



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

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

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

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

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2009

TABLE OF CONTENTS

		<u>Page</u>
Independent Auditors' Report		1 - 2
Financial Statements:	<u>Statement</u>	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	1	3 - 4
Summary of Expenditures – Budget and Actual	2	5 - 6
Statement of Cash Receipts and Expenditures:	3	
General Fund		7
Supplemental General Fund		8
Capital Outlay Fund		9
Driver Training Fund		10
Food Service Fund		11
Special Education Fund		12
At-Risk Fund		13
Professional Development Fund		14
Parent Education Fund		15
Summer School Fund		16
KPERs Special Retirement Contribution Fund		17
Federal Grant Funds (Budgeted)		18 - 19
Bilingual Education		20
Textbook Rental Fund		21
Construction Fund		22
School Retirement Fund		23
Vending Machine Fund		24
Federal and Other Grants (Non-Budgeted)		25
Contingency Reserve Fund		26
Summary of Cash Receipts and Disbursements:		
Student Organization Funds	4	27
Statement of Cash Receipts, Expenditures and Unencumbered Cash:		
District Activity Funds	5	28

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

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended June 30, 2009

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Notes to Financial Statements	29 - 38
Supplementary Information:	
Schedule of Expenditures of Federal Awards	39 - 40
Notes to Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42 - 43
Schedule of Prior Year Audit Findings and Questioned Costs	44
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>	45 - 46
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	47 - 48



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Fort Leavenworth Unified School District No. 207 (the District) as of and for the year ended June 30, 2009, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the District has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects 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 each fund of the District as of June 30, 2009, or changes in financial position thereof for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Fort Leavenworth Unified School District No. 207 as of June 30, 2009, and their respective cash receipts and disbursements and budgetary results 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 February 19, 2010 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 statements taken as a whole. 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 financial statements of Fort Leavenworth Unified School District No. 207. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Berberich Trehan & Co., P.A.

February 19, 2010

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<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>
\$ 9,845,533	\$ 10,319,838	\$ (800,730)	\$ 954,170	\$ 153,440
2,867,976	3,113,203	(427,802)	22,181	(405,621)
4,838,420	4,016,009	9,673,444	631,869	10,305,313
-	3,630	-	-	-
748,363	749,406	71,924	31,795	103,719
2,284,059	1,863,034	1,025,463	5,173	1,030,636
286,040	233,796	52,244	18,707	70,951
324,820	293,704	107,560	27,709	135,269
15,000	15,000	-	-	-
10,000	-	50,718	-	50,718
656,896	656,896	-	-	-
66,857	66,857	-	4,706	4,706
156,042	110,886	56,254	11,905	68,159
309,615	600,899	395,204	289,176	684,380
425,021	25,184	417,267	350	417,617
201,643	74,700	1,112,862	-	1,112,862
440	353	1,539	-	1,539
321,746	25,897	524,929	5,396	530,325
375,507	-	973,427	-	973,427
104,182	97,113	27,328	-	27,328
<u>\$ 23,838,160</u>	<u>\$ 22,266,405</u>	<u>\$ 13,261,631</u>	<u>\$ 2,003,137</u>	<u>\$ 15,264,768</u>
				\$ 374,116
				200
				4,710,462
				8,204,707
				1,947,955
				32,124
				<u>15,269,564</u>
				<u>(4,796)</u>
				<u>\$ 15,264,768</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>
\$ (1,480,364) (423,666)	\$ 10,638 -	\$ 10,319,838 3,113,203	\$ 10,319,838 3,113,203	\$ - -
-	-	7,500,000	4,016,009	(3,483,991)
-	-	-	3,630	3,630
-	-	929,638	749,406	(180,232)
-	175,626	2,832,354	1,863,034	(969,320)
-	-	337,189	233,796	(103,393)
-	-	330,257	293,704	(36,553)
-	-	15,000	15,000	-
-	-	18,500	-	(18,500)
-	-	741,528	656,896	(84,632)
-	-	66,857	66,857	-
<u>\$ (1,904,030)</u>	<u>\$ 186,264</u>	<u>\$ 26,204,364</u>	<u>\$ 21,331,373</u>	

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

SUPPLEMENTAL GENERAL FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Taxes	\$ 50,577	\$ 58,470	\$ 7,893
Supplemental state aid	3,475,797	2,809,506	(666,291)
Total cash receipts	\$ 3,526,374	2,867,976	\$ (658,398)
Expenditures, encumbrances and transfers:			
Instruction	\$ 2,565,880	2,513,475	\$ (52,405)
Instructional support	194,425	556,502	362,077
General administration	116,581	12,331	(104,250)
Operations and maintenance	116,933	30,895	(86,038)
Transfers to other funds	420,080	-	(420,080)
Architectural and engineering services	41,370	-	(41,370)
Other supplemental services	81,600	-	(81,600)
Budget adjustment to comply with legal maximum	(423,666)		423,666
Total expenditures, encumbrances and transfers	\$ 3,113,203	3,113,203	\$ -
Cash receipts under expenditures, encumbrances and transfers		(245,227)	
Unencumbered cash, beginning		(182,860)	
Adjustment to unencumbered cash for prior year canceled encumbrances		285	
Unencumbered cash, ending		\$ (427,802) *	

*See Note 8 for statutory basis unencumbered cash balance.

(Continued)

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

CAPITAL OUTLAY FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Taxes	\$ 9,923	\$ 11,349	\$ 1,426
Federal aid	7,273,749	4,700,510	(2,573,239)
State aid	7,493	7,489	(4)
Interest	175,000	113,016	(61,984)
Other	40,000	6,056	(33,944)
Total cash receipts	\$ 7,506,165	4,838,420	\$ (2,667,745)
Expenditures and encumbrances:			
Instruction	\$ 1,800	672	\$ (1,128)
Student support services	896,000	947,054	51,054
Instructional support services	2,200	2,138	(62)
Other support services	99,000	-	(99,000)
Architectural and engineering services	400,000	136,127	(263,873)
New building acquisition and construction	6,000,000	2,481,344	(3,518,656)
Transportation	-	248,344	248,344
Site improvement	101,000	200,330	99,330
Total expenditures and encumbrances	\$ 7,500,000	4,016,009	\$ (3,483,991)
Cash receipts over expenditures and encumbrances		822,411	
Unencumbered cash, beginning		8,851,033	
Unencumbered cash, ending		\$ 9,673,444	

(Continued)

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

DRIVER TRAINING FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Expenditures:			
Transfers to other funds	\$ -	\$ 3,630	\$ 3,630
Unencumbered cash, beginning		3,630	
Unencumbered cash, ending		\$ -	

(Continued)

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

FOOD SERVICE FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
School lunches:			
Students	\$ 486,350	\$ 464,088	\$ (22,262)
Nonreimbursable	72,000	43,822	(28,178)
School breakfast	25,100	22,081	(3,019)
Federal aid	216,027	208,289	(7,738)
State aid	12,195	9,674	(2,521)
Miscellaneous	15,000	409	(14,591)
Transfers from other funds	30,000	-	(30,000)
Total cash receipts and transfers	\$ 856,672	748,363	\$ (108,309)
Expenditures and encumbrances:			
Food service operation	\$ 929,638	749,406	\$ (180,232)
Cash receipts and transfers under expenditures and encumbrances		(1,043)	
Unencumbered cash, beginning		72,967	
Unencumbered cash, ending		\$ 71,924	

(Continued)

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

SPECIAL EDUCATION FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Federal aid	\$ 683,162	\$ 858,788	\$ 175,626
Transfers from other funds	1,369,128	1,425,271	56,143
Total cash receipts and transfers	\$ 2,052,290	2,284,059	\$ 231,769
Expenditures and encumbrances:			
Instruction	\$ 2,548,228	1,794,198	\$ (754,030)
Other supplemental services	500	-	(500)
Transportation	108,000	68,836	(39,164)
Legal budget	2,656,728	1,863,034	(793,694)
Adjustment to budget authority attributable to additional federal funds received	175,626		(175,626)
Total expenditures and encumbrances	\$ 2,832,354	1,863,034	\$ (969,320)
Cash receipts and transfers over expenditures and encumbrances		421,025	
Unencumbered cash, beginning		604,438	
Unencumbered cash, ending		\$ 1,025,463	

(Continued)

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

AT-RISK FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Local sources	\$ 37,189	\$ -	\$ (37,189)
Transfers from other funds	300,000	286,040	(13,960)
Total cash receipts and transfers	\$ 337,189	286,040	\$ (51,149)
Expenditures and encumbrances:			
Instruction	\$ 337,189	233,796	\$ (103,393)
Cash receipts and transfers over expenditures and encumbrances		52,244	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		\$ 52,244	

(Continued)

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

PROFESSIONAL DEVELOPMENT FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
State aid	\$ 9,300	\$ 4,820	\$ (4,480)
Federal aid	-	320,000	320,000
Transfers from other funds	244,511	-	(244,511)
Total cash receipts and transfers	\$ 253,811	324,820	\$ 71,009
Expenditures and encumbrances:			
Instructional support services	\$ 318,757	293,704	\$ (25,053)
Other	11,500	-	(11,500)
Total expenditures and encumbrances	\$ 330,257	293,704	\$ (36,553)
Cash receipts and transfers over expenditures and encumbrances		31,116	
Unencumbered cash, beginning		76,444	
Unencumbered cash, ending		\$ 107,560	

(Continued)

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

PARENT EDUCATION FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Transfers:			
Transfer from other funds	\$ 15,000	\$ 15,000	\$ -
Expenditures:			
Purchased services	\$ 15,000	15,000	\$ -
Transfers over expenditures		-	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		\$ -	

(Continued)

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

SUMMER SCHOOL FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Fees	\$ 1,000	\$ -	\$ (1,000)
Federal aid	-	10,000	10,000
Transfers from other funds	17,500	-	(17,500)
Total cash receipts and transfers	\$ 18,500	10,000	\$ (8,500)
Expenditures:			
Instruction	\$ 15,500	-	\$ (15,500)
Instructional support staff	3,000	-	(3,000)
Total expenditures	\$ 18,500	-	\$ (18,500)
Cash receipts and transfers over expenditures		10,000	
Unencumbered cash, beginning		40,718	
Unencumbered cash, ending		\$ 50,718	

(Continued)

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

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

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

Year Ended June 30, 2009

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
State aid	\$ 741,528	\$ 656,896	\$ (84,632)
Expenditures:			
Instruction	\$ 504,046	451,025	\$ (53,021)
Student support services	39,407	27,275	(12,132)
Instructional support services	41,061	26,253	(14,808)
General administration	22,554	14,071	(8,483)
School administration	41,257	41,937	680
Other support services	26,815	24,021	(2,794)
Operations and maintenance	42,293	49,047	6,754
Transportation	3,037	3,466	429
Food service	21,058	19,801	(1,257)
Total expenditures	\$ 741,528	656,896	\$ (84,632)
Cash receipts over expenditures		-	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		\$ -	

(Continued)

Drug Free Schools and Communities	Title I	Title II-D Education Technology	Total Actual	Total Budget	Variance - Over (Under)
\$ 2,773	\$ 34,795	\$ 333	\$ 66,857	\$ 66,857	\$ -
<u>2,773</u>	<u>34,795</u>	<u>333</u>	<u>66,857</u>	<u>\$ 66,857</u>	<u>\$ -</u>
-	-	-	-		
-	-	-	-		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

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

BILINGUAL EDUCATION

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

Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Over (Under)</u>
Cash receipts and transfers:			
Federal aid	\$ -	\$ 150,000	\$ 150,000
Transfers from other funds	<u>125,816</u>	<u>6,042</u>	<u>(119,774)</u>
Total cash receipts and transfers	<u>\$ 125,816</u>	156,042	<u>\$ 30,226</u>
Expenditures and encumbrances:			
Instruction	<u>\$ 136,914</u>	<u>110,886</u>	<u>\$ (26,028)</u>
Cash receipts and transfers over expenditures and encumbrances		45,156	
Unencumbered cash, beginning		<u>11,098</u>	
Unencumbered cash, ending		<u>\$ 56,254</u>	

(Continued)

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

TEXTBOOK RENTAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2009

Cash receipts:	
Federal aid	\$ 309,029
Textbook rental fees	586
	<hr/>
Total cash receipts	309,615
Expenditures and encumbrances:	
Books and supplies	600,899
	<hr/>
Cash receipts under expenditures and encumbrances	(291,284)
Unencumbered cash, beginning	686,488
	<hr/>
Unencumbered cash, ending	\$ 395,204
	<hr/> <hr/>

(Continued)

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

CONSTRUCTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2009

Cash receipts:		
Federal aid	\$	425,021
Expenditures and encumbrances:		
Architectural and engineering services		<u>25,184</u>
Cash receipts over expenditures and encumbrances		399,837
Unencumbered cash, beginning		17,118
Adjustment to unencumbered cash for prior year canceled encumbrances		<u>312</u>
Unencumbered cash, ending	\$	<u><u>417,267</u></u>

(Continued)

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

SCHOOL RETIREMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2009

Cash receipts:	
Interest	\$ 101,643
Federal aid	100,000
	<hr/>
Total cash receipts	201,643
Expenditures:	
Instruction	74,700
	<hr/>
Cash receipts over expenditures	126,943
Unencumbered cash, beginning	985,919
	<hr/>
Unencumbered cash, ending	<u>\$ 1,112,862</u>

(Continued)

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

VENDING MACHINE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2009

Cash receipts:		
Vending	\$	440
Expenditures:		
Vending expenses		<u>353</u>
Cash receipts over expenditures		87
Unencumbered cash, beginning		<u>1,452</u>
Unencumbered cash, ending	\$	<u><u>1,539</u></u>

(Continued)

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

FEDERAL AND OTHER GRANTS (NON-BUDGETED)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2009

Cash receipts:		
Federal aid	\$	321,746
Expenditures and encumbrances:		
Other expenses		<u>25,897</u>
Cash receipts over expenditures and encumbrances		295,849
Unencumbered cash, beginning		<u>229,080</u>
Unencumbered cash, ending	\$	<u><u>524,929</u></u>

(Continued)

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

CONTINGENCY RESERVE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
(Continued)

Year Ended June 30, 2009

Transfers:		
Transfer from other funds	\$	375,507
Unencumbered cash, beginning		<u>597,920</u>
Unencumbered cash, ending	\$	<u><u>973,427</u></u>

See accompanying notes to financial statements.

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

STUDENT ORGANIZATION FUNDS

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2009

	<u>Balance July 1</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30</u>
Patton Junior High:				
Pep club	\$ 1,767	\$ 267	\$ 323	\$ 1,711
Student council	378	2,288	1,643	1,023
Chief's Hearts	-	1,175	-	1,175
Annual	934	6,162	6,209	887
	<u>934</u>	<u>6,162</u>	<u>6,209</u>	<u>887</u>
Total all funds	<u>\$ 3,079</u>	<u>\$ 9,892</u>	<u>\$ 8,175</u>	<u>\$ 4,796</u>

See accompanying notes to financial statements.

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

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year Ended June 30, 2009

	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	\$ 115	\$ -	\$ 494	\$ 518	\$ -	\$ 91	\$ -	\$ 91
Lounge	51	-	62	-	-	113	-	113
Impress fund	750	-	11,965	11,965	-	750	-	750
Site-based council	183	-	202	117	-	268	-	268
Book fair	648	-	4,399	4,357	-	690	-	690
Tournament	856	-	3,296	3,077	-	1,075	-	1,075
Subtotal Patton Junior High	2,603	-	20,418	20,034	-	2,987	-	2,987
Bradley Elementary	4,498	-	22,576	20,957	-	6,117	-	6,117
Eisenhower Elementary	8,135	-	26,840	23,551	-	11,424	-	11,424
MacArthur Elementary	5,023	-	34,348	32,571	-	6,800	-	6,800
Total all funds	\$ 20,259	\$ -	\$ 104,182	\$ 97,113	\$ -	\$ 27,328	\$ -	\$ 27,328

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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, 2009:

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 STATEMENTS
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

(b) 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 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.

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 statements. Also, long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

(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 STATEMENTS
(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, 2009.

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, School Retirement, Contingency Reserve, 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 STATEMENTS
(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 financial statements 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 statements 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 STATEMENTS
(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, 2009, 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, 2009, the District's investments were not exposed to custodial credit risk.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Deposits and Investments (Continued)

Investments - At June 30, 2009, the carrying amount of the District's investments was \$ 12,915,169 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 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by the District 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 7.97% of covered payroll for July 1, 2008 to February 28, 2009 and 6.97% of covered payroll for March 1, 2009 to June 30, 2009. 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, 2009, 2008 and 2007 were \$ 242,277,363, \$ 220,815,154 and \$ 192,425,626, respectively, equal to the statutory required contributions for each year. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Capital Lease

The District has a lease purchase agreement for multiple copying machines used throughout the District.

Changes in the lease agreement amount for the District for the year ended June 30, 2009 were as follows:

Issue	Interest Rate	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital Lease: Copying machines	8%	12/16/2003	\$ 178,079	12/16/08	\$ 21,189	\$ -	\$ (21,189)		\$ -	\$ 500

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Interfund Transfers

The District made the following interfund transfers during fiscal year 2009. The transfers were approved by the Board of Education.

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Contingency Reserve	K.S.A. 72-6428	\$ 375,507
General	Parent Education	K.S.A. 72-6428	15,000
General	Special Education	K.S.A. 72-6428	244,435
General	Special Education Pass Thru	K.S.A. 72-6428	1,180,836
General	At-Risk	K.S.A. 72-6428	286,040
General	Bilingual Education	K.S.A. 72-6428	6,042

8 - Statutory Compliance

The District expended monies in excess of available cash in the General Fund and the Supplemental General Fund. This was a result of K.S.A. 72-6417(d) and K.S.A. 72-6434(d) which require the 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 District after June 30, as a receipt for the year ending on June 30. The monies due to the District from the State were received in July 2009.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - Statutory Compliance (Continued)

Following is a reconciliation of unencumbered cash needed as a result of the late state aid payment:

	General	Supplemental General
Unencumbered cash balance at June 30, 2009 per audited financial statements	\$ (800,730)	\$ (427,802)
State aid payment received July 2009:		
General State Aid	358,755	-
Special Education Services Aid	446,817	-
Supplemental General State Aid	-	452,533
	805,572	452,533
Unencumbered cash balance at June 30, 2009 for budget purposes	\$ 4,842	\$ 24,731

Additionally, the District received \$ 9,638 for professional development aid and \$ 6,000 for mentor teacher aid in July 2009 that was due from the State of Kansas in June 2009.

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 - Subsequent Events

The District has evaluated subsequent events through the date of the independent auditors' report, which is the date that the financial statements are available to be issued.

The State of Kansas has informed the District that there will be a reduction in the base state aid per pupil for fiscal year 2010 resulting in an overall reduction of funding from the State of Kansas. The District is reviewing its options to accommodate this reduction in funding.

SUPPLEMENTARY INFORMATION

Unencumbered Cash Balance July 1, 2008	Receipts and Transfers	Disbursements, Accounts Payable, Encumbrances and Transfers	Unencumbered Cash Balance June 30, 2009
\$ -	\$ 10,081,052	\$ 8,629,658	\$ 1,451,394
-	404,595	23,056	381,539
-	34,795	34,795	-
-	2,773	2,773	-
-	28,956	28,956	-
-	333	333	-
<u>-</u>	<u>10,552,504</u>	<u>8,719,571</u>	<u>1,832,933</u>
-	157,440	157,440	-
<u>-</u>	<u>20,849</u>	<u>20,849</u>	<u>-</u>
<u>-</u>	<u>178,289</u>	<u>178,289</u>	<u>-</u>
229,080	-	25,897	203,183
<u>-</u>	<u>321,746</u>	<u>-</u>	<u>321,746</u>
<u>229,080</u>	<u>321,746</u>	<u>25,897</u>	<u>524,929</u>
<u>\$ 229,080</u>	<u>\$ 11,052,539</u>	<u>\$ 8,923,757</u>	<u>\$ 2,357,862</u>

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2009

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. 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.

3 - Relationship to Financial Statements

Federal award receipts are reported in the District's financial statements as follows:

	Federal Aid
General fund	\$ 3,582,299
Special revenue funds:	
Capital outlay	4,700,510
Food service	208,289
Special education	858,788
Professional development	320,000
Summer school	10,000
Federal grants (budgeted)	66,857
Bilingual education	150,000
Textbook rental	309,029
Construction	425,021
School retirement	100,000
Federal and other grants (non-budgeted)	321,746
	\$ 11,052,539

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

I. Summary of independent auditors' results:

Financial Statements

Type of auditors' report issued	Unqualified – statutory basis Adverse – GAAP basis
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Internal control over financial reporting:

Material weaknesses identified	None
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Significant deficiencies identified that are not considered to be material weaknesses	None reported
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Noncompliance material to financial statements noted	None
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Federal Awards

Type of auditors' report issued on compliance for major programs	Unqualified
------------------------------------------------------------------	-------------

Internal control over major programs:

Material weaknesses identified	None
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Significant deficiencies identified that are not considered to be material weaknesses	2009-1
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Findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	2009-1
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Identification of major program:

<u>CFDA Number</u> 84.041/84.404A	<u>Name of Federal Program</u> Impact Aid Cluster
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Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
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Auditee qualified as low-risk auditee	Yes
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FORT LEAVENWORTH UNIFIED SCHOOL DISTRICT NO. 207
FORT LEAVENWORTH, KANSAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

There were no audit findings or questioned costs noted in the prior year audit.



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

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

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

We have audited the financial statements of Fort Leavenworth Unified School District No. 207 (the District) as of and for the year ended June 30, 2009, and have issued our report thereon dated February 19, 2010. 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

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting practices prescribed or permitted by the State of Kansas such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Fort Leavenworth Unified School District No. 207 (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The District's major federal program is 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 its major federal program 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 requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009. 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 2009-1.

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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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 it.

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

Berberich Trehan & Co., P.A.

February 19, 2010

