

Comprehensive Annual Financial Report

For the fiscal year
ended June 30, 2009



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

Approved by the Board of Education December 14, 2009

Comprehensive Annual Financial Report

of the

Hutchinson Public Schools

Unified School District 308

Hutchinson, Reno County, Kansas

For the Fiscal Year Ended June 30, 2009

Prepared by:

Business Office

Our Vision

Hutchinson Public Schools are committed to providing an engaging learning community for our students, faculty and staff. We challenge our students to achieve the skills to live and work in the 21st Century, and 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 Strategic Plan in Brief

Overarching Result: Students achieve the skills to live and work in the 21st Century and to reach their full personal and academic potential.

Operational Vision 1.0: Align all elements in the instructional system to build the capacity to produce quality results.

Operational Vision 2.0: Quality Staff — USD 308 attracts, supports and retains a quality staff; each student has a great teacher every day in every class.

Operational Vision 3.0: Quality Support Systems — USD 308 creates and continuously monitors and improves systems and process that produce excellent results.

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Introductory Section



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

Hutchinson Public Schools

2009-10 SCHOOL YEAR

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Hutchinson, KS 67504-1908

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December 14, 2009

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, 2009, 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.

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 other 7% of students are non-resident students attending Hutchinson Public Schools. The school district covers 14 square miles, serves more than 4,787 students (9/20/08 headcount) and employs over 731.2 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. The District is in the middle of a \$78.8 million building construction project which will update all the buildings in the District. Student enrollment based on a three-year average has increased. These increases are due to the addition of all day kindergarten, an expansion of the four year old at-risk program, and the International Baccalaureate programs. The District has experienced an increase in the "weighted" funding because of the increase in English Language Learners (ELL) contract hours served and students who qualify for free/reduced meals.

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The District is the 21st 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 2008-2009 fiscal year, these services included 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 America (GAAP) require that these financial statements present the District (the primary government) and its component units.

Economic Outlook and Conditions

The Cost of Doing Business Index (Economy.com Cost of Doing Business Index 2005) 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 99.0 with a national ranking of 21.

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 second leading employer in the county.

Siemens Energy, the third largest maker of wind turbines, announced May 2009 that it has chosen to build its first U.S. nacelle production facility in Hutchinson. The facility is expected to create an estimated 400 green-collar jobs.

Major Initiatives

Important educational initiatives continued or implemented were:

Districts' Facility Master Plan – during fiscal year 2006-2007, the voters approved a \$78.8 million Master Facility Plan. The Kids First Master Facility Plan continues with Design development on the Faris and Lincoln Elementary Schools. The Career & Technology Academy, HMS7 & HMS8 Middle Schools, Avenue A, Allen, Graber, and McCandless, Elementary Schools are all under construction and remodel. Wiley and Morgan Elementary schools are finished with construction. The Hutchinson High School project is currently under construction with a manager at-risk. The entire project should be completed by the end of the 2010-2011 school year.

District's Strategic Plan – in the 2008-2009 school term, District administration worked on the operational plan for the District strategic plan. The current plan was developed with significant input from various groups, representing

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involvement and input of hundreds of individuals. The updated strategic plan maps out the district's course for providing students 21st Century skills, whether they choose to enter the workplace or continue on to higher education after graduating from Hutchinson High School.

Continuous Improvement – Continuous improvement is a 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. The district and all buildings are accredited by the regional accrediting entity, Advanced Ed/North Central Association, whose accreditation process drives our continuous improvement efforts.

Important Educational Initiatives Continue and/or Implemented –

- Competitive salaries and benefits
- Increase technology equipment and support
- All-Day kindergarten
- Pre-School programs
- Teacher training and support
- Continue to work on finding ways of implementing initiatives with reduced revenue dollars

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 that impacted fiscal year 2008-2009:

The spending level of the General fund is set by the State. The formula used by the State to determine individual school districts' General Fund budgets to start the year was \$4,433 per full-time equivalent student plus additional weighting factors. Mid-year the legislature reduced the per pupil base state aid amount to \$4,300. Additional weighting is allowed for the following: vocational students—50%, bilingual students—39.5%, students transported over 2 ½ miles—16.64%, students qualifying for free lunches—45.6%, and large district (correlation)—3.5040%. Additional weighting is allowed for school districts with enrollments less than 1,637, 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.

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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 30 percent of the General fund. The District's 2008-2009 Supplemental General Fund budget was authorized to spend 27.22% of the General Fund and levied mills for 25%.

The revenue source for the Supplemental General Fund is local ad valorem property taxes and state aid. Low wealth districts qualify for state funding. For 2008-2009 the Supplemental General fund for the District was funded 52.68 percent by State aid and 47.32 by ad valorem taxes.

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 2008-2009 school years to ten percent of the General Fund budget. As of June 30, 2009, the fund balance of the contingency reserve fund was 6.00 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 statutory 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 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 fifth year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates basic financial statements for reporting on the School District's financial activities. As part of this 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 2009.

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.

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Risk Management – During fiscal year 2009, the District was insured for general property damage and liability coverage through various policies as follows:

	Limit or Exposure
Property	
Building & contents	\$84,368,607
Property Off Premises	25,000
Property in Transit	25,000
Blanket Extra Expense	185,000
Property Deductible	5,000
Crime	
Employee Dishonesty	100,000
ERISA Bond-Scheduled Employees (5)	100,000
Money & Securities/In & Out (20 locations)	10,000
InLand Marine	
Miscellaneous equipment (other limits vary by line coverage)	4,820,399
Builders Risk	55,664,291
Builders Risk Deductible	2,500
General Liability	
Each occurrence	1,000,000
General Aggregate Limit	2,000,000
Garagekeepers	60,000
Umbrella	1,000,000
Terrorism	1,000,000
Boiler & Machinery	5,000,000
Errors & Omissions	1,000,000
Underground Storage Tank (1 Tank)	1,000,000
Deductible	1,000/10,000

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 Annual Financial Reports (CAFR) for the fiscal year ended June 30, 2008. 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.

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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,

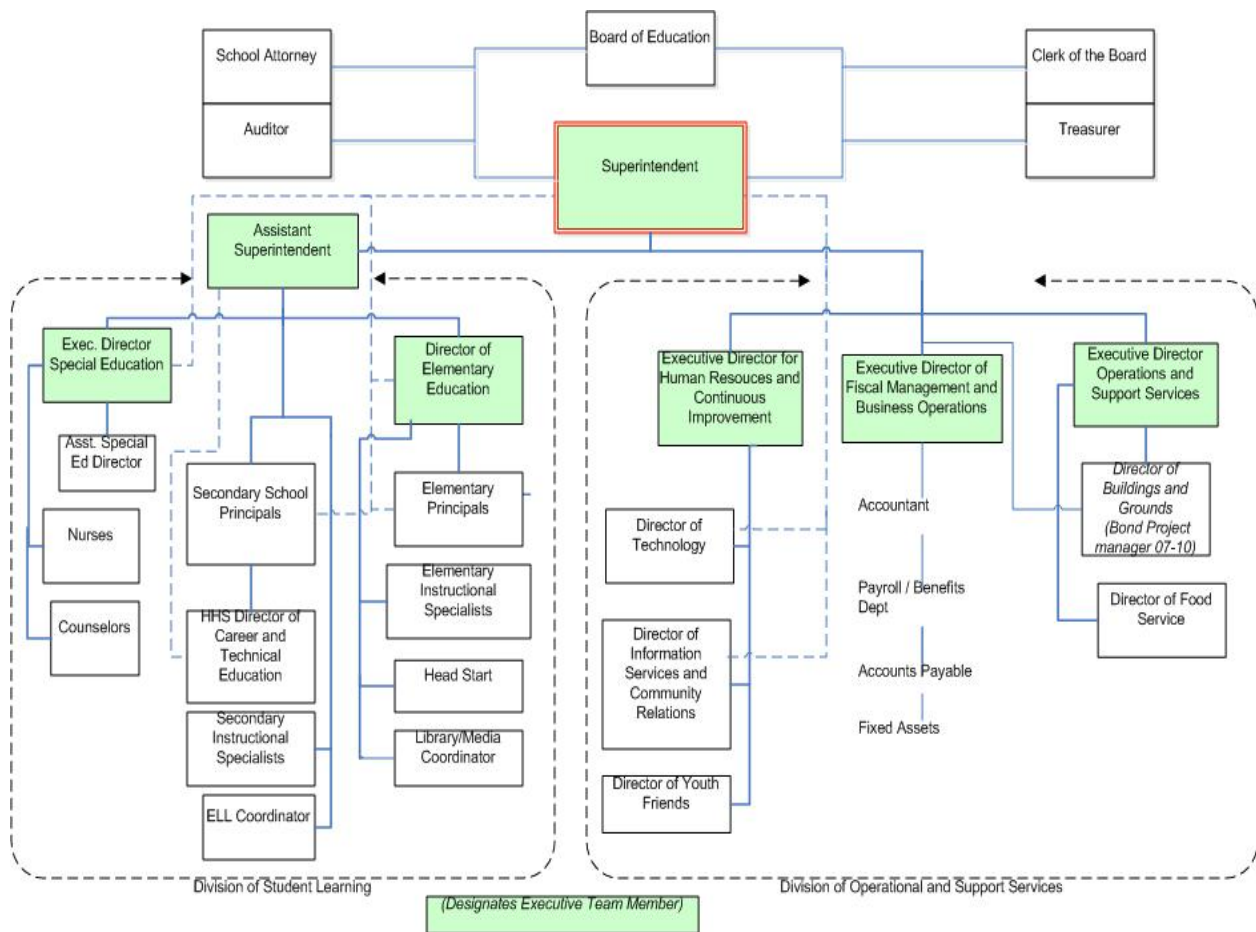


Dr. David Flowers
Superintendent of Schools



Lori Blakesley
Director of Fiscal Management and Business Operations

Administrative Organizational Chart



List of Principal Officers
USD 308 Board of Education 2008-09
Hutchinson, Kansas



Jeff Allen
President



Peggy Childs
Vice President



Sarah Blake,
Member



Betty Garcia,
Member



Mike Mendoza,
Member



Darla Neal.
Member



Jeff Nichols
Member



Superintendent
Dr. David Flowers

Board Members and Superintendent, right to left: President Jeff Allen, Vice President Peggy Childs, Member Sarah Blake, Member Betty Garcia, Member Mike Mendoza, Member Darla Neal, Member Jeff Nichols, Superintendent Dr. David Flowers

	Present Term		Began as Member
	Began	Ends	
2008-09 President Jeff Allen At Large	2005	2011	1995
2008-09 Vice President Peggy Childs At Large	2007	2011	1987
Sarah Blake At Large	2007	2011	2007
Betty Garcia At Large	2007	2013	5-21-07 Appointed by Board
Mike Mendoza At Large	2007	2011	2007
Darla Neal At Large	2005	2009	1997
Jeff Nichols At Large	2005	2013	2001
Key Administrators	Title	Experience	Began with USD 308
Dr. David Flowers	Superintendent	36 years	July 1, 2007
Jan Strecker	Assistant Superintendent	32 years	July 28, 1997

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hutchinson Public Schools
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "K. L. R. M.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan", written in a cursive style.

Executive Director

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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, 2009, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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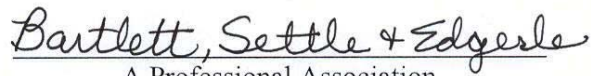
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and required supplementary information 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

November 20, 2009

Management's Discussion and Analysis **For the Year Ended June 30, 2009**

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, 2009. 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 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 2008-2009, the Hutchinson Public Schools would experience another year of increases in the costs for special education – 5.50%, health fringe benefits—8.06%, an average staff salary increases—4.60%, utility increases—5.72%, property/liability increases—25.84%, and worker's compensation increases—11.90% . The loss of base state aid per pupil (BSAPP) mid-year resulted in a loss of \$230,759 in General Fund authority. The District had an increase in weighted enrollment from the prior year of 366.9 FTE otherwise the loss in General Fund authority would have been \$449,410. The District maintained the Supplemental General Fund percent authority at 25%. The overall mill levy increased by 2.42 mills due mainly to an increase in outstanding debt from the Kids First Facility Master Plan.

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. These statements are organized so the reader can understand the District as a whole. The basic financial statements include two types of statements that present different views of the district. The first are the District-wide financial statements and the second are the fund financial statements.

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 school buildings and other facilities must be taken into account.

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:

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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

**Table 1
As of June 30
Governmental Activities
Net Assets**

	2008	2009	Change increase(decrease)
Assets			
Current and other assets	\$100,528,647	\$86,064,801	\$(14,463,846)
Capital assets	17,279,775	36,850,480	19,570,705
Total Assets	<u>\$117,808,422</u>	<u>\$122,915,281</u>	<u>\$5,106,859</u>
Liabilities			
Current and other liabilities	3,958,539	4,242,648	284,109
Long term liabilities			
Due within one year	1,092,772	2,203,417	1,110,645
Due in more than one year	85,745,094	84,603,227	(1,141,867)
Total Liabilities	<u>\$90,796,405</u>	<u>\$91,049,292</u>	<u>\$252,887</u>
Net Assets			
Invested in Capital assets, Net of Debt	7,742,116	8,845,048	1,102,932
Restricted:			
Capital projects	1,398,104	2,791,102	1,392,998
Debt service	440,824	988,596	547,772
Self-insurance medical claims	3,507,956	3,564,417	56,461
Unrestricted	13,923,017	15,676,826	1,753,809
Total Net Assets	<u><u>\$27,012,017</u></u>	<u><u>\$31,865,989</u></u>	<u><u>\$4,853,972</u></u>

(Continued on page 14)

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The District's total net assets at June 30, 2008 and 2009, respectively, were \$27,012,017 and \$31,865,989. Twenty-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. Current assets have decreased because of continued payments to contractors under the District's Kids First bond project. The capital asset increase is due to increase in construction in progress and building improvements through the Kids First Facility Master Plan.

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 three largest general revenues are the state aid provided by the State of Kansas, federal aid 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

	2008	2009	Change increase (decrease)
Revenues			
Program revenues:			
Charges for services	\$2,379,904	\$2,061,627	\$(318,277)
Operating grants and contributions	7,073,543	7,633,973	560,430
General revenues:			
Property taxes	8,543,846	9,071,715	527,869
State aid, not restricted to specific purpose	33,839,190	35,511,280	1,672,090
Investment earnings	3,768,932	3,130,529	(638,403)
Loss on disposal of capital assets	-	(33,385)	(33,385)
Noncash capital grants	-	1,174,376	1,174,376
Total Revenues	\$55,605,415	\$58,550,115	\$2,944,700
Program Expenses			
Instruction	30,574,127	31,279,544	705,417
Student support services	2,702,247	2,929,439	227,192
Instructional support services	2,311,179	2,152,613	(158,566)
General administration	1,069,961	1,021,220	(48,741)
School administration	2,550,402	2,577,131	26,729
Operations and maintenance	4,769,514	5,102,229	332,715
Student transportation services	843,054	1,009,787	166,733
Other support services	1,272,073	1,509,374	237,301
Food service operations	2,157,292	2,223,244	65,952
Community service operations	171,370	177,250	5,880
Interest on long-term debt	3,762,483	3,714,312	(48,171)
Total expenses	\$52,183,702	\$53,696,143	\$1,512,441
Increase in net assets	3,421,713	4,853,972	1,432,259
Net assets - beginning	23,326,906	27,012,017	3,685,111
Prior period adjustments	263,398	-	(263,398)
Net Assets - ending	\$27,012,017	\$31,865,989	\$4,853,972

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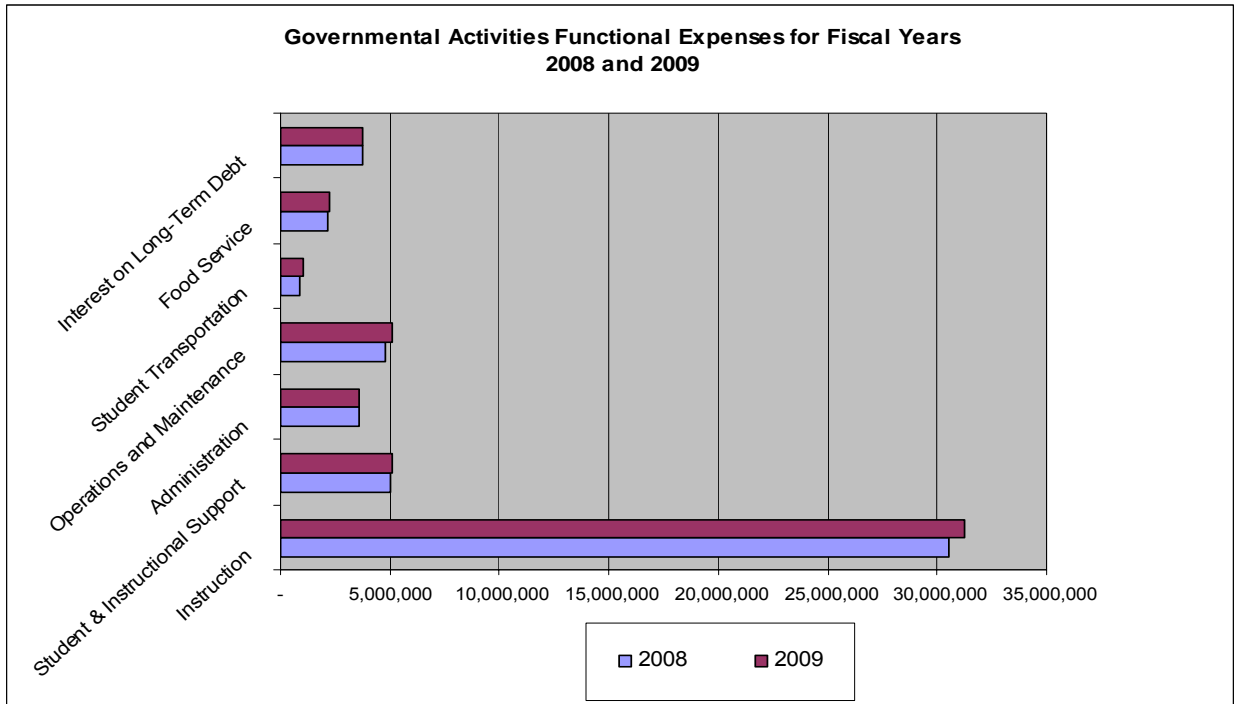
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The Districts total revenues amounted to 58.5 million with unrestricted grants and entitlements contributing 60 %, property taxes contributing 15%, operating grants and contributions contributing 13% and all other revenue sources contributing the remaining 12% of revenues. The most significant changes from the preceding year include:

- Grants and entitlements not restricted to specific programs increased \$1,672,090 primarily due to an increase in General Fund state aid.
- Operating grants and contributions increased by \$560,430, or 7.9%, due to increases in the State of Kansas appropriations for Special Education and KPERS retirement.
- Property taxes increased by \$527,869, or 6.2%, with the majority of the increase in the Bond & Interest fund of 2.89 mills. The total assessed valuation for the District decreased over the prior year by 548,315 million. The Districts total mill levy rate for all funds increased from 48.30 to 50.77.
- Lower interest rates contributed to the decrease in investment earnings.
- Noncash capital grants \$1,174,376 is for two donations the first being the Early Education Center building with insurance value of \$1,170,000 and artwork valued at \$4,376.

Total expense increased by \$1,512,441, or 2.9% increase for 2009. Total salaries and benefits account for approximately 68% of total expenses for the District. Major expense changes compared to 2008 are as follows:

- Instruction functional expenses account for \$705,417, or 52% of the total increase in expenses for 2009. Certified or professional salaries account for a significant portion of this increase with step increases ranging from 3.71% to 5.5% for hourly instructional staff. In addition, total benefit expenses increased approximately 10% with 8.06% of the increase for health fringe increases.
- Operations and Maintenance account for \$332,715, or 24% of the total increase for 2009. The majority of the increase is a combination of salary/benefit increases - \$161,339, property/liability insurance - \$29,000, security - \$90,000 and utility increases - \$49,532.



The District received increased state aid and weighting percentages in fiscal year 2009. The graph above shows the majority of this aid was put into new instructional programs, which includes teacher salaries/benefits and long-term debt.

(Continued from page 15)

The School District's Funds

At June 30, 2009, the District governmental funds reported a combined fund balance of \$78,493,720 which is a decrease of \$14,765,196 from 2008. The decrease is largely due to the reduction of carryover funds in Capital Projects and the continued work and completion of some of the District's Capital Projects. The General, Supplemental General and Special Education funds are the primary source of operating revenues for the District. These funds account for \$40,016,963 million or 69% of the total revenues. The debt service fund represents 5% of the total. The capital outlay fund represents 3%. The Capital Projects fund represents 5% of the total with the remaining 18% 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 statutory 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 \$30,765,109 representing a \$158,531 decrease from the amended adopted budget of \$30,923,640. This difference was due to the decrease mid-year in base state aid allocations, student enrollments in vocational education along with increases to student full-time equivalent enrollments, bilingual and free/reduced lunch weightings. The School District's ending unobligated cash balance in the General Fund was \$2,312 at June 30, 2009, which resulted from cancelled purchase orders carried over from prior fiscal years.

Supplemental General Fund

The Supplemental General fund for fiscal year 2008-2009 was limited by state statute to 27.22 percent of the General fund. The District used 25 percent of this authority; which did not increase over prior year. The Supplemental General fund is used to cover utility costs, indigent textbooks and periodical costs, technology costs and activities. Most of the transfers to the special funds run through this fund.

Special Education Fund

Special education expenditures increased by \$328,651 in fiscal year ending June 30, 2009, primarily due to rising costs of salaries and employee benefits. The number of special education students served in the 2008 - 2009 fiscal year remained the same as the previous year. The special education fund balance was increased due to continued unstable Medicare funding along with a proposed FY 09.10 reduction in transfer funds.

Bond Capital Projects

Voters approved a 78.8 million dollar Master Facility Plan on a November 7, 2006, bond referendum. The project has a four year timeline and 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) 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.

Capital Assets and Debt Administration

Capital Assets

At the end of the fiscal 2008 and 2009 years, the District had a net investment of 17 million and 37 million respectively invested in major building repairs at the Early Childhood and Grandview buildings along with the Kids First

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Construction project. The District also had major upgrades to Don Michael track and the high school tennis courts, purchased new vehicles and invested in upgrades to technology.

Table 3
Governmental Activities
Capital Assets Net of Depreciation
6/30/2009

	2008	2009	Change increase(decrease)
Land	\$1,938,440	\$1,938,44	\$ -
Land Improvements	115,805	134,555	18,750
Buildings	19,781,483	21,160,670	1,379,187
Equipment	3,511,851	3,853,132	341,281
Capitalized Leased Equipment	3,442,127	3,543,367	101,240
Vehicles	1,479,297	1,496,663	17,366
Construction in Progress	4,964,947	23,946,351	18,981,404
Artwork	237,409	241,785	4,376
Accumulated Depreciation	(18,191,584)	(19,464,483)	(1,272,899)
Total Capital Assets - Net of Depreciation	\$17,279,775	\$36,850,480	\$19,570,705

Debt

At June 30, 2009 the District had \$82,025,000 in general obligation bonds outstanding. There is \$4,693,566 of principal and interest due within one year. Table 4 summarizes bonds outstanding.

Table 4
Governmental Activities
Outstanding Debt, At Year End

	2008	2009	Change increase(decrease)
2002 Issue	\$2,180,000	\$2,180,000	\$ -
2007A Issue	78,800,000	78,800,000	\$ -
2007B Issue	1,045,000	1,045,000	\$ -
Total	\$82,025,000	\$82,025,000	\$ -

The current debt schedule did not have a principal payment due for fiscal year 2008-2009. 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.

June 3, 2005, the Kansas Supreme Court ordered the legislature to implement a minimum increase of \$285 million above the 2004-2005 funding level. The legislature appropriated a three year funding plan for fiscal years 2005-2006 through 2007-2008.

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In fiscal year 2007-2008 the Kansas legislature appropriated additional funding for fiscal year 2008-2009 based on the funding plan set forth by the Supreme Court in 2005. However, during fiscal 2008-2009 the legislature reduced funding to schools mid-year and used the money that was set aside for funding schools in fiscal year 2009-2010 to cover state cash shortfalls.

Kansas School Districts base state aid funding is back to funding levels prior to the Kansas Supreme Court ruling in 2005. The State of Kansas used the American Recovery & Reinvestment Act funds to justify further reductions in base state aid per pupil funding for fiscal year 2009-2010.

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.

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

**Statement of Net Assets
June 30, 2009**

	Primary Government	Component Unit
	Governmental Activities	Governmental Activities
Assets:		
Cash and cash equivalents	\$ 22,280,031	\$ 688,636
Restricted cash and investments	58,658,245	-
Receivables:		
Interest	972	-
Federal aid	141,209	-
State aid	3,509,060	-
Accounts	176,000	27,196
Taxes	-	1,189,014
Inventories	305,840	12,950
Deferred charges	993,444	-
Capital assets:		
Nondepreciable - land, construction in progress, other	26,126,576	-
Depreciable, net of accumulated depreciation	10,723,904	214,841
Total assets	122,915,281	2,132,637
Liabilities:		
Accounts payable	10,517	13,902
Accrued payroll	2,708,146	10,215
Medical claims payable	294,557	-
Accrued interest payable	1,229,428	-
Deferred revenue	-	1,189,014
Long-term liabilities:		
Due within one year	2,203,417	86,799
Due in more than one year	84,603,227	-
Total liabilities	91,049,292	1,299,930
Net assets:		
Invested in capital assets, net of related debt	8,845,048	214,841
Restricted for:		
Capital projects	2,791,102	-
Debt service	988,596	-
Self-insurance medical claims	3,564,417	-
Unrestricted	15,676,826	617,866
Total net assets	\$ 31,865,989	\$ 832,707

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

**Statement of Activities
For the Year Ended June 30, 2009**

<u>Functions / Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Total</u>	<u>Component Unit Total</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Primary Government:						
Governmental Activities:						
Instruction	\$ 31,279,544	\$ 1,348,129	\$ 4,474,608	\$ (25,456,807)	\$	-
Student support services	2,929,439	-	731,262	(2,198,177)		-
Instructional support services	2,152,613	-	439,844	(1,712,769)		-
General administration	1,021,220	-	82,409	(938,811)		-
School administration	2,577,131	-	-	(2,577,131)		-
Operations and maintenance	5,102,229	-	68,634	(5,033,595)		-
Student transportation services	1,009,787	-	134,705	(875,082)		-
Other support services	1,509,374	-	2,605	(1,506,769)		-
Food service operations	2,223,244	640,624	1,559,945	(22,675)		-
Community service operations	177,250	72,874	139,961	35,585		-
Interest on long-term debt	3,714,312	-	-	(3,714,312)		-
	\$ 53,696,143	\$ 2,061,627	\$ 7,633,973	(44,000,543)		-
Component Unit:						
Hutchinson Recreation Commission	<u>\$ 2,008,395</u>	<u>\$ 725,105</u>	<u>\$ 121,752</u>	-		<u>(1,161,538)</u>
General Revenues:						
Property taxes levied for:						
General purposes				6,823,076		1,160,010
Debt service				1,354,089		-
Capital outlay				894,550		-
State aid not restricted to specific purposes				35,511,280		27,487
Investment earnings				3,130,529		13,195
Loss on disposal of capital assets				(33,385)		-
Noncash capital grants				1,174,376		-
Other revenues				-		19,914
				48,854,515		1,220,606
Change in net assets				4,853,972		59,068
Net assets, beginning of year				27,012,017		773,639
Net assets, end of year				\$ 31,865,989		\$ 832,707

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, 2009**

	General	Supplemental General	Special Education	Capital Outlay	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash and cash equivalents	\$ -	\$ -	\$ 2,075,401	\$ 5,322,330	\$ 2,211,902	\$ -	\$ 9,016,718	\$ 18,626,351
Restricted cash and cash equivalents	-	-	-	-	-	58,658,245	-	58,658,245
Due from other funds	-	-	1,413,740	-	-	-	-	1,413,740
Receivables:								
Accounts	-	-	-	176,000	-	-	-	176,000
Interest	-	-	-	758	-	-	-	758
Federal aid	-	-	-	-	-	-	141,209	141,209
State aid	2,700,380	808,680	-	-	-	-	-	3,509,060
Inventories	74,003	-	-	-	-	-	231,837	305,840
Total assets	\$ 2,774,383	\$ 808,680	\$ 3,489,141	\$ 5,499,088	\$ 2,211,902	\$ 58,658,245	\$ 9,389,764	\$ 82,831,203
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable	\$ 208	\$ -	\$ 225	\$ 2,487	\$ -	\$ 4,320	\$ 3,277	\$ 10,517
Due to other funds	920,527	493,213	-	-	-	-	-	1,413,740
Accrued payroll	1,327,887	53,070	623,683	-	-	-	908,586	2,913,226
Total liabilities	2,248,622	546,283	623,908	2,487	-	4,320	911,863	4,337,483
Fund balances:								
Reserved for encumbrances	449,446	104,805	7,705	1,055,722	-	44,541,352	507,751	46,666,781
Reserved for inventories	74,003	-	-	-	-	-	231,837	305,840
Reserved for debt service	-	-	-	-	2,211,902	-	-	2,211,902
Reserved for capital projects	-	-	-	-	-	14,112,573	-	14,112,573
Unreserved, reported in:								
General fund	2,312	-	-	-	-	-	-	2,312
Special revenue funds	-	157,592	2,857,528	4,440,879	-	-	7,738,313	15,194,312
Total fund balances	525,761	262,397	2,865,233	5,496,601	2,211,902	58,653,925	8,477,901	78,493,720
Total liabilities and fund balances	\$ 2,774,383	\$ 808,680	\$ 3,489,141	\$ 5,499,088	\$ 2,211,902	\$ 58,658,245	\$ 9,389,764	\$ 82,831,203

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, 2009**

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

Total governmental fund balances		\$ 78,493,720
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.		993,444
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost of capital assets	\$ 56,314,963	
Accumulated depreciation	<u>(19,464,483)</u>	
		36,850,480
The following liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(868,635)	
Accrued interest payable	(1,229,428)	
General obligation bonds payable	(82,025,000)	
Premium on bond payable	(1,013,494)	
Capital lease obligations payable	(834,081)	
Early retirement payable	(827,572)	
Post employment health care liability	(54,000)	
Arbitrage liability	<u>(1,183,862)</u>	
		(88,036,072)
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>3,564,417</u>
Net assets of governmental activities		<u>\$ 31,865,989</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, 2009**

	General	Supplemental General	Special Education	Capital Outlay	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 3,354,634	\$ 3,468,442	\$ -	\$ 894,550	\$ 1,354,089	\$ -	\$ -	\$ 9,071,715
State aid	27,471,558	4,043,404	-	289,294	1,343,548	-	2,363,476	35,511,280
Federal aid	-	-	1,208,188	-	-	-	5,747,932	6,956,120
Medicaid aid	-	-	452,578	-	-	-	-	452,578
Charges for services	-	-	-	-	-	-	1,694,416	1,694,416
Earnings on investments	-	-	-	145,651	-	2,979,997	422,793	3,548,441
Other revenue	18,159	-	-	224,670	-	-	339,421	582,250
Contributions	-	-	-	-	-	-	10,236	10,236
Total revenues	30,844,351	7,511,846	1,660,766	1,554,165	2,697,637	2,979,997	10,578,274	57,827,036
Expenditures:								
Current:								
Instruction	10,787,192	2,489,353	4,619,058	64,909	-	-	11,756,944	29,717,456
Student support services	1,110,660	16,372	916,912	-	-	-	869,582	2,913,526
Instructional support services	1,165,610	192,770	41,627	563	-	-	717,701	2,118,271
General administration	610,514	-	292,598	-	-	-	116,741	1,019,853
School administration	2,043,112	181,286	-	-	-	-	304,498	2,528,896
Operations and maintenance	3,716,854	908,552	-	4,945	-	-	371,848	5,002,199
Student transportation services	469,813	-	436,081	-	-	-	74,889	980,783
Other support services	1,453,061	90,598	-	6,276	-	-	83,521	1,633,456
Food service operations	-	-	-	-	-	-	2,230,270	2,230,270
Community service operations	34,613	-	-	-	-	-	142,871	177,484
Architectural and engineering services	14,530	4,288	-	-	-	-	-	18,818
Capital outlay:								
Facilities acquisition and construction	-	-	-	1,586,411	-	19,129,028	-	20,715,439
Debt service:								
Interest	-	-	-	-	3,649,865	-	-	3,649,865
Total expenditures	21,405,959	3,883,219	6,306,276	1,663,104	3,649,865	19,129,028	16,668,865	72,706,316
Excess (deficiency) of revenues over expenditures	9,438,392	3,628,627	(4,645,510)	(108,939)	(952,228)	(16,149,031)	(6,090,591)	(14,879,280)
Other financing sources (uses)								
Transfers in	-	-	5,021,898	640,285	1,500,000	-	7,742,917	14,905,100
Transfers out	(9,381,935)	(4,023,165)	-	-	-	(1,500,000)	-	(14,905,100)
Capital lease financing	101,240	-	-	-	-	-	-	101,240
Sale of capital assets	-	-	-	12,844	-	-	-	12,844
Total other financing sources (uses)	(9,280,695)	(4,023,165)	5,021,898	653,129	1,500,000	(1,500,000)	7,742,917	114,084
Net change in fund balance	157,697	(394,538)	376,388	544,190	547,772	(17,649,031)	1,652,326	(14,765,196)
Fund balance, beginning of year	368,064	656,935	2,488,845	4,952,411	1,664,130	76,302,956	6,825,575	93,258,916
Fund balance, end of year	\$ 525,761	\$ 262,397	\$ 2,865,233	\$ 5,496,601	\$ 2,211,902	\$ 58,653,925	\$ 8,477,901	\$ 78,493,720

**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, 2009**

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

Net change in fund balances - total governmental funds		\$ (14,765,196)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and allocated over their estimated lives and reported as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay expense	\$ 19,937,673	
Depreciation expense	<u>(1,495,115)</u>	
Difference between capital outlay expense and depreciation expense		18,442,558
<p>In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold less the related accumulated depreciation.</p>		
		(46,229)
<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 revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.</p>		
		(101,240)
<p>Noncash donation of capital assets recognized on the statement of activities.</p>		
		1,174,376
<p>In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		21,003
<p>Governmental funds report the effect of bond issuance costs and bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Amortization of bond issue costs	(60,223)	
Amortization of bond premiums	<u>56,305</u>	
		(3,918)
<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 payments	-	
Capital lease payments	<u>614,870</u>	
Total payments on long-term liabilities		614,870
<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	(213,045)	
Post employment health care liability	(54,000)	
Compensated absences payable	146,244	
Arbitrage payable	<u>(417,912)</u>	
Total expenses		(538,713)
<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>56,461</u>
Change in net assets of governmental activities		<u>\$ 4,853,972</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, 2009**

	<u>Internal Service Funds</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,653,680
Interest receivable	214
Premiums receivable	<u>205,080</u>
Total current assets	<u>3,858,974</u>
Liabilities:	
Current liabilities:	
Medical claims payable	<u>294,557</u>
Total current liabilities	<u>294,557</u>
Net Assets:	
Total net assets restricted for self-insurance claims	<u><u>\$ 3,564,417</u></u>

**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, 2009**

	Internal Service Funds
Operating revenues:	
Charges for services	\$ 2,762,037
Operating expenses:	
Contractual services	<u>2,725,216</u>
Operating income (loss)	36,821
Nonoperating revenues:	
Interest revenue	<u>19,640</u>
Change in net assets	56,461
Total net assets - beginning of year	<u>3,507,956</u>
Total net assets - end of year	<u>\$ 3,564,417</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, 2009**

	<u>Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from services	\$ 2,722,699
Cash payments for claims and administrative expenses	<u>(2,685,672)</u>
Net cash provided by operating activities	37,027
 Cash flows from investing activities:	
Interest on investments	<u>25,039</u>
Net increase in cash and cash equivalents	62,066
Cash and cash equivalents - beginning of year	<u>3,591,614</u>
Cash and cash equivalents - end of year	<u><u>\$ 3,653,680</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 36,821
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in insurance receivable	(39,337)
Change in medical claims payable	<u>39,543</u>
Net cash provided by operating activities	<u><u>\$ 37,027</u></u>

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

**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ <u>494,009</u>
Total assets	\$ <u><u>494,009</u></u>
Liabilities:	
Accounts Payable	\$ <u>494,009</u>
Total liabilities	\$ <u><u>494,009</u></u>

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

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, 2009

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hutchinson Public Schools, Unified School District No. 308, (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable 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 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 charges for 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. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. District-wide and Fund Financial Statements (Continued)

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 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 recorded at the time of receipt or earlier if the criteria for accrual are met. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Capital Projects Fund – This fund accounts for the use of bond proceeds for the construction and remodeling of the District’s facilities.

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 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Architectural and engineering services – 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 long-term debt of the school district, including payments of both principal and interest.

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 except for the flex repurchase agreement which is considered a nonparticipating contract and reported using cost-based measures.

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 and the Kansas Municipal Investment Pool. Interest income earned is allocated to various funds based upon statutory guidelines.

The proceeds from general obligation bond issues are invested in repurchase agreements as authorized by Kansas Statute 10-131. The statute authorizes investments in repurchase agreements involving (1) direct obligations of the U.S. government or any agency thereof and (2) obligations of the federal national mortgage association, federal home loan banks, or the federal home loan mortgage corporation. Unspent proceeds from general obligation bond issues are classified as restricted cash and investments.

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 the fiscal year end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Equity (Continued)

2. *Receivables (Continued)*

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 \$2,700,380 or the supplemental general state aid payment \$808,680 for the fiscal year ended June 30, 2009 until July 2009. The District was instructed by the State to record the final payment as though it had been received on June 30, 2009. These receipts were recorded for the budgetary basis; however, they were 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 though 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 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 and artwork 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 included in capital assets on these financial statements. Any revenue generated by the sale of artwork would be available to be spent for educational purposes.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Equity (Continued)

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 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

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 – segregates a portion of fund balance legally restricted for the future payment of outstanding encumbrances.
- Reserved for inventories – 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.
- Reserved for capital projects – segregates the fund balance that represents general obligation bond proceeds that have not yet been encumbered.

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 the net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets”.

F. Reclassifications

Certain amounts presented in the prior year data of the Management’s Discussion and Analysis have been reclassified in order to be consistent with the current year’s presentation. The reclassification relates to the arbitrage expense in the district-wide statement of activities.

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 the succeeding fiscal year on or before August 1.
2. Publication in local newspapers of the proposed budget and notice of public 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 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 statutory procedures for publication and public hearing.

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.

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. The District amended the General Fund and the At Risk 4 Year Olds Fund 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 statutory basis 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

A legal operating budget is not required for the internal service fund, agency funds, capital project funds, and the following special revenue funds.

Athletic activities	HHS Daycare
Contingency reserve	Scholarship funds
District activity funds	Arbitrage Rebate
Textbook rental	

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 Grants Fund has a negative unencumbered cash balance at June 30, 2009. 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.

C. General Obligation Bond Debt Limitation

The District's limitation on bond issues is established by Kansas Statute 72-6761 which states that the aggregate amount of bonds which the District can issue without authority from the State Board of Education is 14% of the assessed valuation. The State Board of Education authorized the District to exceed its statutory limit in August 2006 for the 2007-A General Obligation Bond Issue.

14% of assessed valuation		\$ 31,466,936
General obligation debt applicable to limitation	\$82,025,000	
Less debt service fund	<u>(2,211,902)</u>	<u>(79,813,098)</u>
Debt in excess of limitation		<u>\$(48,346,162)</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2009, the balance of deposits and investments are as follows:

Cash and cash equivalents:

Deposits in financial banking institutions	\$ 3,409,702
Certificates of deposits	350,575
State investment pool	<u>15,317,655</u>
Total cash and cash equivalents	19,077,932

Investments:

Repurchase agreement-mature in one year	60,723,342
Repurchase agreement-mature in one to two years	<u>1,631,011</u>
Total deposits and investments	<u>\$81,432,285</u>

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	\$22,280,031
Restricted cash and investments per the Statement of Net Assets	58,658,245
Cash and cash equivalents per the Statement of Fiduciary Net Assets	<u>494,009</u>
Total shown on basic financial statements	<u>\$81,432,285</u>

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 methods of securing those deposits and investments.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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. The repurchase agreement has a guaranteed interest rate of 4.817% through the contractual provisions of the repurchase agreement.

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 and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AAf/S1+ by Standard & Poor's as of March, 2009. 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. The securities underlying the District's repurchase agreements include Federal Home Loan Bank, Freddie Mac, Federal National Mortgage Association, and Federal Home Loan Mortgage Corp securities. All except fourteen of the securities were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The remaining fourteen securities were not rated by either service.

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, 2009, the District was not exposed to custodial credit risk with its deposits or investments.

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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 by the fact that the 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, 2008 consisted of:

Cash on hand	\$ 516
Deposits in financial banking institutions	99,820
State investment pool	<u>588,300</u>
Total component unit cash	<u>\$688,636</u>

B. Capital Assets

Capital asset activity of the governmental activities for the year ended June 30, 2009 was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Non-depreciable capital assets:				
Land	\$ 1,938,440	\$ -	\$ -	\$ 1,938,440
Construction in progress	4,964,947	18,981,404	-	23,946,351
Artwork	<u>237,409</u>	<u>4,376</u>	<u>-</u>	<u>241,785</u>
Total non-depreciable capital assets	<u>7,140,796</u>	<u>18,985,780</u>	<u>-</u>	<u>26,126,576</u>
Depreciable capital assets:				
Land improvements	115,805	18,750	-	134,555
Building	19,781,483	1,431,155	(51,968)	21,160,670
Equipment	3,511,851	454,237	(112,956)	3,853,132
Vehicles	1,479,297	120,887	(103,521)	1,496,663
Capitalized leased equipment	<u>3,442,127</u>	<u>101,240</u>	<u>-</u>	<u>3,543,367</u>
Total depreciable capital assets	<u>28,330,563</u>	<u>2,126,269</u>	<u>(268,445)</u>	<u>30,188,387</u>
Accumulated depreciation:				
Land improvements	104,430	3,489	-	107,919
Buildings	13,044,408	275,574	(37,085)	13,282,897
Equipment	1,809,583	327,174	(85,506)	2,051,251
Vehicles	1,020,558	95,756	(99,625)	1,016,689
Leased equipment	<u>2,212,605</u>	<u>793,122</u>	<u>-</u>	<u>3,005,727</u>
Total accumulated depreciation	<u>18,191,584</u>	<u>1,495,115</u>	<u>(222,216)</u>	<u>19,464,483</u>
Governmental activities capital assets (net)	<u>\$17,279,775</u>	<u>\$19,616,934</u>	<u>\$ (46,229)</u>	<u>\$36,850,480</u>

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets (Continued)

Increases to capital assets include \$1,174,376 of noncash contributions to the District. The District received a building and artwork.

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

Instruction	\$1,158,028
Student support services	598
Instructional support	114,220
Operations and maintenance	63,549
Student transportation	29,057
Other support services	96,437
Food service operations	<u>33,226</u>
Total governmental activities depreciation expense	<u>\$1,495,115</u>

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>Additions</u>	<u>Payments/</u> <u>Reductions</u>	<u>Balance at</u> <u>End of</u> <u>Year</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
General obligation bonds	\$82,025,000	\$ -	\$ -	\$82,025,000	\$1,065,000
Premium on bonds	1,069,799	-	56,305	1,013,494	56,305
Capital lease obligations	1,347,711	101,240	614,870	834,081	494,035
Early retirement program	614,527	395,233	182,188	827,572	253,315
Compensated absences	1,014,879	-	146,244	868,635	334,762
Arbitrage liability	765,950	417,912	-	1,183,862	-
Post employment health care	<u>-</u>	<u>54,000</u>	<u>-</u>	<u>54,000</u>	<u>-</u>
	<u>\$86,837,866</u>	<u>\$968,385</u>	<u>\$999,607</u>	<u>\$86,806,644</u>	<u>\$2,203,417</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. Compensated absences are liquidated by the fund where each employee's regular salary is charged (primarily the General Fund and various special revenue funds). The arbitrage liability will be liquidated with funds accumulated in the Arbitrage Rebate Fund. The post employment health care is actuarially determined and any related effect would be funded by the General Fund.

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-Term Liabilities (Continued)

General Obligation Bonds

Details of the bond issues are as follows:

Series 2002 General Obligation Refunding Bond, original issue amount \$5,105,000, proceeds used to establish an escrow fund to provide for payment of the Series 1995 bonds (all of the 1995 bonds have been paid in full), future payments due in annual installments of \$1,065,000 to \$1,115,000, starting in September 2009, interest rate is 4.0%	\$ 2,180,000
Series 2007 General Obligation Bond Series A, original issue amount \$78,800,000, proceeds used to construct and equip new school facilities and to make improvements to existing facilities, future payments due in annual installments of \$1,920,000 to \$8,735,000, starting in 2012, interest rate ranges from 3.00% to 5.50%	78,800,000
Series 2007 Taxable General Obligation Refunding Bond Series B, original issue amount \$1,045,000, proceeds used to establish an escrow fund to provide for a certain payment of the Series 2002 bonds (has been paid in full), future payments due in annual installments of \$510,000 to \$535,000, starting in 2010, interest rate is 5.20%	<u>1,045,000</u>
Total	<u>\$82,025,000</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,065,000	\$ 3,628,565	\$ 4,693,565
2011	1,625,000	3,571,705	5,196,705
2012	535,000	3,522,235	4,057,235
2013	1,920,000	3,469,925	5,389,925
2014	2,250,000	3,386,525	5,636,525
2015-2019	16,360,000	14,786,056	31,146,056
2020-2024	26,920,000	9,632,244	36,552,244
2025-2029	<u>31,350,000</u>	<u>2,451,788</u>	<u>33,801,788</u>
	<u>\$82,025,000</u>	<u>\$44,449,043</u>	<u>\$126,474,043</u>

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 purchased under capital leases totals \$3,543,367 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, 2009 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$494,035	\$37,844	\$531,879
2011	205,975	19,101	225,076
2012	<u>134,071</u>	<u>5,011</u>	<u>139,082</u>
Total lease payments	<u>\$834,081</u>	<u>\$61,956</u>	<u>\$896,037</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 select 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.

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long-Term Liabilities (Continued)

Early Retirement Benefits Program (Continued)

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, 2009, the District paid \$160,323 in benefits. The liability for the early retirement program includes the expected cash outflows discounted at an average of 3.83%. At year-end, there were thirty-two retirees receiving benefits.

Arbitrage Payable

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the bond proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. The Series 2007-A Bonds are subject to arbitrage. The District has recorded a liability of \$1,183,862 in the district-wide statement of net assets as its estimated liability at June 30, 2009. This liability will not be payable until 2012. Actual payments could differ from the estimates.

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. C.

The District has entered into an operating lease for software and related services to manage the data warehouse. The lease has annual rental payments ranging from \$68,000 to \$110,800 with the last payment in 2011. Rent expense for the current fiscal year was \$58,250.

The future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Authority</u>	<u>Software</u>	<u>Total</u>
2010	\$ 80,000	\$110,800	\$190,800
2011	80,000	68,000	148,000
2012	80,000	68,000	148,000
2013	80,000	-	80,000
2014	80,000	-	80,000
2015 – 2018	<u>320,000</u>	<u>-</u>	<u>320,000</u>
	<u>\$720,000</u>	<u>\$246,800</u>	<u>\$966,800</u>

III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2007 (as adjusted in prior year)	\$ 233,348
Claims incurred (including incurred but not reported)	1,897,294
Claim payments	<u>(1,875,628)</u>
Unpaid claims, June 30, 2008	255,014
Claims incurred (including incurred but not reported)	2,063,402
Claim payments	<u>(2,023,859)</u>
Unpaid claims, June 30, 2009	<u>\$ 294,557</u>

F. Interfund Receivables and Payables

The General Fund recorded Due to Other Funds (payable) of \$920,527, the Supplemental General Fund recorded Due to Other Funds (payable) of \$493,213, and the Special Education Fund recorded an offsetting Due From Other Funds (receivable) on the Balance Sheet. These interfund payables were the result of a cash advance from the Special Education Fund.

G. Interfund Transfers

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

	Transfer to:				Total
	<u>Special</u> <u>Education</u>	<u>Capital</u> <u>Outlay</u>	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Governmental</u>	
Transfer from:					
General Fund	\$3,778,404	\$640,285	\$ -	\$4,963,246	\$ 9,381,935
Supplemental General Fund	1,243,494	-	-	2,779,671	4,023,165
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Total	<u>\$5,021,898</u>	<u>\$640,285</u>	<u>\$1,500,000</u>	<u>\$7,742,917</u>	<u>\$14,905,100</u>

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Interfund Transfers (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.

H. 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 7.97% 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, 2009, 2008, and 2007 were \$2,183,353, \$1,926,960, and \$1,678,762, 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.

I. Post Employment Healthcare Plan

Plan Description. Hutchinson Public Schools Post Employment Healthcare Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Hutchinson Public Schools #308 (the District). The Plan provides healthcare benefits, including medical, dental, and prescription drug to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. No separate financial report is issued for the Plan.

A full-time employee is eligible for full retirement benefits under KPERS under any of the following conditions:

- Age 65 with one year of service (not applicable as benefits cease at age 65);
- Age 62 with 10 years of service;
- Any age when combined age and years of credited service equal 85 "points"; or
- A minimum of sixty years of age at some time during the calendar year in which early retirement is requested (the employee cannot be older than sixty-four years on the date of retirement). The employee will have a minimum of fifteen years of credited full-time service with the District of which the last ten are consecutive and the employee will have a minimum of twenty years of credited service as recognized by KPERS.

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Post Employment Healthcare Plan (Continued)

Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age which is currently age 65. Spousal coverage is available until retiree becomes covered under another employer health plans, attains Medicare eligibility age, or dies.

Funding Policy. As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. The funding policy of the District is to pay premiums as they come due through the Health Care internal service fund. The contribution requirements of plan members and the District are established and may be amended by the Board of Education. The required contribution is based on the projected pay-as-you-go financing requirements. District retirees pay all but \$200 of their premiums. The District pays claims costs for retirees through its Health Care internal service fund, as described in Note III E.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Districts' net OPEB obligation to the Plan:

Annual required contribution	\$189,000
Interest on net OPEB obligation	--
Adjustment to annual required contribution	--
Annual OPEB cost (expense)	189,000
Contributions made	<u>135,000</u>
Increase in net OPEB obligation	54,000
Net OPEB obligation – beginning of year	--
Net OPEB obligation – end of year	<u>\$ 54,000</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2009 was as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
June 30, 2009	\$189,000	\$135,000	\$54,000

The information for the preceding two years was not available as June 30, 2009 is the first year of implementation.

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Post Employment Healthcare Plan (Continued)

Funded Status and Funding Progress. As of October 1, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,666,000, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,666,000. The covered payroll (annual payroll of active employees covered by the plan) was \$30,332,166, and the ratio of the UAAL to the covered payroll was 5.49 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets (if any) is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the October 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the District's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements of .5 percent to an ultimate rate of 6 percent after ten years. Both rates include a 3.2% inflation assumption. The UAAL is being amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at October 1, 2007, was thirty years.

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 would not have a material effect on the financial statements of the District at June 30, 2009.

IV. OTHER INFORMATION (Continued)

A. Contingent Liabilities (Continued)

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. Construction Commitments

The District has construction projects in process under the \$78.8 million general obligation bond issue to construct, furnish, and equip new school facilities and make additions and improvements to existing school facilities throughout the District. Construction is scheduled to continue through 2010. The funds available to complete these projects was approximately \$59 million at June 30, 2009.

	<u>Project Authorization</u>	<u>Disbursements to Date</u>
Bond Issue	\$78,800,000	
Related increases	<u>7,689,779</u>	
Total authorization	<u>\$86,489,779</u>	<u>\$27,831,535</u>

C. 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 \$48,622 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.

D. Pending Governmental Accounting Standards

The effect on the District's financial statements for the following statements issued, but not yet adopted, has not yet been determined.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued in June 2007. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The provisions of this statement are effective for the District's fiscal year ending June 30, 2010.

IV. OTHER INFORMATION (Continued)

D. Pending Governmental Accounting Standards (Continued)

GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, was issued in June 2008. This statement addresses the recognition, measurement, and disclosure of derivative instruments held by the local governments. The provisions of this statement are effective for the District's fiscal year ending June 30, 2010.

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in March 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for the District's fiscal year ending June 30, 2011.

Required Supplementary Information

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

**Other Post Employment Benefits
Required Supplementary Information
Year ended June 30, 2009**

Schedule of Funding Progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b-a)/c)</u>
10/1/2007	\$ -	\$1,666,000	\$1,666,000	0%	\$30,332,166	5.49%

Schedule of Employer Contributions:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$189,000	\$135,000	\$54,000

Information for earlier years is not available as June 30, 2009 is the first year of implementation of GASB #45.

**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, 2009**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final
	Original	Final	Budgetary	Budget
	Original	Final	Basis	Over (Under)
Revenue:				
Taxes	\$ 3,213,698	\$ 3,213,698	\$ 3,354,634	\$ 140,936
State aid	27,419,753	27,483,234	27,471,558	(11,676)
Reimbursed expenses	-	147,419	18,159	(129,260)
	<u>30,633,451</u>	<u>30,844,351</u>	<u>30,844,351</u>	<u>-</u>
Total revenue				
Expenditures and encumbrances:				
Instruction	12,060,928	12,243,176	10,947,260	(1,295,916)
Student support services	1,130,277	1,130,277	1,110,660	(19,617)
Instructional support services	1,173,925	1,173,925	1,165,610	(8,315)
General administration	664,055	664,055	610,514	(53,541)
School administration	2,184,316	2,184,316	2,043,112	(141,204)
Operations and maintenance	3,671,175	3,671,175	3,716,854	45,679
Student transportation services	462,616	462,616	469,813	7,197
Other support services	1,427,769	1,427,769	1,417,627	(10,142)
Community service operations	34,602	34,602	34,613	11
Architect fees	10,000	10,000	14,530	4,530
Transfers out to other funds	7,881,965	7,765,969	9,381,935	1,615,966
	<u>30,701,628</u>	<u>30,767,880</u>	<u>30,912,528</u>	<u>144,648</u>
Total expenditures and encumbrances				
Adjustment to legal maximum budget	-	(2,771)	-	2,771
Adjustment for State Juvenile Aid	-	120,560	-	(120,560)
Adjustment for Mentor Teacher	-	8,700	-	(8,700)
Adjustment for reimbursed expenses	-	18,159	-	(18,159)
	<u>30,701,628</u>	<u>30,912,528</u>	<u>30,912,528</u>	<u>-</u>
Total expenditures and transfers subject to budget				
Revenue over (under) expenditures and encumbrances	(68,177)	(68,177)	(68,177)	-
Unencumbered cash, beginning of year	68,177	68,177	68,177	-
Prior year cancelled encumbrances	-	-	2,312	2,312
	<u>-</u>	<u>-</u>	<u>2,312</u>	<u>2,312</u>
Unencumbered cash, end of year	\$ -	\$ -	\$ 2,312	\$ 2,312
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 2,312	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			449,446	
Inventory			74,003	
GAAP fund balance, end of year			<u>\$ 525,761</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Taxes	\$ 3,238,852	\$ 3,238,852	\$ 3,468,442	\$ 229,590
State aid	<u>4,116,416</u>	<u>4,116,416</u>	<u>4,043,404</u>	<u>(73,012)</u>
Total revenue	<u>7,355,268</u>	<u>7,355,268</u>	<u>7,511,846</u>	<u>156,578</u>
Expenditures and encumbrances:				
Instruction	1,762,680	1,762,680	2,258,376	495,696
Student support services	21,978	21,978	16,372	(5,606)
Instructional support services	321,878	321,878	192,770	(129,108)
School administration	191,355	191,355	181,286	(10,069)
Operations and maintenance	1,174,845	1,174,845	908,552	(266,293)
Other support services	123,000	123,000	90,598	(32,402)
Architect fees	-	-	4,288	4,288
Transfers out to other funds	<u>4,079,671</u>	<u>4,079,671</u>	<u>4,023,165</u>	<u>(56,506)</u>
Total expenditures and encumbrances	<u>7,675,407</u>	<u>7,675,407</u>	<u>7,675,407</u>	<u>-</u>
Revenue over (under) expenditures and encumbrances	(320,139)	(320,139)	(163,561)	156,578
Unencumbered cash, beginning of year	320,139	320,139	320,139	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>1,014</u>	<u>1,014</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,592</u>	<u>\$ 157,592</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 157,592	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>104,805</u>	
GAAP fund balance, end of year			<u>\$ 262,397</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>(Under)</u>
Revenue:				
Federal aid	\$ 1,100,000	\$ 1,100,000	\$ 1,208,188	\$ 108,188
Medicaid aid	100,000	100,000	452,578	352,578
Transfers from other funds	<u>5,229,600</u>	<u>5,078,404</u>	<u>5,021,898</u>	<u>(56,506)</u>
 Total revenue	 <u>6,429,600</u>	 <u>6,278,404</u>	 <u>6,682,664</u>	 <u>404,260</u>
 Expenditures and encumbrances:				
Instruction	5,350,945	5,350,945	4,621,956	(728,989)
Student support services	1,129,488	1,129,488	916,912	(212,576)
Instructional support services	49,447	49,447	41,627	(7,820)
General administration	346,343	346,343	292,598	(53,745)
Operations and maintenance	1,000	1,000	-	(1,000)
Student transportation services	<u>412,452</u>	<u>412,452</u>	<u>436,081</u>	<u>23,629</u>
 Total expenditures and encumbrances	 <u>7,289,675</u>	 <u>7,289,675</u>	 <u>6,309,174</u>	 <u>(980,501)</u>
 Revenue over (under) expenditures and encumbrances	 (860,075)	 (1,011,271)	 373,490	 1,384,761
Unencumbered cash, beginning of year	2,483,851	2,483,851	2,483,851	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>187</u>	<u>187</u>
 Unencumbered cash, end of year	 <u>\$ 1,623,776</u>	 <u>\$ 1,472,580</u>	 <u>\$ 2,857,528</u>	 <u>\$ 1,384,948</u>
 Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 2,857,528	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>7,705</u>	
GAAP fund balance, end of year			<u>\$ 2,865,233</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	(Under)
Revenue:				
Taxes	\$ 872,783	\$ 872,783	\$ 894,550	\$ 21,767
State aid	308,601	308,601	289,294	(19,307)
Interest on idle funds	600,000	600,000	187,418	(412,582)
Other revenue	150,000	150,000	61,514	(88,486)
Transfers from other funds	-	-	640,285	640,285
	<u>1,931,384</u>	<u>1,931,384</u>	<u>2,073,061</u>	<u>141,677</u>
Total revenue				
Expenditures and encumbrances:				
Instruction	750,302	750,302	64,909	(685,393)
Student support services	2,000	2,000	-	(2,000)
Instructional support services	18,000	18,000	563	(17,437)
Operations and maintenance	61,500	61,500	4,945	(56,555)
Other support services	100,000	100,000	6,276	(93,724)
Facilities acquisition and construction	4,036,800	4,036,800	2,030,431	(2,006,369)
	<u>4,968,602</u>	<u>4,968,602</u>	<u>2,107,124</u>	<u>(2,861,478)</u>
Total expenditures and encumbrances				
Revenue over (under) expenditures and encumbrances	(3,037,218)	(3,037,218)	(34,063)	3,003,155
Unencumbered cash, beginning of year	4,292,957	4,292,957	4,292,957	-
Prior year canceled encumbrances	-	-	5,227	5,227
	<u>-</u>	<u>-</u>	<u>5,227</u>	<u>5,227</u>
Unencumbered cash, end of year	<u>\$ 1,255,739</u>	<u>\$ 1,255,739</u>	<u>\$ 4,264,121</u>	<u>\$ 3,008,382</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 4,264,121	
Interest receivable			758	
Other receivable			176,000	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>1,055,722</u>	
GAAP fund balance, end of year			<u>\$ 5,496,601</u>	

Supplementary Information

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

Fund Descriptions – 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.

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

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

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

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

District Activity – 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.

Arbitrage Rebate – used to accumulate the estimated liability payable relating to any excess earnings on the 2007-A bond proceeds.

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Hutchinson Public Schools
Unified School District No. 308

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	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	\$ 29,495	\$ 875,555	\$ 52,125	\$ 113,406	\$ 761,266	\$ 682,733	\$ 233,286	\$ 175,115	\$ 958,362	\$ -	\$ 1,845,906
Federal receivable Inventory	-	-	-	-	32,987	-	-	-	198,850	-	-
Total assets	\$ 29,495	\$ 875,555	\$ 52,125	\$ 113,406	\$ 794,253	\$ 682,733	\$ 233,286	\$ 175,115	\$ 1,157,212	\$ -	\$ 1,845,906
Liabilities:											
Accounts payable	\$ 2,384	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	11,446	404,707	27,096	-	22,143	-	416	360	131,950	-	-
Total liabilities	\$ 13,830	\$ 404,707	\$ 27,096	\$ -	\$ 22,143	\$ 46	\$ 416	\$ 360	\$ 131,950	\$ -	\$ -
Fund Balances:											
Reserved for:											
Encumbrances	542	174,133	-	-	4,725	6,213	68	-	120,438	-	-
Inventory	-	-	-	-	32,987	-	-	-	198,850	-	-
Unreserved	15,123	296,715	25,029	113,406	734,398	676,474	232,812	174,755	705,974	-	1,845,906
Total fund balances	\$ 15,665	\$ 470,848	\$ 25,029	\$ 113,406	\$ 772,110	\$ 682,687	\$ 232,880	\$ 174,755	\$ 1,025,262	\$ -	\$ 1,845,906
Total liabilities and fund balances	\$ 29,495	\$ 875,555	\$ 52,125	\$ 113,406	\$ 794,253	\$ 682,733	\$ 233,286	\$ 175,115	\$ 1,157,212	\$ -	\$ 1,845,906

- Continued -

Hutchinson Public Schools
Unified School District No. 308

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

- Continued -

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Textbook Rental	HHS Daycare	Federal Grant Funds	Gift and Grant Funds	Scholarship Funds	District Activity Funds	Athletic Activity	Arbitrage Rebate			
Assets:											
Cash, cash equivalents and investments	\$ 1,257,702	\$ 146,525	\$ 347,417	\$ 47,644	\$ 2,454	\$ 204,994	\$ 98,861	\$ 1,183,862	\$ 9,016,718		
Federal receivable Inventory	-	-	141,209	-	-	-	-	-	141,209		
Total assets	\$ 1,257,702	\$ 146,525	\$ 488,626	\$ 47,644	\$ 2,454	\$ 204,994	\$ 98,861	\$ 1,183,862	\$ 9,389,764		
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,277		
Accrued payroll	-	20,849	289,286	333	-	-	-	-	908,586		
Total liabilities	-	20,849	290,133	333	-	-	-	-	911,863		
Fund Balances:											
Reserved for:	90	-	198,493	3,049	-	-	-	-	507,751		
Encumbrances Inventory	-	-	-	-	-	-	-	-	231,837		
Unreserved	1,257,612	125,676	-	44,262	2,454	204,994	98,861	1,183,862	7,738,313		
Total fund balances	1,257,702	125,676	198,493	47,311	2,454	204,994	98,861	1,183,862	8,477,901		
Total liabilities and fund balances	\$ 1,257,702	\$ 146,525	\$ 488,626	\$ 47,644	\$ 2,454	\$ 204,994	\$ 98,861	\$ 1,183,862	\$ 9,389,764		

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, 2009

	Special Revenue Funds										
	At Risk 4 Yr Olds	At Risk K-12	Bilingual Education	Driver Training	Food Service	Professional Development	Private Education	Summer School	Vocational Education	KPFERS Retirement	Contingency Reserve
Revenues:											
State aid	-	-	-	-	\$ 23,939	\$ 22,633	\$ 133,551	-	-	\$ 2,183,333	\$ -
Federal aid	-	-	-	-	1,396,178	-	-	-	-	-	-
Charges for services	-	-	-	-	546,124	-	-	-	313,769	-	-
Earnings on investments	-	-	-	-	4,008	-	-	-	-	-	-
Other	-	-	-	-	94,500	-	24,287	5,595	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	2,064,749	22,633	137,838	5,595	313,769	2,183,333	-
Expenditures:											
Current:											
Instruction	130,271	4,332,772	263,307	3,690	-	-	-	23,501	1,675,976	1,441,013	-
Student support	-	-	-	-	-	-	222,486	2,161	-	152,835	-
Instructional support	-	-	-	-	-	162,470	-	-	26,008	87,334	-
General administration	-	-	-	-	-	-	-	-	-	43,667	-
School administration	-	-	-	-	-	-	-	-	151,663	152,835	-
Operations and maintenance	-	-	-	-	28,012	-	-	-	100,211	174,668	-
Student transportation service	50,898	3,994	-	-	-	-	-	-	7,670	65,500	-
Other support services	-	-	-	-	-	-	-	-	-	65,501	-
Food service	-	-	-	-	1,990,381	-	-	-	-	-	-
Community service operations	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	181,209	4,336,766	263,307	3,690	2,018,593	162,470	222,486	25,662	1,961,378	2,183,333	-
Excess of revenues over (under) expenditures	(181,209)	(4,336,766)	(263,307)	(3,690)	46,156	(139,837)	(64,648)	(20,067)	(1,647,609)	-	-
Other financing sources (uses):											
Transfers in	182,200	4,670,354	265,682	-	-	135,000	70,000	20,000	2,160,000	-	239,681
Total other financing sources (uses)	182,200	4,670,354	265,682	-	-	135,000	70,000	20,000	2,160,000	-	239,681
Net change in fund balances	991	333,588	2,375	(3,690)	46,156	(4,837)	5,352	(67)	512,391	-	239,681
Fund balances at beginning of year	14,674	137,260	22,654	117,096	725,954	687,524	227,328	174,822	513,071	-	1,606,225
Fund balances at end of year	\$ 15,665	\$ 470,848	\$ 25,029	\$ 113,406	\$ 772,110	\$ 682,687	\$ 232,680	\$ 174,755	\$ 1,025,262	\$ -	\$ 1,845,906

- 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, 2009**

- Continued -

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Textbook Revol	FHS Daycare	Federal Grant Funds	Gift and Grant Funds	Scholarship Funds	District Activity Funds	Athletic Activity	
Revenues:	\$	\$	\$	\$	\$	\$	\$	\$
State aid	-	-	-	-	-	-	-	-
Federal aid	-	9,647	4,342,107	-	-	-	-	-
Charges for services	129,130	72,874	-	-	373,548	238,941	-	1,694,416
Earnings on investments	-	-	-	-	108	765	417,912	422,793
Other	-	130,314	-	84,723	-	-	-	339,421
Contributions	-	-	-	10,236	-	-	-	10,236
Total revenues	129,130	212,835	4,342,107	94,961	108	373,548	239,716	417,912
Expenditures:								
Current:								
Instruction	31,932	-	3,178,130	15,849	-	371,363	289,130	-
Student support	-	-	492,100	-	-	-	-	-
Instructional support	5,579	-	430,902	5,338	-	-	-	-
General administration	-	-	5,378	67,686	-	-	-	-
School administration	-	-	-	-	-	-	-	-
Operations and maintenance	-	-	68,937	-	-	-	-	-
Student transportation service	-	-	19,937	-	-	-	-	-
Other support services	-	-	2,617	7,734	-	-	-	-
Food service	-	9,649	164,539	-	-	-	-	-
Community service operations	-	142,871	-	-	-	-	-	-
Total expenditures	37,531	152,520	4,362,570	86,637	-	371,363	289,130	-
Excess of revenues over (under) expenditures	91,619	60,315	(20,463)	(1,676)	108	2,185	(29,414)	417,912
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	91,619	60,315	(20,463)	(1,676)	108	2,185	(29,414)	417,912
Fund balances at beginning of year	1,166,083	65,361	218,976	48,987	2,346	202,809	138,275	765,970
Fund balances at end of year	\$ 1,257,702	\$ 125,676	\$ 198,483	\$ 47,311	\$ 2,454	\$ 204,994	\$ 86,861	\$ 1,183,882

**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, 2009**

	<u>Budgeted Amounts</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>(Under)</u>
Revenue:				
Transfers from other funds	\$ 146,000	\$ 181,200	\$ 182,200	\$ 1,000
Expenditures and encumbrances:				
Instruction	150,674	150,674	130,813	(19,861)
Student transportation service	<u>10,000</u>	<u>45,200</u>	<u>50,938</u>	<u>5,738</u>
Total expenditures and encumbrances	<u>160,674</u>	<u>195,874</u>	<u>181,751</u>	<u>(14,123)</u>
Revenue over (under) expenditures and encumbrances	(14,674)	(14,674)	449	15,123
Unencumbered cash, beginning of year	<u>14,674</u>	<u>14,674</u>	<u>14,674</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,123</u>	<u>\$ 15,123</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 15,123	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>542</u>	
GAAP fund balance, end of year			<u>\$ 15,665</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 K-12 Fund
Year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Transfers from other funds	\$ 4,670,354	\$ 4,670,354	\$ 4,670,354	\$ -
Expenditures and encumbrances:				
Instruction	4,725,116	4,725,116	4,438,259	(286,857)
Student transportation service	<u>10,000</u>	<u>10,000</u>	<u>3,994</u>	<u>(6,006)</u>
Total expenditures and encumbrances	<u>4,735,116</u>	<u>4,735,116</u>	<u>4,442,253</u>	<u>(292,863)</u>
Revenue over (under) expenditures and encumbrances	(64,762)	(64,762)	228,101	292,863
Unencumbered cash, beginning of year	64,773	64,773	64,773	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>3,841</u>	<u>3,841</u>
Unencumbered cash, end of year	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 296,715</u>	<u>\$ 296,704</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 296,715	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>174,133</u>	
GAAP fund balance, end of year			<u>\$ 470,848</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Transfers from other funds	\$ 240,682	\$ 240,682	\$ 265,682	\$ 25,000
Expenditures and encumbrances:				
Instruction	<u>263,336</u>	<u>263,336</u>	<u>263,307</u>	<u>(29)</u>
Revenue over (under) expenditures and encumbrances	(22,654)	(22,654)	2,375	25,029
Unencumbered cash, beginning of year	<u>22,654</u>	<u>22,654</u>	<u>22,654</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,029</u></u>	<u><u>\$ 25,029</u></u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 25,029	
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>\$ 25,029</u></u>	

**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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>(Under)</u>
Revenue:	\$ -	\$ -	\$ -	\$ -
Expenditures and encumbrances:				
Instruction	<u>117,096</u>	<u>117,096</u>	<u>3,690</u>	<u>(113,406)</u>
Revenue over (under) expenditures and encumbrances	(117,096)	(117,096)	(3,690)	113,406
Unencumbered cash, beginning of year	<u>117,096</u>	<u>117,096</u>	<u>117,096</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,406</u>	<u>\$ 113,406</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 113,406	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u>\$ 113,406</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Food Service Fund
Year ended June 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
State aid	\$ 24,023	\$ 24,023	\$ 23,939	\$ (84)
Federal aid	1,190,524	1,190,524	1,396,178	205,654
Food service sales	453,022	453,022	546,124	93,102
Interest on idle funds	-	-	4,008	4,008
Other	-	-	94,500	94,500
	<u>1,667,569</u>	<u>1,667,569</u>	<u>2,064,749</u>	<u>397,180</u>
Expenditures and encumbrances:				
Operations and maintenance	29,900	29,900	28,012	(1,888)
Food service	<u>2,306,415</u>	<u>2,306,415</u>	<u>1,971,262</u>	<u>(335,153)</u>
	<u>2,336,315</u>	<u>2,336,315</u>	<u>1,999,274</u>	<u>(337,041)</u>
Revenue over (under) expenditures and encumbrances	(668,746)	(668,746)	65,475	734,221
Unencumbered cash, beginning of year	668,746	668,746	668,746	-
Prior year canceled encumbrances	-	-	177	177
	<u>-</u>	<u>-</u>	<u>734,398</u>	<u>734,398</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734,398</u>	<u>\$ 734,398</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 734,398	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			4,725	
Inventory			<u>32,987</u>	
GAAP fund balance, end of year			<u>\$ 772,110</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Revenue:				
State aid	\$ 27,500	\$ 27,500	\$ 22,633	\$ (4,867)
Transfers from other funds	<u>85,000</u>	<u>85,000</u>	<u>135,000</u>	<u>50,000</u>
Total revenue	112,500	112,500	157,633	45,133
Expenditures and encumbrances:				
Instructional support	<u>503,410</u>	<u>503,410</u>	<u>147,914</u>	<u>(355,496)</u>
Revenue over (under) expenditures and encumbrances	(390,910)	(390,910)	9,719	400,629
Unencumbered cash, beginning of year	663,346	663,346	663,346	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>3,408</u>	<u>3,408</u>
Unencumbered cash, end of year	<u>\$ 272,436</u>	<u>\$ 272,436</u>	<u>\$ 676,473</u>	<u>\$ 404,037</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 676,473	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>6,214</u>	
GAAP fund balance, end of year			<u>\$ 682,687</u>	

**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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>(Under)</u>
Revenue:				
State aid	\$ 100,000	\$ 100,000	\$ 133,551	\$ 33,551
Other	20,000	20,000	24,287	4,287
Transfers from other funds	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Total revenue	190,000	190,000	227,838	37,838
Expenditures and encumbrances:				
Student support	<u>261,141</u>	<u>261,141</u>	<u>221,587</u>	<u>(39,554)</u>
Revenue over (under) expenditures and encumbrances	(71,141)	(71,141)	6,251	77,392
Unencumbered cash, beginning of year	226,526	226,526	226,526	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
Unencumbered cash, end of year	<u>\$ 155,385</u>	<u>\$ 155,385</u>	<u>\$ 232,812</u>	<u>\$ 77,427</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 232,812	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>68</u>	
GAAP fund balance, end of year			<u>\$ 232,880</u>	

**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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Other	\$ 7,000	\$ 7,000	\$ 5,595	\$ (1,405)
Transfers from other funds	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>	<u>10,000</u>
Total revenue	<u>17,000</u>	<u>17,000</u>	<u>25,595</u>	<u>8,595</u>
Expenditures and encumbrances:				
Instruction	117,414	117,414	23,501	(93,913)
Student support	4,845	4,845	2,161	(2,684)
School administration	<u>102</u>	<u>102</u>	<u>-</u>	<u>(102)</u>
Total expenditures and encumbrances	<u>122,361</u>	<u>122,361</u>	<u>25,662</u>	<u>(96,699)</u>
Revenue over (under) expenditures and encumbrances	(105,361)	(105,361)	(67)	105,294
Unencumbered cash, beginning of year	<u>174,822</u>	<u>174,822</u>	<u>174,822</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ 69,461</u>	<u>\$ 69,461</u>	<u>\$ 174,755</u>	<u>\$ 105,294</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 174,755	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>-</u>	
GAAP fund balance, end of year			<u>\$ 174,755</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Revenue:				
Tuition	\$ 315,000	\$ 315,000	\$ 313,769	\$ (1,231)
Other	200,000	200,000	-	(200,000)
Transfers from other funds	<u>1,510,000</u>	<u>1,510,000</u>	<u>2,160,000</u>	<u>650,000</u>
Total revenue	<u>2,025,000</u>	<u>2,025,000</u>	<u>2,473,769</u>	<u>448,769</u>
Expenditures and encumbrances:				
Instruction	1,979,440	1,979,440	1,936,575	(42,865)
Instructional support	19,000	19,000	26,058	7,058
School administration	158,970	158,970	151,663	(7,307)
Operations and maintenance	168,907	168,907	100,211	(68,696)
Other support services	<u>14,000</u>	<u>14,000</u>	<u>7,670</u>	<u>(6,330)</u>
Total expenditures and encumbrances	<u>2,340,317</u>	<u>2,340,317</u>	<u>2,222,177</u>	<u>(118,140)</u>
Revenue over (under) expenditures and encumbrances	(315,317)	(315,317)	251,592	566,909
Unencumbered cash, beginning of year	452,187	452,187	452,187	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>2,195</u>	<u>2,195</u>
Unencumbered cash, end of year	<u>\$ 136,870</u>	<u>\$ 136,870</u>	<u>\$ 705,974</u>	<u>\$ 569,104</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 705,974	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			120,438	
Inventory			<u>198,850</u>	
GAAP fund balance, end of year			<u>\$ 1,025,262</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	(Under)
Revenue:				
State aid	\$ 2,505,049	\$ 2,505,049	\$ 2,183,353	\$ (321,696)
Expenditures and encumbrances:				
Instruction	1,628,282	1,628,282	1,441,013	(187,269)
Student support	200,404	200,404	152,835	(47,569)
Instructional support	100,202	100,202	87,334	(12,868)
General administration	50,101	50,101	43,667	(6,434)
School administration	175,353	175,353	152,835	(22,518)
Operations and maintenance	200,404	200,404	174,668	(25,736)
Other support services	75,151	75,151	65,500	(9,651)
Food service	75,152	75,152	65,501	(9,651)
Total expenditures and encumbrances	2,505,049	2,505,049	2,183,353	(321,696)
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
Federal Grant Funds
Year ended June 30, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Revenue:				
Federal aid	\$ 4,729,329	\$ 4,729,329	\$ 4,250,027	\$ (479,302)
Expenditures and encumbrances:				
Instruction	3,393,300	3,393,300	3,159,246	(234,054)
Student support	507,000	507,000	492,100	(14,900)
Instructional support	395,300	395,300	430,902	35,602
General administration	11,635	11,635	5,378	(6,257)
Operations and maintenance	116,000	116,000	68,957	(47,043)
Student transportation service	38,014	38,014	19,957	(18,057)
Other support services	4,050	4,050	2,617	(1,433)
Food service	214,900	214,900	164,539	(50,361)
Total expenditures and encumbrances	<u>4,680,199</u>	<u>4,680,199</u>	<u>4,343,696</u>	<u>(336,503)</u>
Revenue over (under) expenditures and encumbrances	49,130	49,130	(93,669)	(142,799)
Unencumbered cash, beginning of year	(49,130)	(49,130)	(49,129)	1
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>1,589</u>	<u>1,589</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (141,209)</u>	<u>\$ (141,209)</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ (141,209)	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			198,493	
Federal receivable			<u>141,209</u>	
GAAP fund balance, end of year			<u>\$ 198,493</u>	

**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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenue:				
Other	\$ 65,000	\$ 65,000	\$ 84,725	\$ 19,725
Contributions	<u>40,000</u>	<u>40,000</u>	<u>10,236</u>	<u>(29,764)</u>
Total revenue	<u>105,000</u>	<u>105,000</u>	<u>94,961</u>	<u>(10,039)</u>
Expenditures and encumbrances:				
Instruction	13,000	13,000	15,849	2,849
Instructional support	15,000	15,000	5,358	(9,642)
General administration	119,800	119,800	70,274	(49,526)
Other support services	<u>5,701</u>	<u>5,701</u>	<u>7,734</u>	<u>2,033</u>
Total expenditures and encumbrances	<u>153,501</u>	<u>153,501</u>	<u>99,215</u>	<u>(54,286)</u>
Revenue over (under) expenditures and encumbrances	(48,501)	(48,501)	(4,254)	44,247
Unencumbered cash, beginning of year	48,501	48,501	48,501	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,262</u>	<u>\$ 44,262</u>
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 44,262	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			<u>3,049</u>	
GAAP fund balance, end of year			<u>\$ 47,311</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Taxes	\$ 1,335,451	\$ 1,335,451	\$ 1,354,089	\$ 18,638
State aid	1,358,545	1,358,545	1,343,548	(14,997)
Interest on idle funds	1,500,000	1,500,000	-	(1,500,000)
Interest transferred from Capital Projects Fund	-	-	1,500,000	1,500,000
	4,193,996	4,193,996	4,197,637	3,641
 Total revenue				
Expenditures and encumbrances:				
Interest	3,649,866	3,649,866	3,649,865	(1)
Commission and postage	100	100	-	(100)
	3,649,966	3,649,966	3,649,865	(101)
 Total expenditures and encumbrances				
Revenue over (under) expenditures and encumbrances	544,030	544,030	547,772	3,742
Unencumbered cash, beginning of year	1,664,130	1,664,130	1,664,130	-
Unencumbered cash, end of year	\$ 2,208,160	\$ 2,208,160	\$ 2,211,902	\$ 3,742
 Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 2,211,902	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			-	
GAAP fund balance, end of year			\$ 2,211,902	

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

Fund Descriptions – 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 Activity – 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, 2009**

	<u>Student Activity Funds</u>	<u>Hutchinson Recreation Commission</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 86,534	\$ 407,475	\$ 494,009
Total assets	<u>\$ 86,534</u>	<u>\$ 407,475</u>	<u>\$ 494,009</u>
 Liabilities			
Accounts payable	\$ 86,534	\$ 407,475	\$ 494,009
Total liabilities	<u>\$ 86,534</u>	<u>\$ 407,475</u>	<u>\$ 494,009</u>

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

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009**

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Activity Funds:				
Hutchinson High School	\$ 30,322	\$ 134,996	\$ 143,123	\$ 22,195
Hutchinson Middle School 8	2,149	652	2,144	657
Hutchinson Middle School 7	12,118	14,501	8,085	18,534
Avenue A Elementary School	-	-	-	-
Faris Elementary School	1,931	947	1,749	1,129
Graber Elementary School	542	6,787	6,470	859
Lincoln Elementary School	-	-	-	-
McCandless Elementary School	912	2,618	2,106	1,424
Morgan Elementary School	382	1,131	894	619
Wiley Elementary School	-	-	-	-
Vocational Technical School	43,314	108,815	111,012	41,117
Total Student Activity Funds	<u>91,670</u>	<u>270,447</u>	<u>275,583</u>	<u>86,534</u>
Hutchinson Recreation Commission:				
General Fund	331,640	876,964	883,847	324,757
Employee Benefit Fund	96,936	226,336	240,554	82,718
Total Hutchinson Recreation Commission	<u>428,576</u>	<u>1,103,300</u>	<u>1,124,401</u>	<u>407,475</u>
Assets - Cash and investments	<u>\$ 520,246</u>	<u>\$ 1,373,747</u>	<u>\$ 1,399,984</u>	<u>\$ 494,009</u>
Liabilities - Accounts payable	<u>\$ 520,246</u>	<u>\$ 1,373,747</u>	<u>\$ 1,399,984</u>	<u>\$ 494,009</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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenue:				
Taxes	\$ 866,532	\$ 866,532	\$ 876,964	\$ 10,432
State aid	18,716	18,716	-	(18,716)
Total revenue	885,248	885,248	876,964	(8,284)
Expenditures and encumbrances:				
Community service operations	995,000	995,000	883,847	(111,153)
Revenue over (under) expenditures and encumbrances	(109,752)	(109,752)	(6,883)	102,869
Unencumbered cash, beginning of year	331,640	331,640	331,640	-
Unencumbered cash, end of year	\$ 221,888	\$ 221,888	\$ 324,757	\$ 102,869
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 324,757	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			-	
GAAP fund balance, end of year			\$ 324,757	

**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, 2009**

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	Original	Final	Basis	(Under)
Revenue:				
Taxes	\$ 223,450	\$ 223,450	\$ 226,336	\$ 2,886
State aid	5,509	5,509	-	(5,509)
Total revenue	228,959	228,959	226,336	(2,623)
Expenditures and encumbrances:				
Community service operations	310,000	310,000	240,554	(69,446)
Revenue over (under) expenditures and encumbrances	(81,041)	(81,041)	(14,218)	66,823
Unencumbered cash, beginning of year	96,936	96,936	96,936	-
Unencumbered cash, end of year	\$ 15,895	\$ 15,895	\$ 82,718	\$ 66,823
Differences between budgetary and GAAP fund balance:				
Unencumbered cash, end of year			\$ 82,718	
Encumbrances for expenses ordered but not received are not reported for GAAP purposes until received			-	
GAAP fund balance, end of year			\$ 82,718	

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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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 Five Fiscal Years
 (accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	Fiscal Year <u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 42,117	\$ 1,757,712	\$ 5,763,629	\$ 7,742,116	\$ 8,845,048
Restricted for:					
Capital projects	-	-	504,916	1,398,104	2,791,102
Debt service	3,417,720	3,537,108	1,047,130	440,824	988,596
Self-insurance medical claims	2,009,341	3,085,349	3,574,366	3,507,956	3,564,417
Special assessment purposes	82,153	-	-	-	-
Unrestricted	<u>9,920,093</u>	<u>11,651,647</u>	<u>12,436,865</u>	<u>13,923,017</u>	<u>15,676,826</u>
Total primary government net assets	<u>\$ 15,471,424</u>	<u>\$ 20,031,816</u>	<u>\$ 23,326,906</u>	<u>\$ 27,012,017</u>	<u>\$ 31,865,989</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 Five Fiscal Years
 (accrual basis of accounting)

Expenses	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Government activities:					
Instruction	\$ 21,244,540	\$ 24,094,992	\$ 26,881,772	\$ 30,574,127	\$ 31,279,544
Student support services	2,309,244	2,737,817	3,078,720	2,702,247	2,929,439
Instructional support services	2,356,487	2,197,701	2,693,101	2,311,179	2,152,613
General administration	773,026	801,325	957,681	1,069,961	1,021,220
School administration	1,905,387	2,083,190	2,553,989	2,550,402	2,577,131
Operations and maintenance	4,313,341	4,467,089	4,593,606	4,769,514	5,102,229
Student transportation services	947,339	802,065	779,305	843,054	1,009,787
Other support services	1,912,445	1,442,336	1,260,854	1,272,073	1,509,374
Food service operations	1,857,031	2,152,315	2,116,479	2,157,292	2,223,244
Community service operations	146,849	157,620	173,633	171,370	177,250
Interest on long-term debt	414,264	300,006	1,841,871	3,762,483	3,714,312
Total primary government expenses	<u>38,179,953</u>	<u>41,236,456</u>	<u>46,931,011</u>	<u>52,183,702</u>	<u>53,696,143</u>
Program Revenues					
Government activities:					
Charges for services					
Instruction	1,059,230	1,399,729	1,095,931	1,490,798	1,348,129
Instructional support services	-	-	8,740	-	-
Student support services	50,589	-	-	-	-
Other support services	113,485	177,647	155,715	200,974	-
Food service operations	568,318	586,283	600,251	617,588	640,624
Community service operations	1,385	1,188	76,496	70,544	72,874
Operating grants and contributions	7,313,849	7,395,998	7,373,802	7,073,543	7,633,973
Total primary government program revenues	<u>9,106,856</u>	<u>9,560,845</u>	<u>9,310,935</u>	<u>9,453,447</u>	<u>9,695,600</u>
Net (Expense)/Revenue					
Total primary government net expense	<u>\$(29,073,097)</u>	<u>\$(31,675,611)</u>	<u>\$(37,620,076)</u>	<u>\$(42,730,255)</u>	<u>\$(44,000,543)</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 Five Fiscal Years
(accrual basis of accounting)**

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net (Expense)/Revenue					
Total primary government net expense	\$(29,073,097)	\$(31,675,611)	\$(37,620,076)	\$(42,730,255)	\$(44,000,543)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes levied for:					
General purposes ^a	6,069,679	6,549,258	6,663,261	6,767,238	6,823,076
Debt service	1,745,921	1,516,374	403,769	894,778	1,354,089
Capital outlay	831,990	855,348	865,194	881,830	894,550
State aid	23,460,194	26,940,873	29,762,280	33,839,190	35,511,280
Investment earnings	245,845	533,647	2,255,672	3,768,932	3,130,529
Loss on disposal of capital assets	-	-	-	-	(33,385)
Noncash capital grants	-	-	-	-	1,174,376
Total primary government	<u>32,353,629</u>	<u>36,395,500</u>	<u>39,950,176</u>	<u>46,151,968</u>	<u>48,854,515</u>
Change in Net Assets					
Total primary government	<u>\$ 3,280,532</u>	<u>\$ 4,719,889</u>	<u>\$ 2,330,100</u>	<u>\$ 3,421,713</u>	<u>\$ 4,853,972</u>

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 Five Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Reserved for encumbrances	\$ 156,493	\$ 289,864	\$ 245,942	\$ 194,086	\$ 449,446
Reserved for inventories	142,892	80,451	70,444	105,801	74,003
Unreserved	-	1,202	14,075	68,177	2,312
Total general fund	<u>\$ 299,385</u>	<u>\$ 371,517</u>	<u>\$ 330,461</u>	<u>\$ 368,064</u>	<u>\$ 525,761</u>
All Other Governmental Funds					
Reserved for encumbrances	\$ 823,953	\$ 1,632,995	\$ 1,283,864	\$ 21,137,195	\$ 46,217,335
Reserved for inventories	223,107	80,883	59,872	55,049	231,837
Reserved for debt service	3,557,091	3,618,150	2,721,527	1,664,130	2,211,902
Reserved for capital projects fund	-	-	78,716,892	56,512,448	14,112,573
Reserved for special assessment purposes	82,153	-	-	-	-
Unreserved, reported in special revenue funds	<u>9,572,316</u>	<u>10,362,016</u>	<u>11,791,396</u>	<u>13,522,030</u>	<u>15,194,312</u>
Total all other governmental funds	<u>\$ 14,258,620</u>	<u>\$ 15,694,044</u>	<u>\$ 94,573,551</u>	<u>\$ 92,890,852</u>	<u>\$ 77,967,959</u>

Note: The district began to report modified 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 Five Fiscal Years**
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>Fiscal Year</u> <u>2007</u>	<u>2008</u>	<u>2009</u>
Federal sources	\$ 7,164,022	\$ 7,251,864	\$ 7,222,738	\$ 6,921,274	\$ 7,408,698
State sources	<u>23,460,194</u>	<u>26,940,873</u>	<u>29,762,280</u>	<u>33,839,190</u>	<u>35,511,280</u>
Local sources					
Ad valorem taxes	8,647,590	8,920,980	7,932,224	8,543,846	9,071,715
Charges for services	1,387,018	1,492,646	1,459,081	1,816,089	1,694,416
Earnings on investments	245,845	533,647	2,457,646	4,332,908	3,548,441
Other revenue	495,720	799,597	613,263	696,518	582,250
Contributions	<u>60,096</u>	<u>16,738</u>	<u>15,853</u>	<u>19,566</u>	<u>10,236</u>
Total local sources	<u>10,836,269</u>	<u>11,763,608</u>	<u>12,478,067</u>	<u>15,408,927</u>	<u>14,907,058</u>
Total revenues	<u>\$41,460,485</u>	<u>\$45,956,345</u>	<u>\$49,463,085</u>	<u>\$56,169,391</u>	<u>\$57,827,036</u>

Note: The district began to report modified 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 Five Fiscal Years**
(modified accrual basis of accounting)

	<u>2005</u>	<u>2006</u>	<u>Fiscal Year</u> <u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction	\$ 21,742,574	\$ 26,235,772	\$ 27,101,308	\$ 29,564,235	\$ 29,717,456
Student support services	2,312,155	2,731,350	3,086,203	2,731,222	2,913,526
Instructional support services	2,453,473	2,257,934	2,875,937	2,324,736	2,118,271
General administration	771,445	806,433	952,931	1,043,513	1,019,853
School administration	1,866,177	2,011,513	2,305,983	2,393,775	2,528,896
Operations and maintenance	4,062,379	4,382,675	4,427,712	4,693,217	5,002,199
Student transportation services	915,780	776,548	744,510	820,608	980,783
Other support services	1,986,150	1,518,456	1,377,832	1,640,743	1,633,456
Food service operations	1,769,980	1,832,689	1,860,744	2,181,974	2,230,270
Community service operations	146,736	157,721	173,617	171,862	177,484
Architect fees	15,221	70,469	19,447	37,638	18,818
Capital outlay:					
Facilities acquisition and construction	799,046	928,509	3,067,007	5,522,655	20,715,439
Debt service:					
Principal	1,735,000	1,825,000	1,960,000	975,000	-
Interest	438,087	315,182	176,950	4,122,156	3,649,865
Bond issuance costs	-	-	1,113,890	-	-
Commission and postage	19	-	-	-	-
Total expenditures	<u>\$ 41,014,222</u>	<u>\$ 45,850,251</u>	<u>\$ 51,244,071</u>	<u>\$ 58,223,334</u>	<u>\$ 72,706,316</u>
Debt service as a percentage of noncapital expenditures	5.40%	4.76%	6.75%	9.67%	7.02%

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 Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Excess of revenues over (under) expenditures	\$ 446,263	\$ 106,094	\$ (1,780,986)	\$ (2,053,943)	\$(14,879,280)
Other Financing Sources (Uses)					
Transfers in	5,431,075	7,389,718	10,249,068	13,049,402	14,905,100
Transfers out	(5,431,075)	(7,389,718)	(10,249,068)	(13,049,402)	(14,905,100)
Capital lease financing	-	1,401,462	666,558	408,847	101,240
Sale of capital assets	-	-	-	-	12,844
Issuance of general obligation bonds	-	-	79,845,000	-	-
Premium on bond issue	-	-	1,126,104	-	-
Payment to refunded bond escrow agent	-	-	(1,018,225)	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,401,462</u>	<u>80,619,437</u>	<u>408,847</u>	<u>114,084</u>
Net change in fund balances	<u>\$ 446,263</u>	<u>\$1,507,556</u>	<u>\$78,838,451</u>	<u>\$ (1,645,096)</u>	<u>\$(14,765,196)</u>

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 Market Value
	Real Estate Property	Personal Property	Utilities			
2000	125,731,581	30,697,223	12,418,760	168,847,564	48.610	1,254,167,912
2001	133,180,057	27,791,036	12,436,258	173,407,351	52.150	1,294,513,556
2002	139,184,433	26,627,504	13,388,405	179,200,342	56.030	1,309,046,825
2003	143,339,631	24,370,575	13,706,863	181,417,069	53.863	1,344,856,937
2004	147,138,231	24,895,061	14,310,146	186,343,438	56.100	1,369,645,931
2005	149,924,882	24,714,981	15,454,792	190,094,655	50.660	1,399,326,337
2006	152,914,840	25,684,151	15,949,029	194,548,020	50.840	1,420,816,206
2007	164,143,961	21,949,047	14,936,213	201,029,221	48.331	1,439,833,843
2008	168,503,324	18,139,092	13,838,490	200,480,906	50.759	1,395,352,479
2009	167,633,838	14,986,304	12,868,027	195,488,169	50.574	1,326,424,743

Source: Reno County Treasurer and Clerk

Notes: Property in Reno County is reassessed and measured once every six years. The county assesses residential at 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 those percentages. Tax rates 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	
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
2007	20.000	15.310	3.910	0.670	39.890	5.060	44.970	23.697	39.976	34.879	1.500	5.873	150.895
2008	20.000	15.127	3.908	6.839	45.870	4.885	50.759	24.495	42.867	37.193	1.500	5.793	162.607
2009	20.000	18.310	3.958	11.359	53.627	4.947	58.574	24.499	41.383	37.859	1.500	6.189	170.004

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	2009		1999	
	Assessed Taxable Value	Percentage of Total Taxable Value	Taxable Assessed Value	Percentage of Total Taxable Value
Westar Energy	4,894,385	2.50%	NA	
Rubloff	3,875,000	1.98%	NA	
Southwestern Bell	2,946,532	1.51%	NA	
Kansas Gas Service	2,684,936	1.37%	NA	
WalMart	2,238,236	1.14%	NA	
Dillon Real Estate	2,220,750	1.14%	NA	
Eaton	1,966,380	1.01%	NA	
Cargill	1,323,449	0.68%	NA	
Eaton	1,315,751	0.67%	NA	
Central Bank & Trust	1,164,399	0.60%	NA	

Source: Reno County Clerk

Total 2009 Assessed Value per Reno County Clerk: \$195,488,169

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>
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%
2007	8,337,220	7,990,986	95.85%	134,848	8,125,834	97.46%
2008	9,131,482	8,746,786	95.79%	17,252	8,764,038	95.98%
2009	9,462,891	9,089,224	96.05%	38,543	9,127,767	96.46%

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	Debt as a Percentage of Assessed Value of Taxable Property	Approximate Population	Percent of Personal Income	Debt Per Capita
2000	12,000,000	NA	12,000,000	197,657,493	6.07%	40,000	0.77	300
2001	15,190,000	NA	15,190,000	202,217,280	7.51%	40,000	0.97	380
2002	13,870,000	NA	13,870,000	207,122,169	6.70%	40,000	0.88	347
2003	11,545,000	NA	11,545,000	209,447,492	5.51%	40,000	0.71	289
2004	9,690,000	NA	9,690,000	215,147,110	4.50%	40,000	0.59	242
2005	7,955,000	863,481	8,818,481	219,143,349	4.02%	40,000	0.51	220
2006	6,130,000	1,565,912	7,695,912	223,892,214	3.44%	40,000	0.44	192
2007	83,000,000	1,531,033	84,531,033	227,335,393	37.18%	40,787	4.64	2,072
2008	82,025,000	1,347,711	83,372,711	230,957,311	36.10%	40,787	NA	2,044
2009	82,025,000	834,081	82,859,081	224,763,829	36.86%	40,787	NA	2,032

Sources:

Assessed Value - Piper Jaffray Financial Advisors

Population - Piper Jaffray Financial Advisors

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>Net Debt As A Percentage of Assessed Value of Taxable Property</u>	<u>Per Capita</u>
2000	12,000,000	1,656,862	10,343,138	5.11%	259
2001	15,190,000	1,700,481	13,489,519	6.51%	337
2002	13,870,000	1,902,359	11,967,641	5.71%	299
2003	11,545,000	1,802,075	9,742,925	4.53%	244
2004	9,690,000	3,332,349	6,357,651	2.90%	159
2005	7,955,000	3,557,091	4,397,909	1.96%	110
2006	6,130,000	3,618,150	2,511,850	1.10%	62
2007	83,000,000	2,721,527	80,278,473	35.31%	1,968
2008	82,025,000	1,664,130	80,360,870	34.79%	1,970
2009	82,025,000	2,211,902	79,813,098	35.51%	1,957

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, 2009**

<u>Government Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Reno County	\$ 11,290,000	42.90%	\$ 4,843,410
City of Hutchinson	35,571,000	84.40%	30,021,924
Hutchinson Community College	7,025,000	42.90%	<u>3,013,725</u>
Subtotal, overlapping debt			37,879,059
District direct debt			<u>82,025,000</u>
Total direct and overlapping debt			<u>\$ 119,904,059</u>

Sources: Piper Jaffray Financial Advisors

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 boundaries 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 Five Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year (1)		2009
Assessed Value		<u>\$224,763,829</u>
Debt limit (14% of assessed value)		31,466,936
Debt applicable to limit:		
General obligation bonds		82,025,000
Less: Resources restricted to paying debt		<u>(2,211,902)</u>
Total net debt applicable to limit		<u>79,813,098</u>
Legal debt margin		<u>\$ (48,346,162)</u>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 30,680,068	\$ 31,344,909	\$ 31,826,955	\$ 32,334,023	\$ 31,466,936
Total Debt applicable to Debt Limit (2)	<u>7,955,000</u>	<u>6,130,000</u>	<u>83,000,000</u>	<u>82,025,000</u>	<u>79,813,098</u>
Legal Debt Margin	<u>\$ 22,725,068</u>	<u>\$ 25,214,909</u>	<u>\$ (51,173,045)</u>	<u>\$ (49,690,977)</u>	<u>\$ (48,346,162)</u>
Total net debt applicable to the limit as a percentage of debt limit	25.93%	19.56%	260.79%	253.68%	253.64%
Debt to Assessed Valuation	3.63%	2.74%	36.51%	36.08%	35.51%

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

(2) 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% debt limitation. In 2006, the District received approval from the State Board of Education to exceed the 14% debt limitation.

Schedule 16

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

<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Average Unemployment Rate</u>
1998	39,308	1,417,057,000	22,127	3.9
1999	40,787	1,491,956,000	22,981	3.5
2000	40,787	1,549,456,000	23,951	3.8
2001	40,787	1,565,233,000	24,276	4.5
2002	40,787	1,578,054,000	24,659	4.7
2003	40,787	1,617,630,000	25,378	5.2
2004	40,787	1,649,779,000	26,964	5.3
2005	40,787	1,722,693,000	27,109	5.1
2006	40,787	1,763,326,000	27,834	5.4
2007	40,787	1,821,889,000	28,878	4.1

Source: Kansas Statistical Abstract, University of Kansas

Schedule 17

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

<u>Employer</u>	<u>2009</u>		<u>2000</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Promise Regional Medical Center	1,227	4.04%	NA	
Hutchinson Public Schools	960	3.16%	NA	
Dillons Companies	731	2.40%	NA	
Hutchinson Clinic	705	2.32%	NA	
Tyson Prepared Foods	520	1.71%	NA	
Hutchinson Correctional Facility	515	1.69%	NA	
Reno County	445	1.46%	NA	
City of Hutchinson	406	1.34%	NA	
Walmart SuperCenter	391	1.29%	NA	
Hutchinson Community College	385	1.27%	NA	
	6,285	20.67%	-	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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Instruction	472.1	463.2	459.6	418.7	394.6	NA	NA	NA	NA	NA
Student support services	50.7	48.1	49.5	55.9	45.7	NA	NA	NA	NA	NA
Instructional support services	27.5	27.4	28.7	24.0	22.0	NA	NA	NA	NA	NA
General administration	9.9	10.7	10.5	9.2	8.1	NA	NA	NA	NA	NA
School administration	41.6	41.3	40.8	36.0	33.8	NA	NA	NA	NA	NA
Operations and maintenance	71.4	72.4	70.3	64.7	55.8	NA	NA	NA	NA	NA
Student transportation services	0.5	0.5	1.6	0.3	0.3	NA	NA	NA	NA	NA
Other support services	23.0	23.9	22.4	20.8	19.7	NA	NA	NA	NA	NA
Food service operations	28.1	30.7	33.1	27.3	25.3	NA	NA	NA	NA	NA
Community service operations	7.0	7.1	7.3	5.4	7.8	NA	NA	NA	NA	NA
Total	<u>731.8</u>	<u>725.6</u>	<u>723.9</u>	<u>662.2</u>	<u>613.1</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>
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	11.68	54%
2006	4534.5	45,850,251	10,111	13.58%	41,236,456	9,094	9.73%	418.67	10.83	58%
2007	4421.9	51,244,071	11,589	14.61%	46,931,011	10,613	16.71%	459.60	9.62	57%
2008	4502.5	58,223,334	12,931	11.59%	52,183,702	11,590	9.20%	463.2	9.72	58%
2009	4543.4	72,706,316	16,003	23.75%	53,696,143	11,818	1.97%	472.1	9.62	63%

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Elementary										
Magnet School at Allen (1938)										
Square feet	NA	NA	NA	NA	NA	40,087	40,087	40,087	40,087	40,087
Capacity	NA	NA	NA	NA	NA	332	332	332	332	332
Enrollment	NA	NA	NA	NA	NA	289	274	295	299	317
Ave A (1939)										
Square feet	NA	NA	NA	NA	NA	30,527	30,527	30,527	30,527	30,527
Capacity	NA	NA	NA	NA	NA	284	284	284	284	284
Enrollment	NA	NA	NA	NA	NA	249	223	189	222	220
Faris (1961)										
Square feet	NA	NA	NA	NA	NA	26,310	26,310	26,310	26,310	26,310
Capacity	NA	NA	NA	NA	NA	260	260	260	260	260
Enrollment	NA	NA	NA	NA	NA	239	235	223	242	229
Graber (1953)										
Square feet	NA	NA	NA	NA	NA	44,591	44,591	44,591	44,591	44,591
Capacity	NA	NA	NA	NA	NA	356	356	356	356	356
Enrollment	NA	NA	NA	NA	NA	360	335	343	352	361
Lincoln (1972)										
Square feet	NA	NA	NA	NA	NA	29,740	29,740	29,740	29,740	29,740
Capacity	NA	NA	NA	NA	NA	258	258	258	258	258
Enrollment	NA	NA	NA	NA	NA	192	295	186	198	239
McCandless (1950)										
Square feet	NA	NA	NA	NA	NA	45,130	45,130	45,130	45,130	45,130
Capacity	NA	NA	NA	NA	NA	508	508	508	508	508
Enrollment	NA	NA	NA	NA	NA	423	410	409	457	438
Morgan (1950)(2009)										
Square feet	NA	NA	NA	NA	NA	45,130	45,130	45,130	45,130	59,950
Capacity	NA	NA	NA	NA	NA	426	426	426	426	426
Enrollment	NA	NA	NA	NA	NA	460	470	493	493	509
Wiley (1953)(2009)										
Square feet	NA	NA	NA	NA	NA	29,040	29,040	29,040	29,040	38,950
Capacity	NA	NA	NA	NA	NA	308	308	308	308	308
Enrollment	NA	NA	NA	NA	NA	332	310	339	359	356
Middle										
HMS 7 (1983)										
Square feet	NA	NA	NA	NA	NA	91,336	91,336	91,336	91,336	91,336
Capacity	NA	NA	NA	NA	NA	475	475	475	475	475
Enrollment	NA	NA	NA	NA	NA	344	315	323	279	344
HMS 8 (1983)										
Square feet	NA	NA	NA	NA	NA	94,730	94,730	94,730	94,730	94,730
Capacity	NA	NA	NA	NA	NA	341	341	341	341	341
Enrollment	NA	NA	NA	NA	NA	355	336	313	316	295
High										
High School/Voc. Ed. (1930-1998)										
Square feet	NA	NA	NA	NA	NA	179,100	179,100	179,100	179,100	179,100
Capacity	NA	NA	NA	NA	NA	1,600	1,600	1,600	1,600	1,600
Enrollment	NA	NA	NA	NA	NA	1,435	1,422	1,521	1,541	1,480
Other										
Educational Service Center (1950)										
Square feet	NA	NA	NA	NA	NA	20,300	20,300	20,300	20,300	20,300
Capacity	NA	NA	NA	NA	NA	356	356	356	356	356
Enrollment	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hutcherson Center (1952)										
Square feet	NA	NA	NA	NA	NA	23,357	23,357	23,357	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-Enrollment is head count.