

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS**

For the Fiscal Year Ended June 30, 2021

Regulatory Basis Financial Statement
Independent Auditors' Report with
Regulatory Required Supplemental Information

**UNIFIED SCHOOL DISTRICT #506
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

We have audited the accompanying fund summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Unified School District #506 (the District), Altamont, Kansas as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statement.

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 the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” 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 District as of June 30, 2021 or changes in financial position and cash flows thereof for the fiscal year then ended.

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 District as of June 30, 2021, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2021 fund summary statement of regulatory basis 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, summary of receipts and disbursements – 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 financial statement. 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 required 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.

Board of Education
Unified School District #506
Altamont, Kansas

The prior year actual column presented in the individual fund schedules of receipts and expenditures – actual and budget – regulatory basis (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and are not a required part of the prior year financial statement upon which we rendered an unqualified opinion dated February 19, 2021. The prior year 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, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such prior year 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 prior year financial statement. The prior year comparative information was subjected to the auditing procedures applied in the audit of the prior year statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the prior year financial statement or to the prior year financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the prior year comparative information is fairly stated in all material respects in relation to the prior year 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 April 11, 2022 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.

Diehl, Banwart, Bolton CPAs PA

DIEHL, BANWART, BOLTON CPAs PA

April 11, 2022
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, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	\$ -	\$ 11,676,862	\$ 11,676,862	\$ -	\$ 36,906	\$ 36,906
Supplemental General	102,192	3,474,446	3,464,330	112,308	354,990	467,298
Special Purpose Funds:						
4 Yr Old At Risk	65,147	18,285	13,115	70,317	-	70,317
K-12 At Risk	-	1,633,550	1,633,550	-	-	-
Capital Outlay	1,932,910	976,964	471,141	2,438,733	292,480	2,731,213
Driver Education	77,315	7,557	10,390	74,481	-	74,481
Food Service	175,611	1,179,889	1,070,197	285,303	66,060	351,364
Inservice Education	91,724	47,033	39,734	99,023	5,191	104,214
Parent Education	-	25,000	16,000	9,000	16,000	25,000
Special Education	799,091	2,463,634	2,466,814	795,910	235	796,146
Career and Postsecondary Education	254,804	317,765	320,402	252,167	10,213	262,379
KPERS Special Retirement	-	1,270,807	1,270,807	-	-	-
Contingency Reserve	573,193	150,000	130,819	592,374	119,918	712,292
Textbook Rental	245,707	32,647	30,398	247,957	25,125	273,082
Title I	-	411,708	411,708	-	-	-
Safe and Supportive Schools	6,461	-	-	6,461	-	6,461
Title II -A Teacher Quality	-	56,126	56,126	-	-	-
Title VII Indian Education	-	101,555	101,555	-	694	694
Secondary Program Improvements	15,242	15,000	17,326	12,916	385	13,301
ESSS Grant	485	-	485	-	-	-
EMINT Grank	(3,662)	35,606	34,863	(2,920)	-	(2,920)
21st Century Grant	396	126,855	140,217	(12,966)	6,486	(6,480)
SPARK Grant	-	163,855	163,855	-	-	-
Technology Grant	-	316,379	436,152	(119,773)	44,985	(74,788)
ESSER	(51,964)	291,239	585,844	(346,569)	168,750	(177,819)
Kansas Reading Roadmap	(196,003)	199,517	3,514	-	-	-
Rural Low Income Grant	-	28,859	28,859	-	28,859	28,859
Pre-K Pilot Grant	-	98,334	112,500	(14,166)	-	(14,166)
Mental Health Program	-	57,500	57,500	-	-	-
Gifts & Grants	13,457	20,821	821	33,457	-	33,457
District Activity Funds	10,968	48,205	57,573	1,599	-	1,599
Bond and Interest Fund	1,373,632	908,357	627,396	1,654,593	-	1,654,593
Total Entity (Excluding Agency Funds)	<u>\$ 5,486,706</u>	<u>\$ 26,154,356</u>	<u>\$ 25,450,855</u>	<u>\$ 6,190,207</u>	<u>\$ 1,177,277</u>	<u>\$ 7,367,484</u>

Composition of Cash

General Checking Account.....	4,365,884
Activity Checking Accounts.....	151,837
Certificates of Deposit.....	3,000,000
Total Cash	7,517,721
Agency Funds per Schedule 3	(150,238)
Total Reporting Entity	<u>7,367,484</u>

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

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS**

**NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2021**

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.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments in the fiscal year ended June 30, 2021. The General Fund budget and the Supplemental General Fund budget were both 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, ESSS Grant, EMINT Grant, 21st Century Grant, SPARK Grant, Technology, ESSER, Kansas Reading Roadmap, Rural Low Income Grant, Pre-K Pilot Grant, Mental Health Program, 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. As detailed in the attached regulatory required supplementary information, the District's expenditures exceeded their budget authority in the Food Service Fund in violation of KSA 79-2934 and 79-2935. The negative unencumbered cash balance in the Technology Grant, EMINT Grant, 21st Century Grant, ESSER and Pre-K Pilot Program Grant 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, 2021, as detailed in the table below.

At June 30, 2021 the District's carrying amount of deposits was \$7,517,721 and the bank balance was \$8,237,614. 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 \$7,737,614 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of \$8,258,714.

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

FINANCIAL INSTITUTIONS

<u>RISK CATEGORIES</u>	<u>LABETTE BANK</u>	<u>COMMUNITY NATIONAL BANK</u>	<u>TOTALS</u>
(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	4,987,614	2,750,000	7,737,614
(3) Uncollateralized	-	-	-
TOTAL BANK BALANCES	\$ 5,237,614	\$ 3,000,000	\$ 8,237,614
Total Pledged Securities	\$ 5,509,466	\$ 3,019,248	\$ 8,528,714

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$824,055 subsequent to June 30, 2021, 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, 2021.

5. 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 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

5. **PENSION PLAN** (Continued)

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.

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 \$1,270,807 for the year ended June 30, 2021.

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was \$14,298,365. The net pension liability was measured as of June 30, 2020 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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, 2020. 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.

6. **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.

7. **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	\$ 2,244,916
General	K-12 At Risk	KSA 72-5153	485,301
General	Professional Development	KSA 72-2552	30,000
General	Parent Education	KSA 72-4165	25,000
General	Contingency Reserve	KSA 72-5165	150,000
Supplemental General	Special Education	KSA 72-3422	150,000
Supplemental General	Career & Postsecondary Education	KSA 72-5162	275,000
Supplemental General	K-12 At Risk	KSA 72-5153	1,148,248

9. 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.

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2021 through April 11, 2022 the date the financial statements were available for issue. During March 2021 the District's operations were impacted by the COVID-19 virus and they continue to be impacted. Although the overall impact is unknown, it is expected to be material. 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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balances Beginning of Year</u>	<u>Additions / New Debt</u>	<u>Reductions / Principal Paid</u>	<u>Balances End of Year</u>	<u>Interest Paid</u>
General Obligation Refunding Bonds Series 2012	0.45-2.30%	3/1/2012	6,415,000	9/1/2025	\$ 3,730,000	\$ -	\$ 555,000	\$3,175,000	\$ 72,396
Capital Leases									
Labette Bank Computer Equipment	3.80%	7/31/2010	281,573	12/31/2020	<u>33,606</u>	<u>-</u>	<u>33,606</u>	<u>-</u>	<u>1,273</u>
					<u>\$ 3,763,606</u>	<u>\$ -</u>	<u>\$ 588,606</u>	<u>\$3,175,000</u>	<u>\$ 73,669</u>

Schedule of Maturities in Long-Term Debt

11. LONG TERM DEBT OBLIGATIONS

Fiscal Years Ending June 30,	2022	2023	2024	2025	2026	2027 2031	Totals
PRINCIPAL							
General Obligation Bonds Series 2012	\$580,000	\$ 610,000	\$ 635,000	\$ 660,000	\$690,000	\$ -	\$ 3,175,000
INTEREST							
General Obligation Refunding Series 2012	<u>61,753</u>	<u>50,142</u>	<u>37,216</u>	<u>23,130</u>	<u>7,935</u>	<u>-</u>	<u>180,176</u>
Total Principal and Interest	<u>\$ 641,753</u>	<u>\$ 660,142</u>	<u>\$ 672,216</u>	<u>\$ 683,130</u>	<u>\$ 697,935</u>	<u>\$ -</u>	<u>\$ 3,355,176</u>

**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, 2021

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	\$ 11,836,451	\$ (372,373)	\$ 212,784	\$ 11,676,862	\$ 11,676,862	\$ -
Supplemental General	3,575,194	(110,864)	-	3,464,330	3,464,330	-
Special Purpose Funds:						
4 Yr Old At Risk	147,000	-	-	147,000	13,115	(133,885)
K-12 At Risk	1,777,500	-	-	1,777,500	1,633,550	(143,950)
Capital Outlay	1,100,000	-	-	1,100,000	471,141	(628,859)
Driver Education	27,050	-	-	27,050	10,390	(16,660)
Food Service	1,059,000	-	-	1,059,000	1,070,197	11,197
Inservice Education	85,000	-	-	85,000	39,734	(45,266)
Parent Education	20,000	-	-	20,000	16,000	(4,000)
Special Education	2,778,460	-	-	2,778,460	2,466,814	(311,646)
Career and Postsecondary Education	407,500	-	-	407,500	320,402	(87,098)
KPERS Special Retirement	1,536,964	-	-	1,536,964	1,270,807	(266,157)
Bond and Interest Fund	627,406	-	-	627,406	627,396	(10)
	<u>24,977,525</u>					

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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 889	\$ 933	\$ -	\$ 933
Delinquent tax	-	-	-	-
Mineral tax	802	209	-	209
Interest	-	-	-	-
Reimbursement	314,128	212,784	-	212,784
State Sources				
General aid	9,741,718	9,795,183	9,994,991	(199,808)
Special education aid	1,685,536	1,667,753	1,841,460	(173,707)
Total Cash Receipts	11,743,073	11,676,862	\$ 11,836,451	\$ (159,589)
Expenditures				
Instruction	5,366,076	5,372,179	\$ 5,109,951	\$ 262,228
Student Support	177,698	214,026	188,000	26,026
Instructional Support	148,418	162,280	156,500	5,780
General Administration	308,892	315,909	344,000	(28,091)
School Administration	865,630	853,215	901,000	(47,785)
Operations and Maintenance	1,119,548	1,064,660	1,164,500	(99,840)
Transportation	774,315	644,153	792,000	(147,847)
Central Services	88,914	115,222	95,500	19,722
Support Services				
Operating transfers to Other Funds				
Special Education	2,256,260	2,244,916	2,300,000	(55,084)
4 Yr Old At Risk	-	-	-	-
K-12 At Risk	637,322	485,301	785,000	(299,699)
Professional Development	-	30,000		
Parent Education	-	25,000		
Contingency Reserve	-	150,000	-	150,000
Food Service	-	-	-	-
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	212,784	(212,784)
Adjustment for Legal Maximum	-		(372,373)	372,373
Total Expenditures Subject to Budget	11,743,073	11,676,862	\$ 11,676,862	\$ (55,000)
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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 847,421	\$ 790,612	\$ 726,709	\$ 63,903
Delinquent tax	22,534	14,615	9,534	5,081
Motor vehicle tax	177,810	178,019	165,837	12,182
Reimbursements	-	-	-	-
State Sources				
Supplemental aid	2,499,045	2,491,200	2,570,922	(79,722)
Operating transfers from Other Funds				
Contingency Reserve	-	-	-	-
Total Cash Receipts	3,546,810	3,474,446	\$ 3,473,002	\$ 1,444
Expenditures				
Instruction	429,535	367,246	\$ 632,694	\$ (265,448)
Student Support	23,494	2,269	35,000	(32,731)
Instructional Support	69,149	346,629	80,000	266,629
General Administration	126,363	151,916	125,000	26,916
School Administration	-	-	-	-
Operations and Maintenance	970,536	850,284	1,005,000	(154,716)
Transportation	63,613	67,606	72,500	(4,894)
Central Services	99,049	105,132	110,000	(4,868)
Support Services				
Operating transfers to Other Funds				
Parent Education	12,750	-	20,000	(20,000)
Food Service	60,000	-	-	-
Special Education	158,435	150,000	-	150,000
Inservice Education	55,000	-	50,000	(50,000)
4 Yr Old At Risk	120,000	-	120,000	(120,000)
K-12 At Risk	1,000,000	1,148,248	1,000,000	148,248
Career and Postsecondary Education	320,000	275,000	325,000	(50,000)
Adjustments to Budget				
Adjustment for Reimbursed Expenses			-	-
Adjustment for Legal Maximum			(110,864)	110,864
Total Expenditures Subject to Budget	3,507,924	3,464,330	\$ 3,464,330	\$ -
Receipts Over (Under) Expenditures	38,886	10,116		
Unencumbered Cash, Beginning	63,306	102,192		
Unencumbered Cash, Ending	\$ 102,192	\$ 112,308		

**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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ 15,837	\$ 18,285	\$ -	\$ 18,285
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	120,000	-	120,000	120,000
General	-	-	-	-
Total Cash Receipts	135,837	18,285	\$ 120,000	\$ 138,285
Expenditures				
Instruction	136,272	13,115	\$ 147,000	\$ (133,885)
Other Supplemental Services	-	-	-	-
Total Expenditures				
Subject to Budget	136,272	13,115	\$ 147,000	\$ (133,885)
Receipts Over (Under) Expenditures	(435)	5,170		
Unencumbered Cash, Beginning	65,582	65,147		
Unencumbered Cash, Ending	\$ 65,147	\$ 70,317		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
Supplemental General	1,000,000	1,148,248	1,000,000	148,248
General	637,322	485,301	785,000	(299,699)
Total Cash Receipts	1,637,322	1,633,550	\$ 1,785,000	\$ (151,450)
Expenditures				
Instruction	1,637,322	1,633,550	\$ 1,777,500	\$ (143,950)
Student Support Services	-	-	-	-
Total Expenditures				
Subject to Budget	1,637,322	1,633,550	\$ 1,777,500	\$ (143,950)
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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 456,793	\$ 467,452	\$ 441,881	\$ 25,571
Delinquent tax	9,930	7,184	5,168	2,016
Motor vehicle tax	84,559	88,051	82,219	5,832
Interest on idle funds	33,266	14,098	20,000	(5,902)
Miscellaneous	58,970	72,226	-	72,226
State Sources				
State aid	324,172	327,952	327,970	(18)
Federal Sources				
FEMA Grant	925,965	-	-	-
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	1,893,655	976,964	\$ 877,238	\$ 99,726
Expenditures				
Instruction	926,615	82,564	\$ 125,000	\$ (42,436)
Student Support Services	-	-	-	-
General Administration	47,126	-	100,000	(100,000)
School Administration	165,177	-	100,000	(100,000)
Operations & Maintenance	52,705	17,010	150,000	(132,990)
Transportation	322,771	306,135	100,000	206,135
Central Services	-	-	-	-
Facility Acquisition and Construction	382,747	65,431	525,000	(459,569)
Adjustments to Budget				
Adjustment for Reimbursed Expenses			-	-
Total Expenditures				
Subject to Budget	1,897,141	471,141	\$ 1,100,000	\$ (628,859)
Receipts Over (Under) Expenditures	(3,486)	505,823		
Unencumbered Cash, Beginning	1,936,396	1,932,910		
Unencumbered Cash, Ending	\$ 1,932,910	\$ 2,438,733		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	\$ 4,500	\$ 3,375	\$ -	\$ 3,375
State Sources				
State aid	11,310	4,182	9,450	(5,268)
Operating Transfer from Other Funds				
Supplemental General	-	-	-	-
Total Cash Receipts	15,810	7,557	\$ 9,450	\$ (1,893)
Expenditures				
Instruction	17,604	10,390	\$ 26,300	\$ (15,910)
Support Services				
Instructional Support	-	-	-	-
Operations and Maintenance	-	-	750	(750)
Total Expenditures				
Subject to Budget	17,604	10,390	\$ 27,050	\$ (16,660)
Receipts Over (Under) Expenditures	(1,794)	(2,833)		
Unencumbered Cash, Beginning	79,109	77,315		
Unencumbered Cash, Ending	\$ 77,315	\$ 74,481		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Student Sales	\$ 204,384	\$ 39,832	\$ 206,565	\$ (166,733)
Adult Sales	10,060	7,984	17,808	(9,824)
Other	13,389	39,821	56,000	(16,179)
State Sources				
State Aid	8,704	9,842	7,020	2,822
Federal Sources				
Child Nutrition Aid	602,431	1,030,520	597,270	433,250
Fresh Fruits and Vegetables Grant	29,862	51,890	-	51,890
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	60,000	-	-	-
Total Cash Receipts	928,830	1,179,889	\$ 884,663	\$ 295,226
Expenditures				
Support Services				
Operations and Maintenance	-	-	\$ -	\$ -
Operation of Non-Instructional Services				
Food Service Operations	1,001,220	1,070,197	1,059,000	11,197
Total Expenditures				
Subject to Budget	1,001,220	1,070,197	\$ 1,059,000	\$ 11,197
Receipts Over (Under) Expenditures	(72,390)	109,692		
Unencumbered Cash, Beginning	248,001	175,611		
Unencumbered Cash, Ending	\$ 175,611	\$ 285,303		

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
INSERVICE EDUCATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
State Sources				
State Aid	11,292	17,033	10,500	6,533
Operating Transfer from Other Funds				
Supplemental General	55,000	-	50,000	(50,000)
General	-	30,000	-	30,000
Total Cash Receipts	66,292	47,033	\$ 60,500	\$ (13,467)
Expenditures				
Support Services				
Instructional Support Staff	55,718	39,734	\$ 85,000	\$ (45,266)
Central Services	-	-	-	-
Total Expenditures				
Subject to Budget	55,718	39,734	\$ 85,000	\$ (45,266)
Receipts Over (Under) Expenditures	10,574	7,299		
Unencumbered Cash, Beginning	81,150	91,724		
Unencumbered Cash, Ending	\$ 91,724	\$ 99,023		

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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		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	12,750	-	20,000	(20,000)
General	-	25,000	-	25,000
Total Cash Receipts	12,750	25,000	\$ 20,000	\$ 5,000
Expenditures				
Student Support Servies	12,750	16,000	\$ 20,000	\$ (4,000)
Instructional Support Staff	-	-	-	-
Total Expenditures				
Subject to Budget	12,750	16,000	\$ 20,000	\$ (4,000)
Receipts Over (Under) Expenditures	-	9,000		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 9,000		

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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	\$ 68,773	\$ 39,044	\$ 26,407	\$ 12,637
Medicaid	34,063	29,674	-	29,674
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	158,435	150,000	-	150,000
General	2,256,260	2,244,916	2,300,000	(55,084)
Total Cash Receipts	2,517,531	2,463,634	\$ 2,326,407	\$ 137,227
Expenditures				
Instruction	2,236,471	2,265,679	\$ 2,467,960	\$ (202,281)
Support Services				
General Administration	32,735	37,225	44,500	(7,275)
Transportation	231,639	163,911	266,000	(102,089)
Total Expenditures				
Subject to Budget	2,500,845	2,466,814	\$ 2,778,460	\$ (311,646)
Receipts Over (Under) Expenditures	16,686	(3,180)		
Unencumbered Cash, Beginning	782,405	799,091		
Unencumbered Cash, Ending	\$ 799,091	\$ 795,910		

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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ 26,734	\$ 42,765	\$ -	\$ 42,765
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	320,000	275,000	325,000	(50,000)
General	-	-	-	-
Total Cash Receipts	346,734	317,765	\$ 325,000	\$ (7,235)
Expenditures				
Instruction	292,356	265,139	\$ 336,500	\$ (71,361)
Student Support Services	-	-	-	-
Operations and Maintenance	62,444	55,263	71,000	(15,737)
Total Expenditures				
Subject to Budget	354,800	320,402	\$ 407,500	\$ (87,098)
Receipts Over (Under) Expenditures	(8,066)	(2,638)		
Unencumbered Cash, Beginning	262,870	254,804		
Unencumbered Cash, Ending	\$ 254,804	\$ 252,167		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	\$ 1,388,091	\$ 1,270,807	\$ 1,536,964	\$ (266,157)
Operating Transfers from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	1,388,091	1,270,807	\$ 1,536,964	\$ (266,157)
Expenditures				
Instruction	846,874	775,320	\$ 907,964	\$ (132,644)
Student Support	35,535	32,533	45,000	(12,467)
Instructional Support	35,813	32,787	45,000	(12,213)
General Administration	47,889	43,843	57,000	(13,157)
School Administration	100,220	91,752	112,000	(20,248)
Central Services	35,535	32,533	45,000	(12,467)
Operations and Maintenance	119,515	109,417	135,000	(25,583)
Trasnportation	97,861	89,592	110,000	(20,408)
Food Service	68,849	63,032	80,000	(16,968)
Total Expenditures				
Subject to Budget	1,388,091	1,270,807	\$ 1,536,964	\$ (266,157)
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfer From Other Funds		
General	\$ -	\$ 150,000
Total Cash Receipts	-	150,000
Expenditures		
Operations and Maintenance	-	130,819
Operating transfer to Supplemental General Fund	-	-
Total Expenditures	-	130,819
Receipts Over (Under) Expenditures	-	19,181
Unencumbered Cash, Beginning	573,193	573,193
Unencumbered Cash, Ending	\$ 573,193	\$ 592,374

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TEXTBOOK RENTAL FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources		
Textbook rental	\$ 35,766	\$ 32,647
Miscellaneous	-	-
Operating Transfer From Other Funds		
Supplemental General	-	-
	<u>35,766</u>	<u>32,647</u>
Total Cash Receipts		
Expenditures		
Instruction	<u>21,061</u>	<u>30,398</u>
Total Expenditures	<u>21,061</u>	<u>30,398</u>
Receipts Over (Under) Expenditures	14,705	2,249
Unencumbered Cash, Beginning	<u>231,002</u>	<u>245,707</u>
Unencumbered Cash, Ending	<u>\$ 245,707</u>	<u>\$ 247,957</u>

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE I FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ 340,825	\$ 411,708
Total Cash Receipts	340,825	411,708
Expenditures		
Instruction	340,825	409,663
Instructional Support	-	2,045
Total Expenditures	340,825	411,708
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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	-
Transportation	-	-
General Administration	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	6,461	6,461
Unencumbered Cash, Ending	\$ 6,461	\$ 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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ 52,032	\$ 56,126
Total Cash Receipts	52,032	56,126
Expenditures		
Instruction	54,025	56,126
Total Expenditures	54,025	56,126
Receipts Over (Under) Expenditures	(1,993)	-
Unencumbered Cash, Beginning	1,993	-
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	\$ 86,487	\$ 101,555
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	86,487	101,555
Expenditures		
Instruction	86,487	95,032
Transportation	-	6,524
Total Expenditures	86,487	101,555
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

**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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	\$ 21,041	\$ 15,000
Local Sources		
Miscellaneous	465	-
Total Cash Receipts	21,506	15,000
Expenditures		
Instructional Support	19,943	17,326
Total Expenditures	19,943	17,326
Receipts Over (Under) Expenditures	1,563	(2,326)
Unencumbered Cash, Beginning	13,679	15,242
Unencumbered Cash, Ending	\$ 15,242	\$ 12,916

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
ESSS GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources		
Grant	<u>\$ -</u>	<u>\$ -</u>
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures		
Instruction	<u>-</u>	<u>485</u>
Total Expenditures	<u>-</u>	<u>485</u>
Receipts Over (Under) Expenditures	-	(485)
Unencumbered Cash, Beginning	<u>485</u>	<u>485</u>
Unencumbered Cash, Ending	<u><u>\$ 485</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
EMINT GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Awards		
Grant	\$ 58,767	\$ 35,606
Total Cash Receipts	<u>58,767</u>	<u>35,606</u>
Expenditures		
Grant Expenditures	<u>62,429</u>	<u>34,863</u>
Total Expenditures	<u>62,429</u>	<u>34,863</u>
Receipts Over (Under) Expenditures	(3,662)	742
Unencumbered Cash, Beginning	<u>-</u>	<u>(3,662)</u>
Unencumbered Cash, Ending	<u><u>\$ (3,662)</u></u>	<u><u>\$ (2,920)</u></u>

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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Grant	<u>\$ 29,460</u>	<u>\$ 126,855</u>
Total Cash Receipts	<u>29,460</u>	<u>126,855</u>
Expenditures		
Instruction	<u>38,939</u>	<u>140,217</u>
Total Expenditures	<u>38,939</u>	<u>140,217</u>
Receipts Over (Under) Expenditures	(9,479)	(13,362)
Unencumbered Cash, Beginning	<u>9,875</u>	<u>396</u>
Unencumbered Cash, Ending	<u><u>\$ 396</u></u>	<u><u>\$ (12,966)</u></u>

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SPARK GRANT

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Grants	\$ -	\$ 163,855
Other	-	-
	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>-</u>	<u>163,855</u>
Expenditures		
Grant Expenditures	<u>-</u>	<u>163,855</u>
Total Expenditures	<u>-</u>	<u>163,855</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TECHNOLOGY GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ -	\$ 316,379
Total Cash Receipts	-	316,379
Expenditures		
Instruction	-	436,152
Transportation	-	-
General Administration	-	-
Total Expenditures	-	436,152
Receipts Over (Under) Expenditures	-	(119,773)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ (119,773)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
ESSER FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grants	\$ -	\$ 291,239
Other	-	-
Total Cash Receipts	-	291,239
Expenditures		
Grant Expenditures	51,964	585,844
Total Expenditures	51,964	585,844
Receipts Over (Under) Expenditures	(51,964)	(294,605)
Unencumbered Cash, Beginning	-	(51,964)
Unencumbered Cash, Ending	\$ (51,964)	\$ (346,569)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
KANSAS READING ROADMAP
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Grants	\$ 390,588	\$ 197,007
Local Sources		
Miscellaneous	<u>-</u>	<u>2,510</u>
Total Cash Receipts	<u>390,588</u>	<u>199,517</u>
Expenditures		
Grant Expenditures	<u>469,465</u>	<u>3,514</u>
Total Expenditures	<u>469,465</u>	<u>3,514</u>
Receipts Over (Under) Expenditures	(78,877)	196,003
Unencumbered Cash, Beginning	<u>(117,126)</u>	<u>(196,003)</u>
Unencumbered Cash, Ending	<u><u>\$ (196,003)</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
RURAL LOW INCOME GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ 29,535	\$ 28,859
Total Cash Receipts	29,535	28,859
Expenditures		
Instructions	29,535	28,859
Total Expenditures	29,535	28,859
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
Grants	\$ 32,820	\$ 56,250
Federal Sources		
Grants	32,820	42,084
Total Cash Receipts	65,640	98,334
Expenditures		
Instruction	65,640	112,500
Total Expenditures	65,640	112,500
Receipts Over (Under) Expenditures	-	(14,166)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ (14,166)

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	\$ -	\$ 57,500
Federal Sources		
Grants	-	-
Total Cash Receipts	-	57,500
Expenditures		
Instruction	-	57,500
Total Expenditures	-	57,500
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
GIFTS AND GRANTS

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources		
Grants	<u>\$ 4,000</u>	<u>\$ 20,821</u>
Total Cash Receipts	<u>4,000</u>	<u>20,821</u>
Expenditures		
Grant Expenditures	<u>-</u>	<u>821</u>
Total Expenditures	<u>-</u>	<u>821</u>
Receipts Over (Under) Expenditures	4,000	20,000
Unencumbered Cash, Beginning	<u>9,457</u>	<u>13,457</u>
Unencumbered Cash, Ending	<u><u>\$ 13,457</u></u>	<u><u>\$ 33,457</u></u>

**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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 383,112	\$ 408,337	\$ 385,800	\$ 22,537
Delinquent tax	7,008	5,202	4,384	818
Motor vehicle tax	54,213	61,915	58,431	3,484
Interest on idle funds	-	-	-	-
State Sources				
State aid	425,691	432,903	432,903	-
Total Cash Receipts	870,024	908,357	\$ 881,518	\$ 26,839
Expenditures				
Debt Service				
Principal	535,000	555,000	\$ 555,000	\$ -
Interest	81,944	72,396	72,396	-
Other	-	-	10	(10)
Total Expenditures Subject to Budget	616,944	627,396	\$ 627,406	\$ (10)
Receipts Over (Under) Expenditures	253,080	280,961		
Unencumbered Cash, Beginning	1,120,552	1,373,632		
Unencumbered Cash, Ending	\$ 1,373,632	\$ 1,654,593		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
AGENCY FUNDS

Schedule of Receipts and Disbursements

Regulatory Basis

For the Fiscal Year Ended June 30, 2021

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School	\$ 80,893	\$ 173,752	\$ 135,516	\$ 119,129
Mound Valley	4,855	4,436	5,706	3,585
Meadow View	11,175	5,040	7,644	8,571
Altamont	4,581	7,156	6,933	4,804
Bartlett	9,506	8,579	3,937	14,148
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 111,010</u>	<u>\$ 198,964</u>	<u>\$ 159,736</u>	<u>\$ 150,238</u>

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, 2021

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2015
Gate Receipts						
High School Athletics	\$ 10,968	\$ 48,205	\$ 57,573	\$ 1,599	\$ -	\$ 1,599
Total District Activity Funds	\$ 10,968	\$ 48,205	\$ 57,573	\$ 1,599	\$ -	\$ 1,599

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS**

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY GRANT ID	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Distance Learning and Telemedicine Loans and Grants	10.855	N/A	\$ 316,379	\$ 436,152
Passed Through the State of Kansas				
Department of Education:				
Child Nutrition Cluster				
National School Lunch Program	10.555	N/A	207,242	102,401
Summer Food Service Program	10.559	N/A	823,278	858,657
			<u>1,030,520</u>	<u>961,058</u>
Fresh Fruits and Vegetables Program	10.582	N/A	51,890	51,890
			<u>1,398,789</u>	<u>1,449,100</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
Title VII - Indian Education	84.060	N/A	101,555	101,555
Passed Through Curators of University of Missouri				
Enhancing Teacher Effectiveness	84.423	C00063283-10	35,606	34,863
Passed Through the State of Kansas				
Department of Education:				
Title I	84.010	N/A	387,098	387,098
Career and Technical Education Grants	84.048	N/A	15,000	17,326
21st Century Community Learning Centers Grant	84.287	N/A	126,855	140,217
Rural Low Income Schools	84.358	N/A	28,859	28,859
Improving Teacher Quality State Grants	84.367	N/A	56,126	56,126
Student Support and Academic Enrichment	84.424	N/A	24,610	24,610
Education Stabilization Fund Under CARES Act (See Note 3)	84.425	N/A	291,239	585,844
			<u>1,066,948</u>	<u>1,376,498</u>
<u>U.S. Department of Health and Human Services</u>				
Section 477 Cluster				
Passed Through the State of Kansas				
Department of Education:				
Temporary Assistance to Needy Families	93.558	N/A	32,820	32,820
Passed Through State of Kansas Division of				
Children and Families				
Temporary Assistance to Needy Families	93.558	N/A	195,344	-
			<u>228,164</u>	<u>32,820</u>
<u>U.S. Department of Treasury</u>				
Passed Through Labette County Kansas				
Coronavirus Relief Fund	21.019		163,855	163,855
TOTALS			<u>\$ 2,857,756</u>	<u>\$ 3,022,273</u>

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.
2. The District did not elect to use the 10% de minimis indirect cost rate.
3. \$26,407 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, 2021**

Finding 2020-001 and 2019-001 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 P.A.

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, 2021, and have issued our report thereon dated April 11, 2022.

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 2021-001 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 April 11, 2022.

District's Response to Findings

The District's response to the findings identified in our audit is described in the Corrective Action Plan. We did not audit the District's response and accordingly, we express no opinion on it.

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

April 11, 2022
Pittsburg, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
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 described 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, 2021. The District'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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibilities

Our responsibility is to express an opinion on compliance for each of the District'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 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the District 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 District'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 District'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 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.

Diehl, Banwart, Bolton CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

April 11, 2022
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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:

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
10.555 & 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund Under CARES Act

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

2021-001 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, 2020, and was identified in that report as 2020-001.

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 can not be 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, 2021 Financial Statements

Corrective Action Plan

Audit Finding 2021-001

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.