

**UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS**

Regulatory Basis Financial Statement and
Independent Auditors' Report with
Regulatory-Required Supplemental Information
For the Fiscal Year Ended June 30, 2020

UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

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Certified Public Accountants P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #256
Moran, Kansas 66755

We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of Unified School District #256, Moran, Kansas as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statement, which comprises the financial statement of the District as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstance. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District #256, Moran, Kansas as of June 30, 2020 or changes in financial position or cash flows thereof for the fiscal year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance for Unified School District #256, Moran, Kansas as of June 30, 2020, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Summary Statement of Receipts, Expenditures, and Unencumbered Cash Balance – Regulatory Basis (basic financial statement) as a whole. The Summary of Expenditures – Actual and Budget – Regulatory Basis; individual fund Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis; Schedule of Receipts and Disbursements – Agency Funds – Regulatory Basis; and Schedule of Receipts, Expenditures and Unencumbered Cash, District Activity Funds – Regulatory Basis (Schedules 1 through 4 as listed in the table of contents) are presented for analysis and is not a required part of the basic financial statement. However, the supplemental information is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Prior Year Comparative Numbers

The 2019 actual column presented in the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances and the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (the financial statement and Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2019 financial statement upon which we rendered an unqualified opinion dated August 30, 2019. The 2019 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 2019 comparative information is fairly stated in all material respects in relation to the 2019 basic financial statement as a whole, on the basis of accounting described in Note 1.

DIEHL, BANWART, BOLTON, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

September 2, 2020
Fort Scott, Kansas

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus Encumbrances and Accounts Payable	Ending Cash Balance June 30, 2020
General Funds						
General	\$ 0.10	\$ 2,763,291.30	\$ 2,763,291.08	\$ 0.32	\$ 301,194.37	\$ 301,194.69
Supplemental General	77,677.12	823,289.97	839,615.00	61,352.09	-	61,352.09
Special Purpose Funds						
At Risk Four Year Old	-	50,302.32	50,302.32	-	11,708.95	11,708.95
At Risk K-12	-	259,212.20	259,212.20	-	15,180.41	15,180.41
Special Capital Outlay	215,996.27	140,361.24	170,069.84	186,287.67	-	186,287.67
Driver Education	18,323.24	4,826.00	3,924.73	19,224.51	2,831.42	22,055.93
Food Service	57,669.43	240,850.93	249,231.85	49,288.51	27,803.58	77,092.09
Professional Development	1,756.00	2,792.87	3,048.87	1,500.00	-	1,500.00
Parent Education	-	4,000.00	4,000.00	-	-	-
Special Education	79,558.89	559,478.85	589,917.72	49,120.02	-	49,120.02
KPERS Retirement	-	255,421.03	255,421.03	-	-	-
Career & Postsecondary Ed	-	85,664.81	85,664.81	-	-	-
Title I	-	66,585.00	66,585.00	-	7,387.13	7,387.13
Federal Funds	-	51,241.63	63,028.56	(11,786.93)	3,806.00	(7,980.93)
Contingency	23,705.41	-	-	23,705.41	-	23,705.41
Scholarship	950.18	-	200.00	750.18	-	750.18
Gate Receipts	119.62	64,079.94	32,049.39	32,150.17	-	32,150.17
School Projects	1,388.08	847.60	941.80	1,293.88	-	1,293.88
Gifts and Grants	-	-	-	-	-	-
Bond and Interest Fund						
Bond and Interest	33,025.36	155.36	-	33,180.72	-	33,180.72
Total Reporting Entity	\$ 510,169.70	\$ 5,372,401.05	\$ 5,436,504.20	\$ 446,066.55	\$ 369,911.86	\$ 815,978.41

Composition of Cash: Board Checking accounts.....	\$ 608,928.20
Activity Funds Checking accounts.....	111,000.14
Certificates of Deposit	
Total Cash	893,534.50
Less Agency Funds - Schedule 3	(77,556.09)
Total Reporting Entity	\$ 815,978.41

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

**UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #256, Moran, Kansas, has been prepared in accordance with the State of Kansas regulatory basis of accounting for Kansas Municipalities, and is designed to show compliance with the cash basis and budget laws of the State of Kansas. The *Kansas Municipal Audit and Accounting Guide* (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. Note 1 also describes how the District's accounting policies differ from U.S. generally accepted accounting policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District #256, Moran, Kansas (the municipality) and related municipal entities. Management has determined that there are no related municipal activities that are or should be included in this financial statement.

Basis of Presentation - Fund Accounting

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

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

REGULATORY BASIS FUNDS

General Funds – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies and transfers from other funds to be used for the payment of general long-term debt.

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and bond and interest funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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 were no budget amendments this year. The District decreased the General and Supplemental General Funds to the legal maximum budget after determination of the final enrollment numbers.

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. Regulatory required supplemental information includes budget comparison schedules for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for fiduciary funds and the following special purpose funds:

- Grant Funds (K.S.A. 72-8210)
- Federal Funds (K.S.A. 12-1663)
- Contingency Reserve Fund (K.S.A. 72-6426)

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.

Qualifying Budget Credits

Expenditures in various funds include expenditures not subject to the budget laws of the State of Kansas, which include reimbursed expenses and grant expenditures.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Expenditures in the General Fund include expenditures in connection with reimbursements and/or grants received by the District. These are reimbursement type grants whereby grant money is received to reimburse the District for actual grant expenditures paid. These expenditures are similar to reimbursed expenses as discussed in the preceding paragraph.

Deposits and Investments

Deposits and investments include money market checking accounts and certificates of deposit. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury.

Compensated Absences

Full-time non-certified employees are eligible for vacation benefits ranging from 10 to 12 days a year. Employees are allowed to accumulate and carry forward vacation benefits past their anniversary date.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

Compensated Absences (Continued)

Administrators and certified full-time employees can accrue from up to 13 days of sick leave each year, up to a maximum of 90 days. Other non-certified employees are eligible for sick leave from 10 to 12 days a year and 2 days of personal leave a year. Upon retirement at age 55, disability, or death, employees are paid personal and sick leave at the rate of \$25 per day. Sick and personal leave is lost if termination is not for retirement, disability, or death.

The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to the employee's right to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria the District has not determined a liability for vacation or sick pay inasmuch as the amounts are immaterial.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Termination and Post Employment Benefits

No termination benefits are provided to District employees when employment with the District ends except for the accrued compensated absences as discussed in Note 1.

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 District under this program.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Compliance with Kansas Statutes

The financial statement and regulatory required supplemental schedules are prepared in order to show compliance with the cash basis and budget laws of Kansas. The District was in apparent compliance with the cash basis and budget laws of Kansas.

3. DEPOSITS AND INVESTMENTS AND WITH FINANCIAL INSTITUTIONS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the Government 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 District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government'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 Government has no investment policy that would further limit its investment choices, but has limited the investments to time deposits at the local bank.

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 & 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government'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%. The District does not have any "peak periods" designated.

At June 30, 2020 the District's carrying amount of deposits was \$893,534.50 and the bank balance was \$904,113.92. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$355,745.55 was covered by federal depository insurance, and the remaining \$548,368.37 was collateralized with securities totaling \$625,447.44 held by the pledging financial institutions' agents in the District's name.

4. PENSION PLAN

General Information about the 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. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

4. PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38 % and 12.01% respectively, for the fiscal year ended June 30, 2019. The actuarially determined employer contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first payment of \$6.4 million was received in July 2017, and appropriations for fiscal year 2018 were made for the state/school group at the statutory contribution rate of 12.01% for that year.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

2018 House Substitute for Senate Bill 109 provided for additional funding for KPERS School group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized a payment of \$82 million in fiscal year 2019.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$255,421 for the year ended June 30, 2020.

Net Pension Liability

At June 30, 2019, the District's proportionate share of the collective net pension liability reported by KPERS was \$2,480,812. The total net pension liability at June 30, 2019 was \$8,900,634,092. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2019. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The District manages these various risks of loss by purchasing insurance policies.

6. CONTINGENCIES

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the grant 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.

7. INTERFUND TRANSFERS

Operating transfers are routinely made from the General and Supplemental General Funds to other funds as allowed by Kansas Statutes. Operating transfers were as follows:

<u>FROM</u>	<u>TO</u>	<u>STATUTORY AUTHORITY</u>	<u>AMOUNT</u>
General	At Risk Four Year Old	K.S.A. 72-6428	\$ 37,691.16
General	At Risk K-12	K.S.A. 72-6428	177,082.60
General	Food Service	K.S.A. 72-6428	39,363.42
General	Professional Development	K.S.A. 72-6428	2,451.87
General	Parent Education	K.S.A. 72-6428	4,000.00
General	Special Education	K.S.A. 72-6428	553,434.57
General	Career & Postsecondary Education	K.S.A. 72-6428	2,726.27
Supplemental General	At Risk Four Year Old	K.S.A. 72-6433	12,611.16
Supplemental General	At Risk K-12	K.S.A. 72-6433	82,129.60
Supplemental General	Special Education	K.S.A. 72-6433	479.01
Supplemental General	Career & Postsecondary Education	K.S.A. 72-6433	82,938.54

8. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$111,012 subsequent to June 30, 2020 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2020.

9. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2020 through September 2, 2020, the date the financial statement was available for issue. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256

MORAN, KANSAS

Summary of Expenditures - Actual and Budget (Budgeted Funds Only) - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Over (Under)
					Chargeable to Current Year Budget		
General Funds							
General	\$ 2,802,221.00	\$ (115,336.00)	\$ 76,406.08	\$ 2,763,291.08	\$ 2,763,291.08	\$	-
Supplemental General	859,866.00	(20,251.00)	-	839,615.00	839,615.00		-
Special Purpose Funds							
At Risk Four Year Old	80,000.00	-	-	80,000.00	50,302.32		(29,697.68)
At Risk K-12	520,000.00	-	-	520,000.00	259,212.20		(260,787.80)
Special Capital Outlay	315,000.00	-	-	315,000.00	170,069.84		(144,930.16)
Driver Education	29,573.00	-	-	29,573.00	3,924.73		(25,648.27)
Food Service	357,550.00	-	-	357,550.00	249,231.85		(108,318.15)
Professional Development	6,756.00	-	-	6,756.00	3,048.87		(3,707.13)
Parent Education	8,000.00	-	-	8,000.00	4,000.00		(4,000.00)
Special Education	819,559.00	-	-	819,559.00	589,917.72		(229,641.28)
KPERS Retirement	297,099.00	-	-	297,099.00	255,421.03		(41,677.97)
Career & Postsecondary Ed	180,000.00	-	-	180,000.00	85,664.81		(94,335.19)
Bond and Interest Funds							
Bond and Interest	-	-	-	-	-		-
	<u>\$ 6,275,624.00</u>						

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

SUPPLEMENTAL GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Local Sources				
Ad Valorem Property Tax	\$ 810,329.66	\$ 755,692.80	\$ 749,899.00	\$ 5,793.80
Delinquent Tax	4,382.29	3,021.35	8,086.00	(5,064.65)
Other	-	-	-	-
State Sources				
General Aid	9,158.00	15,281.00	15,650.00	(369.00)
County Sources				
Motor Vehicle Tax	49,863.93	49,294.82	53,374.00	(4,079.18)
Operating Transfers from Other Funds				
Contingency	-	-	-	-
Total Receipts	873,733.88	823,289.97	\$ 827,009.00	\$ (3,719.03)
Expenditures				
Instruction	627,348.52	661,456.69	\$ 349,866.00	\$ 311,590.69
Operating Transfers to Other Funds				
At Risk Four Year Old	24,164.19	12,611.16	40,000.00	(27,388.84)
At Risk K-12	99,579.29	82,129.60	120,000.00	(37,870.40)
Food Service	-	-	50,000.00	(50,000.00)
Professional Development	-	-	20,000.00	(20,000.00)
Special Education	30,557.37	479.01	140,000.00	(139,520.99)
Career and Postsecondary Education	74,226.63	82,938.54	140,000.00	(57,061.46)
Adjustment to Comply with Legal Maximum Budget	-	-	(20,251.00)	20,251.00
Legal Supplemental General Fund Budget	855,876.00	839,615.00	839,615.00	
Adjustments to Budget for Qualifying Budget Credits				
Adjustment for Grants and Reimbursed Expenditures	-	-	-	-
Total Expenditures	855,876.00	839,615.00	\$ 839,615.00	\$ -
Receipts Over (Under) Expenditures	17,857.88	(16,325.03)		
Unencumbered Cash, Beginning	59,819.24	77,677.12		
Unencumbered Cash, Ending	77,677.12	61,352.09		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
AT RISK FOUR YEAR OLD FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Operating Transfers from Other Funds				
General	\$ 24,477.88	\$ 37,691.16	\$ 40,000.00	\$ (2,308.84)
Supplemental General	24,164.19	12,611.16	40,000.00	(27,388.84)
Total Receipts	48,642.07	50,302.32	\$ 80,000.00	\$ (29,697.68)
Expenditures				
Instruction	48,642.07	50,302.32	\$ 80,000.00	\$ (29,697.68)
Total Expenditures	48,642.07	50,302.32	\$ 80,000.00	\$ (29,697.68)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
AT RISK K-12 FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Local Sources				
Other	\$ -	\$ -	\$ 100,000.00	\$ (100,000.00)
Operating Transfers from Other Funds				
General	189,721.80	177,082.60	300,000.00	(122,917.40)
Supplemental General	99,579.29	82,129.60	120,000.00	(37,870.40)
Total Receipts	289,301.09	259,212.20	\$ 520,000.00	\$ (260,787.80)
Expenditures				
Instruction	289,301.09	259,212.20	\$ 520,000.00	\$ (260,787.80)
Total Expenditures	289,301.09	259,212.20	\$ 520,000.00	\$ (260,787.80)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

SPECIAL CAPITAL OUTLAY FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Local Sources				
Ad Valorem Property Tax	\$ 100,049.28	\$ 134,651.33	\$ 129,119.00	\$ 5,532.33
Delinquent Tax	18.53	177.80	1,011.00	(833.20)
Interest	177.50	177.95	-	177.95
Other	20,069.15	135.50	-	135.50
County Sources				
Motor Vehicle Tax	2,211.02	5,218.66	5,147.00	71.66
Operating Transfers from Other Funds				
General Fund	-	-	-	-
Total Receipts	122,525.48	140,361.24	\$ 135,277.00	\$ 5,084.24
Expenditures				
Instruction	21,440.36	-	\$ 60,000.00	\$ (60,000.00)
Support Services	64,631.59	92,209.00	80,000.00	12,209.00
Facility Acquisition and Construction Services				
Land Improvements	-	-	5,000.00	(5,000.00)
New Building Acquisition & Construction	11,908.75	-	100,000.00	(100,000.00)
Repairs and remodeling	-	77,860.84	70,000.00	7,860.84
Total Expenditures	97,980.70	170,069.84	\$ 315,000.00	\$ (144,930.16)
Receipts Over (Under) Expenditures	24,544.78	(29,708.60)		
Unencumbered Cash, Beginning	191,451.49	215,996.27		
Unencumbered Cash, Ending	\$ 215,996.27	\$ 186,287.67		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
DRIVER EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other	\$ 2,376.00	\$ 1,836.00	\$ 3,000.00	\$ (1,164.00)
State Sources				
State Safety Aid	2,205.00	2,990.00	3,250.00	(260.00)
Operating Transfer from General Fund	-	-	-	-
Total Cash Receipts	4,581.00	4,826.00	\$ 6,250.00	\$ (1,424.00)
Expenditures				
Instruction	3,523.10	3,513.10	\$ 16,573.00	\$ (13,059.90)
Support Services				
Vehicle Operations and Maintenance	273.16	411.63	13,000.00	(12,588.37)
Total Expenditures	3,796.26	3,924.73	\$ 29,573.00	\$ (25,648.27)
Cash Receipts Over (Under) Expenditures	784.74	901.27		
Unencumbered Cash, Beginning	17,538.50	18,323.24		
Unencumbered Cash, Ending	\$ 18,323.24	\$ 19,224.51		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
FOOD SERVICE FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Under (Under)
Receipts				
Local Sources				
Meals Sold	\$ 70,174.32	\$ 57,977.66	\$ 81,560.00	\$ (23,582.34)
Other	3,693.84	5,225.68	-	5,225.68
State Sources				
State Aid - Lunch programs	1,601.13	1,942.36	1,568.00	374.36
Federal Sources				
Federal Aid-lunches and breakfasts	109,511.04	136,341.81	126,753.00	9,588.81
Operating Transfers from Other Funds				
General	20,000.00	39,363.42	40,000.00	(636.58)
Supplemental General	-	-	50,000.00	(50,000.00)
Total Receipts	204,980.33	240,850.93	\$ 299,881.00	\$ (59,030.07)
Expenditures				
Food Service Operations	205,914.37	249,231.85	\$ 357,550.00	\$ (108,318.15)
Total Expenditures	205,914.37	249,231.85	\$ 357,550.00	\$ (108,318.15)
Receipts Over (Under) Expenditures	(934.04)	(8,380.92)		
Unencumbered Cash, Beginning	58,603.47	57,669.43		
Unencumbered Cash, Ending	\$ 57,669.43	\$ 49,288.51		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

PROFESSIONAL DEVELOPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Sources				
State Aid	\$ 256.00	\$ 341.00	\$ -	\$ 341.00
Operating Transfers from Other Funds				
General	1,955.84	2,451.87	5,000.00	(2,548.13)
Supplemental General	-	-	-	-
Total Receipts	<u>2,211.84</u>	<u>2,792.87</u>	<u>\$ 5,000.00</u>	<u>\$ (2,207.13)</u>
Expenditures				
Support Services				
Other Support	<u>1,955.84</u>	<u>3,048.87</u>	<u>\$ 6,756.00</u>	<u>\$ (3,707.13)</u>
Total Expenditures	<u>1,955.84</u>	<u>3,048.87</u>	<u>\$ 6,756.00</u>	<u>\$ (3,707.13)</u>
Receipts Over (Under) Expenditures	256.00	(256.00)		
Unencumbered Cash, Beginning	<u>1,500.00</u>	<u>1,756.00</u>		
Unencumbered Cash, Ending	<u>\$ 1,756.00</u>	<u>\$ 1,500.00</u>		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
PARENT EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfer from General Fund	\$ 1,200.00	\$ 4,000.00	\$ 8,000.00	\$ (4,000.00)
Total Receipts	1,200.00	4,000.00	\$ 8,000.00	\$ (4,000.00)
Expenditures				
Support Services				
Student Support	1,200.00	4,000.00	\$ 8,000.00	\$ (4,000.00)
Total Expenditures	1,200.00	4,000.00	\$ 8,000.00	\$ (4,000.00)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
SPECIAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2020
With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Under (Under)
Receipts				
Local Sources				
Other	\$ 5,277.32	\$ 5,565.27	\$ -	\$ 5,565.27
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfers from Other Funds				
General	531,131.21	553,434.57	600,000.00	(46,565.43)
Supplemental General	30,557.37	479.01	140,000.00	(139,520.99)
Total Receipts	566,965.90	559,478.85	\$ 740,000.00	\$ (180,521.15)
Expenditures				
Instruction	551,048.97	530,916.76	\$ 773,059.00	\$ (242,142.24)
Student Transportation Services	61,406.70	59,000.96	46,500.00	12,500.96
Total Expenditures	612,455.67	589,917.72	\$ 819,559.00	\$ (229,641.28)
Receipts Over (Under) Expenditures	(45,489.77)	(30,438.87)		
Unencumbered Cash, Beginning	125,048.66	79,558.89		
Unencumbered Cash, Ending	\$ 79,558.89	\$ 49,120.02		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
KPERS RETIREMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Sources				
KPERs aid	\$ 169,653.35	\$ 255,421.03	\$ 297,099.00	\$ (41,677.97)
Total Receipts	<u>169,653.35</u>	<u>255,421.03</u>	<u>\$ 297,099.00</u>	<u>\$ (41,677.97)</u>
Expenditures				
Instruction	110,518.33	176,073.69	\$ 213,099.00	\$ (37,025.31)
Support Services				
Student Support	2,596.84	2,890.95	6,000.00	(3,109.05)
Instructional Support	3,132.86	6,419.18	5,000.00	1,419.18
General Administration	10,939.02	14,735.27	13,000.00	1,735.27
School Administration	15,388.68	18,793.18	20,000.00	(1,206.82)
Operations and Maintenance	9,974.05	12,863.90	14,000.00	(1,136.10)
Transportation	11,353.69	14,843.57	14,000.00	843.57
Food Service Operations	5,749.88	8,801.29	12,000.00	(3,198.71)
Total Expenditures	<u>169,653.35</u>	<u>255,421.03</u>	<u>\$ 297,099.00</u>	<u>\$ (41,677.97)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

CAREER AND POSTSECONDARY EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Sources				
State aid	\$ 8.00	\$ -	\$ -	\$ -
Operating Transfers from Other Funds				
General	4,584.47	2,726.27	40,000.00	(37,273.73)
Supplemental General	74,226.63	82,938.54	140,000.00	(57,061.46)
Total Receipts	78,819.10	85,664.81	\$ 180,000.00	\$ (94,335.19)
Expenditures				
Instruction	78,819.10	85,664.81	\$ 180,000.00	\$ (94,335.19)
Total Expenditures	78,819.10	85,664.81	\$ 180,000.00	\$ (94,335.19)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
TITLE I FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2020
With Comparative Actual for the Fiscal Year Ended June 30, 2019

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Federal Sources		
Federal aid	<u>\$ 71,647.00</u>	<u>\$ 66,585.00</u>
Total Receipts	<u>71,647.00</u>	<u>66,585.00</u>
Expenditures		
Instruction	71,647.00	66,585.00
Support Services		
General Administration	<u>-</u>	<u>-</u>
Total Expenditures	<u>71,647.00</u>	<u>66,585.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
FEDERAL FUNDS FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Federal Sources		
Title II Improving Teacher Quality	\$ 10,569.00	\$ 10,490.00
Title IV	13,361.00	12,699.00
REAP	<u>17,387.37</u>	<u>28,052.63</u>
Total Receipts	<u>41,317.37</u>	<u>51,241.63</u>
Expenditures		
Instruction	<u>41,317.37</u>	<u>63,028.56</u>
Total Expenditures	<u>41,317.37</u>	<u>63,028.56</u>
Receipts Over (Under) Expenditures	-	(11,786.93)
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ (11,786.93)</u></u>

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
CONTINGENCY FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Operating Transfer from General Fund	<u>\$ -</u>	<u>\$ -</u>
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Instruction	-	-
Operating Transfers to Other Funds		
Supplemental General	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>23,705.41</u>	<u>23,705.41</u>
Unencumbered Cash, Ending	<u>\$ 23,705.41</u>	<u>\$ 23,705.41</u>

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

GIFTS AND GRANTS FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

With Comparative Actual for the Fiscal Year Ended June 30, 2019

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Local Sources		
Other	<u>\$ -</u>	<u>\$ -</u>
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Instruction	<u>6,772.35</u>	<u>-</u>
Total Expenditures	<u>6,772.35</u>	<u>-</u>
Receipts Over (Under) Expenditures	(6,772.35)	-
Unencumbered Cash, Beginning	<u>6,772.35</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS
AGENCY FUNDS

Schedule of Receipts and Disbursements - Regulatory Basis
For the Fiscal Year Ended June 30, 2020

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Agency Funds				
Student Organizations				
High School	\$ 55,477.87	\$ 115,458.94	\$ 100,236.27	\$ 70,700.54
Elementary School	5,070.38	3,255.61	1,470.44	6,855.55
	<u>60,548.25</u>	<u>118,714.55</u>	<u>101,706.71</u>	<u>77,556.09</u>
Total Agency Funds	<u>\$ 60,548.25</u>	<u>\$ 118,714.55</u>	<u>\$ 101,706.71</u>	<u>\$ 77,556.09</u>

MARMATON VALLEY UNIFIED SCHOOL DISTRICT #256
MORAN, KANSAS

DISTRICT ACTIVITY FUNDS

Summary of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis
 For the Fiscal Year Ended June 30, 2020

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus Encumbrances and Accounts Payable	Ending Cash Balance June 30, 2013
Gate Receipts						
High School	\$ 119.62	\$ 64,079.94	\$ 32,049.39	\$ 32,150.17	\$ -	\$ 32,150.17
School Projects						
High School	1,388.08	847.60	941.80	1,293.88	-	1,293.88
Total District Activity Funds	\$ 1,507.70	\$ 64,927.54	\$ 32,991.19	\$ 33,444.05	\$ -	\$ 33,444.05

Diehl Banwart Bolton

Certified Public Accountants P.A.

September 2, 2020

COMMUNICATIONS OF INTERNAL CONTROL ISSUES AND OTHER AUDIT MATTERS TO THE BOARD OF EDUCATION

The Board of Education
Marmaton Valley Unified School District #256
Moran, Kansas 66755

We are pleased to present this report related to our audit of the regulatory basis financial statement of Unified School District #256, Moran, Kansas as of and for the fiscal year ended June 30, 2020. This report summarizes certain matters required by professional auditing standards to be communicated to you in your oversight responsibility for the District's financial reporting process. This report is intended for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report.

COMMUNICATION OF INTERNAL CONTROL ISSUES

In planning and performing our audit of the financial statement of Unified School District #256 as of and for the fiscal year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 a 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as described above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency.

PREPARATION OF FINANCIAL STATEMENT

It is the responsibility of management of the District to prepare the District's financial statement and the related notes to the financial statement. It is not uncommon for our firm to assist entities in the preparation of their financial statement. We often prepare significant adjustments as well as assist the District to determine which disclosures are required. As is the case with many entities of your size, your accounting staff does not have the skills and training necessary to prepare a complete set of financial statements, including footnote disclosures, in accordance with the regulatory basis of accounting. Under our professional auditing standards, we are allowed to perform these services as part of our audit. However, we are required to report this as a significant deficiency in internal control.

It is important to note that relying on us, as your auditor, to identify material misstatements in your financial statement and correct them before the audited financial statement is issued, does not eliminate a significant deficiency or material weakness. Simply stated, if you are unable to prepare the financial statement and all the required disclosures without auditor assistance we are required to report this under our professional standards.

OTHER INTERNAL CONTROL ISSUES

The following internal control issues are not serious enough to be called significant deficiencies or material weaknesses, but do merit the attention of the governing board and management:

SCHOOL ACTIVITY FUNDS

The Kansas Department of Education has issued "Guidelines for School Activities Funds" which discuss the use of activity funds at a school and the accounting procedures and internal controls that should be in effect. The Board of Education is responsible for adopting and enforcing policies within the directive of these guidelines. We feel that it is necessary to comment on certain items in these guidelines relating to activity funds.

A weakness in internal controls occurs when one person is involved in all aspects of the accounting process, such as receipt of cash, preparing bank deposits, reconciling the bank account to the ledger books, and preparing cash payments. Usually the Activity Fund Treasurer is involved in all aspects of the accounting process for activity funds. Accordingly, there is a weakness in accounting controls over Activity Funds. This is a potential problem at your school District and all school Districts audited by our firm. Accordingly, we annually make the following suggestions to the School Board:

Due to this weakness, adequate oversight of the activity funds is essential. Your District appears to be doing many of the control features we address in this paragraph, but are simply making these comments to emphasize the importance of strong internal controls involving activity funds. The Board should continue to emphasize the importance of the oversight of the Activity Funds by the School Principal as well as the teacher sponsors of the various student organizations. The School Principal should closely review the monthly financial statement prepared by the Activity Fund Treasurer. All purchase orders to be paid by Activity Funds should be reviewed by the School Principal. The Activity Fund Treasurer should also provide a copy of the monthly financial statement to the teacher sponsors of each student organization. The various teacher sponsors should place emphasis on the review of the statements. Teacher sponsors should keep copies of receipts for money turned into the Treasurer and money expended during the month, and

should compare these numbers to the amounts shown in the monthly Activity Fund Report. Any questions by the teacher sponsors should be directed to the Principal and the Activity Fund Treasurer. The general rule is that the more people involved in the oversight of the Activity Funds, the less of the chance of any accounting improprieties to occur. The use of a "stamp" to sign the principal's name should be strongly discouraged.

The Activity Fund Treasurer should be provided a copy of the "Guidelines for School Activities Funds" issued by the Kansas Department of Education. The Treasurer should be told each year to review the "Guidelines" and follow the internal controls mentioned, such as the use of pre-numbered receipts, all receipts should be deposited intact, and expenses should be supported by invoices detailing the items purchased. The Board should also ensure that the Activity Fund Treasurers are adequately bonded. That is, if money is deemed to be missing in the Activity Funds, insurance should be adequate to cover any amounts missing. It is our understanding that the Activity Fund Treasurers are covered by the District's insurance. I am sure that your insurance agent would be glad to review each Activity Fund to determine if insurance coverage is adequate.

We would like to point out that preceding comments are not unique to Unified School District #256 or to most School Activity Funds, which we audit. In our audits of various schools, we frequently observe a lack of strict compliance with the guidelines for School Activity Funds as well as weaknesses in internal controls in this area. There was no evidence of wrongdoing or misappropriation of activity funds for the School District. We felt that this year we should contact the schools, which we audit in order to point out any non-compliance with the guidelines for School Activities Funds as well as the inherent weakness in internal controls over activity funds.

OTHER REQUIRED COMMUNICATIONS

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated August 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District's significant accounting policies are discussed in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Management's Judgments and Accounting Estimates

Accounting estimates normally are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. There are no significant accounting estimates by the District due to the simple accounting method with the regulatory basis of accounting.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures in these financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management and in performing or completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not propose any adjusting journal entries in connection with the audit that needed to be recorded in your accounting records. There was one adjustment for an unrecorded bill that was not received until after the end of the year, but it was decided by management to waive the adjustment since the books were already closed for the year. There were several reclassification adjustments to reclassify revenues and expenses according to your accounting records to agree with the numbers recorded in the audited financial statements. Those adjustments are listed in the attached "Schedule of Audit Adjustments" shows all of the adjustments, both recorded and waived.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 2, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principle and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the School District. We would be glad to further discuss any of the items in this letter with you. If you should have any questions concerning the management letter, the audit, or any other matter, please feel free to contact me.

Very truly yours,

DIEHL, BANWART, BOLTON, CPAs PA

A handwritten signature in black ink, appearing to read "Terence L. Sercer".

Terence L. Sercer
Certified Public Accountant

USD256

Prepared By _____

SCHEDULE OF AUDIT ADJUSTING ENTRIES

Reviewed By _____

FYE JUNE 30, 2020

Adjusting Journal Entries.XLS

JUNE 30, 2020

02-Sep-20

12:45 PM

<u>FUND</u>	<u>ACCOUNT</u>	<u>ACCOUNT #</u>	<u>DEBIT</u>	<u>CREDIT</u>
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THE FOLLOWING RECLASSIFICATION ADJUSTMENTS WERE MADE TO THE AUDITED FINANCIAL STATEMENTS BUT DO NOT NEED TO BE RECORDED BY THE DISTRICT:

R-1

To add School Activity Funds for presentation in the audited financial statements.

S-1 & S-2

HIGH SCHOOL ACTIVITY	CASH / RECEIPTS	104,144.59	180,543.48
HIGH SCHOOL ACTIVITY	EXPENSES / FUND BALANCE	133,384.46	56,985.57
ELEMENTARY SCHOOL ACTIV	CASH / RECEIPTS	6,855.55	3,255.61
ELEMENTARY SCHOOL ACTIV	EXPENSES / FUND BALANCE	1,470.44	5,070.38

R-2

To add back to cash and record liability for unissued July and August Payroll checks.

C-1.5

GENERAL FUND	CASH / ACCOUNTS PAYABLE	298,405.37	298,405.37
AT RISK 4 YR OLD	CASH / ACCOUNTS PAYABLE	11,708.95	11,708.95
AT RISK K-12 FUND	CASH / ACCOUNTS PAYABLE	15,180.41	15,180.41
DRIVER TRAINING FUND	CASH / ACCOUNTS PAYABLE	2,831.42	2,831.42
FOOD SERVICE FUND	CASH / ACCOUNTS PAYABLE	27,803.58	27,803.58
TITLE I FUND	CASH / ACCOUNTS PAYABLE	7,387.13	7,387.13

R-3

To reclass Federal and State aid coded to other receipts to agree with the confirmation from the State

U-2

GENERAL FUND	FEDERAL GRANT RECEIPTS	593.00
GENERAL FUND	STATE GRANT RECEIPTS	1,000.00
GENERAL FUND	OTHER RECEIPTS	1,593.00

AUDIT JOURNAL ENTRIES COME ABOUT AS THE RESULT OF AUDITING PROCEDURES AND NEED TO BE RECORDED IN THE ACCOUNTING RECORDS OF THE DISTRICT.

NO AUDIT ADJUSTMENTS THIS YEAR.

610,764.90	610,764.90
	0.00