

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

REGULATORY BASIS
FINANCIAL STATEMENTS
For the year ended June 30, 2019

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

...***KL***...

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UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

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Holton, Kansas

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Karlin & Long, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 336
Holton, Kansas 66436

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 336, Holton, Kansas as of and for the year ended June 30, 2019, and the related notes to the financial statements.

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; 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 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 that 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 the 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 Unified School District No. 336, Holton 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” paragraph, 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 the Unified School District No. 336, Holton, Kansas as of June 30, 2019, or changes in financial position and cash flows thereof for the 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 of the Unified School District No. 336, Holton, Kansas as of June 30, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with “Government Auditing Standards”, we have also issued our report dated August 23, 2019, on our consideration of the District’s internal control over financial reporting and 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 of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-district activity funds, and summary of receipts and expenditures-agency funds (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 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance) and is not a required part of the 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 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.

Karlin & Long, LLC

Karlin & Long, LLC
Certified Public Accountants

Lenexa, KS
August 23, 2019

USD #336 HOLTON, KANSAS
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds:							
General	\$ 0	\$ 0	\$ 7,731,473	\$ 7,731,473	\$ 0	\$ 3,736	\$ 3,736
Supplemental General	79,605	0	2,453,271	2,464,952	67,924	28,547	96,471
Special Purpose Funds:							
Career and Postsecondary Education	50,094	0	365,497	384,171	31,420	6,816	38,236
Special Education	318,746	0	1,305,291	1,402,387	221,650		221,650
Driver Education	31,922	0	15,249	2,606	44,565		44,565
Food Service	128,738	0	477,850	514,966	91,622	3,456	95,078
Capital Outlay	2,353,722	0	769,384	1,517,304	1,605,802	526,914	2,132,716
Gifts and Grants	6,233	0	6,039	7,651	4,621		4,621
Parent Education	27,200	0	0	0	27,200		27,200
Professional Development	99,944	0	53,096	117,550	35,490	2,890	38,380
Summer School	30,000	0	0	2,420	27,580	22	27,602
Special Education Cooperative	916,037	0	5,340,389	4,996,530	1,259,896	1,781	1,261,677
KPERS Special Contribution	0	0	1,111,221	1,111,221	0		0
At Risk (K-12)	161,708	0	829,733	887,597	103,844	314	104,158
At Risk (4 year olds)	0	0	194,089	194,089	0	5,524	5,524
Bilingual Education Fund	0	0	9,367	9,367	0		0
Virtual Education Fund	89,803	0	41,168	130,821	150		150
District Activity Funds	231,014	0	329,588	354,222	206,380		206,380
Textbook Rental Fund	324,758	0	43,107	32,456	335,409		335,409
Contingency Reserve Fund	840,000	0	42,000	0	882,000		882,000
Title I	0	0	160,991	160,991	0		0
Migrant	0	0	16,663	16,663	0		0
Title VIB	0	0	30,887	30,887	0		0
Mini-Grants	2,057	0	0	0	2,057		2,057
ACE Program	5	0	6,086	6,091	0		0
Title IIA	0	0	26,925	26,925	0		0
JCCTCC	350	0	112	489	(27)		(27)
Carl Perkins Grant	(1,127)	0	13,640	8,110	4,403	1,290	5,693
Bond and Interest							
Bond and Interest	1,506,111	0	1,691,063	1,549,900	1,647,274		1,647,274
Capital Projects - Elementary Bond	<u>0</u>	<u>0</u>	<u>130,234</u>	<u>130,234</u>	<u>0</u>	<u>280,243</u>	<u>280,243</u>
Total Reporting Entity	<u>\$ 7,196,920</u>	<u>\$ 0</u>	<u>\$ 23,194,413</u>	<u>\$ 23,792,073</u>	<u>\$ 6,599,260</u>	<u>\$ 861,533</u>	<u>\$ 7,460,793</u>
Composition of Cash							
					Checking Accounts	\$ 503,260	
					Savings Accounts	6,690,870	
					Certificates of Deposit	650,842	
					Construction account	-	
					Total Cash	7,844,972	
					Agency Funds per Schedule 4	384,179	
					Total Reporting Entity	\$ 7,460,793	

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.336 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.336 (b) organizations for which USD No. 336 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.336 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental 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 for the year 2019:

Governmental Funds

General Fund – The chief operating fund. Used to account for the 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 Funds – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major facilities or equipment.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

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 receipts 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 municipality 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 municipality to use the regulatory basis of accounting.

Reimbursed Expenses

Expenditures in the amount of \$ 12,569 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

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.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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 for the period under audit.

The statutes permit transferring budgeted amounts between accounts 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 showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

Title IIA Fund	ACE Program
Migrant Fund	Contingency Reserve Fund
District Activity Funds	Title I Fund
Textbook Rental Fund	Mini-Grant Fund
JCCTCC	Title VI B
Carl Perkins Grant	Title IID

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.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – Deposits and Investments

Deposits

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.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Deposits

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 investments 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. The district had no investments during 2019.

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 K.S.A. 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, 2019.

At June 30, 2019, the government's carrying amount of deposits was \$ 7,844,972 and the bank balance was \$ 7,633,448. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk – Investments

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

NOTE 3 – In-Substance Receipt in Transit

The district received \$ 531,953 subsequent to June 30, 2019 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, 2019.

NOTE 4 – Defined Benefit Pension Plan

Plan Description – USD 336 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; 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 contributions 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.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on 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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Defined Benefit Pension Plan (continued)

(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, 2018. The actuarially determined employer contribution rate and the statutory contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2019

Per 2017 Senate Substitute for House Bill 2052m section 37(a), 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 stipulated that repayments of the reduced contributions are to be amortized over twenty years at the level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July of 2017

Per 2017 Senate Substitute for House Bill 2002, section 51(a), a state general fund employer contributions to KPERS were decreased by \$194,022,683 for the fiscal year ended June 30, 2019 Section 56(19) of the bill stipulates that repayments of the reduced contributions are to be amortized over twenty years at the level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employers share except for the 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 \$1,111,221 for the year ended June 30, 2019

Net Pension Liability At June 30, 2019 the District's proportionate share of collective net pension liability reported by KPERS was \$16,807,304. 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, 2018. 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, 2018. Since 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 publically available on the website www.kpers.org or can be obtained as described above.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 6 – Stewardship, Compliance and Accountability

We noted no violations of Kansas Statutes during the period under examination.

NOTE 7 – Compensated Absences

The District does not reimburse employees for unused vacation time. Employees working less than twelve months per year earn ten days sick leave per year. Full year employees earn twelve days sick leave annually. Classified sick leave is accrued in hours equal to each individual's working day and cannot exceed the equivalent of seventy five of an individual's work days. Each year, the District reimburses employees for accumulated unused sick leave in excess of seventy five days. The District has not accrued compensated absences at June 30, 2019.

NOTE 8 – Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the local government 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 this financial statement.

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

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Virtual Education Fund	K.S.A. 72-6428	\$ 14,682
General Fund	Special Education Fund	K.S.A. 72-6428	1,292,266
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	42,000
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	600,714
General Fund	Career and Postsecondary	K.S.A. 72-6428	344,042
General Fund	At Risk (4 year old) Fund	K.S.A. 72-6428	139,642
Supplemental General Fund	Bilingual Fund	K.S.A. 72-6428	9,367
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	4,086
Supplemental General Fund	Professional Development	K.S.A. 72-6425	45,924
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6426	229,019
Supplemental General Fund	At Risk (4 year old) Fund	K.S.A. 72-6427	27,161
Supplemental General Fund	Career and Postsecondary	K.S.A. 72-6425	15,323

NOTE 10 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

NOTE 11 – Subsequent Events

Subsequent events for management's review have been evaluated through August 23, 2019. The date in the prior sentence is the date the financial statements were available to be issued.

NOTE 12 – Capital Projects

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures To Date	Project Authorization
School Buildings	\$ 21,535,144	\$ 21,535,144

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 13 – Indebtedness

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2019, the statutory limit for the district was \$ 6,910,647 thus creating excess indebtedness of \$ 13,014,353. The outstanding bond principal represents 40.37% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation.

USD #336 HOLTON, KS
Notes to the Financial Statements
For the Year Ended June, 30, 2019

Note 14 - Long Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2019 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
2014 Issue	2.00-6.073%	8/27/14	\$ 3,485,000	9/1/22	\$ 2,945,000	\$	\$ 550,000	\$ (550,000)	\$ 2,395,000	\$ 104,900
2017 Issue	3.00-4.00%	6/1/17	9,230,000	9/1/36	9,230,000		120,000	(120,000)	9,110,000	309,600
2017-B Issue	3.00-4.00%	6/1/17	8,570,000	9/1/36	8,570,000		150,000	(150,000)	8,420,000	315,400
Capital Leases										
High School Addition #1	2.0-3.5%	4/1/12	\$ 1,720,000	4/1/22	750,000		180,000	(180,000)	570,000	26,250
High School Addition #2	.95-2.875%	5/1/13	560,000	4/1/23	295,000		55,000	(55,000)	240,000	7,484
Computer Hardware Lease	1.90%	7/17/15	389,112	8/15/18	85,819		85,819	(85,819)	0	1,631
Total Long Term Debt					\$ 21,875,819	\$ 0	\$ 1,140,819	\$ (1,140,819)	\$ 20,735,000	\$ 765,265

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

	2020	2021	2022	2023	2024	2025-2029	2030-2034	2035-2037	Totals
Principal									
General Obligation Bonds	\$ 810,000	\$ 835,000	\$ 865,000	\$ 905,000	\$ 940,000	\$ 6,380,000	\$ 6,355,000	\$ 2,835,000	\$ 19,925,000
Special Assessment Bonds									0
Certificates of Participation									0
Capital Leases	245,000	250,000	255,000	60,000					810,000
Revenue Bonds									0
No-Fund Warrants									0
Temporary Notes									0
Total Principal	1,055,000	1,085,000	1,120,000	965,000	940,000	6,380,000	6,355,000	2,835,000	20,735,000
Interest									
General Obligation Bonds	705,450	680,775	649,225	610,275	573,350	2,344,875	1,404,776	254,000	7,222,726
Special Assessment Bonds									0
Certificates of Participation									0
Capital Leases	26,266	18,560	10,199	1,726					56,751
Revenue Bonds									0
No-Fund Warrants									0
Temporary Notes									0
Total Interest	731,716	699,335	659,424	612,001	573,350	2,344,875	1,404,776	254,000	7,279,477
Total Principal and Interest	\$ 1,786,716	\$ 1,784,335	\$ 1,779,424	\$ 1,577,001	\$ 1,513,350	\$ 8,724,875	\$ 7,759,776	\$ 3,089,000	\$ 28,014,477

Unified School District No. 336, Holton, Kansas

Regulatory-Required

Supplementary Information

For the year ended June 30, 2019

USD #336 HOLTON, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2019

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
Governmental Type Funds						
General Funds						
General	\$ 7,939,088	\$ (220,184)	\$ 12,569	\$ 7,731,473	\$ 7,731,473	\$ 0
Supplemental General	2,493,699	(28,747)	0	2,464,952	2,464,952	0
Special Purpose Funds						
Career and Postsecondary	420,332	0	0	420,332	384,171	(36,161)
Special Education	1,636,226	0	0	1,636,226	1,402,387	(233,839)
Driver Training	46,448	0	0	46,448	2,606	(43,842)
Food Service	640,260	0	0	640,260	514,966	(125,294)
Capital Outlay	3,341,613	0	0	3,341,613	1,517,304	(1,824,309)
Gifts and Grants	8,290	0	0	8,290	7,651	(639)
Parent Education	38,500	0	0	38,500	0	(38,500)
Professional Development	142,125	0	0	142,125	117,550	(24,575)
Summer School	30,000	0	0	30,000	2,420	(27,580)
Special Education Cooperative	6,346,327	0	0	6,346,327	4,996,530	(1,349,797)
KPERS Special Contribution	1,758,240	0	0	1,758,240	1,111,221	(647,019)
At-Risk Fund (K-12)	1,096,395	0	0	1,096,395	887,597	(208,798)
At-Risk Fund (4 year olds)	288,427	0	0	288,427	194,089	(94,338)
Bilingual Education Fund	35,426	0	0	35,426	9,367	(26,059)
Virtual Education Fund	160,000	0	0	160,000	130,821	(29,179)
Bond and Interest Funds						
Bond and Interest	1,549,900	0	0	1,549,900	1,549,900	0

USD #336 HOLTON, KS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	7,718,904	7,908,653	(189,749)
Charges for services			0
Interest income			0
Miscellaneous revenues	12,569	30,435	(17,866)
Operating transfers			0
	<u>7,731,473</u>	<u>7,939,088</u>	<u>(207,615)</u>
EXPENDITURES			
Instruction	2,871,511	3,143,001	(271,490)
Student support services	280,953	271,252	9,701
Instruction support staff	280,419	226,909	53,510
General administration	132,813	128,644	4,169
School administration	609,155	570,498	38,657
Operations and maintenance	645,033	558,348	86,685
Student transportation services	376,367	368,332	8,035
Central support services	101,876	97,514	4,362
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,433,346	2,574,590	(141,244)
Adjustment to comply with legal max		(220,184)	220,184
Adjustment for qualifying budget credits		12,569	(12,569)
	<u>7,731,473</u>	<u>\$ 7,731,473</u>	<u>\$ 0</u>
Total Expenditures			
	<u>7,731,473</u>	<u>\$ 7,731,473</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #336 HOLTON, KS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2019

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 715,392	\$ 724,672	\$ (9,280)
Delinquent tax	12,559	11,707	852
Motor vehicle tax	95,788	95,733	55
RV tax	1,678	1,348	330
16/20 tax			0
Commercial vehicle tax		3,882	(3,882)
Watercraft tax			0
Federal grants			0
State aid/grants	1,627,854	1,646,839	(18,985)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>2,453,271</u>	<u>2,484,181</u>	<u>(30,910)</u>
EXPENDITURES			
Instruction	1,402,521	934,667	467,854
Student support services	4,762	5,612	(850)
Instruction support staff	33,610	29,807	3,803
General administration	13,149	13,845	(696)
School administration	74,999	60,656	14,343
Operations and maintenance	576,584	635,805	(59,221)
Student transportation services	28,447	29,196	(749)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	330,880	784,111	(453,231)
Adjustment to comply with legal max		(28,747)	28,747
Adjustment for qualifying budget credits			0
Total Expenditures	<u>2,464,952</u>	<u>\$ 2,464,952</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(11,681)		
Unencumbered Cash, Beginning	79,605		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 67,924</u>		

USD #336 HOLTON, KS
 CAREER AND POSTSECONDARY EDUCATION FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	6,132	6,658	(526)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>359,365</u>	<u>363,579</u>	<u>(4,214)</u>
Total Cash Receipts	<u>365,497</u>	<u>370,237</u>	<u>(4,740)</u>
EXPENDITURES			
Instruction	384,171	420,332	(36,161)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>384,171</u>	<u>\$ 420,332</u>	<u>\$ (36,161)</u>
Receipts Over (Under) Expenditures	(18,674)		
Unencumbered Cash, Beginning	50,094		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 31,420</u>		

USD #336 HOLTON, KS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	13,025		13,025
Operating transfers	<u>1,292,266</u>	<u>1,317,479</u>	<u>(25,213)</u>
Total Cash Receipts	<u>1,305,291</u>	<u>1,317,479</u>	<u>(12,188)</u>
EXPENDITURES			
Instruction	1,367,123	1,439,501	(72,378)
Student support services	227		227
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	35,037	196,725	(161,688)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,402,387</u>	<u>\$ 1,636,226</u>	<u>\$ (233,839)</u>
Receipts Over (Under) Expenditures	(97,096)		
Unencumbered Cash, Beginning	318,746		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 221,650</u>		

USD #336 HOLTON, KS
 DRIVER TRAINING FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	7,497	6,500	997
Charges for services	7,752	8,025	(273)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>15,249</u>	<u>14,525</u>	<u>724</u>
EXPENDITURES			
Instruction	1,781	45,448	(43,667)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	825	1,000	(175)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>2,606</u>	<u>\$ 46,448</u>	<u>\$ (43,842)</u>
Receipts Over (Under) Expenditures	12,643		
Unencumbered Cash, Beginning	31,922		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 44,565</u>		

USD #336 HOLTON, KS
 FOOD SERVICE FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	266,169	295,420	(29,251)
State aid/grants	5,211	4,628	583
Charges for services	202,272	203,118	(846)
Interest income			0
Miscellaneous revenues	4,198	2,140	2,058
Operating transfers		6,216	(6,216)
	<u>477,850</u>	<u>511,522</u>	<u>(33,672)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance		274	(274)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	514,966	639,986	(125,020)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>514,966</u>	<u>\$ 640,260</u>	<u>\$ (125,294)</u>
Total Expenditures	<u>514,966</u>	<u>\$ 640,260</u>	<u>\$ (125,294)</u>
Receipts Over (Under) Expenditures	(37,116)		
Unencumbered Cash, Beginning	128,738		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 91,622</u>		

USD #336 HOLTON, KS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 389,988	\$ 368,609	\$ 21,379
Delinquent tax	5,834	5,727	107
Motor vehicle tax	46,205	45,988	217
RV tax	830	648	182
16/20 tax			0
Commercial vehicle tax		1,865	(1,865)
Watercraft tax			0
Federal grants			0
State aid/grants	232,997	232,987	10
Charges for services			0
Interest income	16,482	14,762	1,720
Miscellaneous revenues	77,048	40,834	36,214
Operating transfers		237,090	(237,090)
Total Cash Receipts	<u>769,384</u>	<u>948,510</u>	<u>(179,126)</u>
EXPENDITURES			
Instruction	336,800	401,051	(64,251)
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	27,550	1,350,000	(1,322,450)
Student transportation services	206,747	600,000	(393,253)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	946,207	990,562	(44,355)
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,517,304</u>	<u>\$ 3,341,613</u>	<u>\$ (1,824,309)</u>
Receipts Over (Under) Expenditures	(747,920)		
Unencumbered Cash, Beginning	2,353,722		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,605,802</u>		

USD #336 HOLTON, KS
GIFTS AND GRANTS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	6,039		6,039
Operating transfers			0
	<u>6,039</u>	<u>0</u>	<u>6,039</u>
Total Cash Receipts			
	<u>6,039</u>	<u>0</u>	<u>6,039</u>
EXPENDITURES			
Instruction	7,651	8,290	(639)
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>7,651</u>	<u>8,290</u>	<u>(639)</u>
Total Expenditures			
	<u>7,651</u>	<u>\$ 8,290</u>	<u>\$ (639)</u>
Receipts Over (Under) Expenditures	(1,612)		
Unencumbered Cash, Beginning	6,233		
Prior Year Cancelled Encumbrances	<u>0</u>		

Unencumbered Cash, Ending \$ 4,621

NOTE: Not a Budget violation per Kansas Statutes

USD #336 HOLTON, KS
PARENT EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers		11,300	(11,300)
	<u>0</u>	<u>11,300</u>	<u>(11,300)</u>
Total Cash Receipts			
	<u>0</u>	<u>11,300</u>	<u>(11,300)</u>
EXPENDITURES			
Instruction			0
Student support services		38,500	(38,500)
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>0</u>	<u>38,500</u>	<u>(38,500)</u>
Total Expenditures			
	<u>0</u>	<u>\$ 38,500</u>	<u>\$ (38,500)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	27,200		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 27,200</u>		

USD #336 HOLTON, KS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	7,172	9,881	(2,709)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>45,924</u>	<u>32,300</u>	<u>13,624</u>
Total Cash Receipts	<u>53,096</u>	<u>42,181</u>	<u>10,915</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff	117,550	142,125	(24,575)
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>117,550</u>	<u>\$ 142,125</u>	<u>\$ (24,575)</u>
Receipts Over (Under) Expenditures	(64,454)		
Unencumbered Cash, Beginning	99,944		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 35,490</u>		

USD #336 HOLTON, KS
SUMMER SCHOOL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES			
Instruction	2,173	30,000	(27,827)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	247		247
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>2,420</u>	<u>30,000</u>	<u>0</u>
Total Expenditures			
	<u>2,420</u>	<u>\$ 30,000</u>	<u>\$ (27,580)</u>
Receipts Over (Under) Expenditures	(2,420)		
Unencumbered Cash, Beginning	30,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 27,580</u>		

USD #336 HOLTON, KS
SPECIAL EDUCATION COOPERATIVE
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	986,335	863,930	122,405
State aid/grants			0
Charges for services	1,697,552	4,556,976	(2,859,424)
Interest income			0
Miscellaneous revenues	4,912	5,441	(529)
Operating transfers	<u>2,651,590</u>	<u></u>	<u>2,651,590</u>
 Total Cash Receipts	 <u>5,340,389</u>	 <u>5,426,347</u>	 <u>(85,958)</u>
 EXPENDITURES			
Instruction	4,446,798	2,526,969	1,919,829
Student support services	183,033	3,420,235	(3,237,202)
Instruction support staff			0
General administration	239,517	248,317	(8,800)
School administration			0
Operations and maintenance	38,709	31,815	6,894
Student transportation services	25,589	55,000	(29,411)
Central support services	62,884	63,991	(1,107)
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits	<u></u>	<u></u>	<u>0</u>
 Total Expenditures	 <u>4,996,530</u>	 <u>\$ 6,346,327</u>	 <u>\$ (1,349,797)</u>
 Receipts Over (Under) Expenditures	 343,859		
Unencumbered Cash, Beginning	916,037		
Prior Year Cancelled Encumbrances	<u>0</u>		
 Unencumbered Cash, Ending	 <u>\$ 1,259,896</u>		

USD #336 HOLTON, KS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	1,111,221	1,758,240	(647,019)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>1,111,221</u>	<u>1,758,240</u>	<u>(647,019)</u>
EXPENDITURES			
Instruction	911,201	1,441,756	(530,555)
Student support services	22,224	35,165	(12,941)
Instruction support staff	22,224	35,165	(12,941)
General administration	33,337	52,747	(19,410)
School administration	44,449	70,330	(25,881)
Operations and maintenance	33,337	52,747	(19,410)
Student transportation services	22,224	35,165	(12,941)
Central support services	11,112	17,582	(6,470)
Other support services			0
Food service operations	11,113	17,583	(6,470)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>1,111,221</u>	<u>\$ 1,758,240</u>	<u>\$ (647,019)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

USD #336 HOLTON, KS
 AT RISK FUND (K-12)
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>829,733</u>	<u>934,687</u>	<u>(104,954)</u>
Total Cash Receipts	<u>829,733</u>	<u>934,687</u>	<u>(104,954)</u>
EXPENDITURES			
Instruction	882,829	1,091,670	(208,841)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	4,768	4,725	43
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>887,597</u>	<u>\$ 1,096,395</u>	<u>\$ (208,798)</u>
Receipts Over (Under) Expenditures	(57,864)		
Unencumbered Cash, Beginning	161,708		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 103,844</u>		

USD #336 HOLTON, KS
 AT RISK FUND (4 YEAR OLDS)
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services	27,286		27,286
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>166,803</u>	<u>248,427</u>	<u>(81,624)</u>
Total Cash Receipts	<u>194,089</u>	<u>248,427</u>	<u>(54,338)</u>
EXPENDITURES			
Instruction	169,074	288,427	(119,353)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	25,015		25,015
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>194,089</u>	<u>\$ 288,427</u>	<u>\$ (94,338)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #336 HOLTON, KS
 BILINGUAL EDUCATION
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>9,367</u>	<u>35,426</u>	<u>(26,059)</u>
Total Cash Receipts	<u>9,367</u>	<u>35,426</u>	<u>(26,059)</u>
EXPENDITURES			
Instruction	9,367	35,426	(26,059)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>9,367</u>	<u>\$ 35,426</u>	<u>\$ (26,059)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

USD #336 HOLTON, KS
 VIRTUAL EDUCATION
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services	41,148		41,148
Interest income			0
Miscellaneous revenues	20		20
Operating transfers		70,197	(70,197)
	<u>41,168</u>	<u>70,197</u>	<u>(29,029)</u>
Total Cash Receipts			
	<u>41,168</u>	<u>70,197</u>	<u>(29,029)</u>
EXPENDITURES			
Instruction	15,030	50,466	(35,436)
Student support services			0
Instruction support staff			0
General administration			0
School administration	86,105	77,106	8,999
Operations and maintenance	29,686	32,428	(2,742)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>130,821</u>	<u>\$ 160,000</u>	<u>\$ (29,179)</u>
Total Expenditures			
	<u>130,821</u>	<u>\$ 160,000</u>	<u>\$ (29,179)</u>
 Receipts Over (Under) Expenditures	 (89,653)		
Unencumbered Cash, Beginning	89,803		
Prior Year Cancelled Encumbrances	<u>0</u>		
 Unencumbered Cash, Ending	 <u>\$ 150</u>		

USD #336 HOLTON, KS
 BOND AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 683,782	\$ 646,248	\$ 37,534
Delinquent tax	10,147	10,040	107
Motor vehicle tax	81,231	80,850	381
RV tax	1,462	1,138	324
16/20 tax			0
Commercial vehicle tax		3,279	(3,279)
Watercraft tax			0
Federal grants			0
State aid/grants	914,441	914,441	0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>1,691,063</u>	<u>1,655,996</u>	<u>35,067</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	1,549,900	1,549,900	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,549,900</u>	<u>\$ 1,549,900</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	141,163		
Unencumbered Cash, Beginning	1,506,111		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,647,274</u>		

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			160,991
State aid/grants			
Charges for services	43,107		
Interest income			
Miscellaneous revenues			
Operating transfers		42,000	
Total Cash Receipts	<u>43,107</u>	<u>42,000</u>	<u>160,991</u>
EXPENDITURES			
Instruction	18,941		160,991
Student support services			
Instruction support staff	13,515		
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
Total Expenditures	<u>32,456</u>	<u>0</u>	<u>160,991</u>
Receipts Over (Under) Expenditures	10,651	42,000	0
Unencumbered Cash, Beginning	324,758	840,000	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u><u>\$ 335,409</u></u>	<u><u>\$ 882,000</u></u>	<u><u>\$ 0</u></u>

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2019

	Title IVA <u>Drug Free</u>	Title VIB	<u>Mini-Grants</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants		30,887	
State aid/grants	16663		
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>16,663</u>	<u>30,887</u>	<u>0</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	16,663	26,610	
Student support services			
Instruction support staff			
General administration		4,277	
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>16,663</u>	<u>30,887</u>	<u>0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0	0	0
Unencumbered Cash, Beginning	0	0	2,057
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,057</u>

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2019

	ACE Grant Program	Title IIA
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants		26,925
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues	6,086	
Operating transfers		
	<u>6,086</u>	<u>26,925</u>
Total Cash Receipts		
EXPENDITURES		
Instruction	6,091	26,925
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>6,091</u>	<u>26,925</u>
Total Expenditures		
Receipts Over (Under) Expenditures	(5)	0
Unencumbered Cash, Beginning	5	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>

USD #336 HOLTON, KS
NONBUDGETED FUNDS
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2019

	JCCTCC Grant	Carl Perkins Grant
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants		13,640
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues	112	
Operating transfers		
	<u>112</u>	<u>13,640</u>
EXPENDITURES		
Instruction	489	8,110
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>489</u>	<u>8,110</u>
Total Expenditures	<u>489</u>	<u>8,110</u>
 Receipts Over (Under) Expenditures	 (377)	 5,530
Unencumbered Cash, Beginning	350	(1,127)
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	 <u><u>\$ (27)</u></u>	 <u><u>\$ 4,403</u></u>

USD #336 HOLTON, KS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Middle school							
Athletics	\$ 498		\$ 22,519	\$ 23,185	\$ (168)	\$ -	\$ (168)
Volleyball	150				150		150
Concessions	2,759		3,732	2,530	3,961		3,961
High School							
Athletics	4,699		76,038	80,737	-		-
Boys Basketball	801		8,365	8,184	982		982
Girls Basketball	438		2,000	2,050	388		388
Track	37				37		37
Volleyball	272				272		272
Wrestling	59				59		59
Cross Country	2,061				2,061		2,061
Softball	711		7,333	8,044	-		-
Subtotal Gate Receipts	12,485	-	119,987	124,730	7,742	-	7,742
School Projects							
Holton Elementary							
General	21,725		14,564	21,400	14,889		14,889
Petty Cash	-		811	411	400		400
PBIS	3,602		749	2,049	2,302		2,302
Owls Garden Fund	738		940	55	1,623		1,623
Optimist Donation	550				550		550
Book Fair	1,246		6,857	7,090	1,013		1,013
Preschool	-		27,286	27,286	-		-
ACE After School	-		6,226	6,226	-		-
Middle School							
Faculty	1,353		1,080	1,207	1,226		1,226
Library	465		1,044	259	1,250		1,250
School Fund	3,874		2,441	524	5,791		5,791
Petty Cash and Sales tax	-		5,269	5,269	-		-
Yearbooks	673		1,582	1,693	562		562
Pictures	311		212		523		523
Awards	(1,623)		5,631	4,321	(313)		(313)
High School							
Concessions	13,133		34,185	26,059	21,259		21,259
Program ads	45,303		12,963	27,839	30,427		30,427
Drivers Ed Fees	-		7,752	7,752	-		-
Holtonian	-		2,680	2,250	430		430
JCYC	186		7,224	6,056	1,354		1,354
Football stadium	26,853		3,200		30,053		30,053
Touchdown club	1,447		5,100	2,788	3,759		3,759
Laptop Insurance	5,479		17,736	17,703	5,512		5,512
Lift A Thon	3,849		6,627	5,955	4,521		4,521
PE Grant	1,891		9		1,900		1,900
School Fund	27,332		10,333	26,157	11,508		11,508
Supplies	32,933		288	222	32,999		32,999
Wall Picture	2,424				2,424		2,424
Yearbook	3,199		15,357	16,420	2,136		2,136
Orders/Testing	5,438		6,018	6,056	5,400		5,400
IHT	1,329			38	1,291		1,291
Staff Grants	265				265		265
Character Program	5,320				5,320		5,320
Patio pavers	1,791				1,791		1,791
AG Metal	1,892		1,935	2,231	1,596		1,596
Band rental fee	624		2,012	874	1,762		1,762
Band classroom	1,245		750		1,995		1,995
Harold Kennedy	1,100				1,100		1,100
Ron Folk Memorial	45			45	-		-
Greenhouse	2,537		740	3,257	20		20
Subtotal School Projects	218,529	-	209,601	229,492	198,638	-	198,638
Total District Activity Funds	<u>\$ 231,014</u>	<u>\$ -</u>	<u>\$ 329,588</u>	<u>\$ 354,222</u>	<u>\$ 206,380</u>	<u>\$ -</u>	<u>\$ 206,380</u>

USD# 336 HOLTON, KS
 AGENCY FUNDS
 Summary of Receipts and Disbursements
 For the Year Ended June 30, 2019

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll liabilities	\$ 343,319	\$ -	\$ 64,065	\$ 279,254
High School				
Art	846	3,662	2,791	1,717
Band	6,764	19,843	25,374	1,233
Constitution Club	27			27
Drama	4,842	598	96	5,344
FFA	(1,637)	36,452	29,617	5,198
FFA Recycling	0	2,008	2,008	0
FCCLA Club	10,907	5,878	14,923	1,862
FACS Fees	909	1,855	139	2,625
Kayettes	592	790	638	744
KLASS	1,274	15	142	1,147
National Honor Society	262	65		327
Spirit Club	7,173	15,842	13,466	9,549
SADD	0			0
Sales Tax	0	8,732	8,732	0
Student Council	1,256	13,592	4,070	10,778
Vocal Music	5,361	11,030	9,612	6,779
Vocational Agriculture	1,387	775	703	1,459
FCA Club	801			801
Summer weights	30	1,889	1,919	0
Class of 2010	96			96
Class of 2011	682			682
Class of 2015	120			120
Class of 2016	113			113
Class of 2022	0	1,825		1,825
Class of 2018	1,728			1,728
Class of 2019	2,361	80	512	1,929
Class of 2020	3,775	2,560	4,610	1,725
Class of 2021	1,965	1,840	25	3,780
Lettercats	3,017			3,017
FBLA Club	1,422	2,972	2,675	1,719
Spanish Club	407			407
Middle School				
Student Council	474	67	823	(282)
Technology	(385)	2,705	985	1,335
Kays	13,198	37,911	15,551	35,558
Music	0	600	540	60
Cookie dough	4,334	39,242	42,726	850
Art	19	1,140	486	673
Total	<u>\$ 417,439</u>	<u>\$ 213,968</u>	<u>\$ 247,228</u>	<u>\$ 384,179</u>

...KL...

Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 336
Holton, Kansas 66436

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units of Unified School District No. 336 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Unified School District No. 336's basic financial statement, and have issued our report thereon dated August 23, 2019.

The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unmodified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 336, Holton, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' 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 organization's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 336's financial statement is free from 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control or on compliance. This report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Karlin & Long, LLC

Karlin & Long, LLC
Certified Public Accountants

August 23, 2019

...KL...

Karlin & Long, LLC
Certified Public Accountants

Board of Education
Unified School District No. 336
Holton, Kansas 66436

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

Report on Compliance for Each Major Federal Program

We have audited United School District No. 336's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the United School District No. 336's major federal programs for the year ended June 30, 2019. United School District No. 336's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the United School District No. 336's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the United School District No. 336's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the United School District No. 336's compliance.

Opinion on Each Major Federal Program

In our opinion, the United School District No. 336, 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, 2019.

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Other Matters

United School District No. 336's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. United School District No. 337's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the United School District No. 336, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the United School District No. 336's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the United School District No. 336's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Karlin & Long, LLC

Karlin & Long, LLC
Certified Public Accountants
August 23, 2019

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
Passed through State Department of Education:			
Title I - Low income	84.010A	*	\$ 144,828
EHC Flo-Thru	84.027A	*	795,781
Reserve Fund	84.048	*	2,628
Reserve Fund	84.048A	*	7,220
Early Childhood Aid	84.173A	*	34,036
Supporting Effective Instruction	84.367A	*	26,925
ESSA Student Academic Support	84.424A	*	16,163
2019 Hurricanes	84.938C	*	8,625
<hr/>			
U.S. Department of Agriculture			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	52,589
National School Lunch Program	10.555	*	213,581
National School Lunch Program	10.574	*	200
<hr/>			
Other Federal Assistance			
Passed through State Department of Education:			
Youth Risk Behavior Survey	93.938	*	1,000
Total Federal Assistance			<u><u>\$ 1,303,576</u></u>

* Not available

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2019

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #336 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unmodified Opinion on the financial statements in accordance with the regulatory basis.
2. No significant conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District No. 336 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District No. 336 expresses an unmodified opinion on all major federal programs.
5. Audit findings that are required to be reported in accordance with Section 510 (a) of the Uniform Guidance relative to the major federal award programs for USD 336 are reported on this schedule.
6. The programs tested as major programs included:
Department of Education
State Grants (Part B Education Act) CFDA # 84.027
7. Unified School District No. 336 was not determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$750,000.

B. Findings – Financial Statement Audit
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit
Department of Education
State Grants (Part B Education Act) CFDA No. 84.027

No findings of noncompliance or questioned costs were noted.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 336 Holton, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Unified School District No. 336 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 336
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

NOTE 1 – Basis of Accounting (continued)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Unified School District No. 336 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with Uniform Guidance, major programs are determined using a risk-based approach. State Grants (Part B Education Act) has been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

NOTE 5 – Indirect Costs

Unified School District No 336 has elected not to use the 10 percent de minimis indirect cost rate allowed under uniform guidance.