series 2001 General Obligation Bonds, original issue amount \$4,695,000, final payment due in August 2006, interest rate is 3.75%	\$1,025,000
Series 2002 General Obligation Refunding Bond, original issue amount \$5,105,000, future payments due in annual installments of \$935,000 to \$1,115,000 through September 2010, interest rate is 3.5% to 4.0%	<u>5,105,000</u>
Total	<u>\$6,130,000</u>

Annual debt service requirements for the general obligation bonds are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$1,960,000	\$197,250	\$2,157,250
2008	975,000	144,863	1,119,863
2009	1,015,000	107,500	1,122,500
2010	1,065,000	65,900	1,130,900
2011	<u>1,115,000</u>	<u>22,300</u>	<u>1,137,300</u>
	<u>\$6,130,000</u>	<u>\$537,813</u>	<u>\$6,667,813</u>

(Continued on page 39)

(Continued from page 38)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-Term Liabilities (Continued)

Capital lease obligations

The District has entered into various lease agreements for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been reported at the present value of their future minimum lease payments as of the inception date. The equipment totaled \$2,366,722 and is included in the capital assets of the District. The amortization of this equipment has been included in the District's depreciation expense. Obligations of the District's governmental activities under capital leases at June 30, 2006 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 395,528	\$ 62,333	\$ 457,861
2008	410,457	47,404	457,861
2009	387,143	31,845	418,988
2010	<u>372,784</u>	<u>16,024</u>	<u>388,808</u>
Total lease payments	<u>\$1,565,912</u>	<u>\$157,606</u>	<u>\$1,723,518</u>

Early retirement benefits program

At the discretion of the Board of Education, the District offers a voluntary early retirement program to eligible staff members. The staff member can selected either ten percent (10%) of the member's "average annual income" plus two hundred dollars/month (\$200) to be used toward payment of a health insurance policy as part of the district health insurance plan or fifteen percent (15%) of the member's "average annual income". Staff members must meet the following eligibility requirements:

1. The staff member shall be eligible by age and experience for full retirement benefits under the Kansas Public Employees Retirement System (KPERs) or the employee shall be a minimum of sixty (60) years of age at some time during the calendar year in which early retirement is requested.
2. The staff member shall be receiving retirement benefits from KPERs or from Social Security Administration.
3. The staff member shall not be older than sixty-four (64) years on the date of retirement.
4. The staff member shall have a minimum of fifteen (15) years of credited full-time service with the district of which the last ten (10) are consecutive.
5. The staff member shall have a minimum of twenty (20) years of credited service as recognized by KPERs.
6. The staff member shall be a full-time employee of the District.
7. Participation in the district's Early Retirement Program by a member shall not create a hardship for the district or its students.
8. The participation in the district's Early Retirement Program by a member must be approved by the superintendent.

This benefit program is unfunded and current costs are paid by the fund where each employee's salary is charged (the General Fund and various special revenue funds). For the year ended June 30, 2006, the District paid \$345,194 in benefits. The liability for the early retirement program includes the expected cash outflows discounted at an average of 3.54%. At year-end, there were 47 retirees receiving benefits.

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III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Operating Lease Obligations

The District leases an athletic facility for various District activities from the Educational Facilities Authority of Reno County for a total cost of \$80,000 annually. The lease agreement is classified as an operating lease for accounting purposes. The operating lease has an annual renewal option with the last possible renewal term ending in 2018. The Educational Facilities Authority of Reno County is a joint venture of the District as detailed in Note IV. B. The future minimum lease payments for this lease are as follows:

<u>Year ending June 30,</u>	
2007	\$ 80,000
2008	80,000
2009	80,000
2010	80,000
2011	80,000
2012 – 2016	400,000
2017 – 2018	<u>160,000</u>
	<u>\$960,000</u>

E. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settled claims have not exceeded commercial insurance coverage in any of the last three years.

The District has established a self-insured health care program for eligible District employees and covered dependents. The activity is reported in an internal service fund on these financial statements. The District limits its exposure through specific and aggregate stop-loss coverage. All claims handling procedures are performed by a third-party claims administrator. Reported unpaid claims, as well as incurred but not reported claims, have been accrued as a liability based upon the claims administrator's estimate.

Changed in claims liabilities during the past two years are summarized below:

Unpaid claims, June 30, 2004	\$ 100,831
Claims incurred (including incurred but not reported)	964,906
Claim payments	<u>(964,246)</u>
Unpaid claims, June 30, 2005	101,491
Claims incurred (including incurred but not reported)	893,492
Claim payments	<u>(935,194)</u>
Unpaid claims, June 30, 2006	<u>\$ 59,789</u>

F. Interfund Transfers and Balances

Interfund transfers occurred during the year and were made between the funds identified in the following table:

Transfer from:	Transfer to:		Total
	<u>Special Education</u>	<u>Nonmajor Governmental</u>	
General Fund	\$2,951,554	\$1,421,894	\$4,373,448
Supplemental General Fund	<u>300,000</u>	<u>2,716,270</u>	<u>3,016,270</u>
Total	<u>\$3,251,554</u>	<u>\$4,138,164</u>	<u>\$7,389,718</u>

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(Continued from page 40)

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Interfund Transfers and Balances (Continued)

Transfers are used to move revenue from the fund where state statute or the District’s budget requires them to be collected to the fund from which they are required to be expended under state statute or the District’s budget.

The General Fund recorded a Due to Other Funds of \$419,891 and the Special Education Fund recorded an offsetting Due From Other Funds on the Balance Sheet. This was recorded to eliminate the negative cash balance in the General Fund.

G. 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 South Kansas, Suite 100, Topeka, Kansas 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 sections 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 5.27% of covered payroll. These contribution requirements are established by KPERS and periodically revised. Kansas’ contributions to KPERS for District employees for the years ending June 30, 2006, 2005, and 2004 were \$1,380,712, \$1,258,100, and \$991,808, respectively, equal to the required contributions for each year. The revenue and the related expenses are reported in a special revenue fund of the District and are included in these financial statements.

H. Prior Period Adjustment

During the year ended June 30, 2006, the following affected the beginning net assets of the District:

Corrections were made to the capital asset records to accurately reflect the assets of the District at June 30, 2005.

Capital assets	\$304,116
Capital lease obligation was not originally recorded on the District’s records at June 30, 2005.	
Long-term debt	(627,092)
Premiums relating to the health insurance plan were not reflected as a receivable at June 30, 2005	163,480
Effects of rounding	_____ (1)
Total prior period adjustment	<u>\$(159,497)</u>

This prior period adjustment is shown as a decrease in beginning net assets in the Statement of Activities.

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IV. OTHER INFORMATION

A. Contingent Liabilities

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or any applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2006.

The District is a defendant in various pending litigation and administrative proceedings. Management anticipates that any potential claims, if any, against the District would be covered by insurance and would not materially affect the District's financial position.

B. Joint Venture

In 2003, the District entered into an agreement with the Hutchinson Community College to form a separate legal entity named the Educational Facilities Authority of Reno County (Authority). The purpose of the Authority is to facilitate the renovation, improvement, and acquisition of educational and athletic facilities as determined by the Authority's board of directors. The District has entered into an operating lease agreement with the Authority for the use of an athletic facility. Details of that lease are included in Note III. D. Additionally, the District agreed to make annual contributions to cover an allocated portion of the annual operating costs. For this fiscal year, the District paid operating costs of \$10,344 to the Authority.

Requests for additional financial information should be addressed to the Authority in care of the Hutchinson Community College, 1300 North Plum, Hutchinson, Kansas 67501.

C. Subsequent Event

In November 2006, the voters of the District approved a \$78,800,000 general obligation bond issue to pay for the costs associated with constructing, furnishing, and equipping certain District facilities.

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Required Supplementary Information

Hutchinson Public Schools
Unified School District No. 308
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
General Fund
Year ended June 30, 2006

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Revenue:				
Taxes	\$ 3,117,902	\$ 3,117,902	\$ 3,240,759	\$ 122,857
State aid	21,616,545	21,630,294	21,621,525	(8,769)
Reimbursed expenses	<u>-</u>	<u>114,088</u>	<u>-</u>	<u>(114,088)</u>
Total revenue	<u>24,734,447</u>	<u>24,862,284</u>	<u>24,862,284</u>	<u>-</u>
Expenditures and encumbrances:				
Instruction	11,455,360	11,424,463	11,475,670	51,207
Student support services	934,457	934,457	879,498	(54,959)
Instructional support services	1,025,091	1,025,091	904,942	(120,149)
General administration	479,586	479,586	487,848	8,262
School administration	1,924,697	1,924,697	1,778,592	(146,105)
Operations and maintenance	3,373,437	3,373,437	3,258,357	(115,080)
Student transportation services	514,879	514,879	423,642	(91,237)
Other support services	1,383,821	1,383,821	1,184,927	(198,894)
Community service operations	25,600	25,600	24,891	(709)
Architect fees	10,000	10,000	70,469	60,469
Transfers out	<u>3,607,519</u>	<u>3,657,573</u>	<u>4,373,448</u>	<u>715,875</u>
Total expenditures and encumbrances	<u>24,734,447</u>	<u>24,753,604</u>	<u>24,862,284</u>	<u>108,680</u>
Adjustment to legal maximum budget	-	(5,408)	-	5,408
Adjustment for State Juvenile Aid	<u>-</u>	<u>114,088</u>	<u>-</u>	<u>(114,088)</u>
Total expenditures and transfers subject to budget	<u>24,734,447</u>	<u>24,862,284</u>	<u>24,862,284</u>	<u>-</u>
Revenue over (under) expenditures and encumbrances	-	-	-	-
Unencumbered cash, beginning of year	-	-	-	-
Prior year cancelled encumbrances	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>1,202</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202</u>	<u>\$ 1,202</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 1,202	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			289,864	
Inventory			<u>80,451</u>	
GAAP fund balance, end of year			<u>\$ 371,517</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Supplemental General Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Taxes	\$ 3,022,233	\$ 3,022,233	\$ 3,308,491	\$ 286,258
State aid	<u>2,858,684</u>	<u>2,858,684</u>	<u>2,858,684</u>	<u>-</u>
Total revenue	<u>5,880,917</u>	<u>5,880,917</u>	<u>6,167,175</u>	<u>286,258</u>
Expenditures and encumbrances:				
Instruction	1,820,069	1,820,069	1,705,202	(114,867)
Student support services	16,640	16,640	5,458	(11,182)
Instructional support services	654,060	654,060	513,406	(140,654)
School administration	15,960	15,960	8,932	(7,028)
Operations and maintenance	992,495	992,495	762,064	(230,431)
Other support services	121,500	121,500	172,281	50,781
Transfers out	<u>2,562,888</u>	<u>2,562,888</u>	<u>3,016,269</u>	<u>453,381</u>
Total expenditures and encumbrances	<u>6,183,612</u>	<u>6,183,612</u>	<u>6,183,612</u>	<u>-</u>
Revenue over (under) expenditures and encumbrances	(302,695)	(302,695)	(16,437)	286,258
Unencumbered cash, beginning of year	302,695	302,695	302,695	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>4,238</u>	<u>4,238</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,496</u>	<u>\$ 290,496</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 290,496	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>453,957</u>	
GAAP fund balance, end of year			<u>\$ 744,453</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Special Education Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Federal aid	\$ 1,200,000	\$ 1,200,000	\$ 1,161,405	\$ (38,595)
Medicaid aid	800,000	800,000	899,022	99,022
Transfers from other funds	<u>2,701,500</u>	<u>2,751,554</u>	<u>3,251,554</u>	<u>500,000</u>
Total revenue	<u>4,701,500</u>	<u>4,751,554</u>	<u>5,311,981</u>	<u>560,427</u>
Expenditures and encumbrances:				
Instruction	4,074,692	4,124,746	3,560,621	(564,125)
Student support services	1,100,754	1,100,754	1,280,011	179,257
Instructional support services	69,563	69,563	30,651	(38,912)
General administration	200,397	200,397	223,244	22,847
Operations and maintenance	1,000	1,000	-	(1,000)
Student transportation services	506,350	506,350	342,788	(163,562)
Other support services	<u>-</u>	<u>-</u>	<u>201</u>	<u>201</u>
Total expenditures and encumbrances	<u>5,952,756</u>	<u>6,002,810</u>	<u>5,437,516</u>	<u>(565,294)</u>
Revenue over (under) expenditures and encumbrances	(1,251,256)	(1,251,256)	(125,535)	1,125,721
Unencumbered cash, beginning of year	2,331,221	2,331,221	2,331,221	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>493</u>	<u>493</u>
Unencumbered cash, end of year	<u>\$ 1,079,965</u>	<u>\$ 1,079,965</u>	<u>\$ 2,206,179</u>	<u>\$ 1,126,214</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 2,206,179	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>2,211</u>	
GAAP fund balance, end of year			<u>\$ 2,208,390</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Capital Outlay Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Taxes	\$ 829,367	\$ 829,367	\$ 855,348	\$ 25,981
State aid	246,769	246,769	246,531	(238)
Interest on idle funds	208,000	208,000	488,969	280,969
Other revenue	<u>150,000</u>	<u>150,000</u>	<u>177,647</u>	<u>27,647</u>
Total revenue	<u>1,434,136</u>	<u>1,434,136</u>	<u>1,768,495</u>	<u>334,359</u>
Expenditures and encumbrances:				
Instruction	1,229,049	1,229,049	148,506	(1,080,543)
Student support services	2,000	2,000	480	(1,520)
Instructional support services	18,000	18,000	11,898	(6,102)
Operations and maintenance	60,000	60,000	66,040	6,040
Other support services	170,000	170,000	105,431	(64,569)
Facilities acquisition and construction	<u>1,820,951</u>	<u>1,820,951</u>	<u>1,108,423</u>	<u>(712,528)</u>
Total expenditures and encumbrances	<u>3,300,000</u>	<u>3,300,000</u>	<u>1,440,778</u>	<u>(1,859,222)</u>
Revenue over (under) expenditures and encumbrances	(1,865,864)	(1,865,864)	327,717	2,193,581
Unencumbered cash, beginning of year	<u>2,924,724</u>	<u>2,924,724</u>	<u>2,924,724</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 1,058,860</u>	<u>\$ 1,058,860</u>	<u>\$ 3,252,441</u>	<u>\$ 2,193,581</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 3,252,441	
Interest receivable			80,016	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>566,015</u>	
GAAP fund balance, end of year			<u>\$ 3,898,472</u>	

Supplementary Information

**Hutchinson Public Schools
Unified School District No. 308**

Combining Statements – Nonmajor Funds

Special Revenue Funds – used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds maintained by the District and the purpose of each are as follows:

At Risk 4 Year Olds – used to account for revenue and expense related to At Risk 4 Year Old children.

At Risk K-12 – used to account for revenue and expense related to At Risk K-12 children.

Bilingual Education – used to account for costs incurred in administering programs to provide special help for pupils whose native language is not English.

Driver Training – used to account for the costs of providing driver education programs.

Food Service – used to account for the monies received and expended attributable to the food service program. The program is administered according to the state plan of child nutrition operations under which federal funds are received pursuant to federal acts relating to child nutrition. The programs are administered and meals are served on a nonprofit basis.

Professional Development – used to account for teacher in-service training program.

Parent Education – used to account for the home/school partnership program that helps parents understand more about how young children grow and learn so they can be better teachers of their preschool children.

Summer School – used to account for costs associated with the summer school programs.

Vocational Education – used to account for secondary education vocational programs approved by the State and funded by the General fund weighting formula.

KPERS Retirement – used to record the state aid received to pay for the employer’s share of the KPERS contributions.

Contingency Reserve – used to provide resources for unforeseen and unplanned needs.

Textbook Rental – used to account for fees collected and expenditures related to textbooks, workbooks, music instruments, supplies, and other items.

Special Assessment – used to pay for costs associated with capital improvements such as streets, sewers, curbs, and gutters.

HHS Daycare – used to account for revenue and expenses relating to the childcare center maintained at the District.

Employee Wellness – used to promote wellness of District employees.

Federal Grant Fund – used to account for revenue and expenses of programs administered in accordance with federal grants awarded to the district.

Gifts and Grant Fund – used to account for revenue and expenses for programs administered with state and local gifts and grants awarded to the district.

Scholarship Fund – used to account for revenue and expenses relating to gifts that are restricted to scholarship purposes.

District Activity Funds – used to account for revenue and expenses relating to co-curricular activities which have student participation in the activity, but are administered by the district.

Athletic Activity – used to account for gate receipts at the middle and secondary school athletic functions and expenditures relating to those functions.

Capital Project Funds – used to account for the acquisition and construction of major capital facilities financed through long-term debt financing or contributions. There currently are no such funds.

Unified School District No. 308

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds										
	At Risk 4 Yr Olds	At Risk K-12	Bilingual Education	Driver Training	Food Service	Professional Development	Parent Education	Summer School	Vocational Education	KPERS Retirement	Contingency Reserve
Assets:											
Cash, cash equivalents and investments	\$ 52,280	\$286,919	\$ 33,938	\$ 126,816	\$446,094	\$ 668,529	\$ 211,033	\$ 175,361	\$ 342,003	\$ -	\$ 900,000
Accounts receivable	-	-	-	-	-	-	-	-	179,360	-	-
Federal receivable	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	32,883	-	-	-	48,000	-	-
Total assets	<u>\$ 52,280</u>	<u>\$286,919</u>	<u>\$ 33,938</u>	<u>\$ 126,816</u>	<u>\$478,977</u>	<u>\$ 668,529</u>	<u>\$ 211,033</u>	<u>\$ 175,361</u>	<u>\$ 569,363</u>	<u>\$ -</u>	<u>\$ 900,000</u>
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86	\$ -	\$ -	\$ -	\$ -
Accrued payroll	3,497	79,731	8,265	-	6,066	441	226	386	101,264	-	-
Total liabilities	<u>3,497</u>	<u>79,731</u>	<u>8,265</u>	<u>-</u>	<u>6,066</u>	<u>441</u>	<u>312</u>	<u>386</u>	<u>101,264</u>	<u>-</u>	<u>-</u>
Fund Balances:											
Reserved for:											
Encumbrances	360	207,052	-	-	738	10,845	13,733	-	54,944	-	-
Inventory	-	-	-	-	32,883	-	-	-	48,000	-	-
Unreserved	48,423	136	25,673	126,816	439,290	657,243	196,988	174,975	365,155	-	900,000
Total fund balances	<u>48,783</u>	<u>207,188</u>	<u>25,673</u>	<u>126,816</u>	<u>472,911</u>	<u>668,088</u>	<u>210,721</u>	<u>174,975</u>	<u>468,099</u>	<u>-</u>	<u>900,000</u>
Total liabilities and fund balances	<u>\$ 52,280</u>	<u>\$286,919</u>	<u>\$ 33,938</u>	<u>\$ 126,816</u>	<u>\$478,977</u>	<u>\$ 668,529</u>	<u>\$ 211,033</u>	<u>\$ 175,361</u>	<u>\$ 569,363</u>	<u>\$ -</u>	<u>\$ 900,000</u>

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**Hutchinson Public Schools
Unified School District No. 308**

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006**

- Continued -

	Special Revenue Funds									Total
	Textbook Rental	Special Assessment	HHS Daycare	Employee Wellness	Federal Grant Funds	Gift and Grant Funds	Scholarship Funds	District Activity Funds	Athletic Activity	Governmental Funds
Assets:										
Cash, cash equivalents and investments	\$ 1,231,254	\$ 82,161	\$ 76,716	\$ 945	\$ 452,276	\$ 54,537	\$ 2,113	\$ 119,834	\$ 135,532	\$ 5,398,341
Accounts receivable	-	-	-	-	-	-	-	-	-	179,360
Federal receivable	-	-	-	-	84,989	-	-	-	-	84,989
Inventory	-	-	-	-	-	-	-	-	-	80,883
Total assets	<u>\$ 1,231,254</u>	<u>\$ 82,161</u>	<u>\$ 76,716</u>	<u>\$ 945</u>	<u>\$ 537,265</u>	<u>\$ 54,537</u>	<u>\$ 2,113</u>	<u>\$ 119,834</u>	<u>\$ 135,532</u>	<u>\$ 5,743,573</u>
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 5,890	\$ -	\$ -	\$ -	\$ -	\$ 5,976
Accrued payroll	-	-	19,793	-	293,349	-	-	-	-	513,018
Total liabilities	<u>-</u>	<u>-</u>	<u>19,793</u>	<u>-</u>	<u>299,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,994</u>
Fund Balances:										
Reserved for:										
Encumbrances	81,455	-	-	-	238,026	3,659	-	-	-	610,812
Inventory	-	-	-	-	-	-	-	-	-	80,883
Unreserved	1,149,799	82,161	56,923	945	-	50,878	2,113	119,834	135,532	4,532,884
Total fund balances	<u>1,231,254</u>	<u>82,161</u>	<u>56,923</u>	<u>945</u>	<u>238,026</u>	<u>54,537</u>	<u>2,113</u>	<u>119,834</u>	<u>135,532</u>	<u>5,224,579</u>
Total liabilities and fund balances	<u>\$ 1,231,254</u>	<u>\$ 82,161</u>	<u>\$ 76,716</u>	<u>\$ 945</u>	<u>\$ 537,265</u>	<u>\$ 54,537</u>	<u>\$ 2,113</u>	<u>\$ 119,834</u>	<u>\$ 135,532</u>	<u>\$ 5,743,573</u>

Hutchinson Public Schools
Unified School District No. 308

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds										
	At Risk 4 Yr Olds	At Risk K-12	Bilingual Education	Driver Training	Food Service	Professional Development	Parent Education	Summer School	Vocational Education	KPERS Retirement	Contingency Reserve
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State aid	-	-	-	-	22,926	20,120	105,508	-	-	1,380,712	-
Federal aid	-	-	-	-	1,038,376	-	-	-	-	-	-
Charges for services	-	-	-	-	501,095	-	-	-	381,518	-	-
Earnings on investments	-	-	-	-	3,623	-	-	-	-	-	-
Other	-	-	-	-	85,188	-	45,100	6,615	356,463	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,651,208</u>	<u>20,120</u>	<u>150,608</u>	<u>6,615</u>	<u>737,981</u>	<u>1,380,712</u>	<u>-</u>
Expenditures:											
Current:											
Instruction	87,217	1,530,719	114,327	6,195	-	-	-	23,334	1,600,751	897,463	-
Student support	-	-	-	-	-	-	170,228	2,283	-	110,457	-
Instructional support	-	-	-	-	-	233,033	-	-	15,987	55,229	-
General administration	-	-	-	-	-	-	-	-	-	27,614	-
School administration	-	-	-	-	-	-	-	-	127,339	96,650	-
Operations and maintenance	-	-	-	-	25,179	-	-	-	72,831	110,457	-
Student transportation service	-	-	-	-	-	-	-	-	-	-	-
Other support services	-	-	-	-	-	-	-	-	603	41,421	-
Food service	-	-	-	-	1,631,784	-	-	-	-	41,421	-
Community service operations	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>87,217</u>	<u>1,530,719</u>	<u>114,327</u>	<u>6,195</u>	<u>1,656,963</u>	<u>233,033</u>	<u>170,228</u>	<u>25,617</u>	<u>1,817,511</u>	<u>1,380,712</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(87,217)</u>	<u>(1,530,719)</u>	<u>(114,327)</u>	<u>(6,195)</u>	<u>(5,755)</u>	<u>(212,913)</u>	<u>(19,620)</u>	<u>(19,002)</u>	<u>(1,079,530)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):											
Transfers in	136,000	1,737,907	140,000	-	-	300,875	70,000	-	1,300,000	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>136,000</u>	<u>1,737,907</u>	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>300,875</u>	<u>70,000</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	48,783	207,188	25,673	(6,195)	(5,755)	87,962	50,380	(19,002)	220,470	-	-
Fund balances at beginning of year	-	-	-	133,011	478,666	580,126	160,341	193,977	247,629	-	900,000
Fund balances at end of year	<u>\$ 48,783</u>	<u>\$ 207,188</u>	<u>\$ 25,673</u>	<u>\$ 126,816</u>	<u>\$ 472,911</u>	<u>\$ 668,088</u>	<u>\$ 210,721</u>	<u>\$ 174,975</u>	<u>\$ 468,099</u>	<u>\$ -</u>	<u>\$ 900,000</u>

- Continued -

Hutchinson Public Schools
Unified School District No. 308
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2006
- Continued -

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	Special Revenue Funds									Total Nonmajor Governmental Funds
	Textbook Rental	Special Assessment	HHS Daycare	Employee Wellness	Federal Grant Funds	Gift and Grant Funds	Scholarship Funds	District Activity Funds	Athletic Activity	
Revenues:										
Taxes	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8
State aid	-	-	-	-	-	-	-	-	-	1,529,266
Federal aid	-	-	4,779	-	4,148,282	-	-	-	-	5,191,437
Charges for services	108,285	-	72,716	-	-	-	228,803	200,229	-	1,492,646
Earnings on investments	-	-	-	-	-	-	301	-	1,354	5,278
Other	-	-	63,581	1,188	-	63,815	-	-	-	621,950
Contributions	-	-	-	-	-	16,738	-	-	-	16,738
Total revenues	<u>108,285</u>	<u>8</u>	<u>141,076</u>	<u>1,188</u>	<u>4,148,282</u>	<u>80,553</u>	<u>301</u>	<u>228,803</u>	<u>201,583</u>	<u>8,857,323</u>
Expenditures:										
Current:										
Instruction	560,010	-	-	-	3,121,917	6,923	-	225,513	213,360	8,387,729
Student support	-	-	-	-	282,935	-	-	-	-	565,903
Instructional support	5,057	-	-	-	484,626	3,106	-	-	-	797,038
General administration	-	-	-	-	10,946	56,781	-	-	-	95,341
School administration	-	-	-	-	-	-	-	-	-	223,989
Operations and maintenance	-	-	-	-	87,747	-	-	-	-	296,214
Student transportation service	-	-	-	-	10,118	-	-	-	-	10,118
Other support services	2,326	-	-	-	1,229	10,037	-	-	-	55,616
Food service	-	-	6,381	-	153,103	-	-	-	-	1,832,689
Community service operations	-	-	132,587	243	-	-	-	-	-	132,830
Total expenditures	<u>567,393</u>	<u>-</u>	<u>138,968</u>	<u>243</u>	<u>4,152,621</u>	<u>76,847</u>	<u>-</u>	<u>225,513</u>	<u>213,360</u>	<u>12,397,467</u>
Excess of revenues over (under) expenditures	<u>(459,108)</u>	<u>8</u>	<u>2,108</u>	<u>945</u>	<u>(4,339)</u>	<u>3,706</u>	<u>301</u>	<u>3,290</u>	<u>(11,777)</u>	<u>(3,540,144)</u>
Other financing sources (uses):										
Transfers in	453,382	-	-	-	-	-	-	-	-	4,138,164
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>453,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,138,164</u>
Net change in fund balances	(5,726)	8	2,108	945	(4,339)	3,706	301	3,290	(11,777)	598,020
Fund balances at beginning of year	<u>1,236,980</u>	<u>82,153</u>	<u>54,815</u>	<u>-</u>	<u>242,365</u>	<u>50,831</u>	<u>1,812</u>	<u>116,544</u>	<u>147,309</u>	<u>4,626,559</u>
Fund balances at end of year	<u>\$ 1,231,254</u>	<u>\$ 82,161</u>	<u>\$ 56,923</u>	<u>\$ 945</u>	<u>\$ 238,026</u>	<u>\$ 54,537</u>	<u>\$ 2,113</u>	<u>\$ 119,834</u>	<u>\$ 135,532</u>	<u>\$ 5,224,579</u>

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
At Risk 4 Year Olds Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Transfers from other funds	\$ 136,000	\$ 136,000	\$ 136,000	\$ -
Expenditures and encumbrances:				
Instruction	136,000	136,000	87,577	(48,423)
Revenue over (under) expenditures and encumbrances	-	-	48,423	48,423
Unencumbered cash, beginning of year	-	-	-	-
Unencumbered cash, end of year	\$ -	\$ -	\$ 48,423	\$ 48,423
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 48,423	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			360	
GAAP fund balance, end of year			\$ 48,783	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
At Risk K-12 Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Transfers from other funds	\$ 1,737,907	\$ 1,737,907	\$ 1,737,907	\$ -
Expenditures and encumbrances:				
Instruction	<u>1,737,907</u>	<u>1,737,907</u>	<u>1,737,771</u>	<u>(136)</u>
Revenue over (under) expenditures and encumbrances	-	-	136	136
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 136</u></u>	<u><u>\$ 136</u></u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 136	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>207,052</u>	
GAAP fund balance, end of year			<u><u>\$ 207,188</u></u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Bilingual Education Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	(Under)
Revenue:				
Transfers from other funds	\$ 140,000	\$ 140,000	\$ 140,000	\$ -
Expenditures and encumbrances:				
Instruction	140,000	140,000	114,327	(25,673)
Revenue over (under) expenditures and encumbrances	-	-	25,673	25,673
Unencumbered cash, beginning of year	-	-	-	-
Unencumbered cash, end of year	\$ -	\$ -	\$ 25,673	\$ 25,673
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 25,673	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			-	
GAAP fund balance, end of year			\$ 25,673	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Driver Training Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures and encumbrances:				
Instruction	<u>100,000</u>	<u>100,000</u>	<u>6,195</u>	<u>(93,805)</u>
Revenue over (under) expenditures and encumbrances	(100,000)	(100,000)	(6,195)	93,805
Unencumbered cash, beginning of year	<u>133,011</u>	<u>133,011</u>	<u>133,011</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 33,011</u>	<u>\$ 33,011</u>	<u>\$ 126,816</u>	<u>\$ 93,805</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 126,816	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u>\$ 126,816</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Food Service Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	
Revenue:				
State aid	\$ 23,035	\$ 23,035	\$ 22,926	\$ (109)
Federal aid	970,165	970,165	1,038,376	68,211
Food service sales	455,190	455,190	501,095	45,905
Interest on idle funds	13,000	13,000	3,623	(9,377)
Other	-	-	85,188	85,188
	<u>1,461,390</u>	<u>1,461,390</u>	<u>1,651,208</u>	<u>189,818</u>
Expenditures and encumbrances:				
Operations and maintenance	29,900	29,900	25,179	(4,721)
Food service	<u>1,835,715</u>	<u>1,835,715</u>	<u>1,591,590</u>	<u>(244,125)</u>
	<u>1,865,615</u>	<u>1,865,615</u>	<u>1,616,769</u>	<u>(248,846)</u>
Revenue over (under) expenditures and encumbrances	(404,225)	(404,225)	34,439	438,664
Unencumbered cash, beginning of year	404,225	404,225	404,225	-
Prior year canceled encumbrances	-	-	<u>626</u>	<u>626</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439,290</u>	<u>\$ 439,290</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 439,290	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			738	
Inventory			<u>32,883</u>	
GAAP fund balance, end of year			<u>\$ 472,911</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Professional Development Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
State aid	\$ 8,125	\$ 8,125	\$ 20,120	\$ 11,995
Transfers from other funds	85,000	85,000	300,875	215,875
Total revenue	93,125	93,125	320,995	227,870
Expenditures and encumbrances:				
Instructional support	378,559	378,559	241,219	(137,340)
Revenue over (under) expenditures and encumbrances	(285,434)	(285,434)	79,776	365,210
Unencumbered cash, beginning of year	577,467	577,467	577,467	-
Unencumbered cash, end of year	\$ 292,033	\$ 292,033	\$ 657,243	\$ 365,210
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 657,243	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			10,845	
GAAP fund balance, end of year			\$ 668,088	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Parent Education Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
State aid	\$ 115,757	\$ 115,757	\$ 105,508	\$ (10,249)
Other	50,500	50,500	45,100	(5,400)
Transfers from other funds	70,000	70,000	70,000	-
Total revenue	236,257	236,257	220,608	(15,649)
Expenditures and encumbrances:				
Student support	232,200	232,200	182,777	(49,423)
Instructional support	6,000	6,000	-	(6,000)
Total expenditures and encumbrances	238,200	238,200	182,777	(55,423)
Revenue over (under) expenditures and encumbrances	(1,943)	(1,943)	37,831	39,774
Unencumbered cash, beginning of year	159,157	159,157	159,157	-
Unencumbered cash, end of year	\$ 157,214	\$ 157,214	\$ 196,988	\$ 39,774
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 196,988	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			13,733	
GAAP fund balance, end of year			\$ 210,721	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Summer School Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Other	\$ 10,000	\$ 10,000	\$ 6,615	\$ (3,385)
Expenditures and encumbrances:				
Instruction	116,246	116,246	23,334	(92,912)
Student support	4,874	4,874	2,283	(2,591)
School administration	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total expenditures and encumbrances	<u>121,220</u>	<u>121,220</u>	<u>25,617</u>	<u>(95,603)</u>
Revenue over (under) expenditures and encumbrances	(111,220)	(111,220)	(19,002)	92,218
Unencumbered cash, beginning of year	<u>193,977</u>	<u>193,977</u>	<u>193,977</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 82,757</u>	<u>\$ 82,757</u>	<u>\$ 174,975</u>	<u>\$ 92,218</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 174,975	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u>\$ 174,975</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Vocational Education Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Tuition	\$ 300,000	\$ 300,000	\$ 381,518	\$ 81,518
Other	175,000	175,000	177,103	2,103
Transfers from other funds	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Total revenue	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,858,621</u>	<u>83,621</u>
Expenditures and encumbrances:				
Instruction	1,468,847	1,468,847	1,456,123	(12,724)
Instructional support	34,000	34,000	15,987	(18,013)
School administration	138,860	138,860	127,339	(11,521)
Operations and maintenance	132,236	132,236	72,831	(59,405)
Other support services	<u>1,057</u>	<u>1,057</u>	<u>603</u>	<u>(454)</u>
Total expenditures and encumbrances	<u>1,775,000</u>	<u>1,775,000</u>	<u>1,672,883</u>	<u>(102,117)</u>
Revenue over (under) expenditures and encumbrances	-	-	185,738	185,738
Unencumbered cash, beginning of year	-	-	-	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,795</u>	<u>\$ 185,795</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 185,795	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			54,944	
Receivable			179,360	
Inventory			<u>48,000</u>	
GAAP fund balance, end of year			<u>\$ 468,099</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
KPERs Special Retirement Contribution Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	(Under)
Revenue:				
State aid	\$ 1,439,042	\$ 1,439,042	\$ 1,380,712	\$ (58,330)
Expenditures and encumbrances:				
Instruction	935,378	935,378	897,463	(37,915)
Student support	115,123	115,123	110,457	(4,666)
Instructional support	57,562	57,562	55,229	(2,333)
General administration	28,781	28,781	27,614	(1,167)
School administration	100,733	100,733	96,650	(4,083)
Operations and maintenance	115,123	115,123	110,457	(4,666)
Other support services	43,171	43,171	41,421	(1,750)
Food service	43,171	43,171	41,421	(1,750)
Total expenditures and encumbrances	1,439,042	1,439,042	1,380,712	(58,330)
Revenue over (under) expenditures and encumbrances	-	-	-	-
Unencumbered cash, beginning of year	-	-	-	-
Unencumbered cash, end of year	\$ -	\$ -	\$ -	\$ -
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ -	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			-	
GAAP fund balance, end of year			\$ -	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Special Assessment Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Taxes	\$ -	\$ -	\$ 8	\$ 8
Expenditures and encumbrances:				
Facilities acquisition and construction	<u>82,153</u>	<u>82,153</u>	-	<u>(82,153)</u>
Revenue over (under) expenditures and encumbrances	(82,153)	(82,153)	8	82,161
Unencumbered cash, beginning of year	<u>82,153</u>	<u>82,153</u>	<u>82,153</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 82,161</u></u>	<u><u>\$ 82,161</u></u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 82,161	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u><u>\$ 82,161</u></u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Federal Grant Funds
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Federal aid	\$ 4,534,000	\$ 4,534,000	\$ 4,180,431	\$ (353,569)
Expenditures and encumbrances:				
Instruction	3,515,500	3,515,500	3,117,606	(397,894)
Student support	235,300	235,300	282,935	47,635
Instructional support	376,300	376,300	484,626	108,326
General administration	14,310	14,310	10,946	(3,364)
Operations and maintenance	45,400	45,400	87,747	42,347
Student transportation service	5,525	5,525	10,118	4,593
Other support services	17,000	17,000	1,229	(15,771)
Food service	149,800	149,800	153,103	3,303
Total expenditures and encumbrances	4,359,135	4,359,135	4,148,310	(210,825)
Revenue over (under) expenditures and encumbrances	174,865	174,865	32,121	(142,744)
Unencumbered cash, beginning of year	(117,138)	(117,138)	(117,138)	-
prior year cancelled encumbrances	-	-	28	28
Unencumbered cash, end of year	\$ 57,727	\$ 57,727	\$ (84,989)	\$ (142,716)
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ (84,989)	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			238,026	
Federal receivable			84,989	
GAAP fund balance, end of year			\$ 238,026	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Gifts and Grants Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
Revenue:				
Other	\$ 70,000	\$ 70,000	\$ 63,815	\$ (6,185)
Contributions	<u>40,000</u>	<u>40,000</u>	<u>16,738</u>	<u>(23,262)</u>
Total revenue	<u>110,000</u>	<u>110,000</u>	<u>80,553</u>	<u>(29,447)</u>
Expenditures and encumbrances:				
Instruction	7,145	7,145	6,923	(222)
Instructional support	20,753	20,753	3,106	(17,647)
General administration	68,005	68,005	57,372	(10,633)
Other support services	<u>41,169</u>	<u>41,169</u>	<u>10,037</u>	<u>(31,132)</u>
Total expenditures and encumbrances	<u>137,072</u>	<u>137,072</u>	<u>77,438</u>	<u>(59,634)</u>
Revenue over (under) expenditures and encumbrances	(27,072)	(27,072)	3,115	30,187
Unencumbered cash, beginning of year	<u>47,763</u>	<u>47,763</u>	<u>47,763</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 20,691</u>	<u>\$ 20,691</u>	<u>\$ 50,878</u>	<u>\$ 30,187</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 50,878	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>3,659</u>	
GAAP fund balance, end of year			<u>\$ 54,537</u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Debt Service Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Taxes	\$ 1,435,496	\$ 1,435,496	\$ 1,516,374	\$ 80,878
State aid	<u>684,867</u>	<u>684,867</u>	<u>684,867</u>	<u>-</u>
Total revenue	<u>2,120,363</u>	<u>2,120,363</u>	<u>2,201,241</u>	<u>80,878</u>
Expenditures and encumbrances:				
Principal	1,825,000	1,825,000	1,825,000	-
Interest	315,182	315,182	315,182	-
Commission and postage	<u>18</u>	<u>18</u>	<u>-</u>	<u>(18)</u>
Total expenditures and encumbrances	<u>2,140,200</u>	<u>2,140,200</u>	<u>2,140,182</u>	<u>(18)</u>
Revenue over (under) expenditures and encumbrances	(19,837)	(19,837)	61,059	80,896
Unencumbered cash, beginning of year	<u>3,557,091</u>	<u>3,557,091</u>	<u>3,557,091</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 3,537,254</u>	<u>\$ 3,537,254</u>	<u>\$ 3,618,150</u>	<u>\$ 80,896</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 3,618,150	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u>\$ 3,618,150</u>	

**Hutchinson Public Schools
Unified School District No. 308**

Combining Statements – Agency Funds

Agency Funds – used to account for situations where the government’s role is custodial. All assets are offset by a liability to the party on whose behalf they are held.

Student Organization Funds – used to account for money relating to student activities. The student organizations approve how these monies are to be spent.

Hutchinson Recreation Commission – The District receives the Commission’s tax revenue from the county treasurer. This money is then remitted to the Commission.

**Hutchinson Public Schools
Unified School District No. 308**

**Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2006**

	<u>Student Activity Funds</u>	<u>Hutchinson Recreation Commission</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 151,727	\$ 405,632	\$ 557,359
Total assets	<u>\$ 151,727</u>	<u>\$ 405,632</u>	<u>\$ 557,359</u>
 Liabilities			
Accounts payable	\$ 151,727	\$ 405,632	\$ 557,359
Total liabilities	<u>\$ 151,727</u>	<u>\$ 405,632</u>	<u>\$ 557,359</u>

**Hutchinson Public Schools
Unified School District No. 308**

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2006**

	Beginning Balance	Additions	Reductions	Ending Balance
Student Activity Funds:				
Hutchinson High School	\$ 128,293	\$ 362,983	\$ 382,978	\$ 108,298
Hutchinson Middle School 8	8,500	34,437	37,752	5,185
Hutchinson Middle School 7	8,406	8,458	8,946	7,918
Avenue A Elementary School	-	-	-	-
Faris Elementary School	2,997	4,213	4,251	2,959
Graber Elementary School	2,871	4,275	4,451	2,695
Lincoln Elementary School	-	-	-	-
McCandless Elementary School	778	1,294	1,224	848
Morgan Elementary School	1,178	45	470	753
Wiley Elementary School	-	-	-	-
Vocational Technical School	30,828	80,996	88,753	23,071
	<u>183,851</u>	<u>496,701</u>	<u>528,825</u>	<u>151,727</u>
Total Student Activity Funds				
Hutchinson Recreation Commission:				
General fund	308,973	851,911	845,655	315,229
Employee Benefit fund	80,955	243,393	233,945	90,403
	<u>389,928</u>	<u>1,095,304</u>	<u>1,079,600</u>	<u>405,632</u>
Total Hutchinson Recreation Commission				
Assets - Cash and investments	<u>\$ 573,779</u>	<u>\$ 1,592,005</u>	<u>\$ 1,608,425</u>	<u>\$ 557,359</u>
Liabilities - Accounts payable	<u>\$ 573,779</u>	<u>\$ 1,592,005</u>	<u>\$ 1,608,425</u>	<u>\$ 557,359</u>

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Hutchinson Recreation Commission Fund
Year ended June 30, 2006**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	(Under)
Revenue:				
Taxes	\$ 825,412	\$ 825,412	\$ 851,911	\$ 26,499
Expenditures and encumbrances:				
Community service operations	<u>936,000</u>	<u>936,000</u>	<u>845,655</u>	<u>(90,345)</u>
Revenue over (under) expenditures and encumbrances	(110,588)	(110,588)	6,256	116,844
Unencumbered cash, beginning of year	<u>308,973</u>	<u>308,973</u>	<u>308,973</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ 198,385</u></u>	<u><u>\$ 198,385</u></u>	<u><u>\$ 315,229</u></u>	<u><u>\$ 116,844</u></u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 315,229	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u><u>\$ 315,229</u></u>	

**Hutchinson Public Schools
Unified School District No. 308**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Hutchinson Recreation Commission Employee Benefits and Special Liability Fund
Year ended June 30, 2006**

	Budgeted	Amounts	Actual	Variance
	Original	Final	Amounts	With Final
	Budgetary	Budgetary	Budgetary	Budget
	Basis	Basis	Basis	Over
	(Under)	(Under)	(Under)	(Under)
Revenue:				
Taxes	\$ 235,289	\$ 235,289	\$ 243,393	\$ 8,104
Expenditures and encumbrances:				
Community service operations	<u>275,000</u>	<u>275,000</u>	<u>233,945</u>	<u>(41,055)</u>
Revenue over (under) expenditures and encumbrances	(39,711)	(39,711)	9,448	49,159
Unencumbered cash, beginning of year	<u>80,955</u>	<u>80,955</u>	<u>80,955</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 41,244</u>	<u>\$ 41,244</u>	<u>\$ 90,403</u>	<u>\$ 49,159</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 90,403	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u>\$ 90,403</u>	

Statistical Section

Contents

Statistical Section

This part of the School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and require supplementary information says about the School District's overall financial health

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 for fiscal year ended June 30, 2005; schedules presenting government-wide information include information beginning in that year.	

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Schedule 1

Hutchinson Public Schools
Unified School District No. 308
Net Assets by Component,
Last Two Fiscal Years
(accrual basis of accounting)

	<u>Fiscal Year</u>	
	<u>2005</u>	<u>2006</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 42,117	\$ 1,757,712
Restricted for:		
Debt service	3,417,720	3,537,108
Self-insurance medical claims	2,009,341	3,085,349
Special assessment purposes	82,153	
Unrestricted	<u>9,920,093</u>	<u>11,651,647</u>
Total primary government net assets	<u>\$ 15,471,424</u>	<u>\$ 20,031,816</u>

Note: The district began to report accrual information when it implemented GASB Statement 34 at June 30, 2005.

Schedule 2

**Hutchinson Public Schools
Unified School District No. 308
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Two Fiscal Years
(accrual basis of accounting)**

Expenses	Fiscal Year	
	<u>2005</u>	<u>2006</u>
Government activities:		
Instruction	\$ 21,244,540	\$ 24,094,992
Student support services	2,309,244	2,737,817
Instructional support services	2,356,487	2,197,701
General administration	773,026	801,325
School administration	1,905,387	2,083,190
Operations and maintenance	4,313,341	4,467,089
Student transportation services	947,339	802,065
Other support services	1,912,445	1,442,336
Food service operations	1,857,031	2,152,315
Community service operations	146,849	157,620
Interest on long-term debt	414,264	300,006
Total primary government expenses	<u>38,179,953</u>	<u>41,236,456</u>
 Program Revenues		
Government activities:		
Charges for services		
Instruction	1,059,230	1,399,729
Student support services	50,589	
Other support services	113,485	177,647
Food service operations	568,318	586,283
Community service operations	1,385	1,188
Operating grants and contributions	<u>7,313,849</u>	<u>7,395,998</u>
Total primary government program revenues	<u>9,106,856</u>	<u>9,560,845</u>
 Net (Expense)/Revenue		
Total primary government net expense	<u>\$ (29,073,097)</u>	<u>\$ (31,675,611)</u>

Note: The district began to report accrual information when it implemented GASB Statement 34 at June 30, 2005.

Schedule 3

Hutchinson Public Schools
Unified School District No. 308
General Revenues and Total Change in Net Assets,
Last Two Fiscal Years
 (accrual basis of accounting)

	Fiscal Year	
	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue		
Total primary government net expense	\$ (29,073,097)	\$ (31,675,611)
 General Revenues and Other Changes in Net Assets		
Governmental activities:		
Property taxes levied for:		
General purposes ^a	6,069,679	6,549,258
Debt service	1,745,921	1,516,374
Capital outlay	831,990	855,348
State aid	23,460,194	26,940,873
Investment earnings	245,845	533,647
Total primary government	32,353,629	36,395,500
 Change in Net Assets		
Total primary government	\$ 3,280,532	\$ 4,719,889

Note: The district began to report accrual information when it implemented GASB Statement 34 at June 30, 2005.

^a Changes in property tax revenues are a product of underlying changes in property values and tax rates. See Schedules 8-11.

Schedule 4

**Hutchinson Public Schools
Unified School District No. 308
Fund Balances, Governmental Funds,
Last Two Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year	
	2005	2006
General Fund		
Reserved for encumbrances	\$ 156,493	\$ 289,864
Reserved for inventories	142,892	80,451
Unreserved	-	1,202
Total general fund	\$ 299,385	\$ 371,517
All Other Governmental Funds		
Reserved for encumbrances	\$ 823,953	\$ 1,632,995
Reserved for inventories	223,107	80,883
Reserved for debt service	3,557,091	3,618,150
Reserved for special assessment purposes	82,153	
Unreserved, reported in special revenue funds	9,572,316	10,362,016
Total all other governmental funds	\$ 14,258,620	\$ 15,694,044

Note: The district began to report accrual information when it implemented GASB Statement 34 at June 30, 2005.

Schedule 5

Hutchinson Public Schools
Unified School District No. 308
Governmental Funds Revenues,
Last Two Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year	
	<u>2005</u>	<u>2006</u>
Federal sources	\$ 7,164,022	\$ 7,251,864
State sources	<u>23,460,194</u>	<u>26,940,873</u>
Local sources		
Ad valorem taxes	8,647,590	8,920,980
Charges for services	1,387,018	1,492,646
Earnings on investments	245,845	533,647
Other revenue	495,720	799,597
Contributions	<u>60,096</u>	<u>16,738</u>
Total local sources	<u>10,836,269</u>	<u>11,763,608</u>
Total revenues	<u>\$ 41,460,485</u>	<u>\$ 45,956,345</u>

Note: The district began to report accrual information when it implemented GASB Statement 34 at June 30, 2005.

Schedule 6

Hutchinson Public Schools
Unified School District No. 308
Governmental Funds Expenditures and Debt Service Ratio,
Last Two Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year	
	<u>2005</u>	<u>2006</u>
Instruction	21,742,574	26,235,772
Student support services	2,312,155	2,731,350
Instructional support services	2,453,473	2,257,934
General administration	771,445	806,433
School administration	1,866,177	2,011,513
Operations and maintenance	4,062,379	4,382,675
Student transportation services	915,780	776,548
Other support services	1,986,150	1,518,456
Food service operations	1,769,980	1,832,689
Community service operations	146,736	157,721
Architect fees	15,221	70,469
Capital outlay:		
Facilities acquisition and construction	799,046	928,509
Debt service:		
Principal	1,735,000	1,825,000
Interest	438,087	315,182
Commission and postage	19	-
Total expenditures	<u>\$ 41,014,222</u>	<u>\$ 45,850,251</u>
 Debt service as a percentage of noncapital expenditures	 5.39%	 4.70%

Note: The district began to report modified accrual information when it implemented GASB Statement 34 at June 30, 2005.

Schedule 7

Hutchinson Public Schools
Unified School District No. 308
Other Financing Sources and Uses and Net Change in Fund Balances,
Governmental Funds,
Last Two Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year	
	<u>2005</u>	<u>2006</u>
Excess of revenues over (under) expenditures	\$ 446,263	\$ 106,094
Other Financing Sources (Uses)		
Transfers in	5,431,075	7,389,718
Transfers out	(5,431,075)	(7,389,718)
Capital lease financing	-	1,401,462
Total other financing sources (uses)	-	1,401,462
Net change in fund balances	\$ 446,263	\$ 1,507,556

Note: The district began to report modified accrual information when it implemented GASB Statement 34 at June 30, 2005.

Schedule 8

**Hutchinson Public Schools
Unified School District No. 308
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Fiscal Year	Assessed Value			Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Real Estate Property	Personal Property	Utilities			
1997	\$ 111,034,659	\$ 25,395,551	\$ 11,617,288	\$ 148,047,498	\$ 59.100	\$ 147,394,911
1998	119,457,330	27,314,332	12,531,074	159,302,736	54.060	158,962,091
1999	122,655,069	28,605,095	12,219,845	163,480,009	50.650	161,566,379
2000	125,731,581	30,697,223	12,418,760	168,847,564	48.610	168,337,176
2001	133,180,057	27,791,036	12,436,258	173,407,351	52.150	174,170,744
2002	139,184,433	26,627,504	13,388,405	179,200,342	56.030	178,907,762
2003	143,339,631	24,370,575	13,706,863	181,417,069	53.863	181,298,914
2004	147,138,231	24,895,061	14,310,146	186,343,438	56.100	186,758,837
2005	149,924,882	24,714,981	15,454,792	190,094,655	50.660	193,494,899
2006	152,914,840	25,684,151	15,949,029	194,548,020	50.840	194,547,253

Source: Reno County Treasurer and Clerk

Notes: Property in Reno County is reassessed and measured once every six years. The county assesses property at approximately 11.5 percent of actual value for real estate property, 25 percent for personal property and 14.5 percent for utilities property. Estimated actual taxable value is calculated by dividing taxable assessed value by these percentages. Taxrates are per \$1,000 of assessed value.

Schedule 9

**Hutchinson Public Schools
Unified School District No. 308
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**
(rate per \$1,000 of assessed value)

Fiscal Year	District Direct Rates							Overlapping Rates					Total Property Taxes
	General	Supp General	Capital Outlay	Bond & Interest	District Levy	Recreation Gen/Benefits	Total USD 308	College	City	County	State	Library	
1997	35.000	8.310	3.980	7.630	54.920	4.180	59.100	19.365	35.622	22.163	1.500	5.474	143.224
1998	27.000	11.540	1.020	9.970	49.530	4.530	54.060	19.311	38.582	22.020	1.500	5.456	140.929
1999	20.000	15.270	1.060	10.810	47.140	3.510	50.650	21.597	31.758	24.835	1.500	5.195	135.535
2000	20.000	13.280	1.180	9.640	44.100	4.510	48.610	23.390	31.653	24.617	1.500	4.844	134.614
2001	20.000	18.190	1.240	8.190	47.620	4.530	52.150	21.488	31.831	25.160	1.500	5.088	137.217
2002	20.000	18.720	1.290	11.430	51.440	4.590	56.030	21.021	31.826	25.943	1.500	5.086	141.406
2003	20.000	13.505	3.997	11.680	49.182	4.681	53.863	21.367	40.008	28.969	1.500	5.184	150.891
2004	20.000	14.760	4.000	12.420	51.180	4.920	56.100	23.592	40.521	30.966	1.500	5.019	157.698
2005	20.000	14.070	4.000	7.640	45.710	4.950	50.660	22.774	41.626	31.862	1.500	5.401	153.823
2006	20.000	15.490	3.960	6.290	45.740	5.100	50.840	23.790	40.970	34.359	1.500	5.554	157.013

Source: Reno County Treasurer

Schedule 10

**Hutchinson Public Schools
Unified School District No. 308
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Taxpayer	2006		1997	
	Taxable Value	Percentage of Total Taxable Value	Taxable Assessed Value	Percentage of Total Taxable Value
Westar Energy	6,462,570	3.26%	NA	
Southwestern Bell	4,091,914	2.07%	NA	
Rubloff Hutchinson	3,564,918	1.80%	NA	
Eaton MDH	2,751,761	1.39%	NA	
Kansas Gas Service	2,343,776	1.18%	NA	
Dillon Real Estate	2,220,751	1.12%	NA	
Wal-Mart Stores	2,140,558	1.08%	NA	
Sonoco Hutchinson	1,851,657	0.94%	NA	
Cargill Salt	1,634,611	0.83%	NA	
Home Depot	1,381,940	0.70%	NA	

Source: Reno County Clerk

Total 2006 Assessment per Reno County Clerk: 198,036,199

NA - Information not available

Schedule 11

**Hutchinson Public Schools
Unified School District No. 308
Property Tax Levies and Collections,
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1997	\$ 8,582,274	\$9,308,661	108.46%	233,370	9,542,031	111.18%
1998	7,773,637	8,574,881	110.31%	214,742	8,789,623	113.07%
1999	7,839,788	8,587,506	109.54%	518,023	9,105,529	116.15%
2000	7,525,294	7,789,899	103.52%	196,182	7,986,081	106.12%
2001	8,348,325	8,369,063	100.25%	275,108	8,644,171	103.54%
2002	9,467,242	9,307,506	98.31%	214,057	9,521,563	100.57%
2003	9,181,444	9,457,862	103.01%	311,010	9,768,872	106.40%
2004	9,920,692	13,761,745	138.72%	426,534	14,188,279	143.02%
2005	9,095,255	8,241,458	90.61%	406,132	8,647,590	95.08%
2006	9,359,909	8,926,100	95.37%	357,708	9,283,808	99.19%

Sources:

Levy: Reno County Treasurer

Collections: District Report of Revenues

Note: Delinquent tax collections may include taxes from prior year assessments. A breakdown by assessment year is not available.

Schedule 12

**Hutchinson Public Schools
Unified School District No. 308
Outstanding Debt by Type,
Last Ten Fiscal Years**

Fiscal Year	General Obligation Debt	Capital Leases	Total	Total Assessed Value	Percentage of Actual Value of Taxable Property (1)	Approximate Population	Per Capita
1997	\$ 15,046,000	\$ NA	\$ 15,046,000	\$ 176,719,497	8.51%	\$ 40,000	\$ 376
1998	13,880,000	NA	13,880,000	188,518,266	7.36%	40,000	347
1999	13,310,000	NA	13,310,000	193,110,564	6.89%	40,000	333
2000	12,000,000	NA	12,000,000	197,657,493	6.07%	40,000	300
2001	15,190,000	NA	15,190,000	202,217,280	7.51%	40,000	380
2002	13,870,000	NA	13,870,000	207,122,169	6.70%	40,000	347
2003	11,545,000	NA	11,545,000	209,447,492	5.51%	40,000	289
2004	9,690,000	NA	9,690,000	215,147,110	4.50%	40,000	242
2005	7,955,000	863,481	8,818,481	219,143,349	4.02%	40,000	220
2006	6,130,000	1,565,912	7,695,912	223,892,214	3.44%	40,000	192

(1) Personal income amounts are not available so total assessed valuation of taxable property was used as the denominator in this ratio.

Sources:

Assessed Value - Bond Counsel

Population - Bond Counsel

NA - Information not available

Schedule 13

**Hutchinson Public Schools
Unified School District No. 308
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Restricted to Repaying Principal</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Value of Taxable Property</u>	<u>Per Capita</u>
1997	\$ 15,046,000	\$ 710,361	\$ 14,335,639	8.11%	\$ 358
1998	13,880,000	863,481	13,016,519	6.90%	325
1999	13,310,000	1,484,326	11,825,674	6.12%	296
2000	12,000,000	1,656,862	10,343,138	5.23%	259
2001	15,190,000	1,700,481	13,489,519	6.67%	337
2002	13,870,000	1,902,359	11,967,641	5.78%	299
2003	11,545,000	1,802,075	9,742,925	4.65%	244
2004	9,690,000	3,332,349	6,357,651	2.96%	159
2005	7,955,000	3,557,091	4,397,909	2.01%	110
2006	6,130,000	3,618,150	2,511,850	1.12%	63

Source:

Property value - see Schedule 12

Population - see Schedule 12

Schedule 14

**Hutchinson Public Schools
Unified School District No. 308
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Reno County	\$ 1,950,000	42.90%	\$ 836,550
City of Hutchinson	86,435,055	84.40%	72,951,186
Hutchinson Community College	8,360,000	42.90%	<u>3,586,440</u>
Subtotal, overlapping debt			<u>77,374,176</u>
District direct debt			<u>7,695,912</u>
Total direct and overlapping debt			<u>\$ 85,070,088</u>

Sources: District Bond Counsel

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundary and dividing it by each unit's total taxable value.

Schedule 15

**Hutchinson Public Schools
Unified School District No. 308
Legal Debt Margin Information,
Last Two Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2006 (1)

	Assessed Value	\$ 223,892,214
Debt limit (14% of assessed value)		31,344,909
Debt applicable to limit:		
General obligation bonds		6,130,000
Less: Resources restricted to paying debt		-
Total net debt applicable to limit		6,130,000
Legal debt margin		\$ 25,214,909

	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 30,680,068	\$ 31,344,909
Total Debt applicable to Debt Limit	<u>7,955,000</u>	<u>7,695,912</u>
Legal Debt Margin	<u>\$ 22,725,068</u>	<u>\$ 23,648,997</u>
Total net debt applicable to the limit as a percentage of debt limit	25.93%	24.55%
Debt to Assessed Valuation	3.63%	3.44%

(1) Per Kansas Statutes, the amount of outstanding general obligation debt cannot be reduced by the balance held in reserve to pay the debt.

Note: State finance statutes limit the District's outstanding general obligation debt to no more than 14% of the assessed value of taxable tangible property in the District unless the District receives approval from the State Board of Education to exceed the 14 percent debt limitation,

Schedule 16

**Hutchinson Public Schools
Unified School District No. 308
Demographic and Economic Statistics,
Last Ten Calendar Years**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
1996	39,308	23,557	11,849	4.4
1997	39,308	23,557	11,849	3.9
1998	39,308	23,557	11,849	3.8
1999	40,787	32,645	17,964	3.6
2000	40,787	32,645	17,964	3.8
2001	40,787	32,645	17,964	4.4
2002	40,787	32,645	17,964	4.7
2003	40,787	32,645	17,964	5.2
2004	40,787	32,645	17,964	5.6
2005	40,787	32,645	17,964	5.2

Source: Policy Research Institute, University of Kansas and Kansas Department of Labor

Schedule 17

**Hutchinson Public Schools
Unified School District No. 308
Principal Employers,
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2006</u>		<u>1997</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Hutchinson Hospital	1,536	5.05%	NA	
Dillons Companies	1,098	3.61%	NA	
Hutchinson Public Schools	939	3.09%	NA	
Hutchinson Clinic	610	2.01%	NA	
Tyson Prepared Foods	536	1.76%	NA	
Hutchinson Correctional Facility	508	1.67%	NA	
Reno County	420	1.38%	NA	
Wal-Mart	420	1.38%	NA	
City of Hutchinson	398	1.31%	NA	
Hutchinson Community College	340	1.12%	NA	
	6,805	22.38%	-	0.00%

Source: Reno County Chamber of Commerce

NA - Information not available

Schedule 18

**Hutchinson Public Schools
Unified School District No. 308
Full-time-Equivalent District Employees by Type,
Last Ten Fiscal Years**

	Full-time-Equivalent Employees as of June 30								
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Instruction	418.7	394.6	NA	NA	NA	NA	NA	NA	NA
Student support services	55.9	45.7	NA	NA	NA	NA	NA	NA	NA
Instructional support services	24.0	22.0	NA	NA	NA	NA	NA	NA	NA
General administration	9.2	8.1	NA	NA	NA	NA	NA	NA	NA
School administration	36.0	33.8	NA	NA	NA	NA	NA	NA	NA
Operations and maintenance	64.7	55.8	NA	NA	NA	NA	NA	NA	NA
Student transportation services	0.3	0.3	NA	NA	NA	NA	NA	NA	NA
Other support services	20.8	19.7	NA	NA	NA	NA	NA	NA	NA
Food service operations	27.3	25.3	NA	NA	NA	NA	NA	NA	NA
Community service operations	<u>5.4</u>	<u>7.8</u>	NA	NA	NA	NA	NA	NA	NA
 Total	 <u>662.2</u>	 <u>613.0</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>

Source: District Human Resource Records

Notes: Information presented above excludes charter schools. Full-time certified employees of the district are employed for all 186 scheduled school days, at seven hours per day or 1,302 hours per year. These certified employees are considered at 1.0 FTE. Full-time equivalent employment for all other positions is determined based on 2,080 hours per year (52 weeks times five days times eight hours).

NA - Information not available

Schedule 19

**Hutchinson Public Schools
Unified School District No. 308
Operating Statistics,
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Expenses</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
1997	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1998	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1999	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2000	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2001	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2002	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2004	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2005	4607.0	41,014,222	8,903	NA	38,179,953	8,287	NA	394.57	8.56%	54%
2006	4534.5	45,850,251	10,111	-11.96%	41,236,456	9,094	-8.87%	418.67	9.23%	58%

Source: Nonfinancial information from district records.

NA - Information not available

Schedule 20

**Hutchinson Public Schools
Unified School District No. 308
School Building Information - Instructional Sites,
Last Ten Fiscal Years**

<u>School</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Elementary										
Magnet School at Allen (1938)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	40,087	40,087
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	332	332
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	289	274
Ave A (1939)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	30,527	30,527
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	284	284
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	249	223
Faris (1961)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	26,310	26,310
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	260	260
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	239	235
Graber (1953)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	44,591	44,591
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	356	356
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	360	335
Lincoln (1972)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	29,740	29,740
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	258	258
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	192	295
McCandless (1950)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	45,130	45,130
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	508	508
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	423	410
Morgan (1950)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	45,130	45,130
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	426	426
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	460	470

Continued on page 93

Schedule 20 continued

**Hutchinson Public Schools
Unified School District No. 308
School Building Information - Instructional Sites,
Last Ten Fiscal Years**

Continued from page 92

<u>School</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Elementary										
Wiley (1953)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	29,040	29,040
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	308	308
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	332	310
Middle										
HMS 7 (1983)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	91,336	91,336
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	475	475
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	344	315
HMS 8 (1983)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	94,730	94,730
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	341	341
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	355	336
High										
High School/Voc. Ed. (1930-1998)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	179,100	179,100
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	1,600	1,600
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	1,435	1,422
Other										
Educational Service Center (1950)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	20,300	20,300
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	356	356
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hutcherson Center (1952)										
Square feet	NA	NA	NA	NA	NA	NA	NA	NA	23,357	23,357
Capacity	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA - Information not available.

Source: District records.

