



Allen, Gibbs & Houlik, L.C.
CPAs & Advisors

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

OMB CIRCULAR A-133, SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2006

WITH

INDEPENDENT AUDITORS' REPORT

WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259

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Year Ended June 30, 2006

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

The Board of Education
Wichita Public Schools
Unified School District No. 259

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Public Schools Unified School District No. 259 (District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements that collectively comprise the District's basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 13, 2006.

This report is intended solely for the information and use of the Board of Education, audit committee and management, 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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2006
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133*
AND REPORT ON SUPPLEMENTARY INFORMATION –
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AGH

Allen, Gibbs & Houlik, L.C.
CPAs & Advisors

The Board of Education
Wichita Public Schools
Unified School District No. 259

Compliance

We have audited the compliance of Wichita Public Schools Unified School District No. 259 (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 each of its major federal programs for the year ended June 30, 2006. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the 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 State, 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 each of its major federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB *Circular A-133* and which are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB *Circular A-133*.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention related to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as findings 2006-1 and 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Public Schools Unified School District No. 259 as of and for the year ended June 30, 2006, and have issued our report thereon dated December 13, 2006. Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB *Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, audit committee and management, 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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2006
Wichita, Kansas

WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? X Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes No

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
84.010	Title I, Part A, Low Income Program
84.367	Title II, Part A, Improving Teacher Quality

(Continued)

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006
(Continued)

SECTION I – SUMMARY OF AUDITORS' RESULTS (Continued)

Dollar threshold used to distinguish
between type A and type B programs: \$ 1,620,527

Auditee qualified as low-risk auditee? X Yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006
(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2006-1: Allowable Costs and Cost Principles – Reportable Condition

CFDA #84.010: Title I, Part A, Low Income Program, Passed Through Kansas State Department of Education

Criteria: OMB Circular A-87, Attachment B, paragraph 8.h. states that the salaries of employees who work on more than one cost objective should be supported by personnel activity reports as outlined in Attachment B.

Conditions: Salaries for employees working on more than one cost objective were not supported by the documentation as required by OMB Circular A-87, Attachment B, paragraph 8.h.

Questioned Costs: Questioned salaries were approximately \$50,000.

Context: Most of the program expenditures involve payroll. The questioned costs noted above related to only 2 employees who work on more than one cost objective.

Effect: The wages may not be allowed as a cost of the grant without proper documentation.

Recommendations: A standardized personnel activity report should be developed for employees who work on more than one cost objective. The form should reflect the employee's total, after-the-fact distribution of actual activity; must be prepared at least monthly; and be signed by the employee. The District may utilize budgeted distribution percentages to allocate an employee's salary among programs, as long as the personnel activity reports are compared, at least quarterly, to the budgeted allocations.

(Continued)

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006
(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2006-2: U.S. Department of Education (ED) Monitoring Report of Kansas Department of Education (KSDE) Regarding Title I Subrecipient Wichita Public Schools (WPS) – Reportable Condition

CFDA #84.010: Title I, Part A, Low Income Program, Passed Through KSDE

Criteria: WPS is required to perform activities in accordance with the compliance requirements stipulated by OMB in order to receive ED grant funding.

Conditions: In January 2006, an ED Student Achievement and School Accountability Program Team performed a review of KSDE. One of the State of Kansas school districts selected for the audit sample was WPS. According to ED, the following WPS Title I, Part A findings were caused as a result of noncompliance with the grant agreements and other laws and regulations:

1. ED Monitoring Review Indicator 2.3, Finding (2) noted that WPS had not notified parents about how they could become involved in addressing the academic issues that caused their child's school to be identified for improvement, corrective action, or restructuring.
2. ED Monitoring Review Indicator 3.4(b) noted that WPS did not complete calculations for SY 2005-2006 to determine whether its Title I schools are comparable to its non-Title I schools.
3. ED Monitoring Review Indicator 3.4(c) cited three occurrences where it appeared WPS was using Title I funds to supplant rather than supplement non-Federal funds.
4. ED Monitoring Review Indicator 3.9, Finding (7) cited that WPS did not provide a comprehensive, accurate, and current inventory of equipment purchased with Title I funds.
5. ED Monitoring Review Indicator 3.10, Finding (2) noted there was not an approving signature or initials on one tested WPS purchase order where there was an adjustment; Finding (3) noted one instance where WPS was unable to provide a purchase order for a procurement; Finding (4) noted one instance where WPS was unable to provide the required print request form; Finding (5) noted one instance where WPS was not able to provide supporting documentation for a journal entry; and Finding (6) noted one invoice that WPS had not made a date-received indication on the vendor invoice.

Questioned Costs: \$114,550 for Indicator 3.4(c) (Item 3 above); and, \$62,050 for Indicator 3.10, Finding (5). For other items listed above, questioned costs are unknown.

Context: The questioned costs noted above relate to the lack of complying with OMB Compliance Supplement.

(Continued)

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2006
(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**Finding 2006-2: U.S. Department of Education (ED) Monitoring Report of Kansas
Department of Education (KSDE) Regarding Title I Subrecipient Wichita Public Schools
(WPS) – Reportable Condition (Continued)**

Effect: Noncompliance with OMB compliance requirements could result in a loss of funding.

Recommendations: WPS should implement the procedures recommended by ED to ensure future compliance with OMB compliance requirements.

WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO 259

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2006

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through/Direct Number	Direct Expenditures	Pass through Expenditures
<u>U.S. Department of Agriculture:</u>				
Pass through from:				
<i>Kansas Department of Education</i>				
School Breakfast Program	10.553	3529-3490 3490 9904		\$ 2,026,954
National School Lunch Program				
Cash for Commodities	10.555	3530-3500 3500 9912		874,915
Section 4	10.555	3530-3500 3500 9902		8,932,314
Section 11	10.555	3530-3500 3500 9903		99,943
Child and Adult Care Food Program				
Cash for Commodities	10.558	3531-3510 3510 9916		11,491
Meal Costs	10.558	3531-3510 3510 9921		318,819
SFS - Food	10.559	3230-3020 3020 9923		193,624
SFS - Sponsor Admin	10.559	3230-3020 3020 9925		20,131
SFS - CFC	10.559	3230-3020 3020 9988		1,341
School Food Summer Program	10.559	3230-3020 R204		50
Total U. S. Department of Agriculture				12,479,582
<u>U.S. Department of Justice:</u>				
Direct Program:				
COPS School Safety GrantFY03-06	16.710		\$ 242,519	
Total U.S. Department of Justice				
<u>NASA:</u>				
Direct Program:				
NASA Explorer Schools - Jardine Middle School	43.001		6,180	
Total National Foundation on the Arts & Humanities				
<u>U.S. Department of Education:</u>				
Direct Programs:				
Title VII Native American 2005	84.060	B060A042111	21,587	
Title VII Native American 2006	84.060	B060A052111	295,924	
Title IVA Academt Crisis	84.186	Q184E040045	95,413	
Title V Part D - Smaller Learning Communities - North High	84.215	S215L022138	74,619	
Title V Part D - Carol M. White Physical Education Program	84.215	Q215F040291	446,390	
Title V Part D - Teaching American History	84.215	U215X040085	318,960	
Title V Part D - Smaller Learning Communities West High	84.215	V215L042074	83,241	
Title V Part D - Earmark - Special Education	84.215	R215K010169	35,256	
Title V Part D - Wichita Public Schools Staff Development - Alt Comp	84.215	U215K030193	81,397	
Gear Up Wichita	84.334	P334A990038	166,646	
Pass through from:				
<i>Kansas Department of Education:</i>				
Title I School Improvement 2004	84.010A	3233-3040 3040 9954		5,265
Title I School Improvement 2006	84.010	3532-3520 3520		350,000
Title I 2004	84.010	3532-3520 3520		554,088
Title I 2005	84.010	3532-3520 3520		1,720,181
Title I 2006	84.010	3532-3520 3520		15,227,687
Title I Delinquent 2005	84.010	3233-3040 3040 9930		35,212
Title I Delinquent 2006	84.010	3233-3040 3040 9930		210,411
Title I Migrant 2005	84.011	3537-3570 3570		3,279
Title I Migrant 2006	84.011	3537-3570 3570		1,250,514
Title I Migrant Even Start 2005	84.011	3537-3570 3570		36,463
Title I Migrant Even Start 2006	84.011	3537-3570 3570		100,000

(Continued)

WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO 259

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2006
(Continued)

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through/Direct Number	Direct Expenditures	Pass through Expenditures
U.S. Department of Education:				
Pass through from:				
Kansas Department of Education:				
Title VI Part B Pass Thru 2006	84.027	3234-3050 3050 1000		10,222,892
Title VI Part B Continuous Improvement 2006	84.027	3234-3050 3050 5000		316,381
Title VI Part B Continuous Improvement 2005	84.027	3234-3050 3050 5000		27,802
<u>Vocational Education Carl Perkins Grant:</u>				
Secondary Improvement 2005	84.048	3539-3590 3590 9920		66,902
Secondary Improvement 2006	84.048	3539-3590 3590 9920		763,081
Tech Prep Summer Internships	84.048	157319		2,250
Curriculum Development	84.048	3540-3600 SPL W715 9910		6,442
Personal Training	84.048	3540-3600 SPL W715 9912		2,841
Early Childhood Flow-Through	84.173	3535-3550 3550 1000		302,524
Title IV Part A Safe & Drug Free Schools 2005	84.186	3795-3100 3100 1000		20,750
Title IV Part A Safe & Drug Free Schools 2006	84.186	3795-3100 3100 1000		359,161
Homeless Child / Youth 2005	84.196	3592-3070 U847		9,172
Homeless Child / Youth 2006	84.196	3592-3070 6851		118,237
Title I Part B Even Start Literacy 2005	84.213	3233-3040 3040 9956		61,031
Title I Part B Even Start Literacy 2006	84.213	3233-3040 3040 9956		404,804
Title V Part A Innovative Programs 2004	84.298	3533-3530 3530 9901		10,246
Title V Part A Innovative Programs 2005	84.298	3533-3530 3530 9901		14,770
Title V Part A Innovative Programs 2006	84.298	3533-3530 3530 9901		164,779
Title II Part D Enhancing Education Through Technology - Formula 2005	84.318	3233-3040 3040 9962		106,901
Title II Part D Enhancing Education Through Technology - Formula 2006	84.318	3233-3040 3040 9962		168,395
Title II Part D Technology Rich Classrooms (Cloud, Linwood, Adm.)	84.318	3233-3040 3040 9963		6,194
Title II Part D Technology Rich Classrooms (Irving)	84.318	3233-3040 3040 9963		117,753
Title II Part D Technology Rich Classrooms (PV Elementary)	84.318	3233-3040 3040 9963		58,038
Title II Part D Student Technology Leadership (Brooks/Truesdell)	84.318	3233-3040 3040 9963		40,000
State Improvement - Special Project 2004	84.323	3592-3070 T479		2,000
Deaf Blind SMD 2005	84.326c	3592-3070 T840		477
Title I Part F Comp School Reform 2005	84.332	3233-3040 3040 9972		64,201
Title I Part F Comp School Reform 2006	84.332	3233-3040 3040 9973		467,742
Title II Part C Transition to Teaching - Induction	84.350	3233-3040 3040 9990		1,000
Title II Part C Transition to Teaching 2006	84.350	3233-3040 3040 9990		5,000
Title I Part B Reading First	84.357	3524-3840 3840		984,846
Title III English Language Acquisition 2005	84.365	3522-3820 3820		161,359
Title III English Language Acquisition 2006	84.365	3522-3820 3820		424,519
Title II Part B Math Training	84.366	3233-3040 3040 9993		93,259
Title II Part B Math Training FY06-09	84.366	3233-3040 3040 9993		5,637
Title II Part A Teacher Quality 2004	84.367	3526-3860 3860		387,930
Title II Part A Teacher Quality 2005	84.367	3526-3860 3860		951,270
Title II Part A Teacher Quality 2006	84.367	3526-3860 3860		2,007,338
Title VI - State Assessments FY06 Disc Revise Standards	84.369	3520-3800 S023		900
Title VI - State Assessments FY06 Disc Social Studies Test Design	84.369	3520-3800 S026		90
Title VI - State Assessments	84.369	3520-3800 U820		55
Hurricane Relief	84.938	3233-3040 3040 4938		91,735
Sub-Grantee Awards				
Las Crusas De La Vida from Greenbush	84.214	S214A020018		12,245
Avid Advanced Placement Grant	84.330	330 Unnamed Number		49,055
Total U.S. Department of Education			1,868,132	38,575,104

(Continued)

WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO 259

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2006
(Continued)

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through/Direct Number	Direct Expenditures	Pass through Expenditures
<u>U.S. Department of Health and Human Services:</u>				
Pass through from:				
<i>Kansas Department of Education:</i>				
Refugee Children School Impact (last year for program)	93.576	3592-3070/U845		4,467
Teens Hope	93.938	3592-3070/U814		6,066
Coordinated School Health Program (PV Elementary & Chlshoim Life)	93.938	3592-3070 R215		2,094
Coordinated School Health Program FY05	93.938	3592-3070 R219		210
AIDS Education 2004	93.938	3592-3070 6826		5,971
<i>Kansas Department of Social and Rehabilitation Services</i>				
CDC / Latchkey Programs	93.667	None		545,473
Total U.S. Department of Health and Human Services				564,281
<u>Corporation for National and Community Service:</u>				
Pass through from:				
<i>Kansas Department of Education:</i>				
AmeriCorps- G.R.A.S.P. 2005	94.006	3592-3070 U803		38,704
AmeriCorps- G.R.A.S.P. 2006	94.006	3592-3070 U828		206,410
AmeriCorps- G.R.A.S.P. 2006- Special - PDAT	94.009	3592-3070 U849		805
Total Corporation for National and Community Service				245,919
<u>U.S. Department of Homeland Security</u>				
Pass through from:				
<i>Kansas Department of Administration:</i>				
FEMA Public Assistance Grants – Safer Rooms	97.036		-	284,546
Total U.S. Department of Homeland Security				284,546
			\$ 1,868,132	\$ 52,149,432
TOTAL	Direct and pass through expenditures			\$ 54,017,564

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2006

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wichita Public Schools Unified School District No. 259 and is presented on the cash basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.