

**AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
AUGUSTA, KANSAS**

**FINANCIAL STATEMENTS
JUNE 30, 2010**

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Augusta Unified School District No. 402
Augusta, Kansas**

We have audited the accompanying financial statements of **Augusta Unified School District No. 402, Augusta, Kansas**, as of and for the year ended **June 30, 2010**, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the District's 2009 financial statements and, in our report dated December 15, 2009, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

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

As described more fully in Note 1, **Augusta Unified School District No. 402, Augusta, Kansas**, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Augusta Unified School District No. 402, Augusta, Kansas**, as of **June 30, 2010**, or changes in financial position for the year then ended.

**Board of Education
Augusta Unified School District No. 402**

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Augusta Unified School District No. 402, Augusta, Kansas**, as of **June 30, 2010**, and its cash receipts and expenditure and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2011, on our consideration of **Augusta Unified School District No. 402, Augusta, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of **Augusta Unified School District No. 402, Augusta, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Busby Ford & Reimer, LLC
Busby Ford & Reimer, LLC
February 7, 2011

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
		Comply with Legal Max	(212,290)	Qualifying Budget Credits	\$			
General Fund	\$ 12,422,010	\$	(212,290)	\$	56,997	\$ 12,266,717	\$ 12,266,717	\$ 0
Special Revenue Funds								
Supplemental General	3,966,848		0		0	3,966,848	3,966,848	0
At Risk (4 Year Old)	63,270		0		0	63,270	62,455	815
At Risk (K-12)	1,120,000		0		0	1,120,000	1,059,867	60,133
Bilingual Education	13,000		0		0	13,000	12,269	731
Capital Outlay	1,706,820		0		0	1,706,820	306,831	1,399,989
Driver Training	26,517		0		0	26,517	18,599	7,918
Food Service	950,647		0		0	950,647	882,350	68,297
Professional Development	68,323		0		0	68,323	21,289	47,034
Summer School	49,641		0		0	49,641	5,834	43,807
Special Education	2,045,000		0		0	2,045,000	1,920,500	124,500
Vocational Education	892,720		0		0	892,720	593,750	298,970
KPERS Contribution	829,602		0		0	829,602	379,025	450,577
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	501,463	XXXXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	52,063	XXXXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXXXX
Textbook & Student Material								
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	81,708	XXXXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	50,139	XXXXXXXXXXXX
Debt Service Funds								
Bond and Interest	2,498,022		0		0	2,498,022	2,497,521	501
Special Assessment	2,323		0		0	2,323	2,323	0
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	7,539,465	XXXXXXXXXXXX
	<u>\$ 26,654,743</u>	<u>\$</u>	<u>(212,290)</u>	<u>\$</u>	<u>56,997</u>	<u>\$ 26,499,450</u>	<u>\$ 32,221,016</u>	<u>\$ 2,503,272</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>General Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 1,392,749	\$ 1,399,901	\$ 1,348,992	\$ 50,909
State Sources	11,138,787	10,589,698	10,504,529	85,169
Federal Sources	0	568,188	568,188	0
	<u>12,531,536</u>	<u>12,557,787</u>	<u>\$ 12,421,709</u>	<u>\$ 136,078</u>
Expenditures				
Instruction	4,002,732	3,621,629	\$ 3,953,942	\$ 332,313
Student Support Services	568,850	488,247	483,911	(4,336)
Instructional Support Staff	401,176	411,214	424,813	13,599
General Administration	656,181	622,134	658,339	36,205
School Administration	1,033,619	1,025,165	1,045,765	20,600
Operations & Maintenance	1,664,567	1,558,306	1,697,821	139,515
Student Transportation Services	335,913	293,290	330,236	36,946
Other Supplemental Services	238,827	275,826	291,865	16,039
Transfers	4,253,786	3,970,906	3,535,318	(435,588)
Adjustment to Comply with Legal Max	0	0	(212,290)	(212,290)
Adjustment for Qualifying Budget Credits	0	0	56,997	56,997
	<u>13,155,651</u>	<u>12,266,717</u>	<u>\$ 12,266,717</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(624,115)	291,070		
Unencumbered Cash, Beginning	(947,384)	(1,571,199)		
Prior Year Canceled Encumbrances	<u>300</u>	<u>223</u>		
Unencumbered Cash, Ending	<u>\$ (1,571,199)</u>	<u>\$ (1,279,906)</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 1,228,738	\$ 1,366,795	\$ 1,325,859	\$ 40,936
County Sources	220,078	200,909	214,048	(13,139)
State Sources	2,130,929	1,779,449	2,347,739	(568,290)
Federal Sources	0	593,172	0	593,172
	<u>3,579,745</u>	<u>3,940,325</u>	<u>\$ 3,887,646</u>	<u>\$ 52,679</u>
Expenditures				
Instruction	3,326,723	3,441,785	\$ 3,475,381	\$ 33,596
Student Support Services	76,391	41,468	38,650	(2,818)
School Administration	5,395	0	0	0
Operations & Maintenance	20,391	1,903	21,000	19,097
Other Supplemental Services	209,602	211,258	211,383	125
Architectural & Engineering Services	41,399	0	0	0
Transfers	270,434	270,434	220,434	(50,000)
	<u>3,950,335</u>	<u>3,966,848</u>	<u>\$ 3,966,848</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(370,590)	(26,523)		
Unencumbered Cash, Beginning	(43,234)	(413,799)		
Prior Year Canceled Encumbrances	<u>25</u>	<u>5</u>		
Unencumbered Cash, Ending	<u>\$ (413,799)</u>	<u>\$ (440,317)</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>At Risk (4 Year Old) Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Transfers	\$ 66,000	\$ 62,455	\$ 63,270	\$ (815)
	<u>66,000</u>	<u>62,455</u>	<u>\$ 63,270</u>	<u>\$ (815)</u>
Expenditures				
Instruction	61,465	59,268	\$ 61,573	\$ 2,305
Instruction Support Staff	4,535	3,187	1,697	(1,490)
	<u>66,000</u>	<u>62,455</u>	<u>\$ 63,270</u>	<u>\$ 815</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>At Risk (K-12) Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 0	\$ 0	\$ 25,000	\$ (25,000)
Transfers	<u>1,030,841</u>	<u>1,115,737</u>	<u>1,095,000</u>	<u>20,737</u>
	<u>1,030,841</u>	<u>1,115,737</u>	<u>\$ 1,120,000</u>	<u>\$ (4,263)</u>
 Expenditures				
Instruction	<u>1,030,920</u>	<u>1,059,867</u>	<u>\$ 1,120,000</u>	<u>\$ 60,133</u>
	<u>1,030,920</u>	<u>1,059,867</u>	<u>\$ 1,120,000</u>	<u>\$ 60,133</u>
 Receipts Over (Under) Expenditures	(79)	55,870		
 Unencumbered Cash, Beginning	79	0		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 55,870</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Bilingual Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year	Actual	Budget	
	Actual			
Cash Receipts				
Transfers	\$ 10,763	\$ 12,269	\$ 13,000	\$ (731)
	10,763	12,269	\$ 13,000	\$ (731)
Expenditures				
Instruction	\$ 10,763	\$ 12,269	\$ 13,000	\$ 731
	10,763	12,269	\$ 13,000	\$ 731
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ 0		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Capital Outlay Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 521,306	\$ 512,716	\$ 536,135	\$ (23,419)
County Sources	80,563	74,600	79,097	(4,497)
State Sources	218,441	0	0	0
Federal Sources	9,015	5,775	0	5,775
Transfers	130,000	162,883	0	162,883
	959,325	755,974	\$ 615,232	\$ 140,742
Expenditures				
Instruction	24,784	28,251	\$ 200,000	\$ 171,749
Student Support Services	1,740	186	27,000	26,814
Instructional Support Services	1,708	0	27,000	27,000
General Administration	0	2,906	27,000	24,094
School Administration	0	29,166	27,000	(2,166)
Central Services	0	2,422	27,000	24,578
Operations & Maintenance	390,247	174,561	331,820	157,259
Transportation	0	64,973	150,000	85,027
Other Support Services	4,709	0	200,000	200,000
Facility Acquisition & Construction Services	2,669	4,366	690,000	685,634
	425,857	306,831	\$ 1,706,820	\$ 1,399,989
Receipts Over (Under) Expenditures	533,468	449,143		
Unencumbered Cash, Beginning	1,358,119	1,891,587		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 1,891,587	\$ 2,340,730		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Driver Training Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 15,372	\$ 17,179	\$ 20,000	\$ (2,821)
State Sources	4,408	4,550	5,000	(450)
	19,780	21,729	\$ 25,000	\$ (3,271)
Expenditures				
Instruction	18,101	17,086	\$ 23,317	\$ 6,231
Vehicle Operations, Maintenance Services	2,266	1,513	3,200	1,687
	20,367	18,599	\$ 26,517	\$ 7,918
Receipts Over (Under) Expenditures	(587)	3,130		
Unencumbered Cash, Beginning	34,978	34,391		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 34,391	\$ 37,521		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
Cash Receipts				
Local Sources	\$ 434,338	\$ 414,672	\$ 496,678	\$ (82,006)
State Sources	9,475	9,870	10,129	(259)
Federal Sources	<u>356,270</u>	<u>407,355</u>	<u>365,250</u>	<u>42,105</u>
	<u>800,083</u>	<u>831,897</u>	<u>\$ 872,057</u>	<u>\$ (40,160)</u>
 Expenditures				
Operations & Maintenance	720	0	\$ 0	\$ 0
Food Service Operation	<u>797,570</u>	<u>882,350</u>	<u>950,647</u>	<u>68,297</u>
	<u>798,290</u>	<u>882,350</u>	<u>\$ 950,647</u>	<u>\$ 68,297</u>
 Receipts Over (Under) Expenditures	1,793	(50,453)		
 Unencumbered Cash, Beginning	76,797	78,590		
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
 Unencumbered Cash, Ending	<u>\$ 78,590</u>	<u>\$ 28,137</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
State Sources	\$ 2,672	\$ 0	\$ 0	\$ 0
Transfers	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
	<u>2,672</u>	<u>30,000</u>	<u>\$ 0</u>	<u>\$ 30,000</u>
Expenditures				
Instructional Support Staff	34,869	17,826	\$ 60,323	\$ 42,497
Other Supplemental Services	<u>2,225</u>	<u>3,463</u>	<u>8,000</u>	<u>4,537</u>
	<u>37,094</u>	<u>21,289</u>	<u>\$ 68,323</u>	<u>\$ 47,034</u>
Receipts Over (Under) Expenditures	(34,422)	8,711		
Unencumbered Cash, Beginning	102,346	68,323		
Prior Year Canceled Encumbrances	<u>399</u>	<u>27</u>		
Unencumbered Cash, Ending	<u>\$ 68,323</u>	<u>\$ 77,061</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Summer School Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,460	\$ 1,150	\$ 1,600	\$ (450)
	1,460	1,150	\$ 1,600	\$ (450)
Expenditures				
Instruction	9,930	2,982	\$ 40,359	\$ 37,377
Instructional Support Staff	0	2,155	0	(2,155)
School Administration	1,214	697	6,091	5,394
Other Supplemental Services	1,975	0	3,191	3,191
	13,119	5,834	\$ 49,641	\$ 43,807
Receipts Over (Under) Expenditures	(11,659)	(4,684)		
Unencumbered Cash, Beginning	59,699	48,040		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 48,040	\$ 43,356		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Special Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Federal Sources	\$ 0	\$ 6,446	\$ 0	\$ 6,446
Transfers	<u>2,187,393</u>	<u>2,038,266</u>	<u>2,044,988</u>	<u>(6,722)</u>
	<u>2,187,393</u>	<u>2,044,712</u>	<u>\$ 2,044,988</u>	<u>\$ (276)</u>
Expenditures				
Instruction	1,992,003	1,777,844	\$ 1,861,077	\$ 83,233
Student Transportation Services	<u>195,390</u>	<u>142,656</u>	<u>183,923</u>	<u>41,267</u>
	<u>2,187,393</u>	<u>1,920,500</u>	<u>\$ 2,045,000</u>	<u>\$ 124,500</u>
Receipts Over (Under) Expenditures	0	124,212		
Unencumbered Cash, Beginning	520,012	520,012		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 520,012</u>	<u>\$ 644,224</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 0	\$ 0	\$ 2,500	\$ (2,500)
Federal Sources	19,912	17,860	17,860	0
Transfers	<u>665,398</u>	<u>626,868</u>	<u>662,386</u>	<u>(35,518)</u>
	<u>685,310</u>	<u>644,728</u>	<u>\$ 682,746</u>	<u>\$ (38,018)</u>
 Expenditures				
Instruction	558,952	585,730	\$ 883,820	\$ 298,090
Instructional Support Staff	<u>19,912</u>	<u>8,020</u>	<u>8,900</u>	<u>880</u>
	<u>578,864</u>	<u>593,750</u>	<u>\$ 892,720</u>	<u>\$ 298,970</u>
 Receipts Over (Under) Expenditures	106,446	50,978		
 Unencumbered Cash, Beginning	80,998	187,474		
 Prior Year Canceled Encumbrances	<u>30</u>	<u>89</u>		
 Unencumbered Cash, Ending	<u>\$ 187,474</u>	<u>\$ 238,541</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>KPERS Contribution Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 729,000	\$ 379,025	\$ 829,602	\$ (450,577)
	729,000	379,025	\$ 829,602	\$ (450,577)
Expenditures				
Instruction	504,947	266,872	\$ 584,149	\$ 317,277
Student Support Services	30,970	14,062	30,749	16,687
Instructional Support Staff	23,149	11,788	25,875	14,087
General Administration	0	11,711	25,624	13,913
School Administration	22,897	29,905	65,464	35,559
Other Supplemental Services	57,963	10,272	22,399	12,127
Operations & Maintenance	18,475	22,439	49,140	26,701
Student Transportation Services	49,691	10,992	24,061	13,069
Food Service Operation	20,908	984	2,141	1,157
	729,000	379,025	\$ 829,602	\$ 450,577
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ 0		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Bond and Interest Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,789,801	\$ 1,211,765	\$ 1,260,522	\$ (48,757)
County Sources	114,186	157,682	128,308	29,374
State Sources	1,386,589	1,173,835	1,173,835	0
	3,290,576	2,543,282	\$ 2,562,665	\$ (19,383)
 Expenditures				
Debt Service	3,010,190	2,497,521	\$ 2,498,022	\$ 501
	3,010,190	2,497,521	\$ 2,498,022	\$ 501
 Receipts Over (Under) Expenditures	280,386	45,761		
 Unencumbered Cash, Beginning	1,242,111	1,522,497		
 Prior Year Canceled Encumbrances	0	0		
 Unencumbered Cash, Ending	\$ 1,522,497	\$ 1,568,258		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Special Assessment Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 216	\$ 31	\$ 0	\$ 31
County Sources	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
	<u>216</u>	<u>33</u>	<u>\$ 0</u>	<u>\$ 33</u>
Expenditures				
Facilities Acquisition	<u>2,377</u>	<u>2,323</u>	<u>\$ 2,323</u>	<u>\$ 0</u>
	<u>2,377</u>	<u>2,323</u>	<u>\$ 2,323</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(2,161)	(2,290)		
Unencumbered Cash, Beginning	12,604	10,443		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 10,443</u>	<u>\$ 8,153</u>		

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

<u>Federal Funds</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources	\$ 330,967	\$ 501,463
	<u>330,967</u>	<u>501,463</u>
 Expenditures		
Instruction	<u>330,967</u>	<u>501,463</u>
	<u>330,967</u>	<u>501,463</u>
 Receipts Over (Under) Expenditures	 0	 0
 Unencumbered Cash, Beginning	 0	 0
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 0</u>	 <u>\$ 0</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 5,968	\$ 58,008
	5,968	58,008
 Expenditures		
Instruction Support Staff	4,358	52,063
	4,358	52,063
 Receipts Over (Under) Expenditures	1,610	5,945
 Unencumbered Cash, Beginning	0	1,610
 Prior Year Canceled Encumbrances	0	0
 Unencumbered Cash, Ending	\$ 1,610	\$ 7,555

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Cash Receipts		
Transfers	\$ 303,825	\$ 62,862
	<u>303,825</u>	<u>62,862</u>
 Expenditures	 <u>0</u>	 <u>0</u>
Receipts Over (Under) Expenditures	303,825	62,862
Unencumbered Cash, Beginning	433,313	737,138
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 737,138</u>	<u>\$ 800,000</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 101,580	\$ 102,967
Transfers	<u>130,000</u>	<u>130,000</u>
	<u>231,580</u>	<u>232,967</u>
 Expenditures		
Instruction	77,697	43,732
Student Support Services	<u>26,017</u>	<u>37,976</u>
	<u>103,714</u>	<u>81,708</u>
 Receipts Over (Under) Expenditures	127,866	151,259
 Unencumbered Cash, Beginning	296,205	425,668
 Prior Year Canceled Encumbrances	<u>1,597</u>	<u>955</u>
 Unencumbered Cash, Ending	<u>\$ 425,668</u>	<u>\$ 577,882</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ <u>0</u>	\$ <u>0</u>
	<u>0</u>	<u>0</u>
 Expenditures		
Facility Acquisition & Construction	<u>6,720,151</u>	<u>7,539,465</u>
	<u>6,720,151</u>	<u>7,539,465</u>
 Receipts Over (Under) Expenditures	(6,720,151)	(7,539,465)
 Unencumbered Cash, Beginning	48,000,000	41,279,849
 Prior Year Canceled Encumbrances	<u>0</u>	<u>565,013</u>
 Unencumbered Cash, Ending	<u>\$ 41,279,849</u>	<u>\$ 34,305,397</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organizations				
AHS General	\$ 19,118	\$ 10,681	\$ 9,408	\$ 20,391
AHS Band	197	1,469	1,121	545
Augusta Summer Band	155	0	155	0
Scholars Bowl	204	182	75	311
AHS Flag Corp	604	1,600	1,331	873
Forensics	1,157	4,377	4,029	1,505
AHS Library	3,013	0	132	2,881
AHS Music	27	0	0	27
Drama	2,757	4,750	5,648	1,859
Vocal Music	1,898	665	737	1,826
Varsity Athletic Club	177	0	0	177
AHS Art Club	5,015	0	107	4,908
AHS French Club	686	893	778	801
Family Career & Community	1,170	1,605	1,526	1,249
AHS FACS	270	0	260	10
National Honor Society	1,159	1,698	2,207	650
Spanish Club	1,048	1,928	1,312	1,664
Youth Entrepreneurs of KS	794	1,051	1,630	215
Oriole Store	136	0	0	136
AHS Stuco	3,676	18,371	20,406	1,641
In House Training	296	503	199	600
Advanced Placement	452	0	0	452
AHS SADD	5,154	1,484	5,464	1,174
AHS Renaissance Program	816	2,250	2,160	906
Skills USA VICA	3,224	6,241	5,731	3,734
School Newspaper	1,052	504	0	1,556
Yearbook	8,879	3,447	3,590	8,736
AHS Computer Fund	125	0	0	125
AHS Dance Team	419	4,068	4,487	0
Weightlifting	1,216	1,196	1,747	665
Class of 2004	499	0	0	499
Class of 2007	2,335	0	0	2,335
Class of 2008	2,241	0	0	2,241
Class of 2009	100	0	0	100
Class of 2010	4,959	2,094	2,194	4,859
Class of 2011	2,566	15,883	11,579	6,870
Class of 2012	477	1,461	0	1,938
Class of 2013	0	761	87	674
	78,071	89,162	88,100	79,133

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organizations (Continued)				
Max Hendrickson	\$ 145	\$ 0	\$ 0	\$ 145
Baseball Fundraiser	2,377	715	1,423	1,669
AHS Soccer Fundraiser	0	574	0	574
Volleyball	0	1,844	1,839	5
AHS Football Fundraiser	1,165	4,624	4,068	1,721
AHS Wrestling Fundraiser	659	4,799	4,983	475
AHS Softball Fundraiser	1,407	4,953	5,074	1,286
Bowling	0	1,542	1,520	22
Boys Golf Fundraiser	197	0	0	197
Girls Golf	516	90	455	151
Basketball Fundraiser	25	1,771	1,730	66
Girls Basketball Fundraiser	181	572	480	273
AHS Athletic Trainers	16	0	0	16
AHS Cheerleaders	3,685	4,575	7,574	686
AHS Summer Weight Program	268	1,690	0	1,958
AMS General	3,396	7,045	8,078	2,363
AMS Academics/Attitude/Attend	10	2,711	1,598	1,123
AMS Band	2,604	1,032	2,440	1,196
AMS Library	252	1,133	1,074	311
AMS National Jr. Honor Society	345	439	331	453
AMS Vocal Music	1,663	158	208	1,613
AMS Yearbook	1,892	3,561	3,209	2,244
AMS Builders Club	3,625	266	3,125	766
AMS 6th Grade Fundraising	20	2,261	2,141	140
AMS Stuco	5,572	7,456	6,228	6,800
PATHS Association	229	0	229	0
AMS EMH Class	225	0	0	225
Physical Ed. Activity	508	5,098	5,223	383
AMS SADD	486	369	199	656
AMS Cheerleaders	607	7,097	6,366	1,338
AMS Boys Basketball	71	0	21	50
Ewalt General	1,712	3,923	3,928	1,707
Wal Mart Foundation	57	0	0	57
Texaco Grant	84	0	0	84
Ewalt Library	1,817	2,665	3,202	1,280
Ewalt Yearbook	910	2,801	2,814	897
Ewalt Landscaping Fund	152	0	0	152
Ewalt Student Council	947	2,404	2,867	484
Ewalt Vocal Music	41	0	0	41
	<u>37,866</u>	<u>78,168</u>	<u>82,427</u>	<u>33,607</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organizations (Continued)				
Garfield General	\$ 6,217	\$ 1,781	\$ 5,825	\$ 2,173
Garfield Early Childhood	8	0	0	8
Garfield Library	2,565	2,330	1,419	3,476
Garfield Stucco	45	12	0	57
Garfield Owl's	7	0	0	7
Garfield Vocal Music	84	0	0	84
Lincoln General	1,890	1,609	1,633	1,866
Lincoln Library	1,803	1,002	2,560	245
Robinson General	246	62	300	8
Robinson Library	3,878	1,600	2,136	3,342
Meet the Author	1,768	4,127	3,466	2,429
	<u>18,511</u>	<u>12,523</u>	<u>17,339</u>	<u>13,695</u>
Memorials & Scholarships				
May Gruver Scholarship	10,707	4,062	1,820	12,949
Vada-Vida Scholarship	17,247	17,211	17,400	17,058
Ewalt Scholarship	15,333	2,153	2,300	15,186
Rodney Wheeler Scholarship	8,059	101	1,019	7,141
J.C. Hutter Scholarship	10,322	1,069	1,376	10,015
Jacque Hoefgen Grant	9,044	422	1,235	8,231
Leslie Tharp Spanish Club Scholarship	2,300	2,056	2,303	2,053
Tyler Janzen Memorial Scholarship	2,001	1,747	2,620	1,128
Jeanette McDaniel Scholarship	2,087	130	20	2,197
Ron Baugher	1,959	124	57	2,026
	<u>79,059</u>	<u>29,075</u>	<u>30,150</u>	<u>77,984</u>
Other				
Sales Tax	295	5,987	6,223	59
	<u>295</u>	<u>5,987</u>	<u>6,223</u>	<u>59</u>
Other Agency Funds				
Sec 125 Flex Spending Acct.	11,188	187,400	186,889	11,699
	<u>11,188</u>	<u>187,400</u>	<u>186,889</u>	<u>11,699</u>
Total Agency Funds	<u>\$ 224,990</u>	<u>\$ 402,315</u>	<u>\$ 411,128</u>	<u>\$ 216,177</u>

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Augusta High School	\$ 4,765	\$ 0	\$ 45,341	\$ 42,860	\$ 7,246	\$ 0	\$ 7,246
Augusta High School Special	2,417	0	4,420	0	6,837	0	6,837
Augusta Middle School	1,983	0	9,857	7,279	4,561	0	4,561
Total District Activity Funds	\$ 9,165	\$ 0	\$ 59,618	\$ 50,139	\$ 18,644	\$ 0	\$ 18,644

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Augusta Unified School District No. 402 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Augusta, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Basis of Presentation – Fund Accounting

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

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

Governmental Funds

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

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

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

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

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

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Statutory Basis of Accounting

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

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

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

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

Budget and Tax Cycle

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was one amendment for the year ended June 30, 2010.

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	Textbook & Student Material Revolving Fund
District Activity Funds	

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

Note 2 - Compensated Absences:

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

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

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

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2010, the State made contributions of \$756,260. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

Note 4 - Prior Year Balances:

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2009, financial statements in order to conform to the June 30, 2010, presentation.

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 5 - Deposits and Investments:

As of June 30, 2010, the District had the following investments with maturities of one year or less:

Investment Type	Fair Value	Rating
Memorial & Scholarships-Mutual Funds	\$ 28,025	N/A

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

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

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

Custodial credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Government's allocation of investments as of June 30, 2010, is as follows:

Investment Type	Percentage of Investments
Memorial & Scholarships-Mutual Funds	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2010.

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

At June 30, 2010, the District's carrying amount of deposits was \$44,395,803 and the bank balance was \$46,419,036. The bank balance is held by three banks. Of the bank balance, \$27,182,595 was covered by depository insurance, and the remaining \$19,236,441 was collateralized with securities held by the pledging financial institution's agent in the District's name.

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

Note 6 - Interfund Transactions:

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

	Transfer to:								Textbook & Student Material Revolving	Total
	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Capital Outlay	Professional Development	Special Education	Vocational Education	Contingency Reserve		
Transfer from:										
General Fund	\$ 62,455	\$ 1,115,737	\$ 12,269	\$ 162,883	\$ 30,000	\$ 1,897,832	\$ 626,868	\$ 62,862	\$ 0	\$ 3,970,906
Supplemental										
General Fund	0	0	0	0	0	140,434	0	0	130,000	270,434
	<u>\$ 62,455</u>	<u>\$ 1,115,737</u>	<u>\$ 12,269</u>	<u>\$ 162,883</u>	<u>\$ 30,000</u>	<u>\$ 2,038,266</u>	<u>\$ 626,868</u>	<u>\$ 62,862</u>	<u>\$ 130,000</u>	<u>\$ 4,241,340</u>

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 - Postemployment Benefits:

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

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

The District has adopted an early retirement program. Under the program, a full-time employee must be at least 57 years of age with 15 or more years with the District and 20 or more years of service credit recognized by the Kansas Public Employees Retirement System (KPERS). Benefits under the plan are calculated by the number of years service credit recognized by KPERS plus the number of years the employee was denied participation in KPERS due to part-time employment for such employee multiplied by the largest base salary received during any one of the five years immediately preceding planned retirement, multiplied by, a factor of 0.005. These benefits terminate at the end of the month in which the employee reaches the age of eligibility for being able to retire on a full social security benefit at normal social security retirement age or at death, if sooner.

It is the policy of the District to record these benefits as expenditures when paid. Total expenditures under the program for the year ended June 30, 2010, was \$101,580 for 7 former employees.

Note 8 - Defined Benefit Pension Plan:

Plan Description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at a minimum of 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 8.57% of covered payroll for the year ended June 30, 2010. These contribution requirements are established by KPERS and are periodically revised. Kansas contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$248,468,186, \$242,277,363 and \$220,815,154 respectively, equal to the required contributions for each year.

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 9 - Contingencies:

Grant Programs

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

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 10 - Reimbursed Expenses:

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

Note 11 - Advance Refunding of Bond Obligation:

On June 15, 2008, the District issued \$1,815,000 in General Obligation Bonds with interest rates ranging from 4.95 % to 5.25%. Of the issue, \$1,761,432 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on \$1,730,000 of the 2004 Series General Obligation Bonds. As a result, this portion of the 2004 Series Bonds is considered defeased and not included in long-term debt as of June 30, 2010.

Note 12 - Capital Projects:

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

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
School Additions and Improvements	<u>\$48,000,000</u>	<u>\$13,694,603</u>

Note 13 - Subsequent Events:

The District has evaluated subsequent events through February 7, 2011, the date which the financial statements were available to be issued.

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 14 - Long-Term Debt:

Principal payments are due annually for general obligation bonds. Interest payments are due semi-annually.

Terms for long-term liabilities for the District for the year ended June 30, 2010 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2004 Series	4.00 - 7.00	1/1/04	9,785,000	10/1/12
2008 Series A	4.00 - 5.25	6/15/08	48,000,000	9/1/33
2008 Series B	4.95 - 5.25	6/15/08	1,815,000	9/1/15

Changes in long-term liabilities for the District for the year ended June 30, 2010 were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2004 Series	\$ 2,395,000	\$ 0	\$ 0	\$ 2,395,000	\$ 81,830
2008 Series A	48,000,000	0	0	48,000,000	2,323,036
2008 Series B	1,815,000	0	0	1,815,000	92,655
	<u>\$ 52,210,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,210,000</u>	<u>\$ 2,497,521</u>

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

	<u>Principal</u>	<u>Interest</u>	
	General	General	
	Obligation	Obligation	Total Principal
	Bonds	Bonds	and Interest
2011	770,000	2,485,201	\$ 3,255,201
2012	1,310,000	2,449,956	3,759,956
2013	315,000	2,421,361	2,736,361
2014	575,000	2,401,460	2,976,460
2015	605,000	2,371,801	2,976,801
2016 - 2020	5,375,000	11,246,031	16,621,031
2021 - 2025	9,820,000	9,395,492	19,215,492
2026 - 2030	15,515,000	6,401,525	21,916,525
2031 - 2033	17,925,000	1,817,441	19,742,441
	<u>\$ 52,210,000</u>	<u>\$ 40,990,268</u>	<u>\$ 93,200,268</u>

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 15 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d):

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

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

	<u>General Fund</u>		Variance -
	Statutory		Favorable
	Transactions	Budget	(Unfavorable)
Statutory Revenues			
Local Sources	\$ 1,399,901	\$ 1,348,992	\$ 50,909
State Sources	10,298,327	10,504,529	(206,202)
Federal Sources	568,188	568,188	0
	<u>12,266,416</u>	<u>\$ 12,421,709</u>	<u>\$ (155,293)</u>
Expenditures			
Instruction	3,621,629	\$ 3,953,942	\$ 332,313
Student Support Services	488,247	483,911	(4,336)
Instructional Support Staff	411,214	424,813	13,599
General Administration	622,134	658,339	36,205
School Administration	1,025,165	1,045,765	20,600
Operations & Maintenance	1,558,306	1,697,821	139,515
Student Transportation Services	293,290	330,236	36,946
Other Supplemental Services	275,826	291,865	16,039
Transfers	3,970,906	3,535,318	(435,588)
Adjustment to Comply with Legal Max	0	(212,290)	(212,290)
Adjustment for Qualifying Budget Credits	0	56,997	56,997
	<u>12,266,717</u>	<u>\$ 12,266,717</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(301)		
Modified Unencumbered Cash, Beginning	301		
Prior Year Canceled Encumbrances	223		
Modified Unencumbered Cash, Ending	<u>\$ 223</u>		

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

Supplemental General Fund

	<u>Statutory</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
	<u>Transactions</u>		
Statutory Revenues			
Local Sources	\$ 1,366,795	\$ 1,325,859	\$ 40,936
County Sources	200,909	214,048	(13,139)
State Sources	1,745,858	2,347,739	(601,881)
Federal Sources	593,172	0	593,172
	<u>3,906,734</u>	<u>\$ 3,887,646</u>	<u>\$ 19,088</u>
Expenditures			
Instruction	3,441,785	\$ 3,475,381	\$ 33,596
Student Support Services	41,468	38,650	(2,818)
Operations & Maintenance	1,903	21,000	19,097
Other Supplemental Services	211,258	211,383	125
Transfers	270,434	220,434	(50,000)
	<u>3,966,848</u>	<u>\$ 3,966,848</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(60,114)		
Modified Unencumbered Cash, Beginning	79,202		
Prior Year Canceled Encumbrances	<u>5</u>		
Modified Unencumbered Cash, Ending	<u>\$ 19,093</u>		

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010

KPERS Contribution Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Transactions</u>		
Cash Receipts			
State Sources	\$ 756,260	\$ 829,602	\$ (73,342)
	<u>756,260</u>	<u>\$ 829,602</u>	<u>\$ (73,342)</u>
Expenditures			
Instruction	532,483	\$ 584,149	\$ 51,666
Student Support Services	28,057	30,749	2,692
Instructional Support Staff	23,520	25,875	2,355
General Administration	23,368	25,624	2,256
School Administration	59,669	65,464	5,795
Other Supplemental Services	20,495	22,399	1,904
Operations & Maintenance	44,770	49,140	4,370
Student Transportation Services	21,932	24,061	2,129
Food Service Operation	1,966	2,141	175
	<u>756,260</u>	<u>\$ 829,602</u>	<u>\$ 73,342</u>
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

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
Augusta Unified School District No. 402
Augusta, Kansas**

We have audited the financial statements of **Augusta Unified School District No. 402, Augusta, Kansas**, as of and for the year ended **June 30, 2010**, and have issued our report thereon dated February 7, 2011, which was adverse because of the District's policy to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Augusta Unified School District No. 402, Augusta, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Augusta Unified School District No. 402, Augusta, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Augusta Unified School District No. 402, Augusta, Kansas'** internal control over financial reporting.

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

**Board of Education
Augusta Unified School District No. 402**

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.

We noted certain matters that we reported to management of **Augusta Unified School District No. 402, Augusta, Kansas**, in a separate letter dated February 7, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Augusta Unified School District No. 402, Augusta, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education and management of **Augusta Unified School District No. 402, Augusta, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
February 7, 2011



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

**Board of Education
Augusta Unified School District No. 402
Augusta, Kansas**

Compliance

We have audited **Augusta Unified School District No. 402, Augusta, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on **Augusta Unified School District No. 402, Augusta, Kansas'** major federal programs for the year ended **June 30, 2010**.

Augusta Unified School District No. 402, Augusta, Kansas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Augusta Unified School District No. 402, Augusta, Kansas'** management. Our responsibility is to express an opinion on **Augusta Unified School District No. 402, Augusta, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 **Augusta Unified School District No. 402, Augusta, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Augusta Unified School District No. 402, Augusta, Kansas'** compliance with those requirements.

In our opinion, **Augusta Unified School District No. 402, Augusta, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2010**.

**Board of Education
Augusta Unified School District No. 402**

Internal Control Over Compliance

Management of **Augusta Unified School District No. 402, Augusta, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Augusta Unified School District No. 402, Augusta, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Augusta Unified School District No. 402, Augusta, Kansas'** internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Education and management of **Augusta Unified School District No. 402, Augusta, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
February 7, 2011

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash		Expenditures	Unencumbered Cash 6-30-10
			7-1-09	Receipts		
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
School Breakfast Program	10.553	\$ 64,533				
National School Lunch Program	10.555	<u>342,822</u>				
		<u>407,355</u>	\$ 0	\$ 407,355	\$ 407,355	\$ 0
<u>Department of Education</u>						
Title I	84.010	330,239	0	330,239	330,239	0
Program Improv Sec	84.048	17,860	0	17,860	17,860	0
Drug Free	84.186	5,072	0	5,072	5,072	0
Title II Tech Literacy	84.318	2,434	0	2,434	2,434	0
Title II Improving Teacher Quality	84.367	99,855	0	99,855	99,855	0
Title II Tech Literacy-ARRA	84.386	2,993	0	2,993	2,993	0
Title I-ARRA	84.389	60,870	0	60,870	60,870	0
Stabilization-ARRA	84.394	<u>1,161,360</u>	0	<u>1,161,360</u>	<u>1,161,360</u>	0
		<u>1,680,683</u>	0	<u>1,680,683</u>	<u>1,680,683</u>	0
<u>(Passes Through Kansas SRS)</u>						
Department of Health and Human Services						
Medicaid	93.778	<u>12,221</u>	0	<u>12,221</u>	<u>12,221</u>	0
<u>(Passes Through Kansas Department of Emergency Management)</u>						
Department of Homeland Security						
Hazard Mitigation Grant	97.039	<u>1,102,375</u>	0	0	<u>872,934</u>	<u>(872,934)</u>
Total Federal Awards		<u>\$ 3,202,634</u>	\$ 0	\$ 2,100,259	\$ 2,973,193	\$ <u>(872,934)</u>

AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Augusta Unified School District No. 402, Augusta, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an adverse opinion on the financial statements of **Augusta Unified School District No. 402, Augusta, Kansas**.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of **Augusta Unified School District No. 402, Augusta, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for **Augusta Unified School District No. 402, Augusta, Kansas**, expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Augusta Unified School District No. 402, Augusta, Kansas**.
7. The programs tested as major programs were:

Title I	84.010
Title I Low Income-ARRA	84.389
Stabilization-ARRA	84.394
Hazard Mitigation Grant	97.039
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **Augusta Unified School District No. 402, Augusta, Kansas**, was determined not to be a low-risk auditee.

**AUGUSTA UNIFIED SCHOOL DISTRICT NO. 402
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

There are no prior audit findings.