UNIFIED SCHOOL DISTRICT NO 453,
LEAVENWORTH, KANSAS

FINANCIAL STATEMENTS
(with Independent Auditors' Reports thereon)

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO 453, LEAVENWORTH, KANSAS
FINANCIAL STATEMENTS
Year ended June 30, 2011

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Kramer & Associates CPAs, LLC
Making the right move for your business

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 453,
Leavenworth, Kansas

We have audited the accompanying financial statements as listed in Table of Contents of Unified School District No. 453, Leavenworth, Kansas, as of and for the year ended June 30, 2011. 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 information has been derived from the District's financial statements for the year ended June 30, 2010 and, in our report dated January 24, 2011, we expressed an unqualified opinion on the financial statements in accordance with the cash basis and budget laws of the State of Kansas and an adverse opinion on the financial statements in accordance with generally accepted accounting principles (see Note 1).

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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, Unified School District No. 453, Leavenworth, Kansas, prepares its 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 the Unified School District No. 453, Leavenworth, Kansas or the changes in its financial position for the year ended June 30, 2011.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 453, Leavenworth, Kansas, as of June 30, 2011, and its cash receipts and expenditures, and budgetary comparisons, taken as a whole, 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 December 19, 2011, 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, and grant agreements. 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 important for assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements 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. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, on the basis of accounting described in Note 1, in relation to the financial statements as a whole.

This report is intended solely for the information of the Board of Education and committees thereto, management, others within the entity, U.S. Department of Education, U.S. Department of Agriculture, U.S. Department of Homeland Security, the Kansas Division of Emergency Management, the Kansas Division of Accounts and Reports, and the Kansas State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Kramer & Associates CPAs, L.L.C.

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
December 19, 2011

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
YEAR ENDED JUNE 30, 2011

Funds	Beginning unencumbered cash balance	Prior year canceled encumbrances	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Governmental type funds:							
General	$ (2,298,402)	$ 18,720	$ 25,490,659	$ 25,327,176	$ (2,116,199)	$ 2,718,152	$ 601,953
Supplemental general	(474,930)	190	8,028,709	7,635,000	(81,031)	417,249	336,218
Special revenue funds:							
Special education co-op	1,439,536	7,667	17,654,667	16,504,810	2,597,060	2,037,802	4,634,862
Capital outlay	5,623,631	79,023	2,170,823	3,103,465	4,770,012	1,366,927	6,136,939
Drivers education	121,455	-	37,424	26,081	132,798	5,977	138,775
Food service	250,085	-	1,918,582	1,918,526	250,141	108,447	358,588
Professional development	-	-	6,112	6,112	-	-	-
Parent education	36,354	-	258,004	257,958	36,400	47,879	84,279
Special education	1,907,556	-	5,697,015	5,466,158	2,138,413	12,800	2,151,213
At risk K-12	10,782	-	4,542,613	4,142,024	411,371	146,777	558,148
At risk 4 year old	-	-	225,771	225,771	-	35,213	35,213
Vocational education	156,107	-	660,641	510,196	306,552	21,528	328,080
Virtual education	230,611	-	395,685	388,436	237,860	42,790	280,650
KPERS retirement contribution	-	-	2,100,314	2,100,314	-	-	-
Bilingual education	1	-	90,040	90,040	1	14,732	14,733
Textbook rental	291,134	2,447	185,781	78,440	400,922	31,092	432,014
Contingency reserve	2,400,000	-	-	-	2,400,000	-	2,400,000
Special assessment	130,492	-	100,124	147,492	83,124	-	83,124
Federal funds	(1,156,473)	1,442	3,700,014	2,488,615	56,368	350,153	406,521
Grant funds	35,346	26	527,679	512,295	50,756	12,128	62,884
Gate receipts	-	-	51,346	51,256	90	-	90
School projects	19,981	-	45,741	53,110	12,612	-	12,612
Debt service fund:							
Bond and interest	3,376,375	-	6,297,834	5,418,928	4,255,281	-	4,255,281
Capital project fund:							
Bond Construction	1,541,978	1,508,293	4,683	3,054,954	-	-	-
Fiduciary type funds:							
Private purpose trust funds	146,214	-	5,667	7,800	144,081	-	144,081
Total reporting entity (excluding agency fund)	$ 13,787,833	$ 1,617,808	$ 80,195,928	$ 79,514,957	$ 16,086,612	$ 7,369,646	$ 23,456,258

Composition of cash:	
Checking	$ 2,544,537
Checking - activity accounts	114,991
Petty cash	4,830
Scholarship savings	143,283
Municipal investment pool	20,750,906
Total cash	23,558,547
Less agency funds	(102,289)
Total reporting entity (excluding agency funds)	$ 23,456,258

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011

Funds	Certified budget	Adjustment to comply with legal max	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance - over (under)
Governmental type funds:						
General	$ 24,879,214	$ (202,885)	$ 650,847	$ 25,327,176	$ 25,327,176	$ -
Supplemental general	$ 7,635,000	$ -	$ -	$ 7,635,000	$ 7,635,000	$ -
Special revenue funds:						
Special education co-op	$ 17,110,520	$ -	$ -	$ 17,110,520	$ 16,504,810	$ 605,710
Capital outlay	$ 4,000,000	$ -	$ -	$ 4,000,000	$ 3,103,465	$ 896,535
Drivers education	$ 33,081	$ -	$ -	$ 33,081	$ 26,081	$ 7,000
Food service	$ 2,004,383	$ -	$ -	$ 2,004,383	$ 1,918,526	$ 85,857
Professional development	$ 10,000	$ -	$ -	$ 10,000	$ 6,112	$ 3,888
Parent education	$ 345,684	$ -	$ -	$ 345,684	$ 257,958	$ 87,726
Special education	$ 5,709,307	$ -	$ -	$ 5,709,307	$ 5,466,158	$ 243,149
At risk K-12	$ 4,367,514	$ -	$ -	$ 4,367,514	$ 4,142,024	$ 225,490
At risk 4 year old	$ 288,864	$ -	$ -	$ 288,864	$ 225,771	$ 63,093
Vocational education	$ 510,196	$ -	$ -	$ 510,196	$ 510,196	$ -
Virtual education	$ 553,532	$ -	$ -	$ 553,532	$ 388,436	$ 165,096
KPERS retirement contribution	$ 2,708,834	$ -	$ -	$ 2,708,834	$ 2,100,314	$ 608,520
Bilingual education	$ 97,380	$ -	$ -	$ 97,380	$ 90,040	$ 7,340
Special assessment	$ 153,000	$ -	$ -	$ 153,000	$ 147,492	$ 5,508
Federal funds	$ 1,574,306	$ -	$ 914,309	$ 2,488,615	$ 2,488,615	$ -
Debt service fund:						
Bond and interest	$ 5,419,180	$ -	$ -	$ 5,419,180	$ 5,418,928	$ 252

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 106,487	$ 117,071	$ 98,750	$ 18,321
Ad valorem property - current taxes	3,199,638	3,115,119	3,023,360	91,759
Delinquent	62,614	89,360	68,751	20,609
Motor vehicle	520	13,452	-	13,452
State aid:				
Equalization aid	16,925,859	16,412,766	17,449,627	(1,036,861)
Special education services	3,635,017	3,835,165	3,754,903	80,262
Federal aid:				
PL-382 impact aid	45,996	75,628	45,500	30,128
Excess PL-382 impact aid	8,377	6,945	-	6,945
Equalization aid (ARRA)	1,142,542	429,390	429,390	-
Education Jobs fund	-	751,861	-	751,861
Revenue from other local source	-	-	-	-
Reimbursed expenses	625,462	643,902	-	643,902
Total cash receipts	25,752,512	25,490,659	$ 24,870,281	$ 620,378
Expenditures and transfers subject to budget:				
Instruction	4,313,169	4,743,912	$ 6,185,321	$ (1,441,409)
Student support services	1,141,324	1,272,826	1,192,292	80,534
Instructional support staff	585,904	496,940	618,170	(121,230)
General administration	982,699	1,049,107	1,109,623	(60,516)
School administration	1,904,355	1,713,450	1,995,050	(281,600)
Central services	490,517	504,856	499,034	5,822
Operations and maintenance	3,347,169	3,850,072	3,604,539	245,533
Student transportation services	359,584	405,308	384,004	21,304
Other support services	142,978	176,204	175,336	868
Transfers out	12,390,892	11,114,502	9,115,845	1,998,657
Adjustment to comply with legal max	-	-	(202,885)	202,885
Legal general fund budget	25,658,591	25,327,176	24,676,329	650,847
Adjustment for qualifying budget credits:				
Excess PL-382 funds	-	-	6,945	(6,945)
Reimbursements	-	-	643,902	(643,902)
Other	-	-	-	-
Total expenditures and transfers subject to budget	25,658,591	25,327,176	$ 25,327,176	$ (0)
Receipts over (under) expenditures	93,921	163,483		
Prior year canceled encumbrances	8,433	18,720		
Unencumbered cash, beginning of year	(2,400,756)	(2,298,402)		
Unencumbered cash, end of year	$ (2,298,402)	$ (2,116,199)		

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

STATEMENT 3.2

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 112,154	$ 136,920	$ 120,042	$ 16,878
Ad valorem property - current taxes	3,616,903	3,407,885	3,217,095	190,790
Delinquent	71,715	96,959	77,892	19,067
Motor vehicle	371,393	386,566	476,265	(89,699)
Recreational vehicle	4,061	3,990	5,051	(1,061)
State aid:				
Equalization aid	2,762,553	3,996,389	3,476,277	520,112
Federal aid:				
Equalization aid (ARRA)	946,467	-	-	-
Total cash receipts	7,885,246	8,028,709	$ 7,372,622	$ 656,087
Expenditures and transfers subject to budget:				
Instruction	4,771,944	4,616,119	$ 5,616,611	$ (1,000,492)
General administration	23,201	13,248	-	13,248
Operations and maintenance	1,164,419	1,148,004	1,198,542	(50,538)
Transfers out	1,950,526	1,857,629	819,847	1,037,782
Adjustment to comply with legal max	-	-	-	-
Legal supplemental general fund budget	7,910,090	7,635,000	7,635,000	-
Adjustments for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	7,910,090	7,635,000	$ 7,635,000	$ -
Receipts over (under) expenditures	(24,844)	393,709		
Prior year canceled encumbrances	12,885	190		
Unencumbered cash, beginning of year	(462,971)	(474,930)		
Unencumbered cash, end of year	$ (474,930)	$ (81,031)		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
SPECIAL EDUCATION CO-OP FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Revenue from other local source	$ 8,720,775	$ 8,990,747	$ 13,342,243	$ (4,351,496)
State aid:				
Deaf Blind aid	-	-	-	-
Federal aid:				
Special education	2,322,410	2,454,186	2,554,493	(100,307)
Special education (ARRA)	1,403,071	1,403,070	-	1,403,070
Transfers in:				
Special education fund	4,345,504	4,394,447	-	4,394,447
Miscellaneous	256,750	412,217	260,000	152,217
Total cash receipts	17,048,510	17,654,667	$ 16,156,736	$ 1,497,931
Expenditures and transfers subject to budget:				
Instruction	11,508,126	11,359,842	$ 11,951,772	$ (591,930)
Student support services	3,609,082	3,800,592	3,659,651	140,941
Instructional support staff	-	-	-	-
General administration	1,120,762	1,238,887	1,213,407	25,480
Operations and maintenance	21,161	21,925	31,990	(10,065)
Student transportation services	106,371	83,564	253,700	(170,136)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	16,365,502	16,504,810	$ 17,110,520	$ (605,710)
Receipts over (under) expenditures	683,008	1,149,857		
Prior year canceled encumbrances	-	7,667		
Unencumbered cash, beginning of year	756,528	1,439,536		
Unencumbered cash, end of year	$ 1,439,536	$ 2,597,060		

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

STATEMENT 3.4

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
CAPITAL OUTLAY FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 38,195	$ -	$ -	$ -
Ad valorem property - current taxes	-	-	-	-
Delinquent	25,878	19,014	-	19,014
Motor vehicle	137,053	91,577	116,532	(24,955)
Recreational vehicle	1,461	892	1,236	(344)
State aid:				
Capital improvement	-	-	-	-
Machinery and equipment aid	-	-	-	-
Federal aid - PL-382 impact aid	19,713	32,412	15,000	17,412
Interest on idle funds	11,887	21,287	10,000	11,287
Transfers in:				
General fund	1,100,000	1,250,000	-	1,250,000
Miscellaneous	148,840	755,641	450,000	305,641
Total cash receipts	1,483,027	2,170,823	$ 592,768	$ 1,578,055
Expenditures and transfers subject to budget:				
Instruction	555,727	109,070	$ 2,750,000	$ (2,640,930)
General administration	4,649	23,667	400,000	(376,333)
Operations and maintenance	770,955	419,356	500,000	(80,644)
Facilities acquisition and construction	201,163	2,551,372	350,000	2,201,372
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	1,532,494	3,103,465	$ 4,000,000	$ (896,535)
Receipts over (under) expenditures	(49,467)	(932,642)		
Prior year canceled encumbrances	7,634	79,023		
Unencumbered cash, beginning of year	5,665,464	5,623,631		
Unencumbered cash, end of year	$ 5,623,631	$ 4,770,012		

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

STATEMENT 3.5

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
DRIVERS EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
Driver training	$ 7,150	$ 11,322	$ 10,500	$ 822
Fee and user charges	27,175	26,102	25,000	1,102
Total cash receipts	34,325	37,424	$ 35,500	$ 1,924
Expenditures and transfers subject to budget:				
Instruction	28,480	23,754	$ 29,081	$ (5,327)
Operations and maintenance	3,744	2,327	4,000	(1,673)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	32,224	26,081	$ 33,081	$ (7,000)
Receipts over (under) expenditures	2,101	11,343		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	119,354	121,455		
Unencumbered cash, end of year	$ 121,455	$ 132,798		

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

STATEMENT 3.6

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
FOOD SERVICE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
School food assistance	$ 18,019	$ 16,635	$ 16,240	$ 395
Federal aid:				
Federal child nutrition program	1,219,010	1,092,268	1,142,170	(49,902)
Fresh fruits & vegetables	52,487	66,876	-	66,876
Charge for service	702,251	664,167	493,285	170,882
Interest on idle funds	34	30	-	30
Transfers in:				
General fund	-	68,000	-	68,000
Miscellaneous	179,118	10,606	102,743	(92,137)
Total cash receipts	2,170,919	1,918,582	$ 1,754,438	$ 164,144
Expenditures and transfers subject to budget:				
Operations and maintenance	9,014	17,884	$ 9,500	$ 8,384
Food service operations	1,912,759	1,900,642	1,994,883	(94,241)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	1,921,773	1,918,526	$ 2,004,383	$ (85,857)
Receipts over (under) expenditures	249,146	56		
Prior year canceled encumbrances	139	-		
Unencumbered cash, beginning of year	800	250,085		
Unencumbered cash, end of year	$ 250,085	$ 250,141		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
PROFESSIONAL DEVELOPMENT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
Professional development aid	$ -	$ -	$ -	$ -
Transfers in:				
General fund	15,253	6,112	10,000	(3,888)
Total cash receipts	15,253	6,112	$ 10,000	$ (3,888)
Expenditures and transfers subject to budget:				
Instructional support staff	15,253	6,112	$ 10,000	$ (3,888)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	15,253	6,112	$ 10,000	$ (3,888)
Receipts over (under) expenditures	-	-		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year		-		
Unencumbered cash, end of year	$ -	$ -		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
PARENT EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Revenue from other local source	$ 125,558	$ 78,767	$ 110,595	$ (31,828)
State aid:				
Parent education	140,052	134,637	135,000	(363)
Miscellaneous	300	7,100	15,000	(7,900)
Transfers in:				
Supplemental general fund	56,122	37,500	56,000	(18,500)
Total cash receipts	322,032	258,004	$ 316,595	$ (58,591)
Expenditures and transfers subject to budget:				
Student support services	283,160	255,857	$ 343,184	$ (87,327)
Instructional support staff	2,598	2,101	2,500	(399)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	285,758	257,958	$ 345,684	$ (87,726)
Receipts over (under) expenditures	36,274	46		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	80	36,354		
Unencumbered cash, end of year	$ 36,354	$ 36,400		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
SPECIAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid - PL-382 impact aid	$ 8,350	$ 13,721	$ 8,000	$ 5,721
Miscellaneous	57,195	-	-	-
Transfers in:				
General fund	4,625,017	3,863,165	3,754,903	108,262
Supplemental general fund	1,894,404	1,820,129	763,847	1,056,282
Total cash receipts	6,584,966	5,697,015	$ 4,526,750	$ 1,170,265
Expenditures and transfers subject to budget:				
Student transportation services	1,045,781	1,071,711	$ 1,300,000	$ (228,289)
Transfers out	4,345,504	4,394,447	4,409,307	(14,860)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	5,391,285	5,466,158	$ 5,709,307	$ (243,149)
Receipts over (under) expenditures	1,193,681	230,857		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	713,875	1,907,556		
Unencumbered cash, end of year	$ 1,907,556	$ 2,138,413		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
AT RISK K-12 FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Miscellaneous	$ 50	$ 495	$ 100,000	$ (99,505)
Transfers in:				
General fund	4,265,960	4,542,118	4,256,732	285,386
Total cash receipts	4,266,010	4,542,613	$ 4,356,732	$ 185,881
Expenditures and transfers subject to budget:				
Instruction	4,071,612	4,008,707	$ 4,168,723	$ (160,016)
Instructional support staff	180,895	133,317	184,685	(51,368)
School administration	13,453	-	14,106	(14,106)
Operations and maintenance	-	-	-	-
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	4,265,960	4,142,024	$ 4,367,514	$ (225,490)
Receipts over (under) expenditures	50	400,589		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	10,732	10,782		
Unencumbered cash, end of year	$ 10,782	$ 411,371		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
AT RISK 4 YEAR OLD FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	$ 275,878	$ 225,771	$ 288,864	$ (63,093)
Total cash receipts	275,878	225,771	$ 288,864	$ (63,093)
Expenditures and transfers subject to budget:				
Instruction	275,878	225,771	$ 288,864	$ (63,093)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	275,878	225,771	$ 288,864	$ (63,093)
Receipts over (under) expenditures	-	-		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	$ -	$ -		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
VOCATIONAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
Perkins Program Improvement	$ 59,208	$ 62,082	$ 59,208	$ 2,874
Fee and user charges	4,684	3,677	-	3,677
Transfers in:				
General fund	449,882	594,882	294,882	300,000
Total cash receipts	513,774	660,641	$ 354,090	$ 306,551
Expenditures and transfers subject to budget:				
Instruction	346,424	453,201	$ 450,988	$ 2,213
Instruction/Student support-Perkins	42,854	56,995	59,208	(2,213)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	389,278	510,196	$ 510,196	$ -
Receipts over (under) expenditures	124,496	150,445		
Prior year canceled encumbrances	24	-		
Unencumbered cash, beginning of year	31,587	156,107		
Unencumbered cash, end of year	$ 156,107	$ 306,552		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
VIRTUAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	$ 856,461	$ 394,881	$ 434,098	$ (39,217)
Fee and user charges	300	804	300	504
Total cash receipts	856,761	395,685	$ 434,398	$ (38,713)
Expenditures and transfers subject to budget:				
Instruction	695,769	328,464	$ 418,190	$ (89,726)
School Administration	55,803	59,972	135,342	(75,370)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	751,572	388,436	$ 553,532	$ (165,096)
Receipts over (under) expenditures	105,189	7,249		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	125,422	230,611		
Unencumbered cash, end of year	$ 230,611	$ 237,860		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
KPERS RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
KPERS Contributions	$ 2,418,602	$ 2,100,314	$ 2,708,834	$ (608,520)
Total cash receipts	2,418,602	2,100,314	$ 2,708,834	$ (608,520)
Expenditures and transfers subject to budget:				
Instruction	1,371,818	1,404,790	$ 1,536,436	$ (131,646)
Student support services	281,009	264,747	314,730	(49,983)
Instructional support staff	29,648	38,411	33,206	5,205
General administration	82,478	75,498	92,375	(16,877)
School administration	138,784	104,943	155,438	(50,495)
Central services	34,652	31,755	38,810	(7,055)
Operations and maintenance	424,478	132,147	475,415	(343,268)
Food service operations	55,735	48,023	62,424	(14,401)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	2,418,602	2,100,314	$ 2,708,834	$ (608,520)
Receipts over (under) expenditures	-	-		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	$ -	$ -		

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

STATEMENT 3.15

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
BILINGUAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid				
English language	$ 10,305	$ 11,014	$ 11,014	$ -
Transfers in:				
General fund	86,126	79,026	86,366	(7,340)
Total cash receipts	96,431	90,040	$ 97,380	$ (7,340)
Expenditures and transfers subject to budget:				
Student support services	96,431	90,040	$ 97,380	$ (7,340)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	96,431	90,040	$ 97,380	$ (7,340)
Receipts over (under) expenditures	-	-		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	1	1		
Unencumbered cash, end of year	$ 1	$ 1		

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

STATEMENT 3.16

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
TEXTBOOK RENTAL FUND*
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
YEARS ENDED JUNE 30, 2011 AND 2010

	Prior year actual	Current year actual
Cash receipts:		
Charge for service	$ 111,257	$ 95,234
Transfers in:		
General fund	61,315	90,547
Total cash receipts	172,572	185,781
Expenditures:		
Instruction	183,639	78,440
Total expenditures	183,639	78,440
Receipts over (under) expenditures	(11,067)	107,341
Prior year canceled encumbrances	-	2,447
Unencumbered cash, beginning of year	302,201	291,134
Unencumbered cash, end of year	$ 291,134	$ 400,922

*This fund is not required to be budgeted.

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

STATEMENT 3.17

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
CONTINGENCY RESERVE FUND*
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
YEARS ENDED JUNE 30, 2011 AND 2010

	Prior year actual	Current year actual
Cash receipts:		
Transfers in:		
General fund	$ 655,000	$ -
Total cash receipts	655,000	-
Expenditures:		
Instruction	-	-
Total expenditures	-	-
Receipts over (under) expenditures	655,000	-
Prior year canceled encumbrances	-	-
Unencumbered cash, beginning of year	1,745,000	2,400,000
Unencumbered cash, end of year	$ 2,400,000	$ 2,400,000

*This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
SPECIAL ASSESSMENT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 4,283	$ 4,695	$ 4,117	$ 578
Ad valorem property - current taxes	124,040	77,310	75,180	2,130
Delinquent	2,984	3,671	2,671	1,000
Motor vehicle	13,323	14,301	17,669	(3,368)
Recreational vehicle	145	147	188	(41)
State aid:				
Machinery and equipment aid	-	-	-	-
Miscellaneous	-	-	-	-
Total cash receipts	144,775	100,124	$ 99,825	$ 299
Expenditures and transfers subject to budget:				
Facilities acquisition and construction	155,837	147,492	$ 153,000	$ (5,508)
Adjustment for qualifying budget credits:				
Other	-	-	-	-
Total expenditures and transfers subject to budget	155,837	147,492	$ 153,000	$ (5,508)
Receipts over (under) expenditures	(11,062)	(47,368)		
Unencumbered cash, beginning of year	141,554	130,492		
Unencumbered cash, end of year	$ 130,492	$ 83,124		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
FEDERAL FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
Title I A	$ 996,169	$ 995,785	$ 1,042,587	$ (46,802)
Title I A-ARRA	211,595	338,405	302,600	35,805
Title I D	81,957	31,926	-	31,926
Title I D-ARRA	-	54,643	-	54,643
School Improvement grant	2,490	174,000	-	174,000
Title II A	282,643	255,717	229,119	26,598
Title II D	9,658	3,500	-	3,500
Title II D-ARRA	1,140	18,954	-	18,954
Title IV	15,254	8,700	-	8,700
Character Educ Initiative	-	1,000	-	1,000
Adv Placement Program	-	4,729	-	4,729
Physical Education Program grant	100,654	10,000	-	10,000
Math/Science Partnership grant	95,000	-	-	-
School Preparedness	1,250	-	-	-
Hazard Mitigation grant	1,367,226	1,802,655	-	1,802,655
Total cash receipts	3,165,036	3,700,014	$ 1,574,306	$ 2,125,708
Expenditures and transfers subject to budget:				
Instruction	1,627,571	1,152,843	$ 1,574,306	$ (421,463)
Student support services	219,819	65,581	-	65,581
Instructional support staff	52,147	490,376	-	490,376
General administration	63,103	115,487	-	115,487
Construction services	2,505,553	664,328	-	664,328
Adjustment for qualifying budget credits:				
Federal funds received in excess of budget	-	-	914,309	(914,309)
Other	-	-	-	-
Total expenditures and transfers subject to budget	4,468,193	2,488,615	$ 2,488,615	$ -
Receipts over (under) expenditures	(1,303,157)	1,211,399		
Prior year canceled encumbrances	-	1,442		
Unencumbered cash, beginning of year	146,684	(1,156,473)		
Unencumbered cash, end of year	$ (1,156,473)	$ 56,368		

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

STATEMENT 3.20

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
GRANT FUNDS*
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
YEARS ENDED JUNE 30, 2011 AND 2010

	Prior year actual	Current year actual
Cash receipts:		
Other contributions	$ 431,928	$ 527,679
Total cash receipts	431,928	527,679
Expenditures:		
Instruction	39,918	60,278
Student support services	190,996	221,467
Instructional support staff	2,738	13,734
General administration	9,186	6,544
Other support services	188,984	210,272
Total expenditures	431,822	512,295
Receipts over (under) expenditures	106	15,384
Prior year canceled encumbrances	42	26
Unencumbered cash, beginning of year	35,198	35,346
Unencumbered cash, end of year	$ 35,346	$ 50,756

*This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
BOND & INTEREST FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2010)

		Current year		
	Prior year actual	Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 36,630	$ 151,877	$ 133,156	$ 18,721
Ad valorem property - current taxes	4,011,999	4,084,083	3,970,988	113,095
Delinquent	24,091	67,159	86,401	(19,242)
Motor vehicle	117,306	218,363	260,485	(42,122)
Recreational vehicle	1,360	2,375	2,762	(387)
Other Revenue	-	-	-	-
State aid:				
Capital improvement aid	1,480,726	1,773,977	1,788,247	(14,270)
Total cash receipts	5,672,112	6,297,834	$ 6,242,039	$ 55,795
Expenditures and transfers subject to budget:				
Principal	1,235,000	2,400,000	$ 2,400,000	$ -
Interest	3,257,209	3,018,928	3,018,930	(2)
Fiscal charges	-	-	250	(250)
Adjustment for qualifying budget credits:	-	-	-	-
Total expenditures and transfers subject to budget	4,492,209	5,418,928	$ 5,419,180	$ (252)
Receipts over (under) expenditures	1,179,903	878,906		
Unencumbered cash, beginning of year	2,196,472	3,376,375		
Unencumbered cash, end of year	$ 3,376,375	$ 4,255,281		

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

STATEMENT 3.22

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
PRIVATE PURPOSE TRUST FUNDS*
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
YEARS ENDED JUNE 30, 2011 AND 2010

	Prior year actual	Current year actual
Cash receipts:		
Interest	$ 2,313	$ 1,612
Donations	4,650	4,055
Total cash receipts	6,963	5,667
Expenditures:		
Scholarships	8,350	7,800
Total expenditures	8,350	7,800
Receipts over (under) expenditures	(1,387)	(2,133)
Unencumbered cash, beginning of year	147,601	146,214
Unencumbered cash, end of year	$ 146,214	$ 144,081

*This fund is not required to be budgeted.

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

STATEMENT 3.23

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
BOND CONSTRUCTION FUND*
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
YEARS ENDED JUNE 30, 2011 AND 2010

	Prior year actual	Current year actual
Cash receipts:		
Sale of bonds	$ -	$ -
Interest on idle funds	342,930	4,683
Total cash receipts	342,930	4,683
Expenditures:		
Facilities construction	47,786,677	3,054,954
Total expenditures	47,786,677	3,054,954
Receipts over (under) expenditures	(47,443,747)	(3,050,271)
Prior year canceled encumbrances	-	1,508,293
Unencumbered cash, beginning of year	48,985,725	1,541,978
Unencumbered cash, end of year	$ 1,541,978	$ -

*This fund is not required to be budgeted.

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Student Organizations:				
Leavenworth High School:				
Ambassadors	$ 998	$ 190	$ 809	$ 379
Art club	861	51	-	912
Band	2,175	200	944	1,431
Baseball club	55	-	-	55
Big Brothers/Big Sisters	-	-	-	-
Bowling club	3	70	70	3
Boys basketball	1,223	2,458	2,634	1,047
Boys golf	60	-	-	60
Boys soccer	375	-	20	355
Boys track	585	41	150	476
Cheerleaders	59	801	832	28
Choir	669	35,964	34,988	1,645
Dance team	122	-	-	122
Debate	490	20	-	510
DECA	48	706	36	718
Drama	5,534	2,408	4,066	3,876
FCA club	64	69	-	133
Football	11,152	-	11,073	79
FOWA club	29	-	-	29
French club	1,141	69	227	983
Future Educators Association	284	574	795	63
German club	843	-	246	597
Girls basketball	697	1,412	1,317	792
Girls golf	31	40	40	31
Girls soccer	4	-	-	4
Girls swim	75	-	74	1
Girls track	173	731	-	904
Girls volleyball	1,729	1,180	2,707	202
Goodfellows	553	488	932	109
International club	1,028	40	584	484
KAYS	-	902	822	80
Math club	672	204	415	461
Mens Swim	153	-	-	153
Model UN	192	72	192	72
National forensics league	498	-	369	129
National honor society	1,741	3,835	3,705	1,871
Odyssey of the Mind	1,235	-	-	1,235
Pioneer pantry	137	628	440	325
Pioneer Pride	1,063	1,720	2,425	358
POC	62	899	779	182
Poetry club	100	-	-	100

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Prom	8,622	7,794	7,922	8,494
Quill & Scroll	167	-	-	167
ROTC club	16,331	25,502	24,256	17,577
SADD	828	-	-	828
Scholars Bowl	358	816	605	569
Science club	793	89	458	424
Senior class	672	3,307	3,116	863
Sew creative	66	18	38	46
Skills USA	1,994	113	867	1,240
Softball	5,722	8,652	13,179	1,195
Store - DECA	5,948	10,883	12,056	4,775
Strength club	-	2,999	2,959	40
STUCO	918	6,203	5,083	2,038
Tennis - boys	11	-	-	11
TSA	362	1,918	1,487	793
U.S.A.L.L.	200	-	-	200
Wrestling	338	4,852	5,126	64
Writer's Corner	100	-	-	100
Subtotal Leavenworth High School	80,343	128,918	148,843	60,418
Warren Middle School:				
Student support fund	-	11,795	8,662	3,133
Technology club	569	-	-	569
Kay's	1,236	1,051	936	1,351
Drama	2,777	106	184	2,699
Band	2,696	3,646	4,311	2,031
Yearbook	-	2,685	2,669	16
STUCO	4,296	2,854	5,987	1,163
P.E. club	210	-	-	210
IDEA club	216	-	-	216
Subtotal Warren Middle School	12,000	22,137	22,749	11,388
West Middle School:				
Student support fund	4,882	19,174	16,307	7,749
Band	1,789	-	361	1,428
Yearbook	-	6,308	4,081	2,227
STUCO	1,833	2,953	3,900	886
Cheerleaders	480	-	-	480
Subtotal West Middle School	8,984	28,435	24,649	12,770

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Anthony:				
Student support fund	1,332	8,280	6,239	3,373
Subtotal Anthony	1,332	8,280	6,239	3,373
David Brewer:				
Student support fund	-	4,893	1,936	2,957
Subtotal David Brewer	-	4,893	1,936	2,957
Lawson:				
Student support fund	2,747	2,086	2,783	2,050
Field trip	8	1,013	1,006	15
Miscellaneous	230	2,466	2,696	-
Subtotal Lawson	2,985	5,565	6,485	2,065
Henry Leavenworth:				
Student support fund	2,115	381	934	1,562
Field trip	-	2,861	2,237	624
Miscellaneous	69	-	-	69
Science	-	700	569	131
Watch DOGS	-	116	-	116
Subtotal Henry Leavenworth	2,184	4,058	3,740	2,502
Total student organization funds	$ 107,828	$ 202,286	$ 214,641	$ 95,473
Faculty funds:				
Leavenworth High School:	$ 6,896	$ 5,169	$ 7,953	$ 4,112
Warren Middle School:	457	790	1,010	237
West Middle School:	607	174	-	781
Anthony:	261	1,924	1,982	203
David Brewer:	714	85	785	14
Lawson:	484	1,387	1,228	643
Henry Leavenworth:	-	568	356	212
Nettie Hartnett:	-	153	20	133
Total faculty funds	$ 9,419	$ 10,250	$ 13,334	$ 6,335

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Fees and user charges:				
Leavenworth High School:	$ -	$ 134,216	$ 134,216	$ -
Warren Middle School:	1,142	7,905	8,991	56
West Middle School:	616	5,731	6,079	268
Anthony:	63	816	789	90
David Brewer:	8	1,394	1,335	67
Lawson:	39	1,029	1,068	-
Henry Leavenworth:	-	1,170	1,170	-
Total fees and user charges	$ 1,868	$ 152,261	$ 153,648	$ 481
SUMMARY:				
Student activity funds	$ 107,828	$ 202,286	$ 214,641	$ 95,473
Faculty funds	9,419	10,250	13,334	6,335
Fees and user charges	1,868	152,261	153,648	481
Total agency funds	$ 119,115	$ 364,797	$ 381,623	$ 102,289

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH - ACTUAL
DISTRICT ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2011

	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Gate receipts:						
Leavenworth High School:						
Athletics	$ -	$ 48,306	$ 48,306	$ -	$ -	$ -
Total High School activity fund	-	48,306	48,306	-	-	-
Middle Schools:						
Athletics - West Middle School	-	-	-	-	-	-
Athletics - Warren Middle School	-	3,040	2,950	90	-	90
Total Middle School activity funds	-	3,040	2,950	90	-	90
Subtotal gate receipts	-	51,346	51,256	90	-	90
School projects:						
School projects - Leav High School	19,981	45,741	53,110	12,612	-	12,612
Subtotal school projects	19,981	45,741	53,110	12,612	-	12,612
Total district activities	$ 19,981	$ 97,087	$ 104,366	$ 12,702	$ -	$ 12,702

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2011

1. Summary of significant accounting policies

a. Reporting entity

Unified School District No. 453, Leavenworth, ("the District") is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 453, Leavenworth (the primary government). There are no component units presented.

b. Reimbursed expenses

Certain expenditures are classified as reimbursed expenses. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934. The following expenditures are classified as reimbursed expenses for the year ended June 30, 2011:

General fund	$650,847

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. The reimbursements in the General Fund are shown on two separate lines in the General Fund Statement of Cash Receipts and Expenditures - Actual and Budget as Excess PL-382 impact aid of $6,945 and Reimbursed expenses of $643,902, totaling $650,847. All reimbursed expenses shown in the financial statements meet the following criteria:

1. The related disbursement was made in the current year on behalf of the payee,
2. The item paid for was directly identifiable as having been used by or provided to the payee, and
3. The amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

c. Basis of accounting

1. 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, with disbursements being adjusted for prior year's 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 is charged in the fund from which the transfer is made.

1. Statutory basis of accounting (continued)

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

2. 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 expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

d. Cash and investments

Cash consists of checking accounts, savings accounts, and certificates of deposit. Certificates of deposit are carried at cost, which approximates market value. See Note 3 for additional cash information.

Investments consist of deposits in the State Municipal Investment Pool (MIP). These investments are carried at cost. See Note 3 for additional investment information.

Cash balances in all funds are considered in determining the amount to be invested and further, unless specifically designated, all investment income is credited to the capital outlay fund.

e. Inventories and prepaid expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

f. Fund descriptions

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

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

1. Governmental funds

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

   b. Special revenue funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

   c. Debt service funds - to account for the accumulation of resources for and the payments of, interest and principal and related costs, on general long-term debt.

   d. Capital project funds - to account for the activities for the acquisition or construction of major capital facilities.

2. Fiduciary funds

   a. Trust and agency funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

g. Prior year partial comparative information

The financial statements include prior year partial comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2010, from which such partial information was derived.

2. Stewardship, compliance, and accountability

a. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, 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 year on or before August 1st.

2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on budget.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of

4. Adoption of the final budget on or before August 25th.

a. Budgetary information (continued)

The statutes allow for the District to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of 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 statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, commitments by the District for future payments and are supported by documents evidencing the commitment, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds: Textbook Fund, Contingency Reserve Fund, Federal Funds, Grants and Contributions.

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 District.

b. Compliance with finance-related legal and contractual provisions

The General Fund showed ending unencumbered cash balances of $(2,116,199) and $(2,298,402) for the years ended June 30, 2011 and 2010, respectively. Additionally, the Supplemental General Fund showed ending unencumbered cash balances of $(81,031) and $(474,930) for the years ended June 30, 2011 and 2010, respectively. K.S.A. 10-1116a provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, be exempt from the cash basis law of the State of Kansas (K.S.A. 10-1113). The District is not deemed to be in violation of the Kansas cash basis law for the years ending June 30, 2011 and 2010.

See Note 13 for presentation of the General Fund and Supplemental General Fund under compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d).

Management is not aware of any statutory violations for the period covered by the audit.

3. Deposits and investments

As of June 30, 2011, the District had the following investments:

Investment Type	Fair Value of investment maturities less than 1 year	Rating
Kansas Municipal Investment Pool	$20,750,906	S&P AAAf/S1+
Total	$20,750,906	

K.S.A. 9-1401 establishes the depositories which may be used by the District. 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, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit custodial credit 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. The rating of the District's investments is noted above.

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. The District's allocation of investments as of June 30, 2011 is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100%

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not 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. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was $2,807, 641 and the bank balance was $3,019,269. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, $522,524 was covered by federal depository insurance, and the remaining $2,496,745 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

3. Deposits and investments (continued)

At June 30, 2011, the District had invested $20,750,906 in the State's municipal investment pool. The District's carrying amount of these investments was $23,091,685. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreement with Kansas banks or with primary government securities dealers.

4. Interfund transfers

Operating transfers were as follows:

From	To	Statutory authority	Amount
General	Capital Outlay	K.S.A. 72-6428	$ 1,250,000
General	Food Service	K.S.A. 72-6428	68,000
General	Professional Dev.	K.S.A. 72-6428	6,112
General	Special Education	K.S.A. 72-6428	3,863,165
General	At Risk K-12	K.S.A. 72-6428	4,542,118
General	At Risk 4 Year Old	K.S.A. 72-6428	225,771
General	Vocational Education	K.S.A. 72-6428	594,882
General	Virtual Education	K.S.A. 72-6428	394,881
General	Bilingual Education	K.S.A. 72-6428	79,026
General	Textbook Rental	K.S.A. 72-6428	90,547
Subtotal general fund			$ 11,114,502
Supplemental General	Parent Education	K.S.A. 72-6433	$ 37,500
Supplemental General	Special Education	K.S.A. 72-6433	1,820,129.0
Subtotal supplemental general fund transfers			$ 1,857,629
Special Education	Special Ed. Co-op	K.S.A. 72-6420	$ 4,394,447
Subtotal special education fund transfers			$ 4,394,447
Total operating transfers			$ 17,366,578

5. Long-term debt

In May 2005, the District issued general obligation refunding bonds in the amount of $14,640,000 for the purpose of redeeming and paying the District's outstanding general obligation bond Series 1993, 1997, and a portion of Series 1998. The bonds that were refunded represent all Series 1993 bonds maturing in the years 2005 and after, all Series 1997 bonds maturing in the years 2007 and after, and those Series 1998 bonds maturing in the years 2007 to 2015. The Series 2005 bonds bear interest from 2.85% to 4.50% and mature annually from September 1, 2005 through September 1, 2017. The proceeds of the bonds were placed in an irrevocable trust escrow account. A portion of those proceeds were used September 1, 2005 to refund all of the Series 1993 bonds. The remainder of the proceeds stayed in the escrow account until September 1, 2007, the first date on which the District could refund the Series 1997 bonds maturing in the years 2007 and after, and the portion of the Series 1998 bonds maturing in the years 2007 to 2015.

In December 2008, the District issued general obligation refunding and improvement bonds, Series 2008, in the amount of $10,005,000. Of the net proceeds, $5,000 were used September 1, 2009 to refund a portion of the Series 2005 bonds. The remaining $10,000,000 is for the purpose of financing capital improvements to the District's facilities used in connection with the District's delivery of educational services to the public. The improvements included (i) the construction of a new elementary school, (ii) renovations to Anthony Elementary and David Brewer Elementary Schools, and (iii) the construction of an athletic stadium and renovations to Leavenworth High School.

In February 2009, the District issued general obligation improvement and refunding bonds in the amount of $50,013,205. The issuance of bonds was made in two series, Series 2009 A and B. Series 2009 A in the amount of $47,798,205 with a true interest cost of 4.8% with the purpose of financing capital improvements to the District's facilities used in connection with the District's delivery of educational services to the public. The improvements included (i) the construction of a new elementary school, (ii) renovations to Anthony Elementary and David Brewer Elementary Schools, and (iii) the construction of an athletic stadium and renovations to Leavenworth High School. The remaining $2,215,000 from the sale of the Series 2009 B Bonds were used to refund the District's outstanding General Obligation Improvement Bonds, Series 1998. The true interest cost is 3.309%.

A portion of the Series 2009 bond issue consisted of capital appreciation bonds. These bonds were sold at a discount and will be redeemed at maturity at their face value. For financial statement purposes, the discount is being accreted over the life of the bonds using the effective interest method. These bonds payable are reflected on the next page of the footnotes net of remaining unaccreted discount. At June 30, 2011, the cumulative discount accreted is $480,339 and the remaining unaccreted discount is $1,351,456.

Total interest expense charged against operations of the District was $3,018,928 for the year ended June 30, 2011.

See the schedule of changes in long-term debt and the schedule of maturity of long-term debt on the following page.

5. Long-term debt (continued)

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

Issue	Interest rate	Date of issue	Amount of issue	Date of final maturity	Balance beginning of year	Additions	Reductions/ payments	Balance end of year	Interest paid
General obligation bonds:									
Series 2005	2.85%-4.50%	May 2005	$ 14,640,000	Sept. 2017	$ 11,520,000	$ -	$ 1,315,000	$ 10,205,000	$ 462,425
Series 2008 A	3.50%-5.50%	Dec. 2008	$ 10,000,000	Sept. 2029	10,000,000	-	500,000	9,500,000	470,375
Series 2009 A	3.5%-5.125%	Feb. 2009	$ 42,135,000	Sept. 2029	42,135,000	-	585,000	41,550,000	2,009,325
Series 2009 a	3.5%-5.125%	Feb. 2009	$ 5,663,205	Sept. 2029	5,904,974	238,570	-	6,143,544	-
Series 2009 B	2.90%-3.50%	Feb. 2009	$ 2,215,000	Sept. 2029	2,215,000	-	-	2,215,000	76,803
Total long-term debt					$ 71,774,974	$ 238,570	$ 2,400,000	$ 69,613,544	$ 3,018,928

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

	Year ended June 30th								
	2012	**2013**	**2014**	**2015**	**2016**	**2017-2021**	**2022-2026**	**2027-2031**	**TOTAL**
Principal:									
General obligation bonds:									
Series 2005	$ 1,435,000	$ 1,545,000	$ 1,640,000	$ 1,745,000	$ 1,865,000	$ 1,975,000	$ -	$ -	$ 10,205,000
Series 2008 A	100,000	230,000	255,000	290,000	315,000	2,020,000	3,030,000	3,260,000	9,500,000
Series 2009 A	1,355,000	1,610,000	835,000	-	-	7,885,000	15,290,000	14,575,000	41,550,000
Series 2009 a	-	-	-	1,540,891	1,543,804	3,058,849	-	-	6,143,544
Series 2009 B	10,000	10,000	10,000	10,000	10,000	2,165,000	-	-	2,215,000
Total principal	$ 2,900,000	$ 3,395,000	$ 2,740,000	$ 3,585,891	$ 3,733,804	$ 17,103,849	$ 18,320,000	$ 17,835,000	$ 69,613,544
Interest:									
General obligation bonds:									
Series 2005	$ 407,425	$ 347,825	$ 284,125	$ 212,063	$ 130,838	$ 90,338	$ -	$ -	$ 1,472,614
Series 2008 A	459,875	454,100	445,613	436,075	424,700	1,887,813	1,293,900	368,950	5,771,026
Series 2009 A	1,978,700	1,927,775	1,870,463	1,855,850	1,855,850	8,771,538	5,876,838	1,526,856	25,663,870
Series 2009 a	-	-	-	-	-	-	-	-	-
Series 2009 B	76,658	76,368	76,078	75,763	75,423	76,826	-	-	457,115
Total interest	$ 2,922,658	$ 2,806,068	$ 2,676,279	$ 2,579,751	$ 2,486,811	$ 10,826,515	$ 7,170,738	$ 1,895,806	$ 33,364,625
Total Principal & Interest	$ 5,822,658	$ 6,201,068	$ 5,416,279	$ 6,165,642	$ 6,220,615	$ 27,930,364	$ 25,490,738	$ 19,730,806	$ 102,978,169

6. Contingencies

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 the 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 other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2011.

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.

7. Defined benefit plan

a. Plan description

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

b. Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% for employees hired after July 1, 2009. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes an average of 9.17% of covered payroll for fiscal year 2011, and an average of 8.57% of covered payroll for fiscal year 2010.

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 as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were $2,100,314, $2,418,602, and $2,386,112, respectively.

8. Commitments

The District has entered into the following operating leases:

The District signed a 60-month lease in September 2009 for 15 copy machines through Unisource, Inc. The District added 11 copy machines to this lease in August 2010. These operating leases call for base monthly rents based upon usage. During the year ended June 30, 2011 the District paid $76,301 on these leases.

The District signed a 60-month lease in June 2007 with Xerox for 1 copy machine. This operating lease calls for a base monthly rent based upon usage. During the year ended June 30, 2011 the District paid $8,473 on this lease.

The total future minimum required operating lease payments are as follows for the year ended June 30,:

2012	$84,693
2013	76,926
2014	76,926
2015	19,332
2016	1,302
Total	$259,180

9. Compensated absences

Administrative compensation absence days accrue 12 per school year, with a maximum of 115 days. Administrators are paid at the rate of $80 per day for days over the maximum of 115 days. Classified employees compensated absence days accrue at 12 per school year, with a maximum of 108 days. Classified employees are paid at the rate of $25 per day for days over the maximum of 108 days. Teachers compensated absence days accrue at 10 per school year, with a maximum of 100 days. Teachers are paid at the rate of $50 per day for days over the maximum of 100 days. Payment is made during the fiscal year. The District has not determined the liability for the carryover days, if any; however, management feels such liability would be immaterial in amount.

10. Supplemental retirement plan

Any eligible teacher who is retiring under the Kansas Public Employees Retirement Systems may elect to take the District resignation incentive. Under this plan the benefit shall be 15% of the teacher's base salary for the final year of employment. Beginning July 1, 2009, the benefit shall be the lesser of a factor of 15% of the teacher's base salary for the final year of employment or $8,000 per year. The benefit shall be paid annually in January from ages 57 to 61 of the eligible teacher.

Additionally, a teacher who elects the District early retirement, and who has participated in the District health insurance plan during the year of retirement, may elect to continue to participate in the health insurance plan until the age of 65. Under this plan the amount of the benefit will be equal to the amount of the defined health insurance benefit paid to the employed teacher. Beginning July 1, 2009, the amount of the benefit will be $350 per month. Thus, retired teachers will be responsible for the payment of any excess premiums due under the policy.

The plan is not funded and is based on pay-as-you-go financing. During the year ended June 30, 2011, the District paid $376,596 on this plan. The District has not determined the liability for early retirement benefits, if any; however, management feels such liability would be immaterial in amount.

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 district under this program.

11. Litigation

The District is a party to various claims, none of which is expected to have a material financial impact on the District.

12. Capital Projects

Capital project authorizations with approved change orders compared with cash disbursements from inception are as follows:

	Project authorizations	Cash disbursements
Anthony Elementary	$9,057,119	$8,833,265
David Brewer Elementary	8,063,456	7,913,699
Henry Leavenworth Elementary	10,358,456	9,834,324
Leav Dist Activities Complex	9,659,359	10,129,868
Leavenworth High School	21,016,211	21,443,447
TOTAL	$58,154,601	$58,154,603

13. 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 these Statutes.

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2011
(with comparative statutory transactions for the prior year ended June 30, 2010)
GENERAL FUND

		Current year		
	Prior Year Statutory Transactions	Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 106,487	$ 117,071	$ 98,750	$ 18,321
Ad valorem property - current taxes	3,199,638	3,115,119	3,023,360	91,759
Delinquent	62,614	89,360	68,751	20,609
Motor vehicle	520	13,452	-	13,452
State aid:				-
Equalization aid	16,824,425	16,240,351	17,449,627	(1,209,276)
Special education services	3,635,017	3,835,165	3,754,903	80,262
Federal aid:				
Federal aid - PL-382 impact aid	45,996	75,628	45,500	30,128
Excess PL-382 impact aid	8,377	6,945	-	6,945
Equalization aid (ARRA)	1,142,542	429,390	429,390	-
Education Jobs fund	-	751,861	-	751,861
Revenue from other local sources	-	-	-	-
Reimbursed expenses	625,462	643,902	-	643,902
Total statutory revenues	25,651,078	25,318,244	$ 24,870,281	$ 447,963
Expenditures:				
Instruction	4,313,169	4,743,912	$ 6,185,321	$ (1,441,409)
Student support services	1,141,324	1,272,826	1,192,292	80,534
Instructional support staff	585,904	496,940	618,170	(121,230)
General administration	982,699	1,049,107	1,109,623	(60,516)
School administration	1,904,355	1,713,450	1,995,050	(281,600)
Central services	490,517	504,856	499,034	5,822
Operations and maintenance	3,347,169	3,850,072	3,604,539	245,533
Student transportation services	359,584	405,308	384,004	21,304
Other support services	142,978	176,204	175,336	868
Transfers out	12,390,892	11,114,502	9,115,845	1,998,657
Adjustment to comply with legal max	-	-	(202,885)	202,885
Legal general fund budget	25,658,591	25,327,176	24,676,329	650,847
Adjustment for qualifying budget credits:				
Excess PL-382 funds	-	-	6,945	(6,945)
Reimbursements	-	-	643,902	(643,902)
Other	-	-	-	-
Total expenditures	25,658,591	25,327,176	$ 25,327,176	$ (0)
Statutory revenue over (under) expenditures	(7,513)	(8,932)		
Prior year canceled encumbrances	8,433	18,720		
Modified unencumbered cash, beginning of year	8,012	8,932		
Modified unencumbered cash, end of year	$ 8,932	$ 18,720		

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

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2011
(with comparative statutory transactions for the prior year ended June 30, 2010)
SUPPLEMENTAL GENERAL FUND

		Current year		
	Prior Year Statutory Transactions	Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	$ 112,154	$ 136,920	$ 120,042	$ 16,878
Ad valorem property - current taxes	3,616,903	3,407,885	3,217,095	190,790
Delinquent	71,715	96,959	77,892	19,067
Motor vehicle	371,393	386,566	476,265	(89,699)
Recreational vehicle	4,061	3,990	5,051	(1,061)
State aid:				
Equalization aid	2,785,696	3,464,941	3,476,277	(11,336)
Federal aid:				
Equalization aid (ARRA)	946,467	-	-	-
Total statutory revenues	7,908,389	7,497,261	$ 7,372,622	$ 124,639
Expenditures:				
Instruction	4,771,944	4,616,119	$ 5,616,611	$ (1,000,492)
General Administration	23,201	13,248	-	13,248
Operations and maintenance	1,164,419	1,148,004	1,198,542	(50,538)
Transfers out	1,950,526	1,857,629	819,847	1,037,782
Adjustment to comply with legal max	-	-	-	-
Legal supplemental general fund budget	7,910,090	7,635,000	7,635,000	-
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures	7,910,090	7,635,000	$ 7,635,000	$ -
Statutory revenues over (under) expenditures	(1,701)	(137,739)		
Prior year canceled encumbrances	12,885	190		
Modified unencumbered cash, beginning of year	251,194	262,378		
Modified unencumbered cash, end of year	$ 262,378	$ 124,829		

ADDITIONAL INFORMATION

UNIFIED SCHOOL DISRICT NO 453, LEAVENWORTH, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
YEAR ENDED JUNE 30, 2011

Federal Grantor/ pass-through grantor/program title	Federal CFDA number	KSDE Index number	Program or award amount	Beginning unencumbered cash balance	Receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances	Ending cash balance
U.S. Department of Education									
Direct: PL-382 Impact Aid	84.041		$ 121,761	$ -	$ 121,761	$ 121,761	$ -	$ -	-
Direct: Carol M. White Physical Education Program Grant	84.215F		105,259	(8,750)	10,000	11,671	(10,421)	10,879	458
Passed through Kansas Department of Education:									
Title I, Part A cluster:									
Title I Low income	84.010	01010.11	1,045,785	-	895,785	792,451	103,334	164,534	267,868
Title I Low income-carryover	84.010	01010.10	114,608	14,608	100,000	114,608	-	5,193	5,193
Title I School Improvement	84.010	08016.11	3,000	-	3,000	3,000	-	-	-
Title I School Improvement	84.010	08016.10	277,000	802	171,000	237,985	(66,183)	49,549	(16,634)
Title I Part D-carryover	84.010	01080.10	16,261	(9,055)	24,316	15,111	150	-	150
Title I Part D-carryover	84.010	01080.09	27,764	(4,200)	7,610	3,410	-	-	-
Title I Low income-ARRA	84.389	13030.10	581,156	(13,061)	338,405	324,160	1,184	92,018	93,202
Title I Part D-ARRA	84.389	13032.10	66,543	-	54,643	54,586	57	4,965	5,022
Total Title I, Part A cluster			2,132,117	(10,906)	1,594,759	1,545,311	38,542	316,259	354,801
Special education cluster (IDEA):									
Title VIB Special Education	84.027	10010.11	2,374,654	-	2,274,852	2,274,852	-	-	-
Special Education Preschool	84.173	09010.11	89,839	-	89,839	89,839	-	-	-
Discretionary Special Education	84.027	10040.11 20708	89,495	-	89,495	89,495	-	-	-
Title VIB Special Education-ARRA	84.391	13038.10	2,692,733	-	1,346,366	1,346,366	-	-	-
Special Education Preschool-ARRA	84.392	13037.10	113,408	-	56,704	56,704	-	-	-
Total Special education cluster (IDEA)			5,360,129	-	3,857,256	3,857,256	-	-	-
Excess PL-382 Impact Aid	84.041		6,945	-	6,945	6,945	-	-	-
Secondary Program Improvement	84.048	11010.11 00020	62,082	-	62,082	56,995	5,087	-	5,087
Secondary Program Improvement	84.048	11010.10 00020	59,208	17,750	-	-	17,750	-	17,750
Total Secondary Program Improvement			121,290	17,750	62,082	56,995	22,837	-	22,837
Drug-Free-carryover	84.186	08010.10	16,732	243	8,700	6,443	2,500	-	2,500
Education for Homeless Children and Youth	84.196		1,629	-	1,629	1,629	-	-	-
Character Education Initiative	84.215	12041.11	5,000	-	1,653	1,352	301	368	669
Advanced Placement Program	84.330	13029.11	11,729	-	4,729	-	4,729	-	4,729
Educational Technology State Grants cluster:									
Title II Tech Literacy	84.318	13011.11	3,540	-	2,500	3,540	(1,040)	3,331	2,291
Title II Tech Literacy-carryover	83.318	13011.10	1,195	(305)	1,000	1,195	(500)	312	(188)
Title II Tech Literacy-ARRA	84.386	13034.10	21,294	(14,194)	18,954	4,221	539	3,235	3,774
Total Educational Technology State Grants cluster:			26,029	(14,499)	22,454	8,956	(1,001)	6,878	5,877
English Language Acquisition	84.365	13012.11	11,014	-	11,014	11,014	-	-	-
Title II Improving Teacher Quality	84.367	13010.11	265,717	-	255,717	234,061	21,656	15,769	37,425
Title II Improving Teacher Quality-carryover	84.367	13010.10	15,766	15,766	-	15,705	61	-	61
Total Title II Improving Teacher Quality			281,483	15,766	255,717	249,766	21,717	15,769	37,486
State Fiscal Stabilization Fund-ARRA	84.394		429,390	-	429,390	429,390	-	-	-
Education Jobs Fund	84.410		751,861	-	751,861	751,861	-	-	-
Total U.S. Department of Education			9,382,368	(396)	7,139,950	7,060,349	79,205	350,153	429,358

See independent auditors' report.

UNIFIED SCHOOL DISRICT NO 453, LEAVENWORTH, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
YEAR ENDED JUNE 30, 2011

Federal Grantor/ pass-through grantor/program title	Federal CFDA number	KSDE Index number	Program or award amount	Beginning unencumbered cash balance	Receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances	Ending cash balance
U.S. Department of Agriculture									
Passed through Kansas Department of Education:									
Child Nutrition cluster:									
School Breakfast Program	10.553		249,896	-	249,896	249,896	-	-	-
National School Lunch Program	10.555		842,372	-	842,372	842,372	-	-	-
Summer Food Service Program for Children	10.559		-	-	-	-	-	-	-
Total Child Nutrition cluster:			1,092,268	-	1,092,268	1,092,268	-	-	-
State Administrative Expenses for Child Nutrition	10.560		104	-	104	104	-	-	-
Fresh Fruits & Vegetables Program	10.582		66,876	-	66,876	66,876	-	-	-
Total U.S. Department of Agriculture			1,159,248	-	1,159,248	1,159,248	-	-	-
U.S. Department of Homeland Security									
Passed through Kansas Division of Emergency Management:		FEMA-DR-1741-KS							
Hazard Mitigation Grant Program	97.039	0027	617,792	(23,493)	23,493	-	-	-	-
Hazard Mitigation Grant Program	97.039	0030	1,380,233	(774,355)	1,380,233	605,878	-	-	-
Hazard Mitigation Grant Program	97.039	0031	474,793	(103,359)	161,809	58,450	-	-	-
Hazard Mitigation Grant Program	97.039	0032	697,063	(237,120)	237,120	-	-	-	-
Total U.S. Department of Homeland Security			3,169,881	(1,138,327)	1,802,655	664,328	-	-	-
Total Federal Assistance			$ 13,711,497	$ (1,138,723)	$ 10,101,853	$ 8,883,925	$ 79,205	$ 350,153	$ 429,358

*Note 1 on page 48 is an integral part of this Schedule of Expenditures of Federal Awards.

UNIFIED SCHOOL DISTRICT NO. 453, LEAVENWORTH, KANSAS
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

1. Basis of accounting

a. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of this schedule of expenditures of federal awards, 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 including disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's 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 is charged in the fund from which the transfer is made.

The District has adopted a resolution in accordance with K.S.A. 75-1120a to waive reporting in accordance with accounting principles generally accepted in the United States of America, which allows the District to utilize the statutory basis of accounting.

b. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, and cash and unencumbered cash balances.

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.

COMPLIANCE SECTION

Kramer & Associates CPAs, LLC
Making the right move for your business

Tony Kramer, CPA
Joseph J. Wood, CPA
Megan Todd, CPA
Amy Schwinn, CPA
Sherrie Hodges, CPA
John Vohs, CPA
Dana Splichal, CPA

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*

To the Board of Education
Unified School District No. 453,
Leavenworth, Kansas

We have audited the financial statements of Unified School District No. 453, (the "District"), Leavenworth, Kansas, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. Those financial statements were prepared 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. The Independent Auditors' Report expressed an unqualified opinion on the cash basis and budget law financial statements of Unified School District No. 453, Leavenworth, Kansas and an adverse opinion on the application of 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, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's 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.

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 the District's 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*.

This report is intended solely for the information and use of the Board of Education and committees thereto, management, others within the entity, U.S. Department of Education, U.S. Department of Agriculture, U.S. Department of Homeland Security, the Kansas Division of Emergency Management, the Kansas Division of Accounts and Reports, and the Kansas State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Kramer & Associates CPAs, L.L.C.

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
December 19, 2011

Kramer & Associates CPAs, LLC
Making the right move for your business

Tony Kramer, CPA
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INDEPENDENT AUDITORS' 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

To the Board of Education
Unified School District No. 453,
Leavenworth, Kansas

Compliance

We have audited the compliance of Unified School District No. 453, (the "District"), Leavenworth, Kansas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The District's 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 the Districts' management. Our responsibility is to express opinions on the District's 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 *Kansas Municipal Audit Guide;* 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 the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District 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.

Internal Control Over Compliance

The management of the District 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 the District's 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 opinions 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 the District's 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 of the Board of Education and committees thereto, management, others within the entity, the U.S. Department of Education, the U.S. Department of Agriculture, the U.S. Department of Homeland Security, the Kansas Division of Emergency Management, the Kansas Division of Accounts and Reports, and the Kansas State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Kramer & Associates CPAs, L.L.C.

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
December 19, 2011

UNIFIED SCHOOL DISTRICT NO 453,
LEAVENWORTH, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2011

A. Summary of Audit Results

1. The Independent Auditors' Report expressed an unqualified opinion on the cash basis and budget law financial statements of Unified School District No. 453, Leavenworth, Kansas and an adverse opinion on the application of accounting principles generally accepted in the United States of America.

2. No deficiencies in internal control over financial reporting were considered to be material weaknesses. There were no significant deficiencies in internal control over financial reporting reported in our 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 Unified School District No. 453, Leavenworth, Kansas were noted during the audit.

4. No deficiencies in internal control over major federal award programs were considered to be material weaknesses. There were no significant deficiencies in internal control over major programs reported in our Independent Auditors' 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 Independent Auditors' 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 expressed unqualified opinions for each major federal award program for Unified School District No. 453, Leavenworth, Kansas.

6. There are no audit findings that are required to be disclosed in accordance with Section 510(a) of OMB Circular A-133 in this schedule.

7. The programs tested as major programs included:

United States Department of Education

CFDA No.	Title
	Title I cluster:
84.010	Title I
84.389	Title I Low Income ARRA
	Special education cluster:
84.027	Title VIB Special Education
84.173	Special Education Preschool
84.391	Title VIB Special Education ARRA
84.392	Special Education Preschool ARRA
84.394	State Fiscal Stabilization Fund ARRA
84.410	Education Jobs Fund

United States Department of Homeland Security

CFDA No.	Title
97.039	Hazard Mitigation Program Grant

8. The threshold for distinguishing between Types A and B programs was $300,000.

9. Unified School District No. 453, Leavenworth, Kansas, was not determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

No matters were noted.

C. Findings and questioned costs - Major Federal Awards Programs Audit

No matters were noted.

UNIFIED SCHOOL DISTRICT NO 453,
LEAVENWORTH, KANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

Findings - Financial Statement Audit

No matters were noted.

Findings and questioned costs - Major Federal Awards Programs Audit

2010-1: Hazard Mitigation Grant Program (HMGP)

Criteria: The **Hazard Mitigation Assistance Unified Guidance** *Hazard Mitigation Grant Program, Pre-Disaster Mitigation Program, Flood Mitigation Assistance Program, Repetitive Flood Claims Program, Severe Repetitive Loss Program June 1, 2009* requires quarterly performance reports to include (in part) the status of costs including whether the costs are (1) unchanged, (2) overrun, or (3) underrun. If there is a change in cost status, the report should include a narrative describing the change. In addition, the report must include significant activities and developments that have occured or have shown progress during the quarter, including a comparison of actual accomplishments to the work schedule objectives established in the grant.

Condition: The District's internal control over reporting for the HMGP projects was not sufficient to detect significant variances between Federal Emergency Management Agency (FEMA) approved line items and schedules and actual costs claimed on its quarterly reports so that any unexplained variances could be investigated and corrected. This finding is considered to be a material weakness in the District's internal control over compliance.

Questioned Costs: $0

Effect: The District may not receive the entire amount of grant award dollars it is due if approved line items have no claims made for allowable costs. In addition, the District could be required to pay back grant award dollars if underlying documentation for line items with unexplained significant variances reveals unallowable costs were charged to the program.

Cause: The program is a new grant that the District applied for in conjunction with the District's $56 million capital improvement plan and entailed incorporating tornado shelters in three of the District's rehabilitation projects and one new elementary school. Because of the construction aspect of the project, the uniqueness of construction accounting and the project management company's experience in similar grant projects, the District engaged the project management company to assist with the completion of the quarterly HMGP Grant project reports. However, it appears too much reliance was put on the completeness of work by the project management company and the District's project manager may not have had sufficient financial knowledge to provide oversight on the reports. Neither the District nor the project management company investigated and explained or corrected significant underruns between scheduled values as set forth in the budget and the actual cost estimates provided in the applications for payment. Furthermore, the technical guidance from the state awarding agency was an eleven page document condensing the 187 page document prepared by FEMA and may have been insufficient to provide proper procedures for completion of quarterly reports. However, it appears there were sufficient controls in place for project overruns that had application been made for reimbursement, any unallowable cost would have been identified.

Recommendation: We recommend that the District establish procedures to reconcile quarterly reports to previous reports and to approved cost estimates and/or budgets so that significant variances can be identified, researched and explained or resolved to prevent potential funding of unallowable costs or failure to claim allowable costs.

Current year status: Since the previous audit, district administration has completed quarterly reconciliations, with an emphasis on detecting variances between FEMA approved line items, schedules, and the actual costs claimed on the reports. Also, the administration implemented internal controls to comply with the intent of the grantor, with less reliance on construction managers and professional engineers.