



BERBERICH TRAHAN & CO., P.A.

Certified Public Accountants

FORT LEAVENWORTH UNIFIED SCHOOL
DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FINANCIAL STATEMENT
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2012

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FINANCIAL STATEMENT
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2012

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1-2
Financial Statement:		
Summary Statement of Cash Receipts, Expenditures and Unencumbered Cash Balances		3-4
Notes to Financial Statement		5-12
Supplementary Information:		
Summary Schedule of Expenditures - Budget and Actual	1	13-14
Schedule of Cash Receipts and Expenditures:	2	
General Fund		15
Supplemental General Fund		16
Capital Outlay Fund		17
Food Service Fund		18
Special Education Fund		19
At-Risk Fund		20
Professional Development Fund		21
Parent Education Fund		22
Summer School Fund		23
KPERS Special Retirement Contribution Fund		24
Federal Grant Funds		25-26
Bilingual Education Fund		27
Textbook Rental Fund		28
Construction Fund		29
Vending Machine Fund		30
Federal and Other Grants (Non-Budgeted)		31
Contingency Reserve Fund		32
Food Service Refunds Fund		33
DODEA Grant Fund		34
Summary Schedule of Cash Receipts and Disbursements:	3	
Student Organization Funds		35

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FINANCIAL STATEMENT
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2012

TABLE OF CONTENTS
(Continued)

	<u>Schedule</u>	<u>Page</u>
Schedule of Cash Receipts, Expenditures and Unencumbered Cash - District Activity Funds	4	36
Schedule of Expenditures of Federal Awards		37-38
Notes to Schedule of Expenditures of Federal Awards		39
Schedule of Findings and Questioned Costs		40-42
Schedule of Prior Year Audit Findings and Questioned Costs		43
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		44-45
Independent Auditor's 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		46-47



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Ft. Leavenworth Unified School District No. 207:

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash of Ft. Leavenworth Unified School District No. 207 (the District) as of and for the year ended June 30, 2012. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the District has prepared this financial statement using accounting practices prescribed or permitted 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 effects on the financial statement of the variances between these statutory 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 statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2012, or the respective changes in cash flows, where applicable, for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2012, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 2.



In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The schedules listed under supplementary information in the accompanying table of contents, including the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, are presented for purposes of additional analysis, and are not a required part of the statutory financial statement of the District. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the financial statement as a whole.

Berberich Trehan & Co., P.A.

October 30, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH BALANCES

Year Ended June 30, 2012

<u>FUNDS</u>	<u>Beginning Unencumbered Cash Balance*</u>	<u>Prior Year Canceled Encumbrances</u>
General fund	\$ -	\$ -
Supplemental general	-	-
Special revenue:		
Capital outlay	15,889,425	-
Food service	163,623	-
Special education	857,643	-
At-Risk	422,948	-
Professional development	333,440	-
Parent education	75,000	-
Summer school	50,718	-
KPERS special retirement contribution	-	-
Federal grant funds (budgeted)	5,396	-
Bilingual education	216,160	-
Textbook rental	484,114	-
Construction	168,349	-
Vending machine	460	-
Federal and other grants (non-budgeted)	825,158	-
Contingency reserve	1,080,589	-
Food service refunds	1,323	-
DODEA grant	-	-
District activity funds	27,052	1,145
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 20,601,398</u>	<u>\$ 1,145</u>
Composition of cash:		
Checking account		
Petty cash funds		
Municipal investment pool		
Certificates of deposit		
Money market account		
Food service refunds		
Activity funds - checking accounts		
Total Cash		
Agency Funds per Schedule 3		
Total Reporting Entity (Excluding Agency Funds)		

* As restated for the supplemental general fund.

See accompanying notes to financial statement.

Statement 1

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 10,482,970	\$ 10,482,970	\$ -	\$ 1,017,503	\$ 1,017,503
3,512,572	3,512,572	-	49,687	49,687
6,927,200	1,472,624	21,344,001	120,361	21,464,362
715,399	706,842	172,180	46,300	218,480
2,161,892	2,248,188	771,347	6,848	778,195
200,000	233,157	389,791	32,143	421,934
200,000	265,542	267,898	12,844	280,742
32,929	32,000	75,929	-	75,929
-	-	50,718	-	50,718
1,079,890	1,079,890	-	-	-
88,827	94,223	-	11,001	11,001
201,463	181,198	236,425	25,795	262,220
-	220,539	263,575	20,282	283,857
246,290	45,142	369,497	44,895	414,392
9,007	4,448	5,019	25	5,044
523,759	582,661	766,256	37,958	804,214
233,069	268,185	1,045,473	14,845	1,060,318
3,510	3,623	1,210	-	1,210
798,106	1,096,445	(298,339)	437,177	138,838
144,210	142,646	29,761	-	29,761
<u>\$ 27,561,093</u>	<u>\$ 22,672,895</u>	<u>\$ 25,490,741</u>	<u>\$ 1,877,664</u>	<u>\$ 27,368,405</u>
				\$ 619,917
				200
				13,286,473
				13,350,578
				80,266
				1,210
				35,512
				<u>27,374,156</u>
				(5,751)
				<u>\$ 27,368,405</u>

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT

June 30, 2012

1 - Reporting Entity

Fort Leavenworth Unified School District No. 207 (the District) is a municipal corporation governed by a three-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District has no component units.

2 - Summary of Significant Accounting Policies

(a) Fund Descriptions

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, 2012:

GOVERNMENTAL FUNDS

General Fund and Supplemental General Fund are used to account for the general operations of the District and are used to account for all unrestricted resources except those required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by legal or administrative action and to account for expenditures for specific purposes.

FIDUCIARY FUNDS

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

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(b) Basis of Accounting

The statutory basis of accounting, as used in the preparation of this statutory basis financial statement, 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 or 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 approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the District to use the statutory basis of accounting.

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue 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 accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings and equipment owned by the District are not presented in the financial statement. Also, long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statement.

(c) Budget and Tax Cycle

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

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(c) Budget and Tax Cycle (Continued)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The District had no budget amendments for the year ended June 30, 2012.

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 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 with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality 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 agency funds and the following special revenue funds:

Textbook Rental, Construction, Contingency Reserve, Food Service Refunds, Vending Machine, certain federal and other grant funds and District Activity Funds

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

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(c) Budget and Tax Cycle (Continued)

All budgets must be filed with the County Clerk by August 25th. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the District after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

(d) Chargeable Leave Benefits

All certified employees accrue chargeable leave at the rate of 13 days per year, accumulating to a maximum of 113 days. Other employees accrue leave based on the position occupied and contract days. Vacation is accumulated at the rate of 10 to 15 days per year depending upon the employee's length of service and classification. Benefits are prorated for part-time employees.

(e) Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase.

(f) Use of Estimates

The preparation of the financial statement in compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

3 - Deposits and Investments

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 banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. Kansas statutes require that deposits be collateralized and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the District. At June 30, 2012, the District's deposits were not exposed to custodial credit risk.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the 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. At June 30, 2012, the District's investments were not exposed to custodial credit risk.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

3 - Deposits and Investments (Continued)

Investments - At June 30, 2012, the carrying amount of the District's investments was \$ 26,637,051 which consisted of money deposited in the State of Kansas Municipal Investment Pool (MIP) and certificates of deposit. The fair value of the District's position in the MIP is the same as the value of the pool shares. The District's investments in the MIP were rated AA Af/SI+ by Standard & Poor's.

4 - In-substance Receipt in Transit

The District received \$ 182,832 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

The beginning unencumbered cash balance for the Supplemental General Fund has been restated to reflect the application of KMAG Technical Amendment 2011-1 which allows District's to record state aid payments received subsequent to the end of the fiscal year as in-substance receipts in transit.

5 - Defined Benefit Pension Plan

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

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

5 - Defined Benefit Pension Plan (Continued)

The State of Kansas is required to contribute the statutorily required employer's share.

6 - Tax Sheltered Annuity and Deferred Compensation Plans

The District participates in a 403(b) tax sheltered annuity plan and a 457(b) deferred compensation plan (the Plans). Employees who are at least 18 years of age and work 630 hours or more annually are eligible to participate in the Plans. There are no voluntary contributions or rollover contributions allowed under the Plans. However, participants may elect to defer accumulated vacation pay, retroactive back pay and accumulated sick pay into the Plans. Distributions are made upon retirement.

7 - Post Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District 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.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

8 - Interfund Transfers

The District made the following interfund transfers during fiscal year 2012. The transfers were approved by the Board of Education.

From	To	Statutory Authority	Amount
General fund	At-Risk fund	K.S.A. 72-6428	\$ 200,000
General fund	Special education fund	K.S.A. 72-6428	1,921,160
General fund	Contingency reserve fund	K.S.A. 72-6428	233,069
General fund	Bilingual education fund	K.S.A. 72-6428	93,418
Supplemental general fund	Professional development fund	K.S.A. 72-6433	200,000
Supplemental general fund	Parent education fund	K.S.A. 72-6433	32,929

9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the three proceeding years. There have not been significant reductions in coverage from prior years.

10 - Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded appropriations in the professional development fund by \$ 58,599. These over expenditures were funded by excess reserves and available unencumbered cash in the fund.

The District expended monies in excess of available cash in the DODEA grant fund. This was a result of grant reimbursements lagging behind the expenditures for the grant.

SUPPLEMENTARY INFORMATION

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SUMMARY SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2012

	<u>Certified Budget</u>
<u>FUNDS</u>	
Governmental type funds:	
General fund	\$ 10,538,640
Supplemental general	3,517,759
Special revenue:	
Capital outlay	13,690,000
Food service	764,522
Special education	2,347,132
At-Risk	354,755
Professional development	206,943
Parent education	35,000
KPERS special retirement contribution	1,177,721
Federal grant funds (budgeted)	99,276
Bilingual education	<u>200,852</u>
Totals	<u>\$ 32,932,600</u>

<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ (83,916) (5,187)	\$ 28,246	\$ 10,482,970 3,512,572	\$ 10,482,970 3,512,572	\$ - -
-	-	13,690,000	1,472,624	(12,217,376)
-	-	764,522	706,842	(57,680)
-	-	2,347,132	2,248,188	(98,944)
-	-	354,755	233,157	(121,598)
-	-	206,943	265,542	58,599
-	-	35,000	32,000	(3,000)
-	-	1,177,721	1,079,890	(97,831)
-	-	99,276	94,223	(5,053)
-	-	200,852	181,198	(19,654)
<u>\$ (89,103)</u>	<u>\$ 28,246</u>	<u>\$ 32,871,743</u>	<u>\$ 20,309,206</u>	

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

GENERAL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2012

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Taxes	\$ 48,786	\$ 47,352	\$ (1,434)
State equalization aid	5,392,617	3,670,208	(1,722,409)
Federal aid	3,500,000	5,237,556	1,737,556
State special education aid	1,597,237	1,527,854	(69,383)
Total cash receipts	<u>\$ 10,538,640</u>	<u>10,482,970</u>	<u>\$ (55,670)</u>
Expenditures, encumbrances and transfers:			
Instruction	\$ 4,343,458	4,455,991	\$ 112,533
Student support services	442,938	425,825	(17,113)
Instructional support services	131,775	80,682	(51,093)
General administration	419,222	563,060	143,838
School administration	729,653	587,367	(142,286)
Other supplemental services	335,171	377,458	42,287
Operations and maintenance	1,541,811	1,544,940	3,129
Architectural and engineering services	997,375	-	(997,375)
Transfers to other funds	1,597,237	2,447,647	850,410
Budget adjustment to comply with legal maximum	(83,916)		83,916
Additional budget authority attributable to P.L. 103-382, Title VIII	<u>28,246</u>	<u></u>	<u>(28,246)</u>
Total expenditures, encumbrances and transfers	<u>\$ 10,482,970</u>	<u>10,482,970</u>	<u>\$ -</u>
Cash receipts over expenditures, encumbrances and transfers		-	
Unencumbered cash, beginning		<u>-</u>	
Unencumbered cash, ending		<u>\$ -</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SUPPLEMENTAL GENERAL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Taxes	\$ 56,538	\$ 56,025	\$ (513)
Federal aid	575,350	467,305	(108,045)
Supplemental state aid	2,885,871	2,989,242	103,371
Total cash receipts	<u>\$ 3,517,759</u>	<u>3,512,572</u>	<u>\$ (5,187)</u>
Expenditures, encumbrances and transfers:			
Instruction	\$ 2,932,000	2,724,729	\$ (207,271)
Instructional support services	385,946	524,606	138,660
General administration	86,907	2,766	(84,141)
Operations and maintenance	30,000	27,542	(2,458)
Other supplemental services	82,906	-	(82,906)
Transfers to other funds	-	232,929	232,929
Budget adjustment to comply with legal maximum	(5,187)		5,187
Total expenditures, encumbrances and transfers	<u>\$ 3,512,572</u>	<u>3,512,572</u>	<u>\$ -</u>
Cash receipts over expenditures, encumbrances and transfers		-	
Unencumbered cash, beginning, as restated		<u>-</u>	*
Unencumbered cash, ending		<u>\$ -</u>	

* See Note 4 for restatement of beginning unencumbered cash balance.

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

CAPITAL OUTLAY FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Taxes	\$ 11,140	\$ 10,485	\$ (655)
Federal aid	4,200,000	6,868,658	2,668,658
Interest	100,000	42,400	(57,600)
Other	40,000	5,657	(34,343)
Total cash receipts	<u>\$ 4,351,140</u>	<u>6,927,200</u>	<u>\$ 2,576,060</u>
Expenditures and encumbrances:			
Instruction	\$ 40,000	-	\$ (40,000)
Student support services	320,000	61,999	(258,001)
Instructional support services	80,000	73,365	(6,635)
General administration	200,000	-	(200,000)
Central services	100,000	-	(100,000)
Operations and maintenance	450,000	39,433	(410,567)
Transportation	400,000	-	(400,000)
Other support services	100,000	71,341	(28,659)
Food service	-	(91)	(91)
Architectural and engineering services	1,500,000	-	(1,500,000)
New building acquisition and construction	6,000,000	1,068,319	(4,931,681)
Site improvement	4,500,000	158,258	(4,341,742)
Total expenditures and encumbrances	<u>\$ 13,690,000</u>	<u>1,472,624</u>	<u>\$(12,217,376)</u>
Cash receipts over expenditures and encumbrances		5,454,576	
Unencumbered cash, beginning		<u>15,889,425</u>	
Unencumbered cash, ending		<u>\$ 21,344,001</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FOOD SERVICE FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Variance - Over (Under)
Cash receipts:			
School lunches:			
Students	\$ 410,000	\$ 460,016	\$ 50,016
Nonreimbursable	147,250	16,384	(130,866)
School breakfast	25,145	21,896	(3,249)
Federal aid	187,524	205,694	18,170
State aid	7,455	8,558	1,103
Reimbursements	-	431	431
Other revenue	-	2,420	2,420
Miscellaneous	70,000	-	(70,000)
	<u>847,374</u>	<u>715,399</u>	<u>(131,975)</u>
Total cash receipts	<u>\$ 847,374</u>	<u>715,399</u>	<u>\$ (131,975)</u>
Expenditures and encumbrances:			
Food service operation	<u>\$ 764,522</u>	<u>706,842</u>	<u>\$ (57,680)</u>
Cash receipts over expenditures and encumbrances		8,557	
Unencumbered cash, beginning		<u>163,623</u>	
Unencumbered cash, ending		<u>\$ 172,180</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SPECIAL EDUCATION FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Cash receipts and transfers:			
Federal aid	\$ 300,000	\$ 240,151	\$ (59,849)
Transfers from other funds	1,597,237	1,921,160	323,923
Other revenue	-	581	581
	<u>\$ 1,897,237</u>	<u>2,161,892</u>	<u>\$ 264,655</u>
Expenditures and encumbrances:			
Instruction	\$ 2,230,182	2,151,342	\$ (78,840)
Other supplemental services	250	-	(250)
Transportation	116,700	96,846	(19,854)
	<u>\$ 2,347,132</u>	<u>2,248,188</u>	<u>\$ (98,944)</u>
Cash receipts and transfers under expenditures and encumbrances		(86,296)	
Unencumbered cash, beginning		<u>857,643</u>	
Unencumbered cash, ending		<u>\$ 771,347</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

AT-RISK FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Transfers:			
Transfers from other funds	<u>\$ -</u>	\$ 200,000	<u>\$ 200,000</u>
Expenditures and encumbrances:			
Instruction	<u>\$ 354,755</u>	<u>233,157</u>	<u>\$ (121,598)</u>
Transfers under expenditures and encumbrances		(33,157)	
Unencumbered cash, beginning		<u>422,948</u>	
Unencumbered cash, ending		<u>\$ 389,791</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Transfers:			
Transfers from other funds	\$ -	\$ 200,000	\$ 200,000
Expenditures and encumbrances:			
Instruction	\$ -	79,405	\$ 79,405
Instructional support services	200,992	186,137	(14,855)
Other supplemental services	5,951	-	(5,951)
Total expenditures and encumbrances	\$ 206,943	265,542	\$ 58,599
Transfers under expenditures and encumbrances		(65,542)	
Unencumbered cash, beginning		333,440	
Unencumbered cash, ending		\$ 267,898	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

PARENT EDUCATION FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Transfers:			
Transfer from other funds	\$ -	\$ 32,929	\$ 32,929
Expenditures:			
Student support services	\$ 35,000	32,000	\$ (3,000)
Transfers over expenditures		929	
Unencumbered cash, beginning		<u>75,000</u>	
Unencumbered cash, ending		<u>\$ 75,929</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SUMMER SCHOOL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Unencumbered cash, beginning		\$ 50,718	
Unencumbered cash, ending		<u>\$ 50,718</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Cash receipts:			
State aid	\$ 1,177,721	\$ 1,079,890	\$ (97,831)
Expenditures:			
Instruction	\$ 552,512	751,004	\$ 198,492
Student support services	87,873	43,527	(44,346)
Instructional support services	89,527	50,717	(38,810)
General administration	71,020	16,523	(54,497)
School administration	89,723	59,134	(30,589)
Other support services	75,281	32,828	(42,453)
Operations and maintenance	90,759	72,372	(18,387)
Transportation	51,503	19,043	(32,460)
Food service	69,523	34,742	(34,781)
Total expenditures	<u>\$ 1,177,721</u>	<u>1,079,890</u>	<u>\$ (97,831)</u>
Cash receipts over expenditures		-	
Unencumbered cash, beginning		<u>-</u>	
Unencumbered cash, ending		<u>\$ -</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FEDERAL GRANT FUNDS (BUDGETED)

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	Title II-A Teacher Quality
Cash receipts:	
Federal aid	\$ 25,544
Expenditures and encumbrances:	
Instruction	25,544
Instructional support staff	-
Total expenditures and encumbrances	25,544
Cash receipts over expenditures and encumbrances	-
Unencumbered cash, beginning	-
Unencumbered cash, ending	\$ -

(Continued)

<u>Title I</u>	<u>Total Actual</u>	<u>Total Budget</u>	<u>Variance - Over (Under)</u>
<u>\$ 63,283</u>	<u>\$ 88,827</u>	<u>\$ 104,672</u>	<u>\$ (15,845)</u>
68,679	94,223	\$ 41,466	\$ 52,757
<u>-</u>	<u>-</u>	<u>57,810</u>	<u>(57,810)</u>
<u>68,679</u>	<u>94,223</u>	<u>\$ 99,276</u>	<u>\$ (5,053)</u>
(5,396)	(5,396)		
<u>5,396</u>	<u>5,396</u>		
<u>\$ -</u>	<u>\$ -</u>		

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

BILINGUAL EDUCATION FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Cash receipts and transfers:			
Federal aid	\$ -	\$ 108,045	\$ 108,045
Transfers from other funds	-	93,418	93,418
	<u>\$ -</u>	<u>201,463</u>	<u>\$ 201,463</u>
Expenditures and encumbrances:			
Instruction	<u>\$ 200,852</u>	<u>181,198</u>	<u>\$ (19,654)</u>
Cash receipts and transfers over expenditures and encumbrances		20,265	
Unencumbered cash, beginning		<u>216,160</u>	
Unencumbered cash, ending		<u>\$ 236,425</u>	

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

TEXTBOOK RENTAL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Expenditures and encumbrances:	
Instruction	\$ 1,567
Books and supplies	<u>218,972</u>
Total expenditures and encumbrances	220,539
Unencumbered cash, beginning	<u>484,114</u>
Unencumbered cash, ending	<u><u>\$ 263,575</u></u>

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

CONSTRUCTION FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Cash receipts:	
Federal aid	\$ 246,290
Expenditures and encumbrances:	
Architectural and engineering services	<u>45,142</u>
Cash receipts over expenditures and encumbrances	201,148
Unencumbered cash, beginning	<u>168,349</u>
Unencumbered cash, ending	<u><u>\$ 369,497</u></u>

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

VENDING MACHINE FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Cash receipts:	
Vending	\$ 9,007
Expenditures and encumbrances:	
Vending expenses	<u>4,448</u>
Cash receipts over expenditures and encumbrances	4,559
Unencumbered cash, beginning	<u>460</u>
Unencumbered cash, ending	<u><u>\$ 5,019</u></u>

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FEDERAL AND OTHER GRANTS FUND (NON-BUDGETED)

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Cash receipts:	
Federal aid	<u>\$ 523,759</u>
Expenditures and encumbrances:	
Instructional support staff	85,969
Other support services	196,500
Site and building improvements	10,573
Transportation	<u>289,619</u>
Total expenditures and encumbrances	<u>582,661</u>
Cash receipts under expenditures and encumbrances	(58,902)
Unencumbered cash, beginning	<u>825,158</u>
Unencumbered cash, ending	<u><u>\$ 766,256</u></u>

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

CONTINGENCY RESERVE FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Transfers:	
Transfer from other funds	\$ 233,069
Expenditures and encumbrances:	
Instruction	<u>268,185</u>
Transfers under expenditures and encumbrances	(35,116)
Unencumbered cash, beginning	<u>1,080,589</u>
Unencumbered cash, ending	<u><u>\$ 1,045,473</u></u>

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

FOOD SERVICE REFUNDS FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Cash receipts:	
Food service refunds	\$ 3,510
Expenditures:	
Food service refunds expense	<u>3,623</u>
Cash receipts under expenditures	(113)
Unencumbered cash, beginning	<u>1,323</u>
Unencumbered cash, ending	<u><u>\$ 1,210</u></u>

(Continued)

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

DODEA GRANT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2012

Cash receipts:	
Federal aid	<u>\$ 798,106</u>
Expenditures and encumbrances:	
Instruction	188,923
Instructional support staff	<u>907,522</u>
Total expenditures and encumbrances	1,096,445
Cash receipts under expenditures and encumbrances	(298,339)
Unencumbered cash, beginning	<u>-</u>
Unencumbered cash, ending	<u><u>\$ (298,339)</u></u>

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

STUDENT ORGANIZATION FUNDS

SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2012

	Balance July 1	Cash Receipts	Cash Disbursements	Balance June 30
Patton Junior High:				
Pep club	\$ 674	\$ 451	\$ 839	\$ 286
Student council	2,222	4,562	5,017	1,767
Chief's Hearts	1,150	-	40	1,110
Edison Award	145	853	592	406
National Junior	28	1,236	1,239	25
Annual	2,634	5,835	6,312	2,157
	<hr/>	<hr/>	<hr/>	<hr/>
Total all funds	\$ 6,853	\$ 12,937	\$ 14,039	\$ 5,751
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

DISTRICT ACTIVITY FUNDS

SCHEDULE OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year Ended June 30, 2012

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Transfers	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Patton Junior High:								
Sales tax	\$ 176	\$ -	\$ 822	\$ 849	\$ -	\$ 149	\$ -	\$ 149
Lounge	113	-	-	113	-	-	-	-
Impress fund	750	-	14,322	14,322	-	750	-	750
Site-based council	1,804	-	5,644	6,165	-	1,283	-	1,283
Book fair	1,197	-	4,004	5,047	-	154	-	154
Close up fund	-	-	25,900	25,876	-	24	-	24
PSAT AP exams	-	-	1,374	1,254	-	120	-	120
AP history	-	-	105	105	-	-	-	-
Tournament	537	-	71	319	-	289	-	289
Subtotal Patton Junior High	4,577	-	52,242	54,050	-	2,769	-	2,769
Bradley Elementary	5,095	-	30,417	29,249	-	6,263	-	6,263
Eisenhower Elementary	12,557	1,145	31,728	31,846	-	13,584	-	13,584
MacArthur Elementary	4,823	-	29,823	27,501	-	7,145	-	7,145
Total all funds	\$ 27,052	\$ 1,145	\$ 144,210	\$ 142,646	\$ -	\$ 29,761	\$ -	\$ 29,761

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

Grant Title	Federal CFDA Number	Program Award
U.S. Department of Education:		
Impact Aid	84.041	\$ 13,163,155
Passed through Kansas State Department of Education:		
Title I Grants to Local Education Agencies	84.010	73,577
Title II-A, Teacher Quality	84.367	25,544
Education Jobs Fund	84.410	4,850
Total U.S. Department of Education		
U.S. Department of Agriculture:		
Passed through Kansas State Department of Education:		
Child Nutrition Cluster:		
National School Breakfast program	10.553	25,697
National School Lunch program	10.555	179,997
Total U.S. Department of Agriculture		
U.S. Department of Defense:		
Support for Student Achievement at Military Connected Schools (CYBER T.E.A.M.S.) 2011-2012	12.556	985,854
Support for Student Achievement at Military Connected Schools (CYBER T.E.A.M.S.) 2012-2013	12.556	800,501
National Defense Authorization Act 2009-2010	12.558	434,234
National Defense Authorization Act 2010-2011	12.558	425,279
National Defense Authorization Act 2011-2012	12.558	523,759
Total U.S. Department of Defense		
Totals		

* Award amount was amended in current year.

See accompanying notes to schedule of expenditures
of federal awards.

Unencumbered Cash Balance July 1, 2011	Receipts and Transfers	Disbursements, Accounts Payable, Encumbrances and Transfers	Unencumbered Cash Balance June 30, 2012
\$ 8,712,937	\$ 13,163,155	\$ 7,729,767	\$ 14,146,325
5,396	63,283	68,679	-
-	25,544	25,544	-
-	4,850	4,850	-
8,718,333	13,256,832	7,828,840	14,146,325
-	25,697	25,697	-
-	179,997	179,997	-
-	205,694	205,694	-
-	798,106	977,788	(179,682)
-	-	118,657	(118,657)
399,879	-	399,879	-
425,279	-	182,782	242,497
-	523,759	-	523,759
825,158	1,321,865	1,679,106	467,917
\$ 9,543,491	\$ 14,784,391	\$ 9,713,640	\$ 14,614,242

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of Fort Leavenworth Unified School District No. 207 (the District). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the cash basis of accounting for revenues and the modified accrual basis of accounting for expenditures, which is described in Note 2 to the District's financial statements.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

I. Summary of independent auditor's results:

Financial Statements

Type of auditor's report issued	Unqualified – statutory basis Adverse – GAAP basis
---------------------------------	---

Internal control over financial reporting:

Material weaknesses identified	None
--------------------------------	------

Significant deficiencies identified that are not considered to be material weaknesses	None reported
--	---------------

Noncompliance material to financial statements noted	None
--	------

Federal Awards

Type of auditor's report issued on compliance for major programs	Unqualified for all three major programs
---	---

Internal control over major programs:

Material weaknesses identified	None
--------------------------------	------

Significant deficiencies identified that are not considered to be material weaknesses	Finding 2012-1
--	----------------

Findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	Finding 2012-1
--	----------------

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.041	Impact Aid
12.556	Support for Student Achievement at Military Connected Schools (CYBER T.E.A.M.S.)
12.558	National Defense Authorization Act
Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
Auditee qualified as low-risk auditee	Yes

II. Financial Statement Findings – None.

III. Findings and Questioned Costs for Federal Awards

Finding 2012-1 – Significant Deficiency

Federal Program – Impact Aid (CFDA No. 84.041), U.S. Department of Education, Grant Awards active in 2011 and 2012; Support for Student Achievement at Military Connected Schools (CYBER T.E.A.M.S.) (CFDA No. 12.556), U.S. Department of Defense, Grant Award Years 2012 and 2013; National Defense Authorization Act, (CDFA No. 12.558) U.S. Department of Defense, Grant Award Years 2010 and 2011

Compliance Requirement – Activities Allowed or Unallowed and Allowable Costs.

Condition – Certain expenditures were not properly approved prior to payment.

Context – Four of eighteen expenditures tested for CFDA No. 84.041, two of sixty expenditures tested for CFDA No. 12.556 and five of sixty expenditures tested for CFDA No. 12.558 lacked appropriate approval documentation.

Criteria – To ensure that only allowable costs are paid for with federal funding, the District is required to implement controls to safeguard federal funding, including obtaining approval from individuals with the authority to approve expenditures.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause – The District did not follow internal procedures to ensure that the expenditures are approved by the appropriate individuals.

Effect – This deficiency allowed for an employee to circumvent the payment process and use District monies to make personal purchases.

Questioned Costs – A total of \$ 4,607 were identified as known questioned costs, however these questioned costs were funded with both federal and non-federal monies. The District reviewed all expenditures involving the employee in question in order to identify the questioned costs.

Recommendation – We recommend the District follow internal procedures to ensure that all expenditures obtain the appropriate approval prior to payment to the vendor or employee.

Management's Response/Correct Action Plan (Unaudited) – Management acknowledges that purchase orders (POs) were processed expending funds inappropriately from the General Fund. The General Fund is comprised of both State Aid Funds and Impact Aid Funds. This occurred as a result of a breakdown in internal controls between the CFO and the individual in Accounts Payable. The CFO now crosschecks the Purchase Order numbers to ensure there are no gaps in the sequence of purchase order numbers. In the past, the Accounts Payable submitted Purchase Orders to the CFO for approval. The CFO reviewed and approved or disapproved of the POs submitted. The CFO had no mechanism to ensure that every purchase order processed was also submitted for approval. The accounts payable person processed POs (to pay for inappropriate credit card purchases) that had never been submitted to the CFO for scrutiny and then the summary of the POs (Warrant Report) was submitted to the Board for final approval.

Again, the CFO now crosschecks the sequence of every PO number to ensure there are no POs that could be processed without the CFO approval. This ensures that no PO is processed that has not first been scrutinized by the CFO.

FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

None.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

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

Board of Education
Ft. Leavenworth Unified School District No. 207:

We have audited the financial statement of Ft. Leavenworth Unified School District No. 207 (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 30, 2012. Our report contained an adverse opinion because the financial statements were presented using accounting practices prescribed or permitted by the State of Kansas. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective 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 statement, 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.

BERBERICH TRAHAN & CO., P.A.
3630 SW Burlingame Rd., Topeka, KS 66611-2050
t 785-234-3427 toll-free 800-530-5526 f 785-233-1768
brandco CPA.com

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, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berberick Trahan & Co., P.A.

October 30, 2012



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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**

Board of Education
Ft. Leavenworth Unified School District No. 207:

Compliance

We have audited Ft. Leavenworth Unified School District No. 207's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's 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 District's management. Our responsibility is to express an opinion 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 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 considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2012-1.

Internal Control Over Compliance

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 requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2012-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Education, management, other within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berberick Trahan & Co., P.A.

October 30, 2012