

UNIFIED SCHOOL DISTRICT NO. 244

Burlington, Kansas

Financial Statements

For the Year Ended June 30, 2019

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UNIFIED SCHOOL DISTRICT NO. 244
 Financial Statements
 For the Year Ended June 30, 2019

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i - ii
FINANCIAL STATEMENTS SECTION	
Independent Auditor's Report	1 – 2
Summary Statement of Receipts, Expenditures and Unencumbered Cash	3
Notes to the Financial Statements	4 - 10
REGULATORY REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE 1	
Summary of Expenditures - Actual and Budget	11
SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget and Actual Only	
General Fund	12
Supplemental General Fund	13
Four Year Old At Risk Fund	14
At Risk Fund	15
Bilingual Education Fund	16
Capital Outlay Fund	17
Pool Construction Fund	18
Driver Training Fund	19
Food Service Fund	20
Professional Development Fund	21
Special Education Fund	22
Vocational Education Fund	23
KPERs Special Retirement Contribution Fund	24
Special Education Cooperative Fund	25
Recreation Commission Fund	26
Recreation Commission Employee Benefits and Special Liability Fund	27
Textbook and Student Materials Revolving Fund	28
Grant Funds	29
Gift and Grant Fund	30
Contingency Reserve Fund	31
SCHEDULE 3	
Summary of Receipts and Disbursements	
Student Organization Funds	32 - 33

UNIFIED SCHOOL DISTRICT NO. 244
Financial Statements
For the Year Ended June 30, 2019

Table of Contents
(Continued)

	<u>Page Number</u>
SCHEDULE 4	
Schedule of Receipts, Expenditures and Unencumbered Cash District Activity Funds	34
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	35
Notes to the Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37 - 38
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"	39 - 40
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	41 - 42



MIZE & HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 244
Burlington, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 244, Burlington, Kansas (the District), as of and for the year ended June 30, 2019, 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 that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's 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 *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

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

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

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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, 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 District 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory receipts and expenditures-actual and budget, summary of regulatory receipts and disbursements-agency funds, and the schedule of regulatory receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements, however they are required to be presented under the provisions of the KMAAG. The accompanying 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 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 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 grants 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 the effectiveness of the 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.

Other Matter

The 2018 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2018 basic financial statement upon which we rendered an unmodified opinion dated September 18, 2018. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: <http://da.ks.gov/ar/muniserv/>. Such 2018 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 2018 basic financial statements. The 2018 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statements or to the 2018 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 2018 comparative information is fairly presented in all material respects in relation to the 2018 basic financial statements as a whole, on the basis of accounting described in Note 1.

Mize Houser & Company PA

Certified Public Accountants

Lawrence, KS
August 12, 2019

UNIFIED SCHOOL DISTRICT NO. 244
 Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General Funds:							
General	\$ -	\$ -	\$ 7,012,194	\$ 7,012,194	\$ -	\$ -	\$ -
Supplemental General	87,840	-	2,276,378	2,234,016	130,202	-	130,202
Special Purpose Funds:							
Four Year Old At Risk	54,530	-	47,448	47,987	53,991	-	53,991
At Risk	268,352	-	597,856	550,941	315,267	-	315,267
Bilingual Education	800	-	4,500	2,500	2,800	-	2,800
Capital Outlay	2,695,905	-	2,730,781	2,247,591	3,179,095	-	3,179,095
Pool Construction Fund	131,885	-	1,271,792	1,281,970	121,707	-	121,707
Driver Training	32,011	-	12,021	11,536	32,496	-	32,496
Food Service	106,907	-	522,297	535,198	94,006	-	94,006
Professional Development	179,521	-	84,183	59,604	204,100	-	204,100
Special Education	1,222,855	-	2,180,448	2,086,222	1,317,081	-	1,317,081
Vocational Education	417,919	-	401,021	398,868	420,072	-	420,072
KPERs Special Retirement Contribution	-	-	863,515	863,515	-	-	-
Special Education Cooperative	1,351,935	-	3,514,002	3,809,611	1,056,326	-	1,056,326
Recreation Commission	-	-	1,934,275	1,934,275	-	-	-
Recreation Commission Employee							
Benefits and Special Liability	-	-	97,363	97,363	-	-	-
Textbook and Student Materials Revolving	472,433	-	48,471	135,146	385,758	-	385,758
Grant	74,840	-	203,847	219,230	59,457	-	59,457
Gift and Grant	153,321	-	50,092	49,655	153,758	-	153,758
Contingency Reserve	607,250	-	-	-	607,250	-	607,250
District Activity	56,239	-	238,265	261,294	33,210	-	33,210
Total	\$ 7,914,543	\$ -	\$ 24,090,749	\$ 23,838,716	\$ 8,166,576	\$ -	\$ 8,166,576

COMPOSITION OF CASH:

Central National Bank	
Demand Accounts	<u>\$ 2,243,655</u>
Total Central National Bank	<u>2,243,655</u>
First National Bank of Kansas	
Demand Accounts	<u>10,841</u>
Total First National Bank of Kansas	<u>10,841</u>
UMB	
Bond Investment Account	<u>121,707</u>
Total UMB	<u>121,707</u>
Citizens State Bank	
Demand Accounts	<u>5,907,902</u>
Total Citizens State Bank	<u>5,907,902</u>
Total Cash	8,284,105
Less: Agency Funds per Statement 4	<u>[117,529]</u>
Total Primary Government (excluding Agency Funds)	<u>\$ 8,166,576</u>

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 244 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. However, the District's only discretely presented related municipal entity, the Burlington Recreation Commission, is not included in these financial statements.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, and 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 for accounting.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the year ended June 30, 2019:

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

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

Agency Fund - funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, student organization fund, etc.).

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

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, and special purpose funds (unless specifically exempted by statute). 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 on or before August 5th of the proposed budget and notice of public hearing on the budget.
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 such budget amendments for this year.

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 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 budget expenditure authority lapses at year-end.

A legal operating budget is not required for the following special purpose funds: Pool Construction, Textbook and Student Materials Revolving, Gift and Grant, Contingency Reserve, and 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.

NOTE 2 – In-Substance Receipt in Transit

The District received \$324,090 in General State Aid 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.

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 3 – 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. 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.

Investments. 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. As of June 30, 2019, the District held no such investments.

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%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2019.

At June 30, 2019, the District's carrying amount of deposits was \$8,284,105 and the bank balance was \$10,320,506. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$1,471,270 was covered by federal depository insurance and the balance of \$8,849,236 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District 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 4 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Supplemental General Fund	Special Education Fund	K.S.A. 72-6478	\$ 300,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6478	190,000
Supplemental General Fund	At Risk Fund	K.S.A. 72-6478	301,695
Supplemental General Fund	Four Year Old At Risk Fund	K.S.A. 72-6478	25,000
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-6478	4,500
Special Education Fund	Special Education Coop Fund	K.S.A. 72-978(h)	1,914,276
General Fund	Food Service Fund	K.S.A. 72-6478	50,048
General Fund	At Risk Fund	K.S.A. 72-6478	293,000
General Fund	Four Year Old At Risk Fund	K.S.A. 72-6478	22,448
General Fund	Textbook and Student Materials Revolving	K.S.A. 72-6478	4,749
General Fund	Professional Development Fund	K.S.A. 72-6478	70,389
General Fund	Special Education Fund	K.S.A. 72-6478	1,880,387
General Fund	Vocational Education Fund	K.S.A. 72-6478	200,000
Total			<u>\$ 5,256,492</u>

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 5 - Defined Benefit 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 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 the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38% and 12.01%, respectively for the fiscal year ended June 30, 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 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million per year. The first year payment of \$6.4 million was received in July 2017.

Per 2017 Senate Substitute for House Bill 2002, Section 51(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 also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computer to be \$19.4 million per year.

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 \$863,515 for the year ended June 30, 2019.

Net Pension Liability. At June 30, 2019, the District's proportionate share of the collective net pension liability reported by KPERS was \$11,885,725. 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 the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 6 - Compensated Absences

The District's policy is to recognize the costs of compensated absences when actually paid. The District's policy for vacation permits all non-certified employees whose period of employment is for 12 months to accumulate vacation days at the rate of 5 days for each 6 months. Unused vacation days may be carried forward to the next year but may not accumulate to more than 20 days during any contract year. Unused vacation days will be counted toward severance pay at termination of employment. As of June 30, 2019, the maximum potential liability for vacation pay is \$37,396.

The District has also adopted a policy regarding sick and personal leave. Full-time certified and non-certified employees will be granted an aggregate total of 12 and 10 working days of leave per year, respectively. The policy requires that excess leave days at the end of the year can be placed in the leave bank or purchased by the District in accordance with the following restrictions. Certified employees may accumulate a total of 70 days in the leave bank. Non-certified employees have a maximum of 30 days in their sick leave bank. At the end of the fiscal year non-certified personnel can sell back current leave days up to a maximum of 10 days per year at one-half of the daily rate/hourly rate. Non-certified personnel who retire may sell their remaining days in the sick leave bank at the daily rate/hourly rate. Certified personnel who retire may sell their remaining days in the leave bank at \$85 per day or one-half of the daily rate, respectively. As of June 30, 2019, the maximum potential liability for banked sick leave is \$391,814.

NOTE 7 - Termination Benefits

The District also offers termination benefits to certified personnel who will be at least sixty (60) years of age and not more than sixty-five (65) years of age on or before June 30 of the current school year and have 15 years or more of certified full-time employment service with the District and are eligible to receive retirement benefits from either the KPERS or the Social Security Administration. The employee must notify the District by January 1 (or the first day of school following winter vacation) preceding the anticipated retirement date. The amount of the annual compensation for the six years following retirement is determined as follows:

<u>Years After Retirement</u>	<u>Compensation</u>
1	\$ 5,500
2	5,000
3	4,500
4	4,000
5	3,500
6	2,500

The actual amount of termination benefits paid out to retirees in the year ended June 30, 2019 was \$59,000.

The employees who retire under the plan are eligible to continue in the health insurance plan of the District with the employee paying for the insurance.

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 7 - Termination Benefits (Continued)

The outstanding liability for the retirees who have accepted this offer is as shown below.

Year Ended <u>June 30,</u>	Outstanding <u>Liability</u>
2020	\$ 55,500
2021	50,500
2022	28,500
2023	18,000
2024	9,500
2025	<u>2,500</u>
Total	<u>\$ 164,500</u>

NOTE 8 – Long-term Debt

During 2014 the District entered into an agreement with the Burlington Recreation Commission to build a new pool. The pool will be owned by the District but managed by the Burlington Recreation Commission. The Burlington Recreation Commission has agreed to pay the District annual amounts sufficient to pay off the bonds in full.

	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>
Paid By Fees:				
Series 2014	\$ 4,285,000	\$ 1,305,000	1.5%-2.00%	11/1/2021
	<u>\$ 4,285,000</u>	<u>\$ 1,305,000</u>		

The following are the changes in long-term liabilities for the District for the year ended June 30, 2019:

	<u>Date of Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Interest Paid</u>
Paid By Fees:						
General Obligation Series 2014	5/1/2014	\$ 2,550,000	\$ -	\$ 1,245,000	\$ 1,305,000	\$ 36,970
		<u>\$ 2,550,000</u>	<u>\$ -</u>	<u>\$ 1,245,000</u>	<u>\$ 1,305,000</u>	<u>\$ 36,970</u>

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 8 – Long-term Debt (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2020	\$ 645,000	\$ 17,531	\$ 662,531
6/30/2021	660,000	6,105	666,105
	<u>\$ 1,305,000</u>	<u>\$ 23,636</u>	<u>\$ 1,328,636</u>

NOTE 9 - Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statements of the District at June 30, 2019.

NOTE 10 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – 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 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 government under this program.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2019.

NOTE 12 – Related Party Transactions

During the year ended June 30, 2019, the District paid \$5,544 for athletic jerseys to a company owned by a District board member.

NOTE 13 – Regulatory Violation

Actual exceeded budgeted expenditures in the Recreation Commission Employee Benefits and Special Liability Fund, which is a violation of K.S.A. 79-2935

UNIFIED SCHOOL DISTRICT NO. 244
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended June 30, 2019

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
Governmental Fund Types:						
General Funds						
General	\$ 7,205,034	\$ [192,840]	\$ -	\$ 7,012,194	\$ 7,012,194	\$ -
Supplemental General	2,292,410	[58,394]	-	2,234,016	2,234,016	-
Special Purpose Funds:						
Four Year Old At Risk	79,529	-	-	79,529	47,987	31,542
At Risk	938,351	-	-	938,351	550,941	387,410
Bilingual Education	5,300	-	-	5,300	2,500	2,800
Capital Outlay	5,137,323	-	-	5,137,323	2,247,591	2,889,732
Driver Training	45,310	-	-	45,310	11,536	33,774
Food Service	627,001	-	-	627,001	535,198	91,803
Professional Development	286,396	-	-	286,396	59,604	226,792
Special Education	3,152,601	-	-	3,152,601	2,086,222	1,066,379
Vocational Education	718,492	-	-	718,492	398,868	319,624
KPERS Special Retirement Contribution	1,294,986	-	-	1,294,986	863,515	431,471
Special Education Cooperative	5,391,935	-	-	5,391,935	3,809,611	1,582,324
Recreation Commission	2,274,289	-	-	2,274,289	1,934,275	340,014
Recreation Commission Employee						
Benefits and Special Liability	94,750	-	-	94,750	97,363	[2,613]
Grant	121,019	-	-	121,019	219,230	[98,211]

UNIFIED SCHOOL DISTRICT NO. 244
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 6,600,936	\$ 6,992,632	\$ 7,185,727	\$ [193,095]
Federal aid	19,780	19,558	19,307	251
Miscellaneous	-	4	-	4
Total Receipts	<u>6,620,716</u>	<u>7,012,194</u>	<u>\$ 7,205,034</u>	<u>\$ [192,840]</u>
Expenditures				
Instruction	2,274,869	2,367,265	\$ 2,707,186	\$ 339,921
Student support services	289,699	296,116	316,635	20,519
Instructional support services	304,129	352,044	446,555	94,511
General administration	214,155	231,686	283,087	51,401
School administration	506,312	531,754	542,900	11,146
Operations and maintenance	509,502	555,912	632,270	76,358
Student transportation service	25,576	18,179	38,620	20,441
Central services	81,781	83,861	101,035	17,174
Student activities	43,878	54,356	-	[54,356]
Transfers out	2,370,815	2,521,021	2,136,746	[384,275]
Adjustment to comply with legal max budget	-	-	[192,840]	[192,840]
Total Expenditures	<u>6,620,716</u>	<u>7,012,194</u>	<u>\$ 7,012,194</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 244
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 2,188,923	\$ 2,247,696	\$ 2,249,006	\$ [1,310]
Delinquent tax	2,707	1,562	6,581	[5,019]
Motor vehicle tax	23,386	23,805	25,208	[1,403]
Recreational vehicle tax	1,063	1,091	1,142	[51]
Commercial vehicle tax	-	-	942	[942]
Miscellaneous	<u>2,208</u>	<u>2,224</u>	<u>2,145</u>	<u>79</u>
Total Receipts	<u>2,218,287</u>	<u>2,276,378</u>	<u>\$ 2,285,024</u>	<u>\$ [8,646]</u>
Expenditures				
Instruction	681,832	696,255	\$ 714,863	\$ 18,608
Student support services	35,391	22,482	38,222	15,740
Instructional support services	24,131	23,400	28,650	5,250
General administration	1,077	4,310	1,110	[3,200]
School administration	11,852	10,774	14,300	3,526
Operations and maintenance	314,410	343,959	344,995	1,036
Student transportation service	229,019	311,576	260,480	[51,096]
Central services	2,155	65	2,290	2,225
Transfers out	882,287	821,195	887,500	66,305
Adjustment to comply with legal max budget	-	-	[58,394]	[58,394]
Total Expenditures	<u>2,182,154</u>	<u>2,234,016</u>	<u>\$ 2,234,016</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	36,133	42,362		
Unencumbered Cash, Beginning	<u>51,707</u>	<u>87,840</u>		
Unencumbered Cash, Ending	<u>\$ 87,840</u>	<u>\$ 130,202</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Four Year Old At Risk Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 30,896	\$ -	\$ -	\$ -
Transfers in	<u>25,000</u>	<u>47,448</u>	<u>25,000</u>	<u>22,448</u>
Total Receipts	<u>55,896</u>	<u>47,448</u>	<u>\$ 25,000</u>	<u>\$ 22,448</u>
Expenditures				
Instruction	<u>56,365</u>	<u>47,987</u>	<u>\$ 79,529</u>	<u>\$ 31,542</u>
Total Expenditures	<u>56,365</u>	<u>47,987</u>	<u>\$ 79,529</u>	<u>\$ 31,542</u>
Receipts Over [Under] Expenditures	[469]	[539]		
Unencumbered Cash, Beginning	<u>54,999</u>	<u>54,530</u>		
Unencumbered Cash, Ending	<u>\$ 54,530</u>	<u>\$ 53,991</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
At Risk Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 640,516	\$ 594,695	\$ 670,000	\$ [75,305]
Miscellaneous	-	3,161	-	3,161
Total Receipts	<u>640,516</u>	<u>597,856</u>	<u>\$ 670,000</u>	<u>\$ [72,144]</u>
Expenditures				
Instruction	521,580	550,941	\$ 885,851	\$ 334,910
Operations and maintenance	-	-	52,500	52,500
Total Expenditures	<u>521,580</u>	<u>550,941</u>	<u>\$ 938,351</u>	<u>\$ 387,410</u>
Receipts Over [Under] Expenditures	118,936	46,915		
Unencumbered Cash, Beginning	<u>149,416</u>	<u>268,352</u>		
Unencumbered Cash, Ending	<u>\$ 268,352</u>	<u>\$ 315,267</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Over [Under]
Receipts				
Transfers in	\$ -	\$ 4,500	\$ 4,500	\$ -
Total Receipts	<u>-</u>	<u>4,500</u>	<u>\$ 4,500</u>	<u>\$ -</u>
Expenditures				
Instruction	-	2,500	\$ 5,300	\$ 2,800
Total Expenditures	<u>-</u>	<u>2,500</u>	<u>\$ 5,300</u>	<u>\$ 2,800</u>
Receipts Over [Under] Expenditures	-	2,000		
Unencumbered Cash, Beginning	<u>800</u>	<u>800</u>		
Unencumbered Cash, Ending	<u>\$ 800</u>	<u>\$ 2,800</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over Under <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 2,397,328	\$ 2,479,543	\$ 2,406,778	\$ 72,765
Delinquent tax	2,206	1,521	7,216	[5,695]
Motor vehicle tax	20,462	23,552	23,482	70
Investment income	83,412	136,986	-	136,986
Recreational vehicle tax	929	1,057	1,065	[8]
Commercial vehicle tax	-	-	879	[879]
Miscellaneous	<u>58,629</u>	<u>88,122</u>	<u>1,998</u>	<u>86,124</u>
Total Receipts	<u>2,562,966</u>	<u>2,730,781</u>	<u>\$ 2,441,418</u>	<u>\$ 289,363</u>
Expenditures				
Capital outlay	<u>2,122,288</u>	<u>2,247,591</u>	<u>\$ 5,137,323</u>	<u>\$ 2,889,732</u>
Total Expenditures	<u>2,122,288</u>	<u>2,247,591</u>	<u>\$ 5,137,323</u>	<u>\$ 2,889,732</u>
Receipts Over [Under] Expenditures	440,678	483,190		
Unencumbered Cash, Beginning	<u>2,255,227</u>	<u>2,695,905</u>		
Unencumbered Cash, Ending	<u>\$ 2,695,905</u>	<u>\$ 3,179,095</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Pool Construction Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2019 and 2018

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Lease income	\$ 650,000	\$ 1,270,000
Miscellaneous	<u>93</u>	<u>1,792</u>
Total Receipts	<u>650,093</u>	<u>1,271,792</u>
Expenditures		
Debt repayment	655,338	1,281,970
Capital outlay	<u>30</u>	<u>-</u>
Total Expenditures	<u>655,368</u>	<u>1,281,970</u>
Receipts Over [Under] Expenditures	[5,275]	[10,178]
Unencumbered Cash, Beginning	<u>137,160</u>	<u>131,885</u>
Unencumbered Cash, Ending	<u>\$ 131,885</u>	<u>\$ 121,707</u>

* This fund is not required to be budgeted

UNIFIED SCHOOL DISTRICT NO. 244
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 4,224	\$ 7,203	\$ 7,800	\$ [597]
Miscellaneous	<u>6,521</u>	<u>4,818</u>	<u>5,500</u>	<u>[682]</u>
Total Receipts	<u>10,745</u>	<u>12,021</u>	<u>\$ 13,300</u>	<u>\$ [1,279]</u>
Expenditures				
Instruction	9,150	9,851	\$ 40,560	\$ 30,709
Operations and maintenance	<u>1,685</u>	<u>1,685</u>	<u>4,750</u>	<u>3,065</u>
Total Expenditures	<u>10,835</u>	<u>11,536</u>	<u>\$ 45,310</u>	<u>\$ 33,774</u>
Receipts Over [Under] Expenditures	[90]	485		
Unencumbered Cash, Beginning	<u>32,101</u>	<u>32,011</u>		
Unencumbered Cash, Ending	<u>\$ 32,011</u>	<u>\$ 32,496</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 260,189	\$ 252,606	\$ 270,423	\$ [17,817]
State aid	4,867	4,552	4,344	208
Charges for services	232,995	200,856	242,827	[41,971]
Reimbursed expenses	9,694	2,022	-	2,022
Miscellaneous	281	-	-	-
Investment income	1,500	12,213	2,500	9,713
Transfers in	<u>10,000</u>	<u>50,048</u>	<u>-</u>	<u>50,048</u>
Total Receipts	<u>519,526</u>	<u>522,297</u>	<u>\$ 520,094</u>	<u>\$ 2,203</u>
Expenditures				
Food service operation	526,408	515,279	\$ 607,751	\$ 92,472
Operations and maintenance	<u>17,705</u>	<u>19,919</u>	<u>19,250</u>	<u>[669]</u>
Total Expenditures	<u>544,113</u>	<u>535,198</u>	<u>\$ 627,001</u>	<u>\$ 91,803</u>
Receipts Over [Under] Expenditures	[24,587]	[12,901]		
Unencumbered Cash, Beginning	<u>131,494</u>	<u>106,907</u>		
Unencumbered Cash, Ending	<u>\$ 106,907</u>	<u>\$ 94,006</u>		

UNIFIED SCHOOL DISTRICT NO. 244
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 8,477	\$ 8,274	\$ -	\$ 8,274
State aid	-	-	6,875	[6,875]
Miscellaneous	8,966	5,520	-	5,520
Transfers in	<u>100,000</u>	<u>70,389</u>	<u>100,000</u>	<u>[29,611]</u>
Total Receipts	<u>117,443</u>	<u>84,183</u>	<u>\$ 106,875</u>	<u>\$ [22,692]</u>
Expenditures				
Instructional support	<u>78,549</u>	<u>59,604</u>	<u>\$ 286,396</u>	<u>\$ 226,792</u>
Total Expenditures	<u>78,549</u>	<u>59,604</u>	<u>\$ 286,396</u>	<u>\$ 226,792</u>
Receipts Over [Under] Expenditures	38,894	24,579		
Unencumbered Cash, Beginning	<u>140,627</u>	<u>179,521</u>		
Unencumbered Cash, Ending	<u>\$ 179,521</u>	<u>\$ 204,100</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 8,724	\$ -	\$ -	\$ -
Miscellaneous	3,008	61	-	61
Transfers in	<u>2,191,976</u>	<u>2,180,387</u>	<u>1,929,746</u>	<u>250,641</u>
Total Receipts	<u>2,203,708</u>	<u>2,180,448</u>	<u>\$ 1,929,746</u>	<u>\$ 250,702</u>
Expenditures				
Instruction	73,869	61,172	\$ 2,911,386	\$ 2,850,214
Operations and maintenance	18,535	20,843	103,365	82,522
Vehicle operating services	67,287	89,931	137,850	47,919
Transfers out	<u>1,978,385</u>	<u>1,914,276</u>	-	<u>[1,914,276]</u>
Total Expenditures	<u>2,138,076</u>	<u>2,086,222</u>	<u>\$ 3,152,601</u>	<u>\$ 1,066,379</u>
Receipts Over [Under] Expenditures	65,632	94,226		
Unencumbered Cash, Beginning	<u>1,157,223</u>	<u>1,222,855</u>		
Unencumbered Cash, Ending	<u>\$ 1,222,855</u>	<u>\$ 1,317,081</u>		

UNIFIED SCHOOL DISTRICT NO. 244
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Reimbursed expenses	\$ 1,405	\$ 2,247	\$ -	\$ 2,247
State aid	-	8,774	5,573	3,201
Federal aid	505	-	-	-
Transfers in	<u>285,610</u>	<u>390,000</u>	<u>295,000</u>	<u>95,000</u>
Total Receipts	<u>287,520</u>	<u>401,021</u>	<u>\$ 300,573</u>	<u>\$ 100,448</u>
Expenditures				
Instruction	267,180	373,647	\$ 660,692	\$ 287,045
Operations and maintenance	<u>23,821</u>	<u>25,221</u>	<u>57,800</u>	<u>32,579</u>
Total Expenditures	<u>291,001</u>	<u>398,868</u>	<u>\$ 718,492</u>	<u>\$ 319,624</u>
Receipts Over [Under] Expenditures	[3,481]	2,153		
Unencumbered Cash, Beginning	<u>421,400</u>	<u>417,919</u>		
Unencumbered Cash, Ending	<u>\$ 417,919</u>	<u>\$ 420,072</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
KPERs Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 971,118	\$ 863,515	\$ 1,294,986	\$ [431,471]
Total Receipts	<u>\$ 971,118</u>	<u>\$ 863,515</u>	<u>\$ 1,294,986</u>	<u>\$ [431,471]</u>
Expenditures				
Instruction	625,400	556,103	\$ 743,376	\$ 187,273
Student support	87,401	77,716	98,763	21,047
Instructional support	52,440	46,630	105,482	58,852
General administration	40,787	36,268	55,480	19,212
School administration	69,921	62,173	49,587	[12,586]
Other services	-	-	97,845	97,845
Operations and maintenance	46,614	41,449	75,884	34,435
Student transportation	22,336	19,861	32,695	12,834
Food service	26,219	23,315	35,874	12,559
Total Expenditures	<u>971,118</u>	<u>863,515</u>	<u>\$ 1,294,986</u>	<u>\$ 431,471</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Special Education Cooperative Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over Under <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 122,647	\$ 151,858	\$ -	\$ 151,858
Federal aid	369,143	368,257	540,000	[171,743]
Other district contributions	1,086,103	1,079,611	1,850,000	[770,389]
Miscellaneous	-	-	1,650,000	[1,650,000]
Transfers in	<u>1,978,385</u>	<u>1,914,276</u>	<u>-</u>	<u>1,914,276</u>
Total Receipts	<u>3,556,278</u>	<u>3,514,002</u>	<u>\$ 4,040,000</u>	<u>\$ [525,998]</u>
Expenditures				
Instruction	2,486,354	2,798,226	\$ 4,079,944	\$ 1,281,718
Student support services	782,595	805,805	1,074,106	268,301
School administration	191,283	195,442	221,500	26,058
Operations and maintenance	<u>10,083</u>	<u>10,138</u>	<u>16,385</u>	<u>6,247</u>
Total Expenditures	<u>3,470,315</u>	<u>3,809,611</u>	<u>\$ 5,391,935</u>	<u>\$ 1,582,324</u>
Receipts Over [Under] Expenditures	85,963	[295,609]		
Unencumbered Cash, Beginning	<u>1,265,972</u>	<u>1,351,935</u>		
Unencumbered Cash, Ending	<u>\$ 1,351,935</u>	<u>\$ 1,056,326</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Recreation Commission Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 1,850,082	\$ 1,912,160	\$ 1,854,305	\$ 57,855
Delinquent tax	2,053	1,299	5,559	[4,260]
Motor vehicle tax	19,701	19,905	20,961	[1,056]
Recreational vehicle tax	895	911	950	[39]
Commercial vehicle tax	-	-	784	[784]
Miscellaneous	-	-	1,301,783	[1,301,783]
Total Receipts	<u>1,872,731</u>	<u>1,934,275</u>	<u>\$ 3,184,342</u>	<u>\$ [1,250,067]</u>
Expenditures				
Transfers to component unit	<u>1,872,731</u>	<u>1,934,275</u>	<u>\$ 2,274,289</u>	<u>\$ 340,014</u>
Total Expenditures	<u>1,872,731</u>	<u>1,934,275</u>	<u>\$ 2,274,289</u>	<u>\$ 340,014</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Recreation Commission Employee Benefits and Special Liability Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem tax	\$ 91,650	\$ 96,201	\$ 93,303	\$ 2,898
Delinquent tax	81	59	275	[216]
Motor vehicle tax	722	966	1,003	[37]
Recreational vehicle tax	33	44	46	[2]
Commercial vehicle tax	-	-	37	[37]
Miscellaneous	86	93	86	7
Total Receipts	<u>92,572</u>	<u>97,363</u>	<u>\$ 94,750</u>	<u>\$ 2,613</u>
Expenditures				
Transfers to component unit	<u>92,572</u>	<u>97,363</u>	<u>\$ 94,750</u>	<u>\$ [2,613]</u>
Total Expenditures	<u>92,572</u>	<u>97,363</u>	<u>\$ 94,750</u>	<u>\$ [2,613]</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Textbook and Student Materials Revolving Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2019 and 2018

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Charges for services	\$ 42,390	\$ 43,193
Miscellaneous	495	529
Transfers in	<u>-</u>	<u>4,749</u>
Total Receipts	<u>42,885</u>	<u>48,471</u>
 Expenditures		
Instruction	<u>30,746</u>	<u>135,146</u>
Total Expenditures	<u>30,746</u>	<u>135,146</u>
 Receipts Over [Under] Expenditures	 12,139	 [86,675]
 Unencumbered Cash, Beginning	 <u>460,294</u>	 <u>472,433</u>
 Unencumbered Cash, Ending	 <u>\$ 472,433</u>	 <u>\$ 385,758</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 244
Grant Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Title I</u>	<u>21st Century</u>	<u>E-Rate Distribution</u>	<u>Teacher Quality</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over [Under]</u>
Receipts							
Federal aid	\$ 103,683	\$ 74,502	\$ -	\$ 17,336	\$ 195,521	\$ 121,019	\$ 74,502
Reimbursements and miscellaneous	-	8,011	315	-	8,326	-	8,326
Total Receipts	<u>103,683</u>	<u>82,513</u>	<u>315</u>	<u>17,336</u>	<u>203,847</u>	<u>\$ 121,019</u>	<u>\$ 82,828</u>
Expenditures							
Instruction	<u>103,683</u>	<u>86,375</u>	<u>11,836</u>	<u>17,336</u>	<u>219,230</u>	<u>\$ 121,019</u>	<u>\$ [98,211]</u>
Total Expenditures	<u>103,683</u>	<u>86,375</u>	<u>11,836</u>	<u>17,336</u>	<u>219,230</u>	<u>\$ 121,019</u>	<u>\$ [98,211]</u>
Receipts Over [Under] Expenditures	-	[3,862]	[11,521]	-	[15,383]		
Unencumbered Cash, Beginning	-	<u>9,119</u>	<u>65,721</u>	-	<u>74,840</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 5,257</u>	<u>\$ 54,200</u>	<u>\$ -</u>	<u>\$ 59,457</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Gift and Grant Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2019 and 2018

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Donations	\$ -	\$ 8,792
Federal aid	<u>45,217</u>	<u>41,300</u>
Total Receipts	<u>45,217</u>	<u>50,092</u>
Expenditures		
Instruction	<u>70,286</u>	<u>49,655</u>
Total Expenditures	<u>70,286</u>	<u>49,655</u>
Receipts Over [Under] Expenditures	[25,069]	437
Unencumbered Cash, Beginning	<u>178,390</u>	<u>153,321</u>
Unencumbered Cash, Ending	<u>\$ 153,321</u>	<u>\$ 153,758</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 244
Contingency Reserve Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Capital outlay	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>607,250</u>	<u>607,250</u>
Unencumbered Cash, Ending	<u>\$ 607,250</u>	<u>\$ 607,250</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 244
Student Organization Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2019

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
ELEMENTARY SCHOOLS				
Burlington Elementary School				
Student activities	\$ 7,488	\$ 8,705	\$ 7,795	\$ 8,398
Total Burlington Elementary School	<u>7,488</u>	<u>8,705</u>	<u>7,795</u>	<u>8,398</u>
TOTAL ELEMENTARY SCHOOL FUNDS	<u>7,488</u>	<u>8,705</u>	<u>7,795</u>	<u>8,398</u>
MIDDLE SCHOOL				
Burlington Middle School				
Library	3,072	390	291	3,171
Student council	28,477	19,793	17,844	30,426
Tech	1,362	-	28	1,334
Petty cash	1,505	-	-	1,505
Sales tax	1,398	3,074	-	4,472
Total Burlington Middle School	<u>35,814</u>	<u>23,257</u>	<u>18,163</u>	<u>40,908</u>
TOTAL MIDDLE SCHOOL FUNDS	<u>35,814</u>	<u>23,257</u>	<u>18,163</u>	<u>40,908</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Student Organization Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2019

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
HIGH SCHOOL FUNDS				
Burlington High School				
BASIC	\$ 1,241	\$ 455	\$ 831	\$ 865
C.O. INT.	1,729	2,592	606	3,715
Cat Tracks	6,370	2,491	5,250	3,611
Champions of Character	3,062	6,500	7,578	1,984
Class of '13	191	-	-	191
Class of '14	527	-	-	527
Class of '15	502	-	-	502
Class of '16	160	-	-	160
Class of '17	748	-	-	748
Class of '18	1,424	-	-	1,424
Class of '19	7,771	100	670	7,201
Class of '20	7,476	13,806	14,301	6,981
Class of '21	2,365	19,581	17,471	4,475
Class of '22	-	1,585	1,288	297
Classroom 116	3	-	-	3
FBLA	1,240	1,976	2,344	872
FCA	3,944	4,792	3,753	4,983
FCCLA	1,566	595	2,614	[453]
FFA	9,380	21,968	25,222	6,126
FFA nationals	2,550	2,237	2,845	1,942
Forensics	322	289	71	540
Hawkesworth's Room	64	12	90	[14]
Gifford's Room	310	5,381	4,841	850
NHS	686	5,705	5,993	398
Petty cash	1,300	-	-	1,300
SADD	2,422	-	-	2,422
Scholars Bowl	742	-	471	271
Senior civil advocacy group	3,046	163	2,377	832
Spanish	719	262	187	794
Student activities	172	774	777	169
Student council	1,099	2,037	3,157	[21]
TSA	2,383	380	248	2,515
Yearbook	7,348	17,666	14,086	10,928
Wildcat cake and cookies	122	84	-	206
Wildcat trap club	-	1,500	980	520
Wings	15	-	-	15
Art club	93	2,341	2,090	344
Total Burlington High School	<u>73,092</u>	<u>115,272</u>	<u>120,141</u>	<u>68,223</u>
TOTAL HIGH SCHOOL ACTIVITY FUNDS	<u>73,092</u>	<u>115,272</u>	<u>120,141</u>	<u>68,223</u>
TOTAL STUDENT ORGANIZATION FUNDS	<u>\$ 116,394</u>	<u>\$ 147,234</u>	<u>\$ 146,099</u>	<u>\$ 117,529</u>

See independent auditor's report on the financial statements.

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 244
 District Activity Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2019

<u>FUND</u>	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts:							
Burlington Middle School							
Athletic	\$ 15,914	\$ -	\$ 19,174	\$ 17,645	\$ 17,443	\$ -	\$ 17,443
Burlington High School							
Athletic	8,778	-	126,211	126,608	8,381	-	8,381
Drama	<u>11,418</u>	<u>-</u>	<u>53,522</u>	<u>66,136</u>	<u>[1,196]</u>	<u>-</u>	<u>[1,196]</u>
Total Gate Receipts	<u>36,110</u>	<u>-</u>	<u>198,907</u>	<u>210,389</u>	<u>24,628</u>	<u>-</u>	<u>24,628</u>
District:							
Petty Cash	653	-	4,778	4,686	745	-	745
21st Century Community Learning	452	-	-	68	384	-	384
Burlington High School:							
Sales tax	1,566	-	11,219	12,660	125	-	125
Special band	<u>17,458</u>	<u>-</u>	<u>23,361</u>	<u>33,491</u>	<u>7,328</u>	<u>-</u>	<u>7,328</u>
Total School Projects	<u>20,129</u>	<u>-</u>	<u>39,358</u>	<u>50,905</u>	<u>8,582</u>	<u>-</u>	<u>8,582</u>
Total District Activity Funds	<u>\$ 56,239</u>	<u>\$ -</u>	<u>\$ 238,265</u>	<u>\$ 261,294</u>	<u>\$ 33,210</u>	<u>\$ -</u>	<u>\$ 33,210</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 244
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Direct U.S. Department of Education:					
Impact Aid	84.041	\$ -	\$ 27,581	\$ 27,581	\$ -
Total Direct U.S. Department of Education		-	27,581	27,581	-
Passed Through State Department of Education:					
Special Education (IDEA) Cluster:					
Title VIB	84.027	-	354,780	354,780	-
Early Childhood - Preschool Grants	84.173	-	13,477	13,477	-
Total Special Education (IDEA) Cluster		-	368,257	368,257	-
Title I	84.010	-	89,859	89,859	-
Career and Technical Education	84.048	-	3,000	3,000	-
Twenty-first Century	84.287	-	74,502	74,502	-
Title II A	84.367	-	17,336	17,336	-
Student Support and Academic Enrichment	84.424	-	13,824	13,824	-
Hurricanes Harvey, Irma and Maria	84.938	-	2,125	2,125	-
Total Passed Through State Department of Education:		-	568,903	568,903	-
Total U.S. Department of Education		-	596,484	596,484	-
<u>U.S. Department of Health and Human Services</u>					
Passed Through State Department of Education:					
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School- Based Surveillance	93.079	-	157	157	-
Total U.S. Department of Health and Human Services		-	157	157	-
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	-	65,755	65,755	-
National School Lunch Program	10.555	-	184,536	184,536	-
Total Child Nutrition Cluster		-	250,291	250,291	-
Child and Adult Care Food Program	10.558	-	2,314	2,314	-
Professional Standards Grant	10.547	-	553	553	-
Federal School Food Service	10.560	-	50	50	-
Total Passed Through State Department of Education:		-	253,208	253,208	-
Total U.S. Department of Agriculture		-	253,208	253,208	-
Total Expenditures of Federal Awards		\$ -	\$ 849,849	\$ 849,849	\$ -

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 244
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. Organization

Unified School District No. 244, Burlington, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2019.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2019.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 244
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Unmodified - Regulatory Basis
Adverse - GAAP

Type of auditor's report issued:

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance ___ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ Yes X No

UNIFIED SCHOOL DISTRICT NO. 244
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted



**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"**

Board of Education
Unified School District No. 244
Burlington, Kansas

We have audited, 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 Kansas Municipal Audit and Accounting Guide, the financial statements of the Unified School District No. 244, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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 performed 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.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
August 12, 2019



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

Board of Education
Unified School District No. 244
Burlington, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 244, (the District) 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, 2019. The District's major federal financial 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 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Kansas Municipal Audit and Accounting Guide. 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 on 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, 2019.

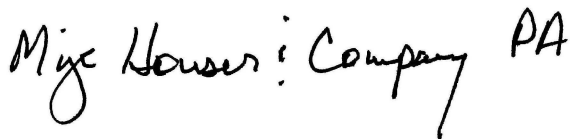
Report on Internal Control Over Compliance

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 in order 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 the 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 the 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.

Handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive style.

Certified Public Accountants

Lawrence, KS
August 12, 2019