

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
ANTHONY, KANSAS**

**FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**BUSBY FORD & REIMER, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
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**JUNE 30, 2011**

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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS  
INDEPENDENT AUDITORS' REPORT

**Board of Education  
Anthony-Harper Unified School District No. 361  
Anthony, Kansas**

We have audited the accompanying financial statements of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, as of and for the year ended **June 30, 2011**, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the District's 2010 financial statements and, in our report dated February 7, 2011, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

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

As described more fully in Note 1, **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

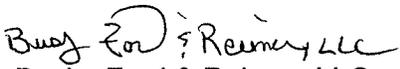
In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, as of **June 30, 2011**, or changes in financial position for the year then ended.

**Board of Education  
Anthony-Harper Unified School District No. 361**

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, as of **June 30, 2011**, and its cash receipts and expenditures and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2012, on our consideration of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

  
Busby Ford & Reimer, LLC  
February 8, 2012

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Unencumbered		Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered		Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
	Cash Balance	\$				Cash Balance	\$		
General Fund	\$ (488,383)	\$ 0	\$ 0	\$ 6,819,432	\$ 6,907,073	\$ (576,024)	\$ 69,754	\$ (506,270)	
Special Revenue Funds									
Supplemental General	(44,450)	0	0	1,867,977	1,750,000	73,527	46,888	120,415	
At Risk (4 Year Old)	1,392	0	0	82,140	83,393	139	120	259	
At Risk (K-12)	0	88	0	1,101,469	1,060,952	40,605	0	40,605	
Bilingual Education	10,007	0	0	10,000	7,802	12,205	198	12,403	
Capital Outlay	517,698	0	0	549,064	436,494	630,268	127,526	757,794	
Driver Training	12,792	0	0	5,511	7,712	10,591	0	10,591	
Food Service	46,985	0	0	520,622	427,382	140,225	2,723	142,948	
Professional Development	1,695	0	0	3,359	5,054	0	0	0	
Special Education	302,701	0	0	1,264,635	1,345,575	221,761	155	221,916	
Vocational Education	92,661	161	0	158,189	140,782	110,229	2,176	112,405	
KPERS Contribution	0	0	0	469,291	469,291	0	0	0	
Bond and Interest	268,523	0	0	465,098	300,035	433,586	0	433,586	
Federal Funds	74,919	0	0	333,163	385,582	22,500	1,467	23,967	
Gifts and Grants	0	0	0	0	0	0	0	0	
Contingency Reserve	349,092	0	0	0	0	349,092	0	349,092	
Textbook Rental	58,671	0	0	67,261	51,858	74,074	16,263	90,337	
District Activity Funds	22,176	0	0	100,905	81,877	41,204	0	41,204	
Capital Projects	3,192,158	0	0	650,610	3,731,850	110,918	281,145	392,063	
	<u>\$ 4,418,637</u>	<u>\$ 249</u>	<u>\$ 0</u>	<u>\$ 14,468,726</u>	<u>\$ 17,192,712</u>	<u>\$ 1,694,900</u>	<u>\$ 548,415</u>	<u>\$ 2,243,315</u>	

Composition of Cash:	Checking and Money Market Accounts	Certificates of Deposit	Agency Funds
	\$ 58,095	2,383,877	2,441,972
		(198,657)	(198,657)
			\$ 2,243,315

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
		Legal Max	Comply with	Budget Credits	Qualifying			
General Fund	\$ 6,836,047	\$ (84,092)	\$	155,118	\$	6,907,073	\$	0
Special Revenue Funds								
Supplemental General	1,750,000	0	0	0	0	1,750,000	1,750,000	0
At Risk (4 Year Old)	83,393	0	0	0	0	83,393	83,393	0
At Risk (K-12)	1,060,952	0	0	0	0	1,060,952	1,060,952	0
Bilingual Education	20,007	0	0	0	0	20,007	7,802	12,205
Capital Outlay	714,605	0	0	0	0	714,605	436,494	278,111
Driver Training	14,542	0	0	0	0	14,542	7,712	6,830
Food Service	448,666	0	0	0	0	448,666	427,382	21,284
Professional Development	6,695	0	0	0	0	6,695	5,054	1,641
Special Education	1,358,900	0	0	0	0	1,358,900	1,345,575	13,325
Vocational Education	192,661	0	0	0	0	192,661	140,782	51,879
KPERS Contribution	396,438	0	0	0	0	396,438	469,291	(72,853)
Bond and Interest	300,035	0	0	0	0	300,035	300,035	0
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	385,582	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Textbook Rental	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	51,858	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	81,877	XXXXXXXXXX
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	3,731,850	XXXXXXXXXX
	\$ 13,182,941	\$ (84,092)	\$	155,118	\$	13,253,967	\$ 17,192,712	\$ 312,422

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>General Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Local Sources	\$ 1,066,902	\$ 1,053,719	\$ 855,743	\$ 197,976
State Sources	5,374,143	5,454,138	5,863,045	(408,907)
Federal Sources	295,388	311,575	113,259	198,316
	<u>6,736,433</u>	<u>6,819,432</u>	<u>\$ 6,832,047</u>	<u>\$ (12,615)</u>
<b>Expenditures</b>				
Instruction	2,842,776	2,592,753	\$ 2,991,305	\$ 398,552
Student Support Services	134,157	125,485	142,851	17,366
Instructional Support Staff	115,080	119,031	100,400	(18,631)
General Administration	306,038	351,695	338,550	(13,145)
School Administration	399,706	434,308	416,190	(18,118)
Operations & Maintenance	197,707	15,249	350,500	335,251
Student Transportation Services	405,544	424,863	441,285	16,422
Other Supplemental Services	4,585	4,099	5,000	901
Transfers	2,128,609	2,839,590	2,049,966	(789,624)
Adjustment to Comply with Legal Max	0	0	(84,092)	(84,092)
Adjustment for Qualifying Budget Credits	0	0	155,118	155,118
	<u>6,534,202</u>	<u>6,907,073</u>	<u>\$ 6,907,073</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	202,231	(87,641)		
Unencumbered Cash, Beginning	(690,614)	(488,383)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (488,383)</u>	<u>\$ (576,024)</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 959,433	\$ 1,056,457	\$ 982,974	\$ 73,483
County Sources	85,566	90,468	50,902	39,566
State Sources	460,606	721,052	632,569	88,483
Federal Sources	162,381	0	0	0
	<u>1,667,986</u>	<u>1,867,977</u>	<u>\$ 1,666,445</u>	<u>\$ 201,532</u>
Expenditures				
Instruction	142,743	119,101	\$ 149,000	\$ 29,899
Operations & Maintenance	660,918	924,766	986,716	61,950
Other Supplemental Services	316,277	395,823	309,284	(86,539)
Transfers	580,062	310,310	305,000	(5,310)
	<u>1,700,000</u>	<u>1,750,000</u>	<u>\$ 1,750,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(32,014)	117,977		
Unencumbered Cash, Beginning	(12,436)	(44,450)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ (44,450)</u>	<u>\$ 73,527</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>At Risk (4 Year Old) Fund</u>	<u>Current Year</u>			Variance -
	Prior Year	Actual	Budget	Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 71,000	\$ 82,140	\$ 82,000	\$ 140
	<u>71,000</u>	<u>82,140</u>	<u>\$ 82,000</u>	<u>\$ 140</u>
Expenditures				
Instruction	<u>80,632</u>	<u>83,393</u>	<u>\$ 83,393</u>	<u>\$ 0</u>
	<u>80,632</u>	<u>83,393</u>	<u>\$ 83,393</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(9,632)	(1,253)		
Unencumbered Cash, Beginning	11,024	1,392		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,392</u>	<u>\$ 139</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>At Risk (K-12) Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 860,000	\$ 1,101,469	\$ 1,060,952	\$ 40,517
	<u>860,000</u>	<u>1,101,469</u>	<u>\$ 1,060,952</u>	<u>\$ 40,517</u>
Expenditures				
Instruction	824,809	1,026,546	\$ 1,057,594	\$ 31,048
Student Support Services	35,191	34,406	3,358	(31,048)
	<u>860,000</u>	<u>1,060,952</u>	<u>\$ 1,060,952</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	40,517		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>88</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 40,605</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Bilingual Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Transfers	\$ 16,000	\$ 10,000	\$ 10,000	\$ 0
	16,000	10,000	\$ 10,000	\$ 0
Expenditures				
Instruction	6,820	7,802	\$ 20,007	\$ 12,205
	6,820	7,802	\$ 20,007	\$ 12,205
Receipts Over (Under) Expenditures	9,180	2,198		
Unencumbered Cash, Beginning	827	10,007		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 10,007	\$ 12,205		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Capital Outlay Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 210,253	\$ 56,907	\$ 84,820	\$ (27,913)
County Sources	24,015	20,829	12,086	8,743
Federal Sources	14,955	14,361	0	14,361
Transfers	199,375	456,967	0	456,967
	<u>448,598</u>	<u>549,064</u>	<u>\$ 96,906</u>	<u>\$ 452,158</u>
 Expenditures				
Instruction	48,788	215,757	\$ 100,000	\$ (115,757)
Instructional Support Staff	5,584	10,921	15,000	4,079
School Administration	51,967	0	200,000	200,000
Operations & Maintenance	190,273	29,446	200,000	170,554
Transportation	0	156,646	0	(156,646)
Other Support Services	0	4,877	0	(4,877)
Facility Acquisition & Construction Services	52,543	18,847	199,605	180,758
	<u>349,155</u>	<u>436,494</u>	<u>\$ 714,605</u>	<u>\$ 278,111</u>
 Receipts Over (Under) Expenditures	99,443	112,570		
 Unencumbered Cash, Beginning	418,255	517,698		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 517,698</u>	<u>\$ 630,268</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Driver Training Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 3,265	\$ 4,327	\$ 0	\$ 4,327
State Sources	900	1,184	1,750	(566)
Transfers	2,000	0	0	0
	6,165	5,511	\$ 1,750	\$ 3,761
Expenditures				
Instruction	70	7,501	\$ 8,094	\$ 593
Vehicle Operations, Maintenance Services	147	211	6,448	6,237
	217	7,712	\$ 14,542	\$ 6,830
Receipts Over (Under) Expenditures	5,948	(2,201)		
Unencumbered Cash, Beginning	6,844	12,792		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 12,792	\$ 10,591		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Food Service Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 113,783	\$ 108,421	\$ 116,492	\$ (8,071)
State Sources	5,039	4,919	4,054	865
Federal Sources	293,987	305,282	281,135	24,147
Transfers	0	102,000	0	102,000
	412,809	520,622	\$ 401,681	\$ 118,941
Expenditures				
Food Service Operation	413,039	427,382	\$ 448,666	\$ 21,284
	413,039	427,382	\$ 448,666	\$ 21,284
Receipts Over (Under) Expenditures	(230)	93,240		
Unencumbered Cash, Beginning	47,215	46,985		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 46,985	\$ 140,225		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
State Sources	\$ 1,062	\$ 0	\$ 0	\$ 0
Transfers	<u>0</u>	<u>3,359</u>	<u>5,000</u>	<u>(1,641)</u>
	<u>1,062</u>	<u>3,359</u>	<u>\$ 5,000</u>	<u>\$ (1,641)</u>
Expenditures				
Instructional Support Staff	<u>5,612</u>	<u>5,054</u>	<u>\$ 6,695</u>	<u>\$ 1,641</u>
	<u>5,612</u>	<u>5,054</u>	<u>\$ 6,695</u>	<u>\$ 1,641</u>
Receipts Over (Under) Expenditures	(4,550)	(1,695)		
Unencumbered Cash, Beginning	6,245	1,695		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,695</u>	<u>\$ 0</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Special Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 59,186	\$ 28,059	\$ 59,385	\$ (31,326)
Transfers	<u>1,257,495</u>	<u>1,236,576</u>	<u>997,014</u>	<u>239,562</u>
	<u>1,316,681</u>	<u>1,264,635</u>	<u>\$ 1,056,399</u>	<u>\$ 208,236</u>
Expenditures				
Instruction	1,097,709	1,204,932	\$ 1,223,361	\$ 18,429
Student Support Services	59,254	59,965	59,949	(16)
Operations & Maintenance	5,271	6,010	5,500	(510)
Student Transportation Services	<u>60,860</u>	<u>74,668</u>	<u>70,090</u>	<u>(4,578)</u>
	<u>1,223,094</u>	<u>1,345,575</u>	<u>\$ 1,358,900</u>	<u>\$ 13,325</u>
Receipts Over (Under) Expenditures	93,587	(80,940)		
Unencumbered Cash, Beginning	209,114	302,701		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 302,701</u>	<u>\$ 221,761</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 0	\$ 800	\$ 0	\$ 800
Transfers	207,801	157,389	200,000	(42,611)
	<u>207,801</u>	<u>158,189</u>	<u>\$ 200,000</u>	<u>\$ (41,811)</u>
Expenditures				
Instruction	146,546	140,782	\$ 192,661	\$ 51,879
	<u>146,546</u>	<u>140,782</u>	<u>\$ 192,661</u>	<u>\$ 51,879</u>
Receipts Over (Under) Expenditures	61,255	17,407		
Unencumbered Cash, Beginning	31,406	92,661		
Prior Year Canceled Encumbrances	<u>0</u>	<u>161</u>		
Unencumbered Cash, Ending	<u>\$ 92,661</u>	<u>\$ 110,229</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>KPERS Contribution Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 178,343	\$ 469,291	\$ 396,438	\$ 72,853
	<u>178,343</u>	<u>469,291</u>	<u>\$ 396,438</u>	<u>\$ 72,853</u>
Expenditures				
Instruction	85,552	225,171	\$ 179,353	\$ (45,818)
Student Support Services	4,910	13,649	11,879	(1,770)
Instructional Support Staff	4,947	13,668	11,987	(1,681)
General Administration	12,282	29,749	27,558	(2,191)
School Administration	4,893	13,630	13,002	(628)
Other Supplemental Services	3,358	9,172	11,946	2,774
Operations & Maintenance	32,230	84,615	69,510	(15,105)
Student Transportation Services	18,936	50,942	43,505	(7,437)
Food Service Operation	11,235	28,695	27,698	(997)
	<u>178,343</u>	<u>469,291</u>	<u>\$ 396,438</u>	<u>\$ (72,853)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Bond and Interest Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Local Sources	\$ 470,712	\$ 380,576	\$ 371,701	\$ 8,875
County Sources	0	18,514	7,493	11,021
State Sources	<u>53,746</u>	<u>66,008</u>	<u>66,008</u>	<u>0</u>
	<u>524,458</u>	<u>465,098</u>	<u>\$ 445,202</u>	<u>\$ 19,896</u>
 Expenditures				
Debt Service	<u>255,935</u>	<u>300,035</u>	<u>\$ 300,035</u>	<u>\$ 0</u>
	<u>255,935</u>	<u>300,035</u>	<u>\$ 300,035</u>	<u>\$ 0</u>
 Receipts Over (Under) Expenditures	268,523	165,063		
 Unencumbered Cash, Beginning	0	268,523		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 268,523</u>	<u>\$ 433,586</u>		

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

<u>Federal Funds</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 484,720	\$ 333,163
	484,720	333,163
 Expenditures		
Instruction	397,222	385,582
Instructional Support Staff	1,100	0
General Administration	7,688	0
	406,010	385,582
 Receipts Over (Under) Expenditures	78,710	(52,419)
 Unencumbered Cash, Beginning	(3,791)	74,919
 Prior Year Canceled Encumbrances	0	0
 Unencumbered Cash, Ending	\$ 74,919	\$ 22,500

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Gifts and Grants Fund

	<u>Prior Year</u> <u>Actual</u>	<u>Current Year</u> <u>Actual</u>
Cash Receipts		
State Sources	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
 Expenditures		
Instruction	500	0
	<u>500</u>	<u>0</u>
 Receipts Over (Under) Expenditures	(500)	0
 Unencumbered Cash, Beginning	500	0
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
Cash Receipts		
Transfers	\$ 95,000	\$ 0
	<u>95,000</u>	<u>0</u>
Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	95,000	0
Unencumbered Cash, Beginning	254,092	349,092
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 349,092</u>	<u>\$ 349,092</u>

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Textbook Rental Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 60,020	\$ 67,261
	<u>60,020</u>	<u>67,261</u>
 Expenditures		
Instruction	4,058	2,901
Instructional Support Staff	<u>34,503</u>	<u>48,957</u>
	<u>38,561</u>	<u>51,858</u>
 Receipts Over (Under) Expenditures	21,459	15,403
 Unencumbered Cash, Beginning	37,212	58,671
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 58,671</u>	<u>\$ 74,074</u>

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - Capital Projects**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)**

Capital Projects

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 22,692	\$ 2,013
Federal Sources	<u>0</u>	<u>648,597</u>
	<u>22,692</u>	<u>650,610</u>
 Expenditures		
Building Additions	2,970,719	3,731,850
Architectural & Engineering	<u>303,174</u>	<u>0</u>
	<u>3,273,893</u>	<u>3,731,850</u>
 Receipts Over (Under) Expenditures	(3,251,201)	(3,081,240)
 Unencumbered Cash, Beginning	6,443,359	3,192,158
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 3,192,158</u>	<u>\$ 110,918</u>

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**AGENCY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>Chaparral High School</b>				
Athletic Others	\$ 448	\$ 0	\$ 200	\$ 248
Girls BB	335	2,515	2,784	66
Band Trip	16,226	33,598	46,326	3,498
Band	322	1,593	1,834	81
Baseball	0	2,510	2,499	11
Wrestling	429	235	169	495
Football	1,626	7,646	8,190	1,082
FCA	1,424	1,895	1,607	1,712
Faculty Funds	2,767	4,877	4,847	2,797
Faculty Scholarship	3,698	0	400	3,298
FFA	7,370	17,184	15,169	9,385
Hi-Lites	4,279	300	109	4,470
TSA	126	11,083	11,223	(14)
Electric Car	190	0	0	190
Juniors	722	1,679	2,158	243
Key Club	837	8,883	8,761	959
Key Club Popcorn	39	31	70	0
Key Club Scholarship	500	0	0	500
NHS	680	813	725	768
NFL	3,759	2,867	2,133	4,493
Nat'l NFL	386	0	0	386
Pep Club	4,931	3,218	3,782	4,367
Cheerleaders	1,879	6,618	8,233	264
Renaissance	2,487	2,510	2,451	2,546
SADD	0	70	0	70
Seniors	566	156	40	682
Softball	0	4,967	3,970	997
Sophomores	2,402	6,774	5,868	3,308
STUCO	3,307	8,609	9,183	2,733
STUCO Concessions	0	4,797	4,620	177
Future Business	7,525	5,141	8,214	4,452
Scholars Bowl	245	160	356	49
	69,505	140,729	155,921	54,313

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**AGENCY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>Anthony Elementary School</b>				
Student Council	\$ 61	\$ 3,506	\$ 3,567	\$ 0
SKL	731	0	0	731
Cheerleader	1,175	0	0	1,175
K-Kids 5th & 6th	2,041	195	590	1,646
Garden Club	120	0	0	120
	<u>4,128</u>	<u>3,701</u>	<u>4,157</u>	<u>3,672</u>
<b>District Office</b>				
Children's Relief Fund	7,258	2,320	1,251	8,327
ACS Reward Program	504	0	0	504
Richard Connell Scholarship	3,322	31	1,250	2,103
Dalton Holland Scholarship	25,132	265	750	24,647
Golda May Hickey Scholarship	10,925	115	600	10,440
Sam High Scholarship	5,440	56	750	4,746
Gary Coslett Scholarship	8,055	85	600	7,540
Chaparral Scholarship	556	5	500	61
Jim Morris Memorial	1,382	17	25	1,374
Shepherd Scholarship	10,062	109	0	10,171
JR & Gertrude Smith Scholarship	24,900	259	1,500	23,659
Sweet Watkins Scholarship	24,598	256	1,500	23,354
NHS/USD 361 Harper Ind Ldrshp Fund	5,290	55	610	4,735
Harvey Romans Scholarship	9,319	94	1,250	8,163
Laura Clark Scholarship	5,643	58	750	4,951
Chaparral Band Bowl Trip	13,129	0	13,129	0
Defibrillators	3	0	0	3
Randy Warner Memorial	0	6,458	2,400	4,058
Physics Equipment-CHS	0	4,000	3,994	6
Mary Clark Memorial-Band Fund	0	1,830	0	1,830
	<u>155,518</u>	<u>16,013</u>	<u>30,859</u>	<u>140,672</u>
<b>Total Agency Funds</b>	<u>\$ 229,151</u>	<u>\$ 160,443</u>	<u>\$ 190,937</u>	<u>\$ 198,657</u>

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

ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
DISTRICT ACTIVITY FUNDS  
STATEMENT OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Chaparral High School							
Gate Receipts	\$ 7,473	\$ 0	\$ 54,098	\$ 48,370	\$ 13,201	\$ 0	\$ 13,201
School Projects	536	0	901	784	653	0	653
	<u>8,009</u>	<u>0</u>	<u>54,999</u>	<u>49,154</u>	<u>13,854</u>	<u>0</u>	<u>13,854</u>
Harper Elementary School							
Gate Receipts	1,453	0	11,450	6,415	6,488	0	6,488
School Projects	8,205	0	7,960	7,936	8,229	0	8,229
	<u>9,658</u>	<u>0</u>	<u>19,410</u>	<u>14,351</u>	<u>14,717</u>	<u>0</u>	<u>14,717</u>
Anthony Elementary School							
School Projects	4,509	0	26,496	18,372	12,633	0	12,633
	<u>4,509</u>	<u>0</u>	<u>26,496</u>	<u>18,372</u>	<u>12,633</u>	<u>0</u>	<u>12,633</u>
Total District Activity Funds	\$ 22,176	\$ 0	\$ 100,905	\$ 81,877	\$ 41,204	\$ 0	\$ 41,204

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

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies:**

Reporting Entity

**Anthony-Harper Unified School District No. 361** is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Anthony and Harper, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

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

**Governmental Funds**

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

Special Revenue Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Capital Projects Fund-To account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

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

Agency Funds-To account for resources held by the District as an agent for others.

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Statutory Basis of Accounting

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

The District has approved a resolution that is in compliance with K.S.A. 75-110a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue, matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was one amendment for the year ended June 30, 2011.

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	Textbook Rental Fund
District Activity Funds	

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

**Note 2 - Compensated Absences:**

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

**Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:**

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2011, the State made contributions of \$290,483. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

**Note 4 - Prior Year Balances:**

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2010, financial statements in order to conform to the June 30, 2011, presentation.

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 5 - Deposits:**

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$2,441,972 and the bank balance was \$3,123,256. The bank balance is held by three banks. Of the bank balance, \$2,952,706 was covered by depository insurance, and the remaining \$170,550 was collateralized with securities held by the pledging financial institution's agent in the District's name.

**Note 6 - Interfund Transactions:**

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:								Total
	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Capital Outlay	Food Service	Professional Development	Special Education	Vocational Education	
Transfer from:									
General Fund	\$ 82,140	\$ 1,101,469	\$ 10,000	\$ 456,967	\$ 42,000	\$ 0	\$ 1,097,014	\$ 50,000	\$ 2,839,590
Supplemental General Fund	0	0	0	0	60,000	3,359	139,562	107,389	310,310
	<u>\$ 82,140</u>	<u>\$ 1,101,469</u>	<u>\$ 10,000</u>	<u>\$ 456,967</u>	<u>\$ 102,000</u>	<u>\$ 3,359</u>	<u>\$ 1,236,576</u>	<u>\$ 157,389</u>	<u>\$ 3,149,900</u>

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 7 - Postemployment Benefits:**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

Under an early retirement plan of the District, an employee currently an employee of the District, at least 53 years of age but less than 65 years of age and has served with the District for at least 15 years is eligible for retirement. The plan shall provide retirement remuneration of 15% of the former employee's immediate previous year's salary and the same health insurance benefits as provided to teachers within the District. The benefits terminate upon the death of the former employee, after 10 years or when the former employee becomes eligible for full social security benefits, whichever is earlier.

It is the policy of the District to record retirement benefits as expenditures when paid. During the year the District paid \$165,343 for postemployment benefits for seventeen former employees.

**Note 8 - Defined Benefit Pension Plan:**

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer, defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas Ave., Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at a minimum of 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.17 % of covered payroll for the year ended June 30, 2011. These contribution requirements are established by KPERs and are periodically revised. Kansas contributions to KPERs for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186 and \$242,277,363 respectively, equal to the required contributions for each year.

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 9 - Contingencies:**

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

**Note 10 - Reimbursed Expenses:**

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

**Note 11 - Capital Projects:**

At year-end, capital project authorization compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
School Additions and Improvements	<u>\$7,186,841</u>	<u>\$7,075,923</u>

**Note 12 - Subsequent Events:**

The District has evaluated subsequent events through February 8, 2012, the date which the financial statements were available to be issued.

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 13 - Long-Term Debt:**

Principal payments are due annually for general obligation bonds on October 1. Interest payments are due semi-annually on April 1 and October 1.

Lease payments are due annually on February 15.

Terms for long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds 2009 Series	3.50 - 4.50	4/7/09	6,500,000	10/1/29
Capital Leases Weight Room Equipment	3.25	5/10/10	26,156	2/15/12

Changes in long-term liabilities for the District for the year ended June 30, 2011 were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds 2009 Series	\$ 6,500,000	\$ 0	\$ 45,000	\$ 6,455,000	\$ 255,035
Capital Leases Weight Room Equipment	26,156	0	12,961	13,195	0
	<u>26,156</u>	<u>0</u>	<u>12,961</u>	<u>13,195</u>	<u>0</u>
	<u>\$ 6,526,156</u>	<u>\$ 0</u>	<u>\$ 57,961</u>	<u>\$ 6,468,195</u>	<u>\$ 255,035</u>

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

	Principal			Interest			Total Principal and Interest
	General Obligation Bonds	Capital Leases	Total Principal	General Obligation Bonds	Capital Leases	Total Interest	
	2012	\$ 210,000	\$ 13,195	\$ 223,195	\$ 249,935	\$ 429	
2013	220,000	0	220,000	241,610	0	241,610	461,610
2014	235,000	0	235,000	233,373	0	233,373	468,373
2015	245,000	0	245,000	224,972	0	224,972	469,972
2016	255,000	0	255,000	216,222	0	216,222	471,222
2017 - 2021	1,490,000	0	1,490,000	933,335	0	933,335	2,423,335
2022 - 2026	1,905,000	0	1,905,000	615,215	0	615,215	2,520,215
2027 - 2030	1,895,000	0	1,895,000	172,585	0	172,585	2,067,585
	<u>\$ 6,455,000</u>	<u>\$ 13,195</u>	<u>\$ 6,468,195</u>	<u>\$ 2,887,247</u>	<u>\$ 429</u>	<u>\$ 2,887,676</u>	<u>\$ 9,355,871</u>

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note 14 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d):**

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

Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

	<u>General Fund</u>		Variance -
	Statutory		Favorable
	Transactions	Budget	(Unfavorable)
<b>Statutory Revenues</b>			
Local Sources	\$ 1,053,719	\$ 855,743	\$ 197,976
State Sources	5,537,878	5,863,045	(325,167)
Federal Sources	311,575	113,259	198,316
	6,903,172	\$ 6,832,047	\$ 71,125
<b>Expenditures</b>			
Instruction	2,592,753	\$ 2,991,305	\$ 398,552
Student Support Services	125,485	142,851	17,366
Instructional Support Staff	119,031	100,400	(18,631)
General Administration	351,695	338,550	(13,145)
School Administration	434,308	416,190	(18,118)
Operations & Maintenance	15,249	350,500	335,251
Student Transportation Services	424,863	441,285	16,422
Other Supplemental Services	4,099	5,000	901
Transfers	2,839,590	2,049,966	(789,624)
Adjustment to Comply with Legal Max	0	(84,092)	(84,092)
Adjustment for Qualifying Budget Credits	0	155,118	155,118
	6,907,073	\$ 6,907,073	\$ 0
Receipts Over (Under) Expenditures	(3,901)		
Modified Unencumbered Cash, Beginning	4,000		
Prior Year Canceled Encumbrances	0		
Modified Unencumbered Cash, Ending	\$ 99		

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

Supplemental General Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Transactions</u>		
<b>Statutory Revenues</b>			
Local Sources	\$ 1,056,457	\$ 982,974	\$ 73,483
County Sources	90,468	50,902	39,566
State Sources	<u>630,506</u>	<u>632,569</u>	<u>(2,063)</u>
	<u>1,777,431</u>	<u>\$ 1,666,445</u>	<u>\$ 110,986</u>
<b>Expenditures</b>			
Instruction	119,101	\$ 149,000	\$ 29,899
Operations & Maintenance	924,766	986,716	61,950
Other Supplemental Services	395,823	309,284	(86,539)
Transfers	<u>310,310</u>	<u>305,000</u>	<u>(5,310)</u>
	<u>1,750,000</u>	<u>\$ 1,750,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	27,431		
Modified Unencumbered Cash, Beginning	83,555		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 110,986</u>		

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2011

KPERS Contribution Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Transactions</u>		
<b>Statutory Revenues</b>			
State Sources	\$ 290,483	\$ 396,438	\$ (105,955)
	<u>290,483</u>	<u>\$ 396,438</u>	<u>\$ (105,955)</u>
<b>Expenditures</b>			
Instruction	139,432	\$ 179,353	\$ 39,921
Student Support Services	8,714	11,879	3,165
Instructional Support Staff	8,715	11,987	3,272
General Administration	17,429	27,558	10,129
School Administration	8,713	13,002	4,289
Other Supplemental Services	5,810	11,946	6,136
Operations & Maintenance	52,287	69,510	17,223
Student Transportation Services	31,953	43,505	11,552
Food Service Operation	17,430	27,698	10,268
	<u>290,483</u>	<u>\$ 396,438</u>	<u>\$ 105,955</u>
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

**FEDERAL AWARD INFORMATION**



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

**Board of Education**

**Anthony-Harper Unified School District No. 361  
Anthony, Kansas**

We have audited the financial statements of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, as of and for the year ended **June 30, 2011**, and have issued our report thereon dated February 8, 2012, which was adverse because of the District's policy to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**Board of Education  
Anthony-Harper Unified School District No. 361**

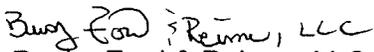
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, in a separate letter dated February 8, 2012.

This report is intended solely for the information and use of the Board of Education and management of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Busby Ford & Reimer, LLC  
February 8, 2012



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### Independent Auditor's Report

#### Board of Education

Anthony-Harper Unified School District No. 361  
Anthony, Kansas

#### Compliance

We have audited **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** major federal programs for the year ended **June 30, 2011**. **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** management. Our responsibility is to express an opinion on **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** compliance with those requirements.

In our opinion, **Anthony-Harper Unified School District No. 361, Anthony, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2011**.

**Board of Education  
Anthony-Harper Unified School District No. 361**

Internal Control Over Compliance

Management of **Anthony-Harper Unified School District No. 361, Anthony, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Anthony-Harper Unified School District No. 361, Anthony, Kansas'** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Board of Education and management of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
Busby Ford & Reimer, LLC  
February 8, 2012

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash		Expenditures	Unencumbered Cash 6/30/11
			7-1-10	Receipts		
Department of Education						
Rural Education Achievement Program	84.358	\$ 5,876	\$ 0	\$ 5,876	\$ 5,876	\$ 0
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
School Breakfast Program	10.553	71,259				
National School Lunch Program	10.555	234,023				
		<u>305,282</u>	<u>0</u>	<u>305,282</u>	<u>305,282</u>	<u>0</u>
Department of Education						
Title I Low Income	84.010	208,347	0	208,347	208,347	0
Title I Migrant	84.011	40,000	0	40,000	40,000	0
Title II Tech Literacy	84.318	705	0	705	705	0
Advanced Placement Program	84.330	22,500	0	22,500	0	22,500
Title II-Improving Teacher Quality	84.367	45,470	0	45,470	45,470	0
Title I Low Income-ARRA	84.389	124,930	76,113	0	76,113	0
Stabilization-ARRA	84.394	113,259	0	113,259	113,259	0
Education Jobs Fund	84.410	198,316	0	198,316	198,316	0
		<u>753,527</u>	<u>76,113</u>	<u>628,597</u>	<u>682,210</u>	<u>22,500</u>
<u>(Passes Through State of Kansas Governor's Office)</u>						
Department of Education						
Drug Free	84.186	10,265	(1,194)	10,265	9,071	0
<u>(Passes Through Kansas SRS)</u>						
Department of Health and Human Services						
Medicaid	93.778	14,361	0	14,361	14,361	0
<u>(Passes Through Kansas Department of Emergency Management)</u>						
Department of Health and Human Services						
Hazard Mitigation Grant	97.039	648,597	0	648,597	648,597	0
Total Federal Awards		\$ 1,737,908	\$ 74,919	\$ 1,612,978	\$ 1,665,397	\$ 22,500

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an adverse opinion on the financial statements of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Anthony-Harper Unified School District No. 361, Anthony, Kansas**.
7. The programs tested as major programs were:

Education Jobs Fund	84.410
Hazard Mitigation Grant	97.039
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Anthony-Harper Unified School District No. 361, Anthony, Kansas**, was determined not to be a low-risk auditee.

**ANTHONY-HARPER UNIFIED SCHOOL DISTRICT NO. 361  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

There are no prior audit findings.