

**COLUMBUS
UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

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

For the Fiscal Year Ended June 30, 2019

**COLUMBUS UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

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Diehl Banwart Bolton

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #493
Columbus, Kansas 66725

We have audited the accompanying fund summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Unified School District #493 (District), Columbus, Kansas, a Municipal Financial Reporting Entity as of and for the fiscal 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. 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.

Board of Education
Unified School District #493
Columbus, Kansas

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, 2019 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, 2019, 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, 2019 fund summary statement of receipts, expenditures, and unencumbered cash – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and disbursements – agency funds – regulatory basis and 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 June 30, 2019 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 June 30, 2019 financial statement. The June 30, 2019 information has been subjected to the auditing procedures applied in the audit of the June 30, 2019 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the June 30, 2019 financial statement or to the June 30, 2019 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2019 supplementary information is fairly stated in all material respects in relation to the June 30, 2019 financial statement as a whole, on the basis of accounting described in Note 1.

Board of Education
Unified School District #493
Columbus, Kansas

The prior year actual column presented in the individual fund schedules of receipts and expenditures – actual and budget – regulatory basis (Schedules 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 December 6, 2018. The June 30, 2018 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 June 30, 2018 financial statement. The prior year comparative information was subjected to the auditing procedures applied in the audit of the June 30, 2018 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the June 30, 2018 financial statement or to the June 30, 2018 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 June 30, 2018 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 December 6, 2019 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

December 6, 2019
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	\$ -	\$ 7,715,962	\$ 7,715,962	\$ -	\$ 15	\$ 15
Supplemental General	225,606	2,444,210	2,442,854	226,962	-	226,962
Special Purpose Funds:						
4 Yr Old At Risk	-	88,280	88,270	10	-	10
K-12 At Risk	1	1,015,844	1,015,844	1	-	1
Bilingual Education	-	833	833	-	-	-
Capital Outlay	1,127,255	807,690	689,933	1,245,013	22,271	1,267,284
Driver Education	46,996	16,696	14,860	48,832	-	48,832
Food Service	90,000	538,969	538,969	90,000	-	90,000
Inservice Education	56,226	36,636	32,862	60,000	-	60,000
Special Education	509,699	1,332,710	1,577,529	264,880	-	264,880
Vocational Education	-	418,607	418,091	515	-	515
KPERS Special Retirement	-	785,409	785,409	-	-	-
Contingency Reserve	300,000	-	-	300,000	-	300,000
Textbook Rental	111,300	16	21,450	89,866	-	89,866
Title I	-	228,854	228,854	-	-	-
Title II -A Teacher Quality	-	46,531	46,531	-	-	-
Title IV	-	19,739	19,739	-	-	-
Title VI Rural Education	-	18,197	18,188	9	-	9
Kansas Reading Roadmap Grant	(37,012)	181,051	176,650	(32,611)	-	(32,611)
Gifts and Grants	526	37,685	37,919	292	-	292
District Activity Funds	44,406	86,021	85,309	45,118	-	45,118
Bond and Interest Fund	226,663	-	-	226,663	-	226,663
Scholarships	60,799	1,928	1,850	60,877	-	60,877
Total Entity (Excluding Agency Funds)	<u>\$ 2,762,465</u>	<u>\$ 15,821,869</u>	<u>\$ 15,957,908</u>	<u>\$ 2,626,427</u>	<u>\$ 22,286</u>	<u>\$ 2,648,713</u>

Composition of Cash

District Checking Accounts.....	\$ 2,030,533
Activity Checking Accounts.....	252,418
Petty Cash.....	-
Certificates of Deposit.....	525,000
Scholarship Certificates of Deposit.....	48,062
Total Cash	<u>2,856,013</u>
Agency Funds per Schedule 3	<u>(207,300)</u>
Total Reporting Entity	<u>\$ 2,648,713</u>

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

**COLUMBUS UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #493, Columbus, Kansas (District), 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 principles 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 USD #493 (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. This 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 District:

REGULATORY BASIS FUND TYPES

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

Special Purpose Funds – 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.

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

Basis of Presentation - Fund Accounting - (continued)

REGULATORY BASIS FUNDS - (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.

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

Business Fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.).

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.).

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

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 municipality 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 revenue 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. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Budgetary Information (Continued)

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. During the year ended June 30, 2019 the At-Risk Fund budget was amended. The budgeted expenditures in the General Fund and Supplemental General Fund were reduced to comply with the legal budget maximum based upon 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 statements are presented as regulatory required supplemental information for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end. Expenditures which are reimbursed by third parties result in budget credits which increase the spending authority by the amount of the reimbursement.

A legal operating budget is not required for the Contingency Reserve, Textbook Rental, Title I, Safety Grant, Title II A – Teacher Quality, Title IV, Title VI Rural Education, Kansas Reading Roadmap Grant, Gifts and Grants, District Activity, and Scholarship Funds.

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.

Compensated Absences

Employees may accrue 10 days of sick leave each year. An employee may accumulate up to 90 days of sick leave. At retirement the District pays \$80 per day of accumulated unused sick leave to employees that qualify under the early retirement program. No other payments are made for unused sick leave.

Full time, twelve-month employees accrue 20 days of vacation each year on June 30, which is to be taken within twelve months after year end.

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

Compensated Absences (Continued)

The District determines a liability for compensated absences when the following conditions are met:

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

In accordance with the above criteria, the District has not accrued a liability for sick pay or vacation 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 shown in the financial statements and required supplementary schedules, the District was in apparent compliance with all cash basis and budget laws of Kansas. The negative unencumbered cash balance in the Kansas Reading Roadmap Fund is allowed since it will be reimbursed by a federal grant.

3. **CASH IN BANK AND DEPOSITORY SECURITY**

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 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.

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

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, 2019.

At June 30, 2019 the District’s carrying amount of deposits was \$2,856,013 and the bank balance was \$3,453,229. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$523,717 was covered by federal depository insurance, and \$2,929,512 was collateralized with securities held by the pledging financial institutions’ agents in the District’s name with a market value of \$3,996,383. All of the pledged securities were from the only bank where bank balances exceeded federal deposit insurance limits.

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$470,061 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.

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.

5. **PENSION PLAN** (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38 % and 12.01% respectively, for the fiscal year ended June 30, 2018. The actuarially determined employer 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 dollars per year. The first 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 computed 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 \$785,409 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 \$10,700,147. 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.

6. POST EMPLOYMENT BENEFITS

Early Retirement

A professional certified employee is eligible for early retirement if such person: (a) is currently a professional certified employee of the District; (b) will be at least 55 years of age and not more than 65 years of age on or before June 30 of the retiring year; (c) has 15 years or more of service with the District. Early retirement is entirely voluntary and at the discretion of an eligible employee. Retirement benefits are \$80 per day of accumulated unused sick leave. The District funds these benefits on a pay as you go basis. The early retirement benefits are paid by making contributions to a section 403(b) Plan. For the year ended June 30, 2019, the District contributed \$7,200 to the plan.

During the fiscal year ended June 30, 2019, the District offered a one-time incentive to certified staff eligible to retire. Eligible staff could elect a lump sum or series of monthly payments. The required payments under the retirement incentive are listed below:

Fiscal Year	
<u>Ending</u>	<u>Payments</u>
June 30, 2020	\$ 55,000
June 30, 2021	48,000
June 30, 2022	48,000
June 30, 2023	48,000
June 30, 2024	48,000
June 30, 2025	<u>8,000</u>
	<u>\$ 225,000</u>

Participation in Group Health Insurance Plan

As provided by K.S. A. 12-5040, retired employees are eligible to participate in the District's group health insurance plan until they have reached the age of 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.

7. 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.

8. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
Supplemental General	Inservice Education	K.S.A. 72-2552	\$ 30,885
General	Special Education	K.S.A. 72-3422	1,156,626
General	Bilingual Education	K.S.A. 72-3613	590
General	Vocational Education	K.S.A. 72-5162	69,300
General	4 Year Old At Risk	K.S.A. 72-5154	45,750
General	K-12 At Risk	K.S.A. 72-5153	168,500
Supplemental General	Food Service	K.S.A. 72-5164	43,830
Supplemental General	Vocational Education	K.S.A. 72-5162	344,731
Supplemental General	K-12 At Risk	K.S.A. 72-5153	847,344
Supplemental General	4 Year Old At Risk	K.S.A. 72-5154	42,530
Supplemental General	Special Education	K.S.A. 72-3422	102,550
Supplemental General	Bilingual Education	K.S.A. 72-3613	243

9. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2019 through December 6, 2019, the date the financial statement was available for issue. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statements.

10. BUDGET AMENDMENT

On June 26, 2019, the District amended the budget in the K-12 At Risk Fund. The amounts included in regulatory required supplemental information (Schedules 1 & 2) for the K-12 At Risk Fund reflect the amended budget. Detailed below are the original budget and the changes:

K-12 At Risk Fund

	<u>Original Budget</u>	<u>Change</u>	<u>Amended Budget</u>
Instructional Expenses	\$ 921,420	\$ 46,424	\$ 967,844
Student Support Services	48,000	-	48,000
	<u>\$ 969,420</u>	<u>\$ 46,424</u>	<u>\$1,015,844</u>

11. LONG-TERM OBLIGATIONS

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>
<u>Capital Lease</u>									
Buses and Vehicles	1.85%	6/3/2016	\$ 251,210	6/8/2019	\$ 85,276	\$ -	\$ 85,276	\$ -	\$ 1,578
HVAC Lease	3.72%	4/10/2018	1,470,686	6/12/2025	1,470,686	-	179,228	1,291,458	65,371
Apple Lease	1.93%	6/8/2019	157,684	7/15/2021	-	157,684	-	157,684	-
					<u>\$ 1,555,962</u>	<u>\$ 157,684</u>	<u>\$ 264,504</u>	<u>\$ 1,449,142</u>	<u>\$ 66,949</u>

11. LONG TERM DEBT OBLIGATIONS (Continued)

Schedule of Maturities in Long-Term Debt

Fiscal Year Ended June 30,	2020	2021	2022	2023	2024	2025 2030	Totals
PRINCIPAL							
Capital Lease							
HVAC	\$ 195,783	\$ 203,182	\$ 210,863	\$ 218,834	\$ 227,106	\$ 235,690	\$ 1,291,458
Apple	<u>53,365</u>	<u>51,661</u>	<u>52,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,684</u>
	<u>249,148</u>	<u>254,843</u>	<u>263,521</u>	<u>218,834</u>	<u>227,106</u>	<u>235,690</u>	<u>1,449,142</u>
INTEREST							
Capital Lease							
HVAC	\$ 48,816	\$ 41,416	\$ 33,736	\$ 25,765	\$ 17,493	\$ 8,909	\$ 176,135
Apple	<u>309</u>	<u>2,013</u>	<u>1,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,338</u>
	<u>49,125</u>	<u>43,429</u>	<u>34,752</u>	<u>25,765</u>	<u>17,493</u>	<u>8,909</u>	<u>179,473</u>
Total Principal and Interest	<u>\$ 298,273</u>	<u>\$ 298,272</u>	<u>\$ 298,273</u>	<u>\$ 244,599</u>	<u>\$ 244,599</u>	<u>\$ 244,599</u>	<u>\$ 1,628,615</u>

11. LONG TERM DEBT OBLIGATIONS (Continued)

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

**REGULATORY REQUIRED
SUPPLEMENTAL INFORMATION**

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2019

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	\$ 7,679,844	\$ (84,133)	\$ 120,251	\$ 7,715,962	\$ 7,715,962	\$ -
Supplemental General	2,457,901	(26,158)	11,111	2,442,854	2,442,854	-
Local Sources						
4 Year Old At Risk	89,887	-	-	89,887	88,270	(1,617)
K-12 At Risk	1,015,844	-	-	1,015,844	1,015,844	-
Bilingual Education	1,301	-	-	1,301	833	(468)
Capital Outlay	1,378,583	-	-	1,378,583	689,933	(688,650)
Driver Education	25,475	-	-	25,475	14,860	(10,615)
Food Service	638,993	-	-	638,993	538,969	(100,024)
Inservice Education	32,500	-	362	32,862	32,862	-
Special Education	1,715,660	-	-	1,715,660	1,577,529	(138,131)
Vocational Education	423,000	-	-	423,000	418,091	(4,909)
KPERS Special Retirement	1,244,987	-	-	1,244,987	785,409	(459,578)
Bond and Interest Fund	-	-	-	-	-	-
	<u>16,703,975</u>					

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Grant	\$ -	\$ -	\$ -	\$ -
Delinquent tax	-	-	-	-
Reimbursement	111,477	120,251	-	120,251
Interest	-	-	-	-
State Sources				
General Aid	6,277,616	6,539,650	6,576,103	(36,453)
Supplemental General Aid	-	-	-	-
KPERS Aid	-	-	-	-
Capital Outlay Aid	-	-	-	-
Special Education Aid	986,863	1,056,061	1,103,741	(47,680)
Total Cash Receipts	7,375,956	7,715,962	\$ 7,679,844	\$ 36,118
Expenditures				
Instruction	3,464,791	3,769,561	\$ 3,710,785	\$ 58,776
Support Services				
Student Support	208,695	176,507	205,700	(29,193)
Instructional Support	196,163	206,906	198,688	8,218
General Administration	245,479	215,567	214,611	956
School Administration	765,597	786,619	781,707	4,912
Operations and Maintenance	307,680	332,625	267,076	65,549
Transportation	446,482	497,322	561,610	(64,288)
Central Services	300,082	290,089	266,348	23,741
Operating transfers to Other Funds				
4 Yr Old At Risk	52,236	45,750	58,087	(12,337)
K-12 At Risk	181,400	168,500	165,838	2,662
Supplemental General	-	-	-	-
Bilingual Education	801	590	801	(211)
Food Service	67,284	-	67,453	(67,453)
Inservice Education	10,000	-	-	-
Capital Outlay	-	-	-	-
Special Education	1,051,868	1,156,626	1,103,741	52,885
KPERS	-	-	-	-
Vocational Education	77,399	69,300	77,399	(8,099)
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	120,251	(120,251)
Adjustment for Legal Maximum	-	-	(84,133)	84,133
Total Expenditures Subject to Budget	7,375,957	7,715,962	\$ 7,715,962	\$ -
Receipts Over (Under) Expenditures	(1)	-		
Unencumbered Cash, Beginning	1	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
SUPPLEMENTAL GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Advalorem tax	\$ 1,175,358	\$ 1,149,849	\$ 968,078	\$ 181,771
Delinquent tax	55,625	26,714	31,409	(4,695)
Motor vehicle tax	196,746	205,723	170,995	34,728
Other	-	11,411	-	11,411
State Sources				
Supplemental aid	1,060,618	1,050,513	1,061,813	(11,300)
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	<u>2,488,348</u>	<u>2,444,210</u>	<u>\$ 2,232,295</u>	<u>\$ 211,915</u>
Expenditures				
Instruction	63,680	59,370	\$ 30,000	\$ 29,370
Support Services				
Student Support	-	-	-	-
Instructional Support	-	-	-	-
General Administration	129,206	153,162	170,800	(17,638)
School Administration	-	-	-	-
Operations and Maintenance	787,300	818,209	847,710	(29,501)
Transportation	-	-	-	-
Other Supplemental Services	-	-	-	-
Operating transfers to Other Funds				
Inservice Education	-	30,885	56,548	(25,663)
Food Service	-	43,830	-	43,830
Special Education	213,481	102,550	134,936	(32,386)
4 Yr Old At Risk	31,800	42,530	31,800	10,730
K-12 At Risk	869,041	847,344	850,006	(2,662)
Vocational Education	330,528	344,731	335,601	9,130
Bilingual	-	243	500	(257)
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	11,111	(11,111)
Adjustment for Legal Maximum	-	-	(26,158)	26,158
Total Expenditures Subject to Budget	<u>2,425,036</u>	<u>2,442,854</u>	<u>\$ 2,442,854</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	63,312	1,356		
Unencumbered Cash, Beginning	<u>162,294</u>	<u>225,606</u>		
Unencumbered Cash, Ending	<u>\$ 225,606</u>	<u>\$ 226,962</u>		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
4 YR OLD AT RISK FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Grant	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
Supplemental General	31,800	42,530	31,800	
General Fund	52,236	45,750	58,087	(12,337)
Total Cash Receipts	84,036	88,280	\$ 89,887	\$ (12,337)
Expenditures				
Instruction	62,089	68,156	\$ 64,957	\$ 3,199
Transportation	21,947	20,114	24,930	(4,816)
Total Expenditures Subject to Budget	84,036	88,270	\$ 89,887	\$ (1,617)
Receipts Over (Under) Expenditures	-	10		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 10		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
K-12 AT RISK FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Grant	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
Supplemental General Fund	869,041	847,344	850,006	(2,662)
General Fund	181,400	168,500	165,838	2,662
Total Cash Receipts	1,050,441	1,015,844	\$ 1,015,844	\$ -
Expenditures				
Instruction	1,010,468	993,582	\$ 967,844	\$ 25,738
Student Support Services	39,973	22,262	48,000	(25,738)
Total Expenditures Subject to Budget	1,050,441	1,015,844	\$ 1,015,844	\$ 0
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	1	1		
Unencumbered Cash, Ending	\$ 1	\$ 1		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
BILINGUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Grant	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
General Fund	801	590	801	(211)
Supplemental General Fund	-	243	500	(257)
Total Cash Receipts	801	833	\$ 1,301	\$ (468)
Expenditures				
Instruction	801	833	\$ 1,301	\$ (468)
Total Expenditures	801	833	\$ 1,301	\$ (468)
Subject to Budget				
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
CAPITAL OUTLAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Advalorem tax	\$ 257,553	\$ 543,299	\$ 509,367	\$ 33,932
Delinquent tax	11,316	5,571	6,871	(1,300)
Motor vehicle tax	41,107	45,516	38,039	7,477
Interest on idle funds	8,428	8,649	30,000	(21,351)
Miscellaneous	108,106	41,473	40,027	1,446
State Sources				
State Aid	86,448	163,183	163,193	(10)
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	512,958	807,690	\$ 787,497	\$ 20,193
Expenditures				
Instruction	154,121	144,259	\$ 125,000	\$ 19,259
Student Support	-	-	-	-
Instructional Support	-	-	-	-
General Administration	11,294	-	50,000	(50,000)
School Administration	33,802	8,635	5,000	3,635
Operations & Maintenance	216,195	105,978	400,000	(294,022)
Transportation	4,899	87,854	150,000	(62,146)
Central Services	1,895	-	4,000	(4,000)
Facility Acquisition and Construction	72,474	343,207	644,583	(301,376)
Total Expenditures				
Subject to Budget	494,680	689,933	\$ 1,378,583	\$ (688,650)
Receipts Over (Under) Expenditures	18,278	117,758		
Unencumbered Cash, Beginning	1,108,977	1,127,255		
Unencumbered Cash, Ending	\$ 1,127,255	\$ 1,245,013		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
DRIVER EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Miscellaneous	\$ 6,800	\$ 6,700	\$ 7,200	\$ (500)
State Sources				
State aid	9,216	9,996	9,100	896
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	<u>16,016</u>	<u>16,696</u>	<u>\$ 16,300</u>	<u>\$ 396</u>
Expenditures				
Instruction	15,267	14,860	\$ 20,400	\$ (5,540)
Support Services				
Operations and Maintenance	-	-	5,075	(5,075)
Total Expenditures				
Subject to Budget	<u>15,267</u>	<u>14,860</u>	<u>\$ 25,475</u>	<u>\$ (10,615)</u>
Receipts Over (Under) Expenditures	749	1,836		
Unencumbered Cash, Beginning	<u>46,247</u>	<u>46,996</u>		
Unencumbered Cash, Ending	<u>\$ 46,996</u>	<u>\$ 48,832</u>		

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
FOOD SERVICE FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Students	\$ 125,466	\$ 120,542	\$ 100,009	\$ 20,533
Adults	4,325	5,486	33,750	(28,264)
Other	1,659	2,030	3,651	(1,621)
State Sources				
State Aid	4,844	4,842	3,947	895
Federal Sources				
Child nutrition aid	348,302	362,239	326,331	35,908
Fresh fruits and vegetables aid	-	-	15,788	(15,788)
Operating Transfer from Other Funds				
General Fund	67,284	-	67,453	(67,453)
Supplemental General Fund	-	43,830	56,548	(12,718)
Total Cash Receipts	551,880	538,969	\$ 607,477	\$ (68,508)
Expenditures				
Support Services				
Operations and Maintenance	561,880	538,969	\$ 638,993	\$ (100,024)
Total Expenditures	561,880	538,969	\$ 638,993	\$ (100,024)
Subject to Budget				
Receipts Over (Under) Expenditures	(10,000)	-		
Unencumbered Cash, Beginning	100,000	90,000		
Unencumbered Cash, Ending	<u>\$ 90,000</u>	<u>\$ 90,000</u>		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
INSERVICE EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Miscellaneous	\$ 600	\$ 362	\$ -	\$ 362
State Sources				
State Aid	5,755	5,389	5,000	389
Operating Transfer from Other Funds				
Supplemental General Fund	-	30,885	-	30,885
General Fund	10,000	-	-	-
Total Cash Receipts	16,355	36,636	\$ 5,000	\$ 31,636
Expenditures				
Support Services				
Instructional Support Staff	16,866	16,982	\$ 22,500	\$ (5,518)
Other Support Services	15,616	15,880	10,000	5,880
Adjustments to Budget				
Adjustment for Reimbursed Expenses			362	(362)
Total Expenditures				
Subject to Budget	32,482	32,862	\$ 32,862	\$ -
Receipts Over (Under) Expenditures	(16,127)	3,774		
Unencumbered Cash, Beginning	72,353	56,226		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	\$ 56,226	\$ 60,000		

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
SPECIAL EDUCATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Federal Sources				
Federal Aid	\$ 5,822	\$ -	\$ -	\$ -
Local Sources				
Interest	-	-	-	-
Miscellaneous	7,060	73,533	-	73,533
Operating Transfer from Other Funds				
Supplemental General Fund	213,481	102,550	134,936	(32,386)
General Fund	1,051,868	1,156,626	1,103,741	52,885
Total Cash Receipts	1,278,231	1,332,710	\$ 1,238,677	\$ 94,033
Expenditures				
Instruction	1,315,199	1,436,744	\$ 1,499,964	\$ (63,220)
Support Services				
Operations and Maintenance	-	28,218	-	28,218
Transportation	133,225	112,567	215,696	(103,129)
Total Expenditures Subject to Budget	1,448,424	1,577,529	\$ 1,715,660	\$ (138,131)
Receipts Over (Under) Expenditures	(170,193)	(244,819)		
Unencumbered Cash, Beginning	679,892	509,699		
Unencumbered Cash, Ending	<u>\$ 509,699</u>	<u>\$ 264,880</u>		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
VOCATIONAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Miscellaneous	\$ 4,744	\$ 4,576	\$ -	\$ 4,576
State Sources				
State aid	-	-	10,000	(10,000)
Federal Sources				
Federal aid	2,383	-	-	-
Operating Transfer from Other Funds				
Supplemental General Fund	330,527	344,731	335,601	9,130
General Fund	77,399	69,300	77,399	(8,099)
Total Cash Receipts	415,053	418,607	\$ 423,000	\$ (4,393)
Expenditures				
Instruction	393,451	401,184	\$ 394,731	\$ 6,453
Student Support Services	21,190	16,165	28,269	(12,104)
Instructional Support	412	742	-	742
Total Expenditures Subject to Budget	415,053	418,091	\$ 423,000	\$ (4,909)
Receipts Over (Under) Expenditures	-	515		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 515		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
State Sources				
KPERS aid	\$ 924,816	\$ 785,409	\$ 1,244,987	\$ (459,578)
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	<u>924,816</u>	<u>785,409</u>	<u>\$ 1,244,987</u>	<u>\$ -</u>
Expenditures				
Instruction	587,736	535,875	\$ 780,000	\$ (244,125)
Student Support	27,619	26,766	88,000	(61,234)
Instructional Support	22,135	15,799	31,987	(16,188)
General Administration	21,017	12,054	30,000	(17,946)
School Administration	88,423	76,520	100,000	(23,480)
Central Services (Other Personnel)	26,348	14,694	40,000	(25,306)
Operations and Maintenance	65,973	35,394	72,000	(36,606)
Trasnportation	50,040	41,576	61,000	(19,424)
Food Service	35,526	26,730	42,000	(15,270)
Total Expenditures				
Subject to Budget	<u>924,816</u>	<u>785,409</u>	<u>\$ 1,244,987</u>	<u>\$ (459,578)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Miscellaneous	\$ -	\$ -
 Total Cash Receipts	-	-
 Expenditures		
Instruction	-	-
Support Services		
Operations and Maintenance	-	-
 Total Expenditures	-	-
 Receipts Over (Under) Expenditures	-	-
 Unencumbered Cash, Beginning	300,000	300,000
 Unencumbered Cash, Ending	\$ 300,000	\$ 300,000

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
TEXTBOOK RENTAL FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Fees/Reimbursements	\$ 20	\$ 16
Operating Transfer From General Fund	-	-
	<u>20</u>	<u>16</u>
Total Cash Receipts		
Expenditures		
Instruction	<u>7,535</u>	<u>21,450</u>
Total Expenditures	<u>7,535</u>	<u>21,450</u>
Receipts Over (Under) Expenditures	(7,515)	(21,434)
Unencumbered Cash, Beginning	<u>118,815</u>	<u>111,300</u>
Unencumbered Cash, Ending	<u><u>\$ 111,300</u></u>	<u><u>\$ 89,866</u></u>

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
TITLE I FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	\$ 230,416	\$ 228,854
Total Cash Receipts	230,416	228,854
Expenditures		
Instruction	230,416	228,854
Total Expenditures	230,416	228,854
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
TITLE II - A TEACHER QUALITY
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	\$ 52,177	\$ 46,531
Total Cash Receipts	52,177	46,531
Expenditures		
Instruction	52,177	46,531
Total Expenditures	52,177	46,531
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
TITLE IV

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	\$ 6,469	\$ 19,739
Total Cash Receipts	6,469	19,739
Expenditures		
Instruction	6,469	19,739
Total Expenditures	6,469	19,739
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
TITLE VI RURAL EDUCATION
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	\$ -	\$ 18,197
Total Cash Receipts	-	18,197
Expenditures		
Program Expenditures	-	18,188
Total Expenditures	-	18,188
Receipts Over (Under) Expenditures	-	9
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 9

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
KANSAS READING ROADMAP GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	\$ 174,172	\$ 181,051
Local Sources		
Miscellaneous	-	-
	<u>174,172</u>	<u>181,051</u>
Total Cash Receipts		
Expenditures		
Instruction	<u>180,669</u>	<u>176,650</u>
Total Expenditures	<u>180,669</u>	<u>176,650</u>
Receipts Over (Under) Expenditures	(6,498)	4,401
Unencumbered Cash, Beginning	<u>(30,514)</u>	<u>(37,012)</u>
Unencumbered Cash, Ending	<u><u>\$ (37,012)</u></u>	<u><u>\$ (32,611)</u></u>

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
GIFTS AND GRANTS FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grant	\$ -	\$ 37,685
Total Cash Receipts	-	37,685
Expenditures		
Instruction	-	37,919
Total Expenditures	-	37,919
Receipts Over (Under) Expenditures	-	(234)
Unencumbered Cash, Beginning	526	526
Unencumbered Cash, Ending	\$ 526	\$ 292

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
BOND AND INTEREST FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources				
Grant	\$ -	\$ -	\$ -	\$ -
Delinquent tax	5	-	-	-
Motor vehicle tax	-	-	-	-
Interest on idle funds	-	-	-	-
Other	-	-	-	-
State Sources				
State aid	-	-	-	-
Total Cash Receipts	5	-	\$ -	\$ -
Expenditures				
Debt Service				
Principal	-	-	\$ -	\$ -
Interest	-	-	-	-
Other	-	-	-	-
Total Expenditures Subject to Budget	-	-	-	-
Receipts Over (Under) Expenditures	5	-		
Unencumbered Cash, Beginning	226,658	226,663		
Unencumbered Cash, Ending	\$ 226,663	\$ 226,663		

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
SCHOLARSHIPS FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grant	\$ 168	\$ 1,760
Interest	2,761	168
Total Cash Receipts	<u>2,929</u>	<u>1,928</u>
Expenditures		
Scholarships	<u>3,913</u>	<u>1,850</u>
Total Expenditures	<u>3,913</u>	<u>1,850</u>
Receipts Over (Under) Expenditures	(984)	78
Unencumbered Cash, Beginning	<u>61,782</u>	<u>60,799</u>
Unencumbered Cash, Ending	<u><u>\$ 60,799</u></u>	<u><u>\$ 60,877</u></u>

UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2019

	<u>Beginning Cash Balances</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balances</u>
Agency Funds				
Columbus High School	\$ 133,312	\$ 192,773	\$ 192,448	\$ 133,636
Columbus Central School	39,282	45,799	40,715	44,366
Highland Elementary	9,375	22,443	18,208	13,610
Park Elementary	14,703	5,084	4,100	15,688
Totals	<u>\$ 196,672</u>	<u>\$ 266,099</u>	<u>\$ 255,471</u>	<u>\$ 207,300</u>

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS
DISTRICT ACTIVITY FUNDS**

Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2019
Gate Receipts						
High School Athletics	\$ 29,267	\$ 76,137	\$ 76,787	\$ 28,617	\$ -	\$ 28,617
Middle School Athletics	15,139	9,885	8,522	16,501	-	16,501
Subtotal Gate Receipts	44,406	86,021	85,309	45,118	-	45,118
Food Service						
High School	-	34,976	34,976	-	-	-
Middle School	-	46,721	46,721	-	-	-
Subtotal Food Service	-	-	-	-	-	-
Total District Activity Funds	\$ 44,406	\$ 86,021	\$ 85,309	\$ 45,118	\$ -	\$ 45,118

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

FEDERAL COMPLIANCE SECTION

For the Fiscal Year Ended June 30, 2019

COLUMBUS UNIFIED SCHOOL DISTRICT #493
COLUMBUS , KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2019

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Agriculture</u>			
Passed Through the State of Kansas			
Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	81,743	81,743
National School Lunch Program	10.555	273,423	273,423
Summer Food Service Program	10.559	7,073	7,073
		<u>362,239</u>	<u>362,239</u>
<u>U.S. Department of Education</u>			
Passed Through the State of Kansas			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	228,854	228,854
Title II - Improving Teacher Quality	84.367	46,531	46,531
Rural Low Income Schools Program	84.358	18,197	18,188
Career and Technical Education - Basic Grants to States	84.048	217	217
Student Support and Academic Enrichment Program	84.424	19,739	19,739
		<u>313,538</u>	<u>313,529</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through the State of Kansas			
Department of Education			
Cooperative Agreement to Promote Adolescent Health	93.079	157	157
Passed Through Kansas Reading Roadmap			
Temporary Assistance to Needy Families	93.558	181,051	176,650
		<u>181,208</u>	<u>176,807</u>
TOTALS		<u>\$ 856,985</u>	<u>\$ 852,575</u>

Note:

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

The District did not elect to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Total expenditures under the Child Nutrition Cluster was \$362,239.

Total expenditures under the TANF and 477 Clusters was \$176,650.

**UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019

Finding 2017-001 and 2018-001 Drafting Financial Statements

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

Recommendation: None

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

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
Columbus Unified School District #493
Columbus, Kansas 66725

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 financial statement and related notes to the financial statement of Columbus Unified School District #493 as of the fiscal year ended June 30, 2019, and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item (2019-001) 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 December 6, 2019.

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

December 6, 2019
Pittsburg, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
Columbus Unified School District #493
Columbus, Kansas 66725

Report on Compliance for Each Major Federal Program

We have audited the Columbus Unified School District #493'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 fiscal year ended June 30, 2019. 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 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). 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, 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 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

December 6, 2019
Pittsburg, Kansas

**COLUMBUS UNIFIED SCHOOL DISTRICT #493
COLUMBUS, KANSAS**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

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 regulatory 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 2 CFR Section 200.516(a) __ YES X NO

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster

Auditee qualified as low-risk auditee? __ YES X NO

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency 2019-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, as well as determining which disclosures are required under the regulatory basis of accounting. This is a repeat finding from June 30, 2018, and was identified in that report as 2018-001.

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: Since the District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures, the District does not have controls in place for this.

Recommendation: None

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

COLUMBUS UNIFIED SCHOOL DISTRICT #493 (USD #493)

June 30, 2019 Financial Statements

Corrective Action Plan

Audit Finding 2019-001

USD #493 has always relied upon its auditors to provide significant assistance with adjusting entries and with determining which disclosures were required under accounting principles generally accepted in the United States of America and the regulatory basis of accounting. While USD #493 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 accounting principles generally accepted in the United States of America 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.