

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2016

WITH

INDEPENDENT AUDITOR'S REPORTS



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SINGLE AUDIT REPORT

Year Ended June 30, 2016

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This is a copy of the District's annual financial statements reproduced from an electronic file. An original copy of this document is available at the District's office.

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

Independent Auditor's Report

The Board of Education
Wichita Public Schools
Unified School District No. 259

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Public Schools Unified School District No. 259 (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2016.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 7, 2016
Wichita, Kansas

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

The Board of Education
Wichita Public Schools
Unified School District No. 259

Report on Compliance for Each Major Federal Program

We have audited Wichita Public Schools Unified School District No. 259'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, 2016. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 on the District's compliance.

Opinion of 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Public Schools Unified School District No. 259 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 7, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 2016
Wichita, Kansas

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported
- Type of auditor's report, issued on compliance for major federal programs: See Below

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major programs, and type of auditor's report issued on compliance for major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
10.582	Fresh Fruit & Vegetables Program	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified
84.048	Career and Technical Education Basic Grants to States	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 1,981,906

Auditee qualified as low-risk auditee? X Yes No

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2016-001 (Significant Deficiency):

CFDA #84.010: Title I Grants to Local Educational Agencies, U.S. Department of Education, Kansas Department of Education, all open grant awards

Criteria: Under 34 CFR 200.58(c) a paraprofessional must have 1) completed at least 2 years of study at an institution of higher education; 2) obtained an associate's or higher degree; or 3) met a rigorous standard of quality, and can demonstrate through a formal State or local academic assessment, knowledge of and ability to assist in instructing within the program and is proficient in English and possess a secondary school diploma.

Condition: Documentation was not maintained to show a paraprofessional was qualified to work in a program supported with Title I, Part A funds.

Questioned Costs: None noted.

Context: There were 82 newly hired paraprofessionals working in programs supported by Title I funds. To determine if qualified paraprofessionals were being hired to work in these programs, we tested 8 paraprofessionals. We found documentation that 7 of the 8 paraprofessionals were qualified to work in a program supported with Title I funds. The District could not produce documentation to show 1 paraprofessional was qualified to work in a program supported by Title I funds.

The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample.

Cause: Controls over the monitoring of qualifications of paraprofessionals were not operating effectively.

Effect: Failure to monitor the qualifications of paraprofessionals who work in programs supported by Title I funds could result in a reduction or forfeiture of future Title I funds.

Recommendations: We recommend the District implement procedures and controls to ensure the qualifications of paraprofessionals are monitored.

Views of Responsible Officials (Unaudited):

Management agrees with the recommendation. The Department of Human Resources (HR) will implement a checklist system to ensure documentation for highly qualified paras is properly obtained and filed in their employment file. Additionally, HR will perform an annual internal audit to confirm that all documentation has been maintained.

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported.

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO 259**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2016

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through/Direct Number	Direct Expenditures	Pass through Expenditures
U.S. Department of Agriculture:				
Pass through from:				
<i>Kansas State Department of Education</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	3529-3490 3490 9904		\$ 4,131,527
National School Lunch Program				
Cash for Commodities	10.555	3530-3500 3500 9912		1,301,774
Section 4	10.555	3530-3500 3500 9902		14,881,098
Section 11	10.555	3530-3500 3500 9903		224,292
Summer Food Service Program for Children - Food	10.559	3230-3020 3020 9923		504,650
Summer Food Service Program for Children - Sponsor Admin	10.559	3230-3020 3020 9925		52,429
Summer Food Service Program for Children - CFC	10.559	3230-3020 3020 9988		2,801
<i>Child Nutrition Cluster Subtotal</i>				21,098,571
Child and Adult Care Food Program				
Cash for Commodities	10.558	3531-3510 3510 9916		4,568
Meal Costs	10.558	3531-3510/9921		252,055
Team Nutrition	10.574	3230-3020 R661 & 3230-3020 R680		3,062
Fresh Fruit & Vegetables Program FY15	10.582	3230-3020 3020 9926		3,301
Fresh Fruit & Vegetables Program FY16	10.582	3230-3020 3020 9926		690,683
Total U. S. Department of Agriculture				22,042,240
U.S. Department of Defense				
Direct Program:				
USMC - ROTC & JROTC Training Reimbursements	12.XXX	TRNGMX08	2,892	
<i>Total U.S. Department of Defense</i>				2,892
U.S. Department of Labor				
Pass through from:				
<i>Wichita State University</i>				
H-1B Job Training Grants	17.268	V1413318		7
Total U.S. Department of Labor				7
U.S. Department of Education:				
Direct Programs:				
<i>Indian Education Grants to Local Educational Agencies</i>				
Title VII Native American 2015	84.060	5060A122111	20,978	
Title VII Native American 2016	84.060	5060A142111	231,990	
<i>Fund for the Improvement of Education Programs</i>				
Title V Part C Magnet School Assistance Program - Project DISCOVER	84.165	U165A130009	3,382,319	
				3,635,287
Pass through from:				
Kansas State Board of Education:				
<i>Title 1 Grants to Local Educational Agencies</i>				
Title I Part A 2014	84.010	3532-3520-3520		821,038
Title I Part A 2015	84.010	3532-3520 3520		1,295,958
Title I Part A 2016	84.010	3532-3520 3520		19,620,725
Title I School Improvement Section 1000(a)				
Title I School Improvement 1003(a) FY16	84.010	3233-3040 3040 9954		438,039
Title I School Improvement 1000(a) FY15	84.010	3233-3040 3040 9954		1,044,717
<i>Title I Grants to Local Educational Agencies Subtotal</i>				23,220,477
<i>Migrant Education State Grant Program</i>				
Title I C Migrant Summer Services Program FY15	84.011	3537-3570 3570		2,425
Title I C Migrant FY16	84.011	3537-3570 3570		220,289
<i>Title I Program for Neglected and Delinquent Children</i>				
Title I Delinquent 2015	84.010	3233-3040 3040 9930		10,450
Title I Delinquent 2016	84.010	3233-3040 3040 9930		289,793
<i>Special Education Cluster (IDEA)</i>				
EHC Flow Through 3-21 PRIVATE SCHOOL PS - FY 15	84.027	3234-3050 3050 1000		111,206
Title VI Part B Pass Thru 2015	84.027	3234-3050/1000		7,281,704
Title VI Part B Pass Thru 2016	84.027	3234-3050/1000		3,078,865
Title VI Part B Continuous Improvement 2015	84.027	3234-3050 3050 5000		346,381
Program	84.027	3535-3550 3550 1000		18,899
Early Childhood 3-5 PRIVATE SCHOOL PS - FY16	84.027	3535-3550 3550 1000		177,088
Early Childhood Flow-Through 2014	84.173	3535-3550 3550 1000		36,285
Early Childhood Flow-Through 2015	84.173	3535-3550 3550 1000		140,317
Early Childhood Flow-Through 2016	84.173	3535-3550 3550 1000		67,764
Special Education Cluster Subtotal				11,258,509
<i>Career and Technical Education Basic Grants to States</i>				
Carl Perkins Secondary Improvement 2015	84.048	3539-3590 3590 9920		73,111
Carl Perkins Secondary Improvement 2016	84.048	3539-3590 3590 9920		568,813
Carl Perkins Reserve FY16 MBA Conclave Grant	84.048	3539-3590 3590 9920		1,269
Carl Perkins Reserve FY16 Jumpstart	84.048	3539-3590-3590 9920		2,250
Carl Perkins Reserve FY16 2015 Careers in Law, Public Safety, Corrections and Security	84.048	3539-3590-3590 9920		1,600
Carl Perkins Reserve FY16 MBA Curriculum Center Professional Development	84.048	3539-3590-3590 9920		3,000
Carl Perkins Reserve FY16 Health Science Drive-In Workshop	84.048	3539-3590 3590 9920		600
Carl Perkins Reserve VEX Robotics FY 16	84.048	3539-3590 3590 9920		1,500
Carl Perkins Reserve Grant FY16 Law Enforcement	84.048	3539-3590 3590 9920		775
Carl Perkins Reserve FY16 2016 February CTE Annual Conference FY16	84.048	3539-3590 3590 9920		1,600
Carl Perkins Reserve 16 CPR/First Aid Instructor Training	84.048	3539-3590 3590 9920		600

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO 259**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)**

For Year Ended June 30, 2016

Federal Grant/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through/Direct Number	Direct Expenditures	Pass through Expenditures
<i><u>School Safety National Activities</u></i>				
Title IV Part A FY13 - Safe and Supportive Schools - West High	84.184	3799-3110 F098		\$ 26,831
Title IV Part A FY15 S3 Mini-Grant	84.184	3799-3110 F098		1,896
<i><u>Education for Homeless Child and Youth</u></i>				
2015 Homeless Child Youth	84.196	3592-3070 U896		20,892
2016 Homeless Child Youth	84.196	3592-3070 U900		104,820
<i>Education for Homeless Children and Youth Cluster Subtotal</i>				125,712
<i><u>21st Century Community Learning Centers</u></i>				
Title IV Part B 21st Century Community Learning Centers - After School Program	84.287	S287C110016-11A		668,385
Title IV Part B 21st Century Community Learning Centers - After School Program	84.287	S287C110016-11A		36,807
<i><u>Advanced Placement & Testing Fee Programs</u></i>				
Title III English Language Acquisition Grants 2014	84.365	3522-3820 3820		460
Title III English Language Acquisition Grants 2015	84.365	3522-3820 3820		41,715
Title III English Language Acquisition Grants 2016	84.365	3522-3820 3820		735,626
<i><u>Mathematics and Science Partnerships</u></i>				
Title IIB Math and Science Partnership FY15-18	85.366	3233-3040 3040 9993		128,251
<i><u>Supporting Effective Instruction State Grant</u></i>				
Title II Part A Teacher Quality 2015	84.367	3526-3860 3860		232,186
Title II Part A Teacher Quality 2016	84.367	3526-3860 3860		1,898,214
<i><u>Wichita State University</u></i>				
Gaining Early Awareness & Readiness for Undergraduate Programs (Gear Up North)	84.334	U336S090086-11		63,352
Gaining Early Awareness & Readiness for Undergraduate Programs (Gear Up South)	84.334	U336S090086-11		105,272
<i>Total U.S. Department of Education</i>				3,635,287 39,721,768
U.S. Department of Health and Human Services:				
Pass through from:				
<i>Kansas Reading Road Map</i>				
Temporary Assistance for Needy Families	93.558	2463222522		1,812
<i>KS Dept. for Children and Families</i>				
Social Services Block Grant - CDC / Latchkey Programs	93.667	Contract FY2015-2016		659,533
<i>Total U.S. Department of Health and Human Services</i>				- 661,345
<i>subtotals</i>			\$ 3,638,179	\$ 62,425,360
TOTAL			\$	66,063,539

**WICHITA PUBLIC SCHOOLS
UNIFIED SCHOOL DISTRICT NO. 259**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Wichita Public Schools Unified School District No. 259 and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.