UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

For the Fiscal Year Ended June 30, 2023

Regulatory Basis Financial Statement
Independent Auditors' Report with
Regulatory Required Supplemental Information
And Federal Compliance Section

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

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ALTAMONT, KANSAS

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Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #506
Altamont, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #506(District), Altamont, Kansas as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statement.

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 and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2023 or changes in financial positions and cash flows thereof for the fiscal year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District #506, Altamont, Kansas as of June 30, 2023, 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.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide.* Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the District 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.

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 circumstances. 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2023 summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (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 expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2022 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2022 financial statement upon which we rendered an unmodified opinion dated March 6, 2023. The 2022 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 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 comparative information is fairly stated in all material respects in relation to the 2022 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

May 16, 2024
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 12,654,487	$ 12,654,487	$ -	$ 150,450	$ 150,450
Supplemental General	82,871	3,763,279	3,768,084	78,065	230,007	308,072
Special Purpose Funds:						
4 Yr Old At Risk	66,401	124,505	121,000	69,906	-	69,906
K-12 At Risk	21,143	2,666,755	2,673,897	14,001	-	14,001
Virtual Education	-	5,400	5,400	-	-	-
Capital Outlay	2,025,454	1,443,826	1,125,121	2,344,159	375,812	2,719,971
Driver Education	87,457	26,370	26,439	87,387	-	87,387
Food Service	445,158	1,163,302	1,236,749	371,711	30,215	401,926
Professional Development	100,787	33,204	29,224	104,766	740	105,506
Parent Education	-	22,000	22,000	-	22,000	22,000
Special Education	798,215	2,734,120	2,608,389	923,947	-	923,947
Career and Postsecondary Education	261,259	354,162	354,175	261,246	4,409	265,655
KPERS Special Retirement	-	1,349,125	1,349,125	-	-	-
Contingency Reserve	646,046	175,000	70,323	750,723	-	750,723
Textbook Rental	263,977	29,508	19,181	274,305	5,942	280,247
Title I	-	402,744	402,744	-	-	-
Safe and Supportive Schools	6,461	-	6,461	-	-	-
Title II -A Teacher Quality	-	58,138	58,138	-	-	-
Title VII Indian Education	162	91,301	91,463	-	246	246
Secondary Program Improvements	20	16,260	15,240	1,040	-	1,040
EMINT Grank	(4,677)	29,487	19,347	5,463	-	5,463
21st Century Grant	(5,465)	69,997	64,532	-	-	-
Technology Grant	(128,896)	97,832	40,991	(72,055)	7,200	(64,855)
ESSER	(45,792)	1,077,725	2,152,937	(1,121,004)	785,125	(335,879)
Pre-K Pilot Grant	(23,094)	87,768	76,613	(11,939)	-	(11,939)
Safe and Secure Schools Grant	-	27,547	27,547	-	-	-
Mental Health Program	(1,968)	50,359	50,358	(1,967)	-	(1,967)
COVID Testing	(62,476)	342,962	1,335,491	(1,055,005)	779,546	(275,459)
Gifts & Grants	821	6,461	-	7,282	-	7,282
District Activity Funds	12,885	99,040	103,560	8,366	-	8,366
Bond and Interest Fund	1,889,037	930,974	660,143	2,159,869	-	2,159,869
Total Entity (Excluding Agency Funds)	$ 6,435,788	$ 29,933,638	$ 31,169,159	$ 5,200,267	$ 2,391,692	$ 7,591,959

Composition of Cash	
General Checking Account	4,583,594
Activity Checking Accounts	140,884
Certificates of Deposit	3,000,000
Total Cash	7,724,478
Agency Funds per Schedule 3	(132,519)
Total Reporting Entity	7,591,959

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

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #506, Altamont, Kansas, has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting policies generally accepted in the United States of America.

Reporting Entity
The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District #506 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity 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 Unified School District #506:

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

Special Purpose Fund - to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Trust Fund - funds used to report assets held in trust for the benefit of the municipal financial reporting entity (ie. Pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

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

Agency Funds – funds used to report assets held by the District in a purely custodial capacity.

Regulatory Basis of Accounting and Departure 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 revenues and regulatory basis expenditures for the fiscal 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.

If the District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did hold a revenue neutral rate hearing this year for the 2023 budget.

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. On May 25, 2023 the District amended the budgets of the General, K-12 At Risk, and Special Education Funds. The General Fund budget was reduced to the legal maximum amount based on enrollment.

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 schedules are presented for each fund in the regulatory required supplemental information 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. Encumbrances are commitments of the District 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.

Legal operating budgets are not required in the following special purpose funds: Contingency Reserve, Textbook Rental, Title I, Safe and Supportive Schools, Title II-A Teacher Quality, Title VII Indian Education, Secondary Program Improvement, EMINT Grant, 21st Century Grant, Technology Grant, ESSER, Pre-K Pilot Grant, Safe and Secure Schools Grant, Mental Health Program, COVID Testing, Gifts & Grants, or District Activity.

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.

Cash and Investments

Cash 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 and the Kansas Municipal Investment Pool.

Compensated Absences

Full-time non-certified employees are eligible for vacation benefits ranging from 10 to 20 days a year. Employees are not allowed to accumulate and carry forward vacation benefits past their anniversary date and are not paid for them when they terminate employment.

Employees can accrue from 8 to 12 days of sick leave each year. Up to 70 days of unused sick days may be accumulated and carried over. Upon termination employees with a minimum of ten years of services with the District are paid for accumulated sick leave at the rate of $70 per day.

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.

Based upon the above criteria the District has not determined a liability for vacation or sick pay.

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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The financial statement has been prepared in order to show compliance with the cash basis and budget laws of Kansas. The negative unencumbered cash balance in the Technology Grant, EMINT Grant, 21st Century Grant, ESSER ,Pre-K Pilot Program Grant, Mental Health Program and COVID Testing Funds are not cash basis violations as these are a reimbursement grant. There were no other apparent violations of the cash basis and budget laws of Kansas.

3. DEPOSITS AND INVESTMENTS

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

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

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 – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not 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, 2023, as detailed in the table below.

At June 30, 2023 the District's carrying amount of deposits was $7,724,478 and the bank balance was $9,585,962. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance, and $9,085,962 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $9,637,600.

FINANCIAL INSTITUTIONS

RISK CATEGORIES	LABETTE BANK	COMMUNITY NATIONAL BANK	TOTALS
(1) FDIC Insurance	$ 250,000	$ 250,000	$ 500,000
(1) Collateralized with pledged securities held in the District's account	-	-	-
(2) Collateralized with pledged securities in Bank's account	6,335,957	2,750,005	9,085,962
(3) Uncollateralized	-	-	-
TOTAL BANK BALANCES	$ 6,585,957	$ 3,000,005	$ 9,585,952
Total Pledged Securities	$ 6,535,677	$ 3,101,923	$ 9,637,600

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 publicly 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 at 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.

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 1.00% contribution rate for the Death and Disability Program) was 14.83% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the 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. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of $51 million.

4. PENSION PLAN (Continued)

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

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 $1,349,125 for the year ended June 30, 2023.

Net Pension Liability

At June 30, 2023, the District's proportionate share of the collective net pension liability reported by KPERS was $12,968,777. The net pension liability was measured as of June 30, 2022 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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, 2022. 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, 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 continues to carry commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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.

8. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-3422	$ 1,360,863
General	K-12 At Risk	KSA 72-5153	2,131,755
General	4 Year Old At Risk	KSA 72-5154	70,000
General	Professional Development	KSA 72-2552	30,000
General	Contingency Reserve	KSA 72-5165	175,000
General	Capital Outlay	KSA 72-53, 113	153,451
General	Career & Postsecondary Education	KSA 72-5162	260,000
Supplemental General	Special Education	KSA 72-3422	1,264,137
Supplemental General	Career & Postsecondary Education	KSA 72-5162	275,000
Supplemental General	K-12 At Risk	KSA 72-5153	535,000
Supplemental General	Parent Education	KSA 72-4165	22,000
Supplemental General	Virtual Education	KSA 72-3715	5,400
Supplemental General	4 Year Old At Risk	KSA 72-5154	34,000

8. POST EMPLOYMENT BENEFITS

Participation in Group Health Insurance Plan

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan until they reach age 65. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

9. AMENDED BUDGETS

On May 25, 2023, the District amended their budgets for the year ending June 30, 2023, in the General, K-12 At Risk, and Special Education Funds. The original budgets and amended budgets are shown below:

Fund	Original Budgeted Expenditures	Change	Amended Budgeted Expenditures
General	$ 12,047,426	$ 767,800	$ 12,815,226
K-12 At Risk	1,966,143	707,881	2,674,024
Special Education	2,828,516	152,672	2,981,188

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2023 through May 16, 2024 the date the financial statements were available for issue. During this time there were no other subsequent events requiring recognition in the financial statements or disclosed in the notes to the financial statement.

11. LONG-TERM DEBT

Attached are schedules detailing the long-term debt and its maturity.

Schedule of Changes in Long-Term Debt

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / Principal Paid	Balances End of Year	Interest Paid
General Obligation Refunding Bonds Series 2012	0.45-2.30%	3/1/2012	6,415,000	9/1/2025	$ 2,595,000	$ -	$ 610,000	$ 1,985,000	$ 50,143
					$ 2,595,000	$ -	$ 610,000	$ 1,985,000	$ 50,143

Schedule of Maturities in Long-Term Debt

Fiscal Years Ending June 30,	2024	2025	2026	2027	Totals
PRINCIPAL					
General Obligation Bonds					
Series 2012	$635,000	$ 660,000	$ 690,000	$ -	$ 1,985,000
INTEREST					
General Obligation Refunding					
Series 2012	37,216	23,130	7,935	-	68,281
Total Principal and Interest	$ 672,216	$ 683,130	$ 697,935	$ -	$ 2,053,281

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	$ 12,815,226	$ (316,444)	$ 155,705	$ 12,654,487	$ 12,654,487	$ -
Supplemental General	3,768,084	-	-	3,768,084	3,768,084	-
Special Purpose Funds:						
4 Yr Old At Risk	121,000	-	-	121,000	121,000	-
K-12 At Risk	2,674,024	-	-	2,674,024	2,673,897	(127)
Virtual Education	30,800	-	-	30,800	5,400	(25,400)
Capital Outlay	1,800,000	-	-	1,800,000	1,125,121	(674,879)
Driver Education	27,500	-	-	27,500	26,439	(1,061)
Food Service	1,294,500	-	-	1,294,500	1,236,749	(57,751)
Inservice Education	75,800	-	-	75,800	29,224	(46,576)
Parent Education	24,000	-	-	24,000	22,000	(2,000)
Special Education	2,981,188	-	-	2,981,188	2,608,389	(372,799)
Career and Postsecondary Education	407,000	-	-	407,000	354,175	(52,825)
KPERS Special Retirement	1,537,142	-	-	1,537,142	1,349,125	(188,017)
Bond and Interest Fund	660,153	-	-	660,153	660,143	(11)
	28,216,417					

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 931	$ 1,002	$ -	$ 1,002
Delinquent tax	-	-		-
Mineral tax	808	1,837	-	1,837
Interest	-	-		-
Reimbursement	285,782	155,705	-	155,705
State Sources				
General aid	9,828,333	10,794,672	10,797,253	(2,581)
Special education aid	1,699,392	1,701,271	2,017,973	(316,702)
Total Cash Receipts	11,815,245	12,654,487	$ 12,815,226	$ (160,739)
Expenditures				
Instruction	4,465,159	4,634,457	$ 4,706,998	$ (72,541)
Support Services				
Student Support	205,934	144,414	211,000	(66,586)
Instructional Support	163,631	235,237	169,500	65,737
General Administration	259,239	343,293	270,000	73,293
School Administration	1,007,457	837,487	1,024,500	(187,013)
Operations and Maintenance	1,218,742	1,187,352	1,257,500	(70,148)
Transportation	762,781	950,227	820,000	130,227
Central Services	140,668	140,951	146,000	(5,049)
Operating transfers to Other Funds				
Capital Outlay	-	153,451		153,451
Special Education	2,027,124	1,360,863	2,017,973	(657,110)
Career and Postsecondary Education	-	260,000	-	260,000
4 Yr Old At Risk	65,062	70,000	60,000	10,000
K-12 At Risk	1,365,681	2,131,755	2,131,755	-
Professional Development	35,000	30,000	-	30,000
Contingency Reserve	53,767	175,000	-	175,000
Food Service	-	-	-	-
Tech Grant	45,000	-	-	-
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	155,705	(155,705)
Adjustment for Legal Maximum			(316,444)	316,444
Total Expenditures Subject to Budget	11,815,245	12,654,487	$ 12,654,487	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 821,429	$ 902,754	$ 54,975	$ 847,779
Delinquent tax	20,717	17,734	6,455	11,279
Motor vehicle tax	149,207	142,959	148,055	(5,096)
Reimbursements	-	-		-
State Sources				
Supplemental aid	2,547,160	2,699,832	2,699,832	-
Operating transfers from Other Funds				
Contingency Reserve	-	-	-	-
Total Cash Receipts	3,538,514	3,763,279	$ 2,909,317	$ 853,962
Expenditures				
Instruction	1,074,195	388,469	$ 1,336,784	$ (948,315)
Student Support	2,306	3,012	3,500	(488)
Instructional Support	292	-	-	-
General Administration	116,497	235,424	123,000	112,424
School Administration	-	-	-	-
Operations and Maintenance	955,698	1,089,493	998,500	90,993
Transportation	69,639	75,103	77,000	(1,897)
Central Services	104,876	58,046	109,500	(51,454)
Support Services	-		-	
Operating transfers to Other Funds				
Parent Education	9,000	22,000	24,000	(2,000)
Virtual Education	20,000	5,400	30,800	(25,400)
Special Education	150,000	1,264,137	300,000	964,137
4 Yr Old At Risk	-	34,000	20,000	14,000
K-12 At Risk	1,148,248	535,000	445,000	90,000
Career and Postsecondary Education	275,000	58,000	300,000	(242,000)
Adjustments to Budget				
Adjustment for Reimbursed Expenses			-	-
Adjustment for Legal Maximum			-	-
Total Expenditures Subject to Budget	3,567,951	3,768,084	$ 3,768,084	$ -
Receipts Over (Under) Expenditures	(29,437)	(4,805)		
Unencumbered Cash, Beginning	112,308	82,871		
Unencumbered Cash, Ending	$ 82,871	$ 78,065		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 31,097	$ 20,465	$ 20,000	$ 465
Federal Sources				
Federal Aid	-	-		-
Operating Transfer from Other Funds				
Supplemental General	5,000	34,000	20,000	(14,000)
General	65,062	70,040	60,000	10,040
Total Cash Receipts	101,159	124,505	$ 100,000	$ (3,495)
Expenditures				
Instruction	68,428	78,328	$ 121,000	$ (42,672)
Other Supplemental Services	36,647	42,672	-	42,672
Total Expenditures Subject to Budget	105,075	121,000	$ 121,000	$ -
Receipts Over (Under) Expenditures	(3,916)	3,505		
Unencumbered Cash, Beginning	70,317	66,401		
Unencumbered Cash, Ending	$ 66,401	$ 69,906		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -		$ -
Operating Transfer from Other Funds				
Supplemental General	405,851	535,000	521,126	13,874
General	1,365,681	2,131,755	2,131,755	-
Total Cash Receipts	1,771,532	2,666,755	$ 2,652,881	$ 13,874
Expenditures				
Instruction	1,750,389	2,673,897	$ 2,674,024	$ (127)
Student Support Services	-	-	-	-
Total Expenditures Subject to Budget	1,750,389	2,673,897	$ 2,674,024	$ (127)
Receipts Over (Under) Expenditures	21,143	(7,142)		
Unencumbered Cash, Beginning	-	21,143		
Unencumbered Cash, Ending	$ 21,143	$ 14,001		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
VIRTUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -		$ -
Operating Transfer from Other Funds				
Supplemental General	20,000	5,400	30,800	(25,400)
General	-	-		-
Total Cash Receipts	20,000	5,400	$ 30,800	$ (25,400)
Expenditures				
Instruction	20,000	5,400	$ 30,800	$ (25,400)
Student Support Services	-	-	-	-
Total Expenditures Subject to Budget	20,000	5,400	$ 30,800	$ (25,400)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 455,468	$ 503,898	$ 538,738	$ (34,840)
Delinquent tax	10,440	9,938	5,351.00	4,587
Motor vehicle tax	83,524	82,871	128,691	(45,820)
Interest on idle funds	14,176	81,753	7,000	74,753
Miscellaneous	68,713	225,912	-	225,912
State Sources				
State aid	342,451	386,004	386,382	(378)
Federal Sources				
FEMA Grant	-	-	-	-
Operating Transfer from Other Funds				
General	-	153,451	-	153,451
Total Cash Receipts	974,772	1,443,826	$ 1,066,162	$ 377,664
Expenditures				
Instruction	50,000	50,702	$ 100,000	$ (49,298)
Student Support Services	-	-	100,000	(100,000)
General Administration	40,492	24,884	-	24,884
School Administration	119,355	113,146	-	113,146
Operations & Maintenance	66,342	164,228	200,000	(35,772)
Transportation	804,198	253,038	200,000	53,038
Central Services	-	-	-	-
Facility Acquisition and Construction	307,663	519,123	1,200,000	(680,877)
Adjustments to Budget				
Adjustment for Reimbursed Expenses			-	-
Total Expenditures Subject to Budget	1,388,050	1,125,121	$ 1,800,000	$ (674,879)
Receipts Over (Under) Expenditures	(413,278)	318,705		
Unencumbered Cash, Beginning	2,438,733	2,025,454		
Unencumbered Cash, Ending	$ 2,025,454	$ 2,344,159		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 17,976	$ 13,350	$ -	$ 13,350
State Sources				
State aid	5,856	13,020	6,075	6,945
Operating Transfer from Other Funds				
Supplemental General	-	-	-	-
Total Cash Receipts	23,832	26,370	$ 6,075	$ 20,295
Expenditures				
Instruction	10,857	26,439	$ 25,000	$ 1,439
Support Services				
Instructional Suport	-	-		-
Operations and Maintenance	-	-	2,500	(2,500)
Total Expenditures Subject to Budget	10,857	26,439	$ 27,500	$ (1,061)
Receipts Over (Under) Expenditures	12,975	(69)		
Unencumbered Cash, Beginning	74,481	87,457		
Unencumbered Cash, Ending	$ 87,457	$ 87,387		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Student Sales	$ 9,960	$ 217,234	$ 217,325	$ (91)
Adult Sales	8,752	6,652	21,588	(14,936)
Other	-	5,074	-	5,074
State Sources				
State Aid	8,241	8,651	7,020	1,631
Federal Sources				
Child Nutrition Aid	1,125,640	855,560	677,834	177,726
Fresh Fruits and Vegetables Grant	123,502	70,131	-	70,131
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	-	-	-	-
Total Cash Receipts	1,276,095	1,163,302	$ 923,767	$ 239,535
Expenditures				
Support Services				
Operations and Maintenance	-	-	$ 49,000	$ (49,000)
Operation of Non-Instructional Services				
Food Service Operations	1,116,240	1,236,749	1,245,500	(8,751)
Total Expenditures Subject to Budget	1,116,240	1,236,749	$ 1,294,500	$ (57,751)
Receipts Over (Under) Expenditures	159,855	(73,447)		
Unencumbered Cash, Beginning	285,303	445,158		
Unencumbered Cash, Ending	$ 445,158	$ 371,711		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
State Sources				
State Aid	-	3,204	3,750	(546)
Operating Transfer from Other Funds				
Supplemental General	-	-		-
General	35,000	30,000	-	30,000
Total Cash Receipts	35,000	33,204	$ 3,750	$ 29,454
Expenditures				
Support Services				
Instructional Support Staff	33,236	29,224	$ 75,800	$ (46,576)
Central Services	-	-	-	-
Total Expenditures Subject to Budget	33,236	29,224	$ 75,800	$ (46,576)
Receipts Over (Under) Expenditures	1,764	3,980		
Unencumbered Cash, Beginning	99,023	100,787		
Unencumbered Cash, Ending	$ 100,787	$ 104,766		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
PARENT EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ -	$ -	$ -	$ -
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	9,000	22,000	24,000	(2,000)
General	-	-	-	-
Total Cash Receipts	9,000	22,000	$ 24,000	$ (2,000)
Expenditures				
Student Support Servies	18,000	22,000	$ 24,000	$ (2,000)
Instructional Support Staff	-	-	-	-
Total Expenditures Subject to Budget	18,000	22,000	$ 24,000	$ (2,000)
Receipts Over (Under) Expenditures	(9,000)	-		
Unencumbered Cash, Beginning	9,000	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 7,100	$ 9,174	$ -	$ 9,174
Medicaid	34,380	60,567	-	60,567
Federal Sources				
Federal aid	-	39,379	-	39,379
Operating Transfer from Other Funds				
Supplemental General	492,597	1,264,137	300,000	964,137
General	2,027,124	1,360,863	2,017,973	(657,110)
Total Cash Receipts	2,561,200	2,734,120	$ 2,317,973	$ 416,147
Expenditures				
Instruction	2,256,968	2,335,205	$ 2,629,938	$ (294,733)
Support Services				
General Administration	15,407	-	15,250	(15,250)
Transportation	286,520	273,184	336,000	(62,816)
Total Expenditures Subject to Budget	2,558,895	2,608,389	$ 2,981,188	$ (372,799)
Receipts Over (Under) Expenditures	2,305	125,731		
Unencumbered Cash, Beginning	795,910	798,215		
Unencumbered Cash, Ending	$ 798,215	$ 923,947		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
CAREER AND POSTSECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 29,335	$ 36,162	$ -	$ 36,162
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	312,000	58,000	300,000	(242,000)
General	-	260,000	-	260,000
Total Cash Receipts	341,335	354,162	$ 300,000	$ 54,162
Expenditures				
Instruction	268,650	273,736	$ 328,500	$ (54,764)
Student Support Services	-	-		-
Operations and Maintenance	63,593	80,439	78,500	1,939
Total Expenditures Subject to Budget	332,243	354,175	$ 407,000	$ (52,825)
Receipts Over (Under) Expenditures	9,092	(13)		
Unencumbered Cash, Beginning	252,167	261,259		
Unencumbered Cash, Ending	$ 261,259	$ 261,246		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 1,336,645	$ 1,349,125	$ 1,537,142	$ (188,017)
Operating Transfers from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	1,336,645	1,349,125	$ 1,537,142	$ (188,017)
Expenditures				
Instruction	840,584	880,893	$ 966,672	$ (85,779)
Student Support	29,992	21,642	34,491	(12,849)
Instructional Support	31,045	32,595	35,702	(3,107)
General Administration	44,247	40,676	50,883	(10,207)
School Administration	95,687	98,412	110,040	(11,628)
Central Services	31,826	25,485	36,600	(11,115)
Operations and Maintenance	112,530	113,701	129,408	(15,707)
Trasnportation	90,171	83,820	103,697	(19,877)
Food Service	60,564	51,901	69,649	(17,748)
Total Expenditures Subject to Budget	1,336,645	1,349,125	$ 1,537,142	$ (188,017)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfer From Other Funds		
General	$ 53,767	$ 175,000
Total Cash Receipts	53,767	175,000
Expenditures		
General Admin	-	67,768
School Admin	-	2,555
Operations and Maintenance	95	-
Opertating transfer to		
Supplemental General Fund	-	-
Total Expenditures	95	70,323
Receipts Over (Under) Expenditures	53,672	104,677
Unencumbered Cash, Beginning	592,374	646,046
Unencumbered Cash, Ending	$ 646,046	$ 750,723

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TEXTBOOK RENTAL FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rental	$ 24,027	$ 29,508
Miscellaneous	-	-
Operating Transfer From Other Funds		
Supplemental General	-	-
Total Cash Receipts	24,027	29,508
Expenditures		
Instruction	8,006	19,181
Total Expenditures	8,006	19,181
Receipts Over (Under) Expenditures	16,021	10,327
Unencumbered Cash, Beginning	247,957	263,977
Unencumbered Cash, Ending	$ 263,977	$ 274,305

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 411,708	$ 402,744
Total Cash Receipts	411,708	402,744
Expenditures		
Instruction	409,663	401,618
Instructional Support	2,045	1,126
Total Expenditurs	411,708	402,744
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SAFE AND SUPPORTIVE SCHOOLS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	-
Transportation	-	-
General Administration	-	6,461
Total Expenditurs	-	6,461
Receipts Over (Under) Expenditures	-	(6,461)
Unencumbered Cash, Beginning	6,461	6,461
Unencumbered Cash, Ending	$ 6,461	$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE II - A TEACHER QUALITY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 56,126	$ 58,138
Total Cash Receipts	56,126	58,138
Expenditures		
Instruction	56,126	58,138
Total Expenditurs	56,126	58,138
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE VII INDIAN EDUCATION FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 97,522	$ 91,301
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	97,522	91,301
Expenditures		
Instruction	97,360	77,565
Transportation	-	13,898
Total Expenditurs	97,360	91,463
Receipts Over (Under) Expenditures	162	(162)
Unencumbered Cash, Beginning	-	162
Unencumbered Cash, Ending	$ 162	$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SECONDARY PROGRAM IMPROVEMENTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 15,000	$ 16,260
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	15,000	16,260
Expenditures		
Instructional Support	-	5,980
Support Services	27,896	9,260
Total Expenditures	27,896	15,240
Receipts Over (Under) Expenditures	(12,896)	1,020
Unencumbered Cash, Beginning	12,916	20
Unencumbered Cash, Ending	$ 20	$ 1,040

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
EMINT GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Awards		
Grant	$ 37,723	$ 29,487
Total Cash Receipts	37,723	29,487
Expenditures		
Grant Expenditures	39,480	19,347
Total Expenditurs	39,480	19,347
Receipts Over (Under) Expenditures	(1,757)	10,140
Unencumbered Cash, Beginning	(2,920)	(4,677)
Unencumbered Cash, Ending	$ (4,677)	$ 5,463

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
21st CENTURY GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Fu

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ 79,299	$ 69,997
Total Cash Receipts	79,299	69,997
Expenditures		
Instruction	71,798	64,532
Total Expenditurs	71,798	64,532
Receipts Over (Under) Expenditures	7,501	5,465
Unencumbered Cash, Beginning	(12,966)	(5,465)
Unencumbered Cash, Ending	$ (5,465)	$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TECHNOLOGY GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ -	$ -
Local Sources		
Gifts and Grants Fund	32,636	97,832
Operating Transfer from:		
General Fund	45,000	-
Total Cash Receipts	77,636	97,832
Expenditures		
Instruction	86,759	40,991
Transportation	-	-
General Administration	-	-
Total Expenditurs	86,759	40,991
Receipts Over (Under) Expenditures	$ (9,123)	56,841
Unencumbered Cash, Beginning	(119,773)	(128,896)
Unencumbered Cash, Ending	$ (128,896)	$ (72,055)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grants	$ 960,383	$ 1,077,725
Other	-	-
Total Cash Receipts	960,383	1,077,725
Expenditures		
Grant Expenditures	659,606	2,152,937
Total Expenditurs	659,606	2,152,937
Receipts Over (Under) Expenditures	300,777	(1,075,212)
Unencumbered Cash, Beginning	(346,569)	(45,792)
Unencumbered Cash, Ending	$ (45,792)	$ (1,121,004)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
PRE-K PILOT GRANT
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
Grants	$ 44,350	$ 43,870
Federal Sources		
Grants	35,422	43,898
Total Cash Receipts	79,772	87,768
Expenditures		
Instruction	88,700	76,613
Total Expenditurs	88,700	76,613
Receipts Over (Under) Expenditures	(8,928)	11,155
Unencumbered Cash, Beginning	(14,166)	(23,094)
Unencumbered Cash, Ending	$ (23,094)	$ (11,939)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SAFE AND SECURE GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
State Aid	$ -	$ 27,547
Total Cash Receipts	-	27,547
Expenditures		
Instructions	-	27,547
Total Expenditurs	-	27,547
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
MENTAL HEALTH PROGRAM FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	$ 58,075	$ 50,359
Federal Sources		
Grants	-	-
Total Cash Receipts	58,075	50,359
Expenditures		
Instruction	60,043	50,358
Total Expenditurs	60,043	50,358
Receipts Over (Under) Expenditures	(1,968)	1
Unencumbered Cash, Beginning	-	(1,968)
Unencumbered Cash, Ending	$ (1,968)	$ (1,967)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
COVID TESTING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grants	$ 59,763	$ 342,962
State Sources		
Grants	-	-
Total Cash Receipts	59,763	342,962
Expenditures		
Instruction	122,239	1,335,491
Total Expenditurs	122,239	1,335,491
Receipts Over (Under) Expenditures	(62,476)	(992,529)
Unencumbered Cash, Beginning	-	(62,476)
Unencumbered Cash, Ending	$ (62,476)	$ (1,055,005)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
GIFTS AND GRANTS
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	$ -	$ 6,461
Total Cash Receipts	-	6,461
Expenditures		
Grant Expenditures	32,636	-
Total Expenditurs	32,636	-
Receipts Over (Under) Expenditures	(32,636)	6,461
Unencumbered Cash, Beginning	33,457	821
Unencumbered Cash, Ending	$ 821	$ 7,282

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 340,790	$ 352,152	$ 334,177	$ 17,975
Delinquent tax	8,680	8,121	2,653	5,468
Motor vehicle tax	71,082	68,993	71,286	(2,293)
Interest on idle funds	-	-	-	-
State Sources				
State aid	455,645	501,709	501,709	-
Total Cash Receipts	876,197	930,974	$ 909,825	$ 21,149
Expenditures				
Debt Service				
Principal	580,000	610,000	$ 610,000	$ -
Interest	61,753	50,143	50,143	(1)
Other	-	-	10	(10)
Total Expenditures Subject to Budget	641,753	660,143	$ 660,153	$ (11)
Receipts Over (Under) Expenditures	234,444	270,832		
Unencumbered Cash, Beginning	1,654,593	1,889,037		
Unencumbered Cash, Ending	$ 1,889,037	$ 2,159,869		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School	$ 103,856	$ 271,913	$ 273,362	$ 102,407
Mound Valley	3,705	3,232	3,500	3,437
Meadow View	9,242	8,809	12,782	5,269
Altamont	4,558	17,295	18,859	2,994
Bartlett	15,009	9,400	5,997	18,412
Totals	$ 136,370	$ 310,649	$ 314,500	$ 132,519

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2023
Gate Receipts						
High School Athletics	$ 12,885	$ 99,040	$ 103,560	$ 8,366	$ -	$ 8,366
Total District Activity Funds	$ 12,885	$ 99,040	$ 103,560	$ 8,366	$ -	$ 8,366

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY GRANT ID	AMOUNT RECEIVED	AMOUNT EXPENDED
U.S. Department of Agriculture				
Passed Through the State of Kansas Department of Education:				
Child Nutrition Cluster				
COVID-19 School Breakfast Program	10.553	N/A	$ 171,144	$ 171,144
COVID-19 National School Lunch Program	10.555	N/A	599,936	599,936
COVID-19 Summer Food Service Program	10.559	N/A	84,480	105,511
Fresh Fruits and Vegetables Program	10.582	N/A	70,131	62,014
			925,691	938,605
U.S. Department of Education				
Direct Programs:				
Title VII - Indian Education	84.060	N/A	91,301	91,463
Passed Through Curators of University of Missouri				
Enhancing Teacher Effectiveness	84.423	C00063283-10	29,487	19,347
Passed Through the State of Kansas Department of Education:				
Title I	84.010	N/A	373,758	373,758
Career and Technical Education Grants	84.048	N/A	16,260	15,240
21st Century Community Learning Centers Grant	84.287	N/A	69,997	64,532
Improving Teacher Quality State Grants	84.367	N/A	58,138	58,138
Studen Support and Acdemic Enrichment	84.424	N/A	28,986	28,986
COVID-19 Education Stabilization Fund (See Note 3)	84.425D	N/A	413,532	367,740
COVID-19 Education Stabilization Fund (See Note 3)	84.425U	N/A	703,572	1,824,576
			1,785,031	2,843,780
U.S. Department of Health and Human Services				
Passed Through the State of Kansas Department of Education:				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	342,962	1,335,491
Temporary Assistance to Needy Families	93.558	N/A	43,898	43,898
			386,860	1,379,389
TOTALS			$ 3,097,582	$ 5,161,774

Notes:

1. The Schedule of Expenditures of Federal Awards has been prepared in accordance with the regulatory basis of accounting as set forth in the Kansas Municipal Audit and Accounting Guide. Under the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments of the District for future payments and are supported by a document evidncing the commitment, such as purchas order or contract.

2. The District did not elect to use the 10% de minimis indirect cost rate.

3. Total expenditures for the Education Stabilization Fund were $2,192,316. The expenditures under assistance listing number 84.425D include $39,379 that was passed through to the Southeast Kansas Special Education Interlocal #637, a subrecipient.

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Finding 2022-001 and 2021-001 Drafting Financial Statements

Condition: The District's auditors, provide significant assistance with preparing their financial statement in the regulatory basis format as well as determining which disclosures are required.

Recommendation: None

Current Status: The District continues to rely on their auditors to assist in preparing the financial statement and disclosures. The District periodically reviews the situation. The District continues to believe this is the most cost-effective way to produce their financial statement. This remains a current year audit finding.

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #506
Altamont, Kansas

We have audited 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 the regulatory basis financial statement and related notes to the regulatory basis financial statement of Unified School District #506 as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated May 16, 2024.

Internal Control Over Financial Reporting
In planning and performing our audit of the regulatory basis financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statement is 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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to Management of the District in a separate letter dated May 16, 2024.

District's Response to Findings
Government Auditing Standards, require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Diehl, Banwart, Bolton CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 16, 2024
Pittsburg, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Altamont Unified School District #506
Altamont, Kansas

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #506's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. Unified District #506's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of 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, 2023.

Basis for Opinion on Each Major Federal Program
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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 16, 2024
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the statutory basis of accounting.
- Unqualified opinion on the regulatory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? __ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE
  _X_ *YES* __ *REPORTED*

Noncompliance material to financial statements noted? __ *YES* _X_ *NO*

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? __ *YES* _X_ *NO*
- Significant deficiency (ies) identified that are not considered to be material weaknesses? NONE
  __ *YES* _X_ *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 the Uniform Guidance? __ *YES* _X_ *NO*

IDENTIFICATION OF MAJOR PROGRAMS:

ASSISTANCE LISTING #	NAME OF PROGRAM
84.425	Education Stabilization Fund Under CARES Act
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases

The dollar threshold to distinguish between Type A and Type B programs was $750,000.

Auditee qualified as low-risk auditee? __ *YES* _X_ *NO*

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2023-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, as well as assistance with determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting. This is a repeat finding from June 30, 2022, and was identified in that report as 2022-001.

Criteria: Internal controls should be in place that provide a reasonable assurance that the financial statements are appropriate in form and contain the required disclosures.

Cause: Relying upon the independent auditors is a significant deficiency in internal controls as they are not considered part of the District's internal control.

Effect: The District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures.

Recommendation: None

Response: The District agrees with the finding. The District's response is in the attached Corrective Action Plan.

UNIFIED SCHOOL DISTRICT #506

June 30, 2023 Financial Statements

Corrective Action Plan

Audit Finding 2023-001

USD #506 has always relied upon its auditors to provide significant assistance with adjusting entries and with determining which disclosures were required under generally accepted accounting principles and the regulatory basis of accounting. While USD #506 understands that this is a significant deficiency in our internal controls, we believe it is the most cost effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management purposes and preparing the required reports for the Kansas Department of Education. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the requirements of GAAP and the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.