

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

For the Fiscal Year Ended June 30, 2019

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

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

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Diehl Banwart Bolton

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying fund summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Unified School District #506 (the District), Altamont, Kansas as of and for the fiscal year ended June 30, 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 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 #506
Altamont, 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 regulatory basis receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, summary of receipts and disbursements – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Board of Education
Unified School District #506
Altamont, Kansas

The prior year actual column presented in the individual fund schedules of receipts and expenditures – actual and budget – regulatory basis (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and are not a required part of the prior year financial statement upon which we rendered an unqualified opinion dated February 1, 2019. The prior year financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such prior year comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the prior year financial statement. The prior year comparative information was subjected to the auditing procedures applied in the audit of the prior year statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the prior year financial statement or to the prior year financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the prior year comparative information is fairly stated in all material respects in relation to the prior year financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020 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

February 7, 2020
Pittsburg, Kansas

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

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	\$ 853	\$ 11,425,651	\$ 11,426,504	\$ -	\$ 57,797	\$ 57,797
Supplemental General	15	3,625,738	3,562,447	63,306	203,426	266,731
Special Purpose Funds:						
4 Yr Old At Risk	73,350	84,381	92,148	65,582	-	65,582
K-12 At Risk	-	1,759,808	1,759,808	-	-	-
Capital Outlay	2,417,114	2,065,372	2,546,090	1,936,396	308,885	2,245,280
Driver Education	73,605	26,589	21,086	79,109	110	79,218
Food Service	300,000	922,557	974,556	248,001	16,925	264,926
Inservice Education	80,274	58,400	57,524	81,150	10,811	91,961
Parent Education	9,946	3,054	13,000	-	-	-
Special Education	741,170	2,689,620	2,648,385	782,405	-	782,405
Vocational Education	262,617	357,348	357,095	262,870	3,331	266,201
KPERs Special Retirement	-	904,830	904,830	-	-	-
Contingency Reserve	573,193	-	-	573,193	-	573,193
Textbook Rental	217,533	34,995	21,526	231,002	-	231,002
Title I	7,503	345,307	352,810	-	-	-
Safe and Supportive Schools	11,128	-	4,667	6,461	-	6,461
Title II -A Teacher Quality	-	62,163	60,170	1,993	-	1,993
Title VII Indian Education	-	86,116	86,116	-	20,325	20,325
Secondary Program Improvements	10,399	22,830	19,550	13,679	320	13,998
ESSS Grant	485	-	-	485	-	485
Fast Grant	-	-	-	-	-	-
21st Century Grant	-	101,984	92,109	9,875	-	9,875
Elementary Counseling Grant	-	-	-	-	-	-
Kansas Reading Roadmap	(146,127)	612,452	583,452	(117,126)	-	(117,126)
Rural Low Income Grant	-	-	-	-	2,427	2,427
Pre-K Pilon Grant	-	73,750	73,750	-	-	-
Gifts & Grants	18,248	-	8,792	9,457	-	9,457
District Activity Funds	7,829	77,114	81,764	3,179	470	3,649
Bond and Interest Fund	969,715	755,671	604,834	1,120,552	-	1,120,552
Total Entity (Excluding Agency Funds)	\$ 5,628,851	\$ 26,095,730	\$ 26,353,013	\$ 5,371,568	\$ 624,825	\$ 5,996,394

Composition of Cash

General Checking Account.....	2,992,745
Activity Checking Accounts.....	127,315
Certificates of Deposit.....	3,000,000
Total Cash	6,120,060
Agency Funds per Schedule 3	(123,666)
Total Reporting Entity	<u>5,996,394</u>

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation - Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the Unified School District #506:

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

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

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

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

Basis of Presentation - Fund Accounting (Continued)

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

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

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute) and bond and interest funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1.
2. Publication in the local newspaper of the proposed budget and a notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after the publication of a notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments in the fiscal year ended June 30, 2019. The General Fund budget and the Supplemental General Fund budget were both reduced to the legal maximum amount based on enrollment.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund in the regulatory required supplemental information showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

Budgetary Information (Continued)

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

Legal operating budgets are not required in the following special purpose funds: Contingency Reserve, Textbook Rental, Title I, Safe and Supportive Schools, Title II-A Teacher Quality, Title VII Indian Education, Secondary Program Improvement, ESSS Grant, Fast Grant, 21st Century Grant, Elementary Counseling Grant, Kansas Reading Roadmap, Rural Low Income Grant, Pre-K Pilot Grant, Gifts & Grants, or District Activity.

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

Cash and Investments

Cash and investments include money market checking accounts, and certificates of deposit. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury and the Kansas Municipal Investment Pool.

Compensated Absences

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

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

The District accrues a liability for compensated absences which meet the following criteria:

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

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Compliance with Kansas Statutes

The financial statement has been prepared in order to show compliance with the cash basis and budget laws of Kansas. As detailed in Note 3, the District's deposits were not adequately secured in violation of K.S.A. 9-1403. The negative unencumbered cash balance in the Fast Grant and Kansas Reading Roadmap Fund is not cash basis violations as this is a reimbursement grant. There were no other apparent violations of the cash basis and budget laws of Kansas.

3. **DEPOSITS AND INVESTMENTS**

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

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

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2019, as detailed in the table below.

At June 30, 2019 the District's carrying amount of deposits was \$6,120,060 and the bank balance was \$7,226,638. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$6,554,729 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of \$6,617,506. As shown in the table below, the District had \$171,909 in deposits at June 30, 2019 which were uncollateralized.

3. **CASH IN BANK AND DEPOSITORY SECURITY** (Continued)

FINANCIAL INSTITUTIONS

<u>RISK CATEGORIES</u>	<u>LABETTE BANK</u>	<u>COMMUNITY NATIONAL BANK</u>	<u>TOTALS</u>
(1) FDIC Insurance	\$ 250,000	\$ 250,000	\$ 500,000
(1) Collateralized with pledged securities held in the District's account	-	-	-
(2) Collateralized with pledged securities in Bank's account	3,804,729	2,750,000	6,554,729
(3) Uncollateralized	171,909	-	171,909
TOTAL BANK BALANCES	\$ 4,226,638	\$ 3,000,000	\$ 7,226,638
Total Pledged Securities	\$ 3,804,729	\$ 2,812,777	\$ 6,617,506

4. **IN-SUBSTANCE RECEIPT IN TRANSIT**

The District received \$745,225 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.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) was 16.38 % and 12.01%, respectively, for the fiscal year ended June 30, 2019. 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.

5. **PENSION PLAN** (Continued)

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 \$904,830 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 \$12,269,698. The net pension liability was measured as of June 30, 2018 and the total net 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, the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

6. **RISK MANAGEMENT**

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

7. **CONTINGENCIES**

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the grant agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

8. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-5162	\$2,041,548
General	K-12 At Risk	KSA 72-5153	1,000,000
Supplemental General	Special Education	KSA 72-5162	502,174
Supplemental General	Vocational Education	KSA 72-1129	340,000
Supplemental General	K-12 At Risk	KSA 72-5153	759,808
Supplemental General	Parent Education	KSA 72-3238	3,054
Supplemental General	Inservice Education	KSA 72-4165	50,000
Supplemental General	4 Yr Old At Risk	KSA 72-5154	65,000

9. POST EMPLOYMENT BENEFITS

Participation in Group Health Insurance Plan

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

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

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2019 through February 7, 2020 the date the financial statements were available for issue. On July 24, 2018, the District received a grant in the amount of \$2,007,930 to build storm shelters. The grant requires a local match of \$669,310. The completion date for the grants is May 9,2020. There were no subsequent events requiring recognition in the financial statements or disclosed in the notes to the financial statement.

11. LONG-TERM DEBT

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

Schedule of Changes in Long-Term Debt

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balances Beginning of Year</u>	<u>Additions / New Debt</u>	<u>Reductions / Principal Paid</u>	<u>Balances End of Year</u>	<u>Interest Paid</u>
General Obligation Refunding Bonds Series 2012	0.45-2.30%	3/1/2012	6,415,000	9/1/2025	\$ 4,780,000	\$ -	\$ 515,000	\$ 4,265,000	\$ 89,834
Capital Leases									
Labette Bank Computer Equipment	3.80%	7/31/2010	281,573	12/31/2020	97,181	-	31,196	65,985	2,501
Labette Bank Computer Equipment	3.26%	10/4/2011	85,909	10/4/2018	<u>13,486</u>	<u>-</u>	<u>13,486</u>	<u>-</u>	<u>440</u>
					<u>\$ 4,890,667</u>	<u>\$ -</u>	<u>\$ 559,682</u>	<u>\$ 4,330,985</u>	<u>\$ 92,775</u>

11. LONG TERM DEBT OBLIGATIONS (Continued)

Schedule of Maturities in Long-Term Debt

Fiscal Years Ending June 30,	2020	2021	2022	2023	2024	2025 2029	Totals
PRINCIPAL							
General Obligation Bonds							
Series 2012	\$535,000	\$ 555,000	\$ 580,000	\$ 610,000	\$635,000	\$1,350,000	\$ 4,265,000
Capital Leases							
Labette Bank Computer Equipment	<u>32,378</u>	<u>33,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,984</u>
Total Principal	<u>567,378</u>	<u>588,606</u>	<u>580,000</u>	<u>610,000</u>	<u>635,000</u>	<u>1,350,000</u>	<u>4,330,984</u>
INTEREST							
General Obligation Refunding							
Series 2012	81,944	72,396	61,753	50,142	37,216	31,065	334,516
Capital Leases							
Labette Bank Computer Equipment	<u>2,501</u>	<u>1,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,775</u>
Total Interest	<u>84,445</u>	<u>73,670</u>	<u>61,753</u>	<u>50,142</u>	<u>37,216</u>	<u>31,065</u>	<u>338,291</u>
Total Principal and Interest	<u>\$ 651,823</u>	<u>\$ 662,276</u>	<u>\$ 641,753</u>	<u>\$ 660,142</u>	<u>\$ 672,216</u>	<u>\$ 1,381,065</u>	<u>\$ 4,669,275</u>

11. LONG TERM DEBT OBLIGATIONS (Continued)

**REGULATORY REQUIRED
SUPPLEMENTAL INFORMATION**

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

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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	\$ 11,435,424	\$ (278,465)	\$ 278,465	\$ 11,435,424	\$ 11,426,504	\$ (8,920)
Supplemental General	3,651,764	(89,317)	-	3,562,447	3,562,447	-
Special Purpose Funds:						
4 Yr Old At Risk	227,365	-	-	227,365	92,148	(135,217)
K-12 At Risk	1,800,000	-	-	1,800,000	1,759,808	(40,192)
Capital Outlay	2,750,000	-	-	2,750,000	2,546,090	(203,910)
Driver Education	31,000	-	-	31,000	21,086	(9,914)
Food Service	1,130,500	-	-	1,130,500	974,556	(155,944)
Inservice Education	75,000	-	-	75,000	57,524	(17,476)
Parent Education	20,000	-	-	20,000	13,000	(7,000)
Special Education	2,759,213	-	-	2,759,213	2,648,385	(110,828)
Vocational Education	451,500	-	-	451,500	357,095	(94,405)
KPERS Special Retirement	1,501,853	-	-	1,501,853	904,830	(597,023)
Bond and Interest Fund	604,934	-	-	604,934	604,834	(100)
	<u>26,438,553</u>					

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 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				
Ad valorem tax	\$ 853	\$ 869	\$ -	\$ 869
Delinquent tax	-	-	-	-
Mineral tax	1,204	946	-	946
Interest	-	-	-	-
Reimbursement	282,037	278,465	-	278,465
State Sources				
General aid	9,120,205	9,366,313	9,502,815	(136,502)
KPERS aid	-	-	-	-
Special education aid	1,529,744	1,779,058	1,931,756	(152,698)
Total Cash Receipts	10,934,043	11,425,651	\$ 11,434,571	\$ (8,920)
Expenditures				
Instruction	4,704,555	4,857,364	\$ 4,298,168	\$ 559,196
Support Services				
Student Support	197,059	187,323	268,000	(80,677)
Instructional Support	195,455	201,542	209,000	(7,458)
General Administration	232,761	309,656	368,000	(58,344)
School Administration	795,552	819,795	849,000	(29,205)
Operations and Maintenance	1,204,067	1,164,373	1,291,500	(127,127)
Transportation	854,278	756,196	838,500	(82,304)
Central Services	74,649	88,707	81,500	7,207
Operating transfers to Other Funds				
Special Education	2,119,608	2,041,548	1,931,756	109,792
4 Yr Old At Risk	-	-	-	-
K-12 At Risk	460,000	1,000,000	1,300,000	(300,000)
Contingency Reserve	95,207	-	-	-
KPERS	-	-	-	-
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	278,465	(278,465)
Adjustment for Legal Maximum	-	-	(278,465)	278,465
Total Expenditures Subject to Budget	10,933,191	11,426,504	\$ 11,435,424	\$ (8,920)
Receipts Over (Under) Expenditures	852	(853)		
Unencumbered Cash, Beginning	1	853		
Unencumbered Cash, Ending	\$ 853	\$ -		

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SUPPLEMENTAL GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 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				
Ad valorem tax	\$ 897,919	\$ 935,294	\$ 881,944	\$ 53,350
Delinquent tax	16,562	19,767	9,265	10,502
Motor vehicle tax	181,693	158,438	158,331	107
Reimbursements	-	-	-	-
State Sources				
Supplemental aid	2,356,471	2,512,238	2,575,224	(62,986)
Operating transfers from Other Funds				
Contingency Reserve	40,207	-	27,000	(27,000)
Total Cash Receipts	3,492,852	3,625,738	\$ 3,651,764	\$ (26,026)
Expenditures				
Instruction	564,299	531,900	\$ 1,026,464	\$ (494,564)
Support Services				
Student Support	134,731	25,595	75,000	(49,405)
Instructional Support	973	171,291	85,000	86,291
General Administration	81,944	99,461	83,000	16,461
School Administration	-	-	-	-
Operations and Maintenance	921,952	854,450	992,300	(137,850)
Transportation	58,567	64,330	70,000	(5,670)
Central Services	93,253	95,384	99,000	(3,616)
Operating transfers to Other Funds				
Parent Education	12,578	3,054	11,000	(7,946)
Special Education	110,000	502,174	300,000	202,174
Inservice Education	40,000	50,000	-	50,000
4 Yr Old At Risk	100,000	65,000	80,000	(15,000)
K-12 At Risk	1,087,611	759,808	500,000	259,808
Vocational Education	320,000	340,000	330,000	10,000
Adjustments to Budget				
Adjustment for Reimbursed Expenses			-	-
Adjustment for Legal Maximum			(89,317)	89,317
Total Expenditures Subject to Budget	3,525,908	3,562,447	\$ 3,562,447	\$ -
Receipts Over (Under) Expenditures	(33,056)	63,291		
Unencumbered Cash, Beginning	33,071	15		
Unencumbered Cash, Ending	\$ 15	\$ 63,306		

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
4 YR OLD AT RISK FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 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	\$ 24,185	\$ 19,381	\$ -	\$ 19,381
Federal Sources				
Federal Aid	17,399	-	74,000	74,000
Operating Transfer from Other Funds				
Supplemental General	100,000	65,000	80,000	
General	-	-	-	-
Total Cash Receipts	<u>141,584</u>	<u>84,381</u>	<u>\$ 154,000</u>	<u>\$ 93,381</u>
Expenditures				
Instruction	127,216	92,148	\$ 227,365	\$ (135,217)
Other Supplemental Services	-	-	-	-
Total Expenditures				
Subject to Budget	<u>127,216</u>	<u>92,148</u>	<u>\$ 227,365</u>	<u>\$ (135,217)</u>
Receipts Over (Under) Expenditures	14,368	(7,768)		
Unencumbered Cash, Beginning	<u>58,982</u>	<u>73,350</u>		
Unencumbered Cash, Ending	<u>\$ 73,350</u>	<u>\$ 65,582</u>		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
K-12 AT RISK FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
Supplemental General	1,087,611	759,808	500,000	259,808
General	460,000	1,000,000	1,300,000	(300,000)
Total Cash Receipts	1,547,611	1,759,808	\$ 1,800,000	\$ (40,192)
Expenditures				
Instruction	1,550,000	1,759,808	\$ 1,800,000	\$ (40,192)
Student Support Services	-	-	-	-
Total Expenditures				
Subject to Budget	1,550,000	1,759,808	\$ 1,800,000	\$ (40,192)
Receipts Over (Under) Expenditures	(2,389)	-		
Unencumbered Cash, Beginning	2,389	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
CAPITAL OUTLAY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 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				
Ad valorem tax	\$ 428,263	\$ 445,213	\$ 431,779	\$ 13,434
Delinquent tax	6,797	9,049	4,400	4,649
Motor vehicle tax	83,161	81,089	80,882	207
Interest on idle funds	26,355	68,640	-	68,640
Miscellaneous	576,134	78,431	-	78,431
State Sources				
State aid	285,747	301,435	301,505	(70)
Federal Sources				
FEMA Grant	-	1,081,515	-	1,081,515
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	<u>1,406,457</u>	<u>2,065,372</u>	<u>\$ 818,566</u>	<u>\$ 1,246,806</u>
Expenditures				
Instruction	16,489	1,830,520	\$ 150,000	\$ 1,680,520
Student Support Services	-	-	-	-
General Administration	10,575	9,618	50,000	(40,383)
School Administration	19,775	19,976	25,000	(5,024)
Operations & Maintenance	134,317	42,003	125,000	(82,997)
Transportation	286,981	222,794	250,000	(27,206)
Central Services	-	-	-	-
Facility Acquisition and Construction	556,015	421,180	2,150,000	(1,728,820)
Total Expenditures				
Subject to Budget	<u>1,024,152</u>	<u>2,546,090</u>	<u>\$ 2,750,000</u>	<u>\$ (203,910)</u>
Receipts Over (Under) Expenditures	382,305	(480,719)		
Unencumbered Cash, Beginning	<u>2,034,809</u>	<u>2,417,114</u>		
Unencumbered Cash, Ending	<u>\$ 2,417,114</u>	<u>\$ 1,936,396</u>		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
DRIVER EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 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				
Other	\$ 14,105	\$ 10,860	\$ 10,000	\$ 860
State Sources				
State aid	10,240	15,729	11,700	4,029
Operating Transfer from Other Funds				
Supplemental General	-	-	-	-
Total Cash Receipts	24,345	26,589	\$ 21,700	\$ 4,889
Expenditures				
Instruction	29,613	21,086	\$ 31,000	\$ (9,914)
Support Services				
Instructional Support	-	-	-	-
Operations and Maintenance	-	-	-	-
Total Expenditures				
Subject to Budget	29,613	21,086	\$ 31,000	\$ (9,914)
Receipts Over (Under) Expenditures	(5,268)	5,503		
Unencumbered Cash, Beginning	78,873	73,605		
Unencumbered Cash, Ending	\$ 73,605	\$ 79,109		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
FOOD SERVICE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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				
Student Sales	\$ 219,431	\$ 234,019	\$ 203,640	\$ 30,379
Adult Sales	15,740	16,490	17,808	(1,318)
Other	10,589	14,571	50,000	(35,429)
State Sources				
State Aid	8,568	8,560	7,020	1,540
Federal Sources				
Child Nutrition Aid	605,958	614,429	566,081	48,348
Fresh Fruits and Vegetables Grant	15,594	34,488	-	34,488
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	-	-	-	-
Total Cash Receipts	875,880	922,557	\$ 844,549	\$ 78,008
Expenditures				
Support Services				
Operations and Maintenance	-	-	\$ -	\$ -
Operation of Non-Instructional Services				
Food Service Operations	947,224	974,556	1,130,500	(155,944)
Total Expenditures Subject to Budget	947,224	974,556	\$ 1,130,500	\$ (155,944)
Receipts Over (Under) Expenditures	(71,344)	(51,999)		
Unencumbered Cash, Beginning	371,344	300,000		
Unencumbered Cash, Ending	\$ 300,000	\$ 248,001		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
INSERVICE EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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	\$ -	\$ -	\$ -	\$ -
State Sources				
State Aid	7,964	8,400	5,000	3,400
Operating Transfer from Other Funds				
Supplemental General	40,000	50,000	-	50,000
General	-	-	-	-
Total Cash Receipts	47,964	58,400	\$ 5,000	\$ 53,400
Expenditures				
Support Services				
Instructional Support Staff	44,656	57,524	\$ 75,000	\$ (17,476)
Central Services	-	-	-	-
Total Expenditures				
Subject to Budget	44,656	57,524	\$ 75,000	\$ (17,476)
Receipts Over (Under) Expenditures	3,308	876		
Unencumbered Cash, Beginning	76,966	80,274		
Unencumbered Cash, Ending	\$ 80,274	\$ 81,150		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
PARENT EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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				
State Aid	\$ -	\$ -	\$ -	\$ -
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	12,578	3,054	11,000	(7,946)
General	-	-	-	-
Total Cash Receipts	12,578	3,054	\$ 11,000	\$ (7,946)
Expenditures				
Student Support Servies	12,578	13,000	\$ 20,000	\$ (7,000)
Instructional Support Staff	-	-	-	-
Total Expenditures	12,578	13,000	\$ 20,000	\$ (7,000)
Subject to Budget				
Receipts Over (Under) Expenditures	-	(9,946)		
Unencumbered Cash, Beginning	9,946	9,946		
Unencumbered Cash, Ending	<u>\$ 9,946</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SPECIAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 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				
Other	\$ 16,379	\$ 80,764	\$ -	\$ 80,764
Medicaid	58,879	65,134	-	65,134
Federal Sources				
Federal aid	9,212	-	-	-
Operating Transfer from Other Funds				
Supplemental General	110,000	502,174	300,000	202,174
General	2,119,608	2,041,548	1,931,756	109,792
Total Cash Receipts	2,314,078	2,689,620	\$ 2,231,756	\$ 457,864
Expenditures				
Instruction	2,054,338	2,285,924	\$ 2,421,013	\$ (135,089)
Support Services				
General Administration	36,248	142,081	80,600	61,481
Transportation	223,339	220,380	257,600	(37,220)
Total Expenditures	2,313,925	2,648,385	\$ 2,759,213	\$ (110,828)
Receipts Over (Under) Expenditures	153	41,235		
Unencumbered Cash, Beginning	741,017	741,170		
Unencumbered Cash, Ending	\$ 741,170	\$ 782,405		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, 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	\$ 24,050	\$ 17,348	\$ -	\$ 17,348
State Sources				
State aid	-	-	900	(900)
Federal Sources				
Federal aid	404	-	-	-
Operating Transfer from Other Funds				
Supplemental General	320,000	340,000	330,000	10,000
General	-	-	-	-
Total Cash Receipts	<u>344,454</u>	<u>357,348</u>	<u>\$ 330,900</u>	<u>\$ 26,448</u>
Expenditures				
Instruction	295,006	293,718	\$ 371,500	\$ (77,782)
Student Support Services	-	-	-	-
Operations and Maintenance	<u>65,468</u>	<u>63,377</u>	<u>80,000</u>	<u>(16,623)</u>
Total Expenditures				
Subject to Budget	<u>360,474</u>	<u>357,095</u>	<u>\$ 451,500</u>	<u>\$ (94,405)</u>
Receipts Over (Under) Expenditures	(16,020)	253		
Unencumbered Cash, Beginning	<u>278,637</u>	<u>262,617</u>		
Unencumbered Cash, Ending	<u>\$ 262,617</u>	<u>\$ 262,870</u>		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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				
State Aid	\$ 1,028,314	\$ 904,830	\$ 1,501,853	\$ (597,023)
Operating Transfers from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	1,028,314	904,830	\$ 1,501,853	\$ (597,023)
Expenditures				
Instruction	627,375	552,037	\$ 1,501,853	\$ (949,816)
Student Support	26,325	23,164	-	23,164
Instructional Support	26,530	23,345	-	23,345
General Administration	35,477	31,217	-	31,217
School Administration	74,244	65,329	-	65,329
Central Services	26,325	23,164	-	23,164
Operations and Maintenance	88,538	77,906	-	77,906
Trasnportation	72,496	63,791	-	63,791
Food Service	51,004	44,880	-	44,880
Total Expenditures				
Subject to Budget	1,028,314	904,830	\$ 1,501,853	\$ (597,023)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfer From Other Funds		
General	\$ 95,207	\$ -
Total Cash Receipts	95,207	-
Expenditures		
Instruction	-	-
Opertating transfer to Supplemental General Fund	40,207	-
Total Expenditures	40,207	-
Receipts Over (Under) Expenditures	55,000	-
Unencumbered Cash, Beginning	518,193	573,193
Unencumbered Cash, Ending	\$ 573,193	\$ 573,193

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, 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		
Textbook rental	\$ 32,794	\$ 34,995
Miscellaneous	-	-
Operating Transfer From Other Funds		
Supplemental General	-	-
	<u>32,794</u>	<u>34,995</u>
Total Cash Receipts		
Expenditures		
Instruction	<u>17,150</u>	<u>21,526</u>
Total Expenditures	<u>17,150</u>	<u>21,526</u>
Receipts Over (Under) Expenditures	15,644	13,469
Unencumbered Cash, Beginning	<u>201,889</u>	<u>217,533</u>
Unencumbered Cash, Ending	<u>\$ 217,533</u>	<u>\$ 231,002</u>

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE I FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 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	\$ 318,091	\$ 345,307
Total Cash Receipts	318,091	345,307
Expenditures		
Instruction	310,588	352,810
General Administration	-	-
Total Expenditures	310,588	352,810
Receipts Over (Under) Expenditures	7,503	(7,503)
Unencumbered Cash, Beginning	-	7,503
Unencumbered Cash, Ending	\$ 7,503	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SAFE AND SUPPORTIVE SCHOOLS FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 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	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	4,667
Transportation	-	-
General Administration	-	-
Total Expenditures	-	4,667
Receipts Over (Under) Expenditures	-	(4,667)
Unencumbered Cash, Beginning	11,128	11,128
Unencumbered Cash, Ending	\$ 11,128	\$ 6,461

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE II - A TEACHER QUALITY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 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	\$ 52,530	\$ 62,163
Total Cash Receipts	52,530	62,163
Expenditures		
Instruction	52,530	60,170
Total Expenditures	52,530	60,170
Receipts Over (Under) Expenditures	-	1,993
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 1,993

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
TITLE VII INDIAN EDUCATION FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 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	\$ 84,386	\$ 86,116
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	84,386	86,116
Expenditures		
Instruction	84,386	86,116
Transportation	-	-
Total Expenditures	84,386	86,116
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
SECONDARY PROGRAM IMPROVEMENTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 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	\$ 3,590	\$ 21,300
Local Sources		
Miscellaneous	6,893	1,530
Total Cash Receipts	10,483	22,830
Expenditures		
Instructional Support	11,555	19,550
Total Expenditures	11,555	19,550
Receipts Over (Under) Expenditures	(1,072)	3,280
Unencumbered Cash, Beginning	11,471	10,399
Unencumbered Cash, Ending	\$ 10,399	\$ 13,679

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
ESSS 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)

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

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
FAST 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		
Local Sources		
Grant	\$ 680	\$ -
Total Cash Receipts	680	-
Expenditures		
Grant Expenditures	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	680	-
Unencumbered Cash, Beginning	(680)	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
21st CENTURY GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	\$ -	\$ 101,984
Total Cash Receipts	-	101,984
Expenditures		
Instruction	-	92,109
Total Expenditures	-	92,109
Receipts Over (Under) Expenditures	-	9,875
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 9,875

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
ELEMENTARY COUNSELING GRANT
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		
Grants	\$ 336,714	\$ -
Other	-	-
	336,714	-
Total Cash Receipts	336,714	-
Expenditures		
Grant Expenditures	336,715	-
	336,715	-
Total Expenditures	336,715	-
Receipts Over (Under) Expenditures	(1)	-
Unencumbered Cash, Beginning	1	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
KANSAS READING ROADMAP
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		
Grants	\$ 601,053	\$ 612,452
Local Sources		
Miscellaneous	6,320	-
	607,373	612,452
Expenditures		
Grant Expenditures	616,655	583,452
	616,655	583,452
Receipts Over (Under) Expenditures	(9,282)	29,000
Unencumbered Cash, Beginning	(136,845)	(146,127)
Unencumbered Cash, Ending	\$ (146,127)	\$ (117,126)

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
RURAL LOW INCOME GRANT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Fiscal Year Ended June 30, 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	\$ 28,509	\$ -
Total Cash Receipts	28,509	-
Expenditures		
Instructions	28,509	-
Total Expenditures	28,509	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
PRE-K PILOT GRANT

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
Grants	\$ -	\$ 73,750
Total Cash Receipts	-	73,750
Expenditures		
Instruction	-	73,750
Total Expenditures	-	73,750
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
GIFTS AND GRANTS

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2019

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

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	\$ 4,400	\$ -
Total Cash Receipts	4,400	-
Expenditures		
Grant Expenditures	4,491	8,792
Total Expenditures	4,491	8,792
Receipts Over (Under) Expenditures	(91)	(8,792)
Unencumbered Cash, Beginning	18,339	18,248
Unencumbered Cash, Ending	\$ 18,248	\$ 9,457

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 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				
Ad valorem tax	\$ 278,636	\$ 285,478	\$ 276,887	\$ 8,591
Delinquent tax	4,982	6,784	2,822	3,962
Motor vehicle tax	58,715	64,219	63,686	533
Interest on idle funds	-	-	-	-
State Sources				
State aid	384,413	399,190	399,190	-
Total Cash Receipts	726,746	755,671	\$ 742,585	\$ 13,086
Expenditures				
Debt Service				
Principal	495,000	515,000	\$ 515,000	\$ -
Interest	96,404	89,834	89,834	-
Other	-	-	100	(100)
Total Expenditures	591,404	604,834	\$ 604,934	\$ (100)
Receipts Over (Under) Expenditures	135,343	150,837		
Unencumbered Cash, Beginning	834,372	969,715		
Unencumbered Cash, Ending	<u>\$ 969,715</u>	<u>\$ 1,120,552</u>		

UNIFIED SCHOOL DISTRICT #506
ALTAMONT, KANSAS
DISTRICT ACTIVITY FUNDS
 Schedule of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Fiscal Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2015
Gate Receipts						
High School Athletics	\$ 7,829	\$ 77,114	\$ 81,764	\$ 3,179	\$ 470	\$ 3,649
Total District Activity Funds	<u>\$ 7,829</u>	<u>\$ 77,114</u>	<u>\$ 81,764</u>	<u>\$ 3,179</u>	<u>\$ 470</u>	<u>\$ 3,649</u>

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, 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	\$ 136,558	\$ 136,558
National School Lunch Program	10.555	448,889	448,889
Summer Food Service Program	10.559	28,982	28,982
		614,429	614,429
Fresh Fruits and Vegetables Program	10.582	34,488	34,488
		648,917	648,917
<u>U.S. Department of Education</u>			
Direct Programs:			
Title VII - Indian Education	84.060	86,116	86,116
Passed Through the State of Kansas			
Department of Education:			
Title I	84.010	322,232	322,232
Career and Technical Education Grants	84.048	21,300	19,550
21st Century Community Learning Centers Grant	84.287	101,984	92,109
Safe and Supportive Schools Grant	84.424	23,075	30,578
Title II Improving Teacher Quality	84.367	62,163	60,170
		616,870	610,755
<u>U.S. Department of Health and Human Services</u>			
Passed Through the State of Kansas			
Department of Education:			
Youth Risk Behavior Survey	93.079	314	314
Passed Through Kansas Reading Roadmap			
477 and TANF Clusters			
Temporary Assistance to Needy Families	93.558	612,452	583,452
		612,766	583,766
<u>U.S. Department of Homeland Security</u>			
Passed Through Kansas Division of Emergency Management			
Hazard Mitigation Grant	97.039	1,081,515	1,081,515
TOTALS		\$ 2,960,068	\$ 2,924,953

Notes:

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

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

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

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

Finding 2018-001 and 2017-001 Drafting Financial Statements

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

Recommendation: None

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

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
Unified School District #506
Altamont, Kansas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the regulatory basis financial statement and related notes to the regulatory basis financial statement of Unified School District #506 as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated February 7, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 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 February 7, 2020.

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

February 7, 2020
Pittsburg, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
Unified School District #506
Altamont, Kansas

Report on Compliance for Each Major Federal Program

We have audited the Unified School District #506's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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

February 7, 2020
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #506
ALTAMONT, 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 statutory basis of accounting.
- Unqualified opinion on the regulatory basis financial statements.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? __ YES X NO

FEDERAL AWARDS:

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance? __ YES X NO

IDENTIFICATION OF MAJOR PROGRAMS:

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

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2019-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, as well as assistance with determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting. This is a repeat finding from June 30, 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: The District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures.

Recommendation: None

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

UNIFIED SCHOOL DISTRICT #506

June 30, 2019 Financial Statements

Corrective Action Plan

Audit Finding 2019-001

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