

UNIFIED SCHOOL DISTRICT NO. 362

LaCygne, Kansas

Financial Statements

For the Year Ended June 30, 2021

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UNIFIED SCHOOL DISTRICT NO. 362
 Financial Statements
 For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 362
LaCygne, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 362, LaCygne, Kansas (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statement

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements-agency funds, the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds, and the schedule of regulatory basis receipts, expenditures and unencumbered cash-private purpose trust funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Matters

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2020 (not presented herein) and have issued our report dated November 11, 2020, which contained an unmodified opinion of the basic financial statement. The 2020 basic financial statement and our accompanying report are available in electronic form from the website of the Kansas Department of Administration at the following link: <http://admin.ks.gov/offices/oar/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budgeted for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 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 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects, in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

January 3, 2022

UNIFIED SCHOOL DISTRICT NO. 362
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General Fund	\$ -	\$ -	\$ 8,127,723	\$ 8,127,723	\$ -	\$ -	\$ -
Supplemental General	286,025	-	2,692,503	2,579,254	399,274	-	399,274
Special Purpose Funds:							
At Risk (K-12)	-	-	1,486,693	1,486,693	-	-	-
Capital Outlay	1,182,261	-	2,222,625	2,360,353	1,044,533	-	1,044,533
Driver Training	24,612	-	10,685	18,589	16,708	-	16,708
Food Service	102,500	-	571,047	564,979	108,568	-	108,568
Professional Development	21,000	-	23,658	23,658	21,000	-	21,000
Bilingual Education	-	-	2,206	2,206	-	-	-
Special Education	505,050	-	2,246,654	2,225,897	525,807	-	525,807
Vocational Education	-	-	499,407	499,407	-	-	-
Federal	311	-	427,205	766,816	[339,300]	-	[339,300]
Textbook Rental	13,713	-	23,691	644	36,760	-	36,760
KPERs	-	-	1,041,162	1,041,162	-	-	-
Contingency Reserve	1,250,293	-	-	-	1,250,293	-	1,250,293
Gifts and Grants	79,769	-	46,879	38,199	88,449	-	88,449
District Activity	61,304	-	190,776	200,687	51,393	-	51,393
Bond Construction	-	-	8,313,506	402,041	7,911,465	-	7,911,465
Bond and Interest Fund:							
Bond and Interest	2,058,691	-	1,040,367	899,274	2,199,784	-	2,199,784
Trust Funds:							
Private Purpose Trusts	29,007	-	-	-	29,007	-	29,007
Total (Excluding agency funds)	\$ 5,614,536	\$ -	\$ 28,966,787	\$ 21,237,582	\$ 13,343,741	\$ -	\$ 13,343,741

Composition of Cash:

Labette Bank	
Checking Accounts	\$ 7,460,859
Certificates of Deposit	190,000
Total Labette Bank	<u>7,650,859</u>
First Option Bank	
Checking Accounts	<u>5,761,135</u>
Total First Option Bank	<u>5,761,135</u>
Total Cash	13,411,994
Less: Agency Funds per Schedule 3	<u>[68,253]</u>
Total Reporting Entity (excluding Agency Funds)	<u>\$ 13,343,741</u>

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 362 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of \$292,129 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

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

The 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.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the year ended June 30, 2021:

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

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

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

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

Trust Fund - funds used to report assets held in trusts for the benefit of the municipal financial reporting entity (i.e. permanent trust funds, etc.).

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business 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 calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2021 was not amended.

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

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

A legal operating budget is not required for capital project funds, agency funds, trust funds, and the following special purpose funds: Textbook Rental, Contingency Reserve, Bond Construction, Gate Receipts and District Activity.

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

NOTE 2 - Deposits and Investments

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

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

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.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 2 - Deposits and Investments (Continued)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was \$13,411,994 and the bank balance was \$13,610,238. 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 the balance of \$13,110,238 was collateralized with letters of credit or securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 - In-Substance Receipt in Transit

The District received \$366,048 in General State Aid subsequent to June 30, 2021 and as required by K.S.A. 72-6466 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

NOTE 4 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Vocational Education	K.S.A 72-6478	\$ 216,963
General	Special Education	K.S.A 72-6478	2,246,654
General	Professional Development	K.S.A 72-6478	22,919
Supplemental General	At Risk (K-12)	K.S.A 72-6478	1,286,781
Supplemental General	Vocational Education	K.S.A 72-6478	94,182
Supplemental General	Bilingual Education	K.S.A 72-6478	2,206
Total			<u>\$ 3,869,705</u>

NOTE 5 - Long-Term Debt

Following is a detailed listing of the District's long-term debt outstanding at June 30, 2021:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2021</u>
G.O. Bonds					
2013 Refunding Bonds	5/30/2013	9/1/2025	2.00 to 3.00%	\$ 8,375,000	\$ 3,670,000
2020 Refunding Bonds	12/3/2020	9/1/2035	3.00%	7,500,000	7,500,000
				<u>\$15,875,000</u>	<u>\$ 11,170,000</u>

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14 percent of the assessed value of all tangible taxable property within the District. At June 30, 2021, the statutory debt limit for the District was \$30,620,084, providing a debt margin of \$19,450,084.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 5 - Long-Term Debt (Continued)

Following is a summary of changes in long-term debt for the year ended June 30, 2021:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
G.O. Bonds To Be Paid With:					
Tax Levies					
2013 Refunding & Improvement Bonds	\$ 4,420,000	\$ -	\$ 750,000	\$ 3,670,000	\$ 99,181
2020 Refunding & Improvement Bonds	-	7,500,000	-	7,500,000	55,000
Total	<u>\$ 4,420,000</u>	<u>\$ 7,500,000</u>	<u>\$ 750,000</u>	<u>\$ 11,170,000</u>	<u>\$ 154,181</u>

Annual debt service requirements to maturity for the above long-term debt:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 780,000	\$ 301,232	\$ 1,081,232
2023	815,000	281,382	1,096,382
2024	840,000	263,782	1,103,782
2025	855,000	244,179	1,099,179
2026	615,000	225,988	840,988
2027-2031	3,365,000	843,225	4,208,225
2032-2036	3,900,000	299,400	4,199,400
	<u>\$ 11,170,000</u>	<u>\$ 2,459,188</u>	<u>\$ 13,629,188</u>

On December 3, 2020, the District issued \$7,500,000 of Series 2020 General Obligation Bonds, with a final maturity date of September 1, 2035. Interest on the Series 2020 General Obligation Bonds is due semi-annually on March 1 and September 1 at a rate of 3.00%. The purpose of the Series 2020 General Obligation Bonds is for renovations and improvements to District buildings. In addition, the District will use a portion of the proceeds of the Bonds to refund a portion of the March 1, 2021, interest payment on the District's General Obligation Refunding Bonds, Series 2013, in order to provide a more orderly plan of finance for the District and the Improvements.

NOTE 6 - Defined Benefit Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A 74-4901 *et seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contribution rates are withheld by their employer and paid to KPERS according to provisions of Section 414(h) of the Internal Revenue Code.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 6 - Defined Benefit Pension Plan (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

Senate Substitute for House Bill 2052 authorized the delay of \$64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of \$6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of \$194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of \$19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided an additional funding for the KPERS School Group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized a payment of \$82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional fundings for the KPERS School Group in fiscal year 2020 of \$51 million

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$1,041,162 for the year ended June 30, 2021.

Net Pension Liability. At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was \$11,494,896. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

NOTE 7 - Compensated Absences

The District gives each employee two (2) days of leave time per semester, to be used for personal leave or for attending funerals. At the end of each school year unused personal days will be cashed-out at a rate of \$50 per day, unless the teacher elects to convert all or some of the unused personal time into accumulated sick leave. The District also gives each employee 10 days sick leave per year. This can be carried forward and accumulated to a maximum of 72 days. Upon retirement from employment, the District will pay \$50 per day of accrued sick leave to a maximum of 72 days to any employee eligible for retirement. As of June 30, 2021, the liability for accrued sick leave pay was \$33,117.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE 8 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2021.

NOTE 9 - Risk Management

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

NOTE 10 - Other Long-Term Obligations from Operations

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. 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 of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the 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.

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

NOTE 11 - Related Party Transactions

During the year ended June 30, 2021, the District paid \$141,395 for insurance services. The spouse of a board member has a business interest in the insurance agency directing insurance coverage for the District. The District's policy is to bid out the services to local agencies and the board member abstains from the vote to award insurance services.

A board member is the branch manager at a banking institution that holds a portion of the District's cash deposits. In addition, another board member is a loan officer at a banking institution that holds a portion of the District's cash deposits.

NOTE 12 - Statutory Violations

Actual exceeded budgeted expenditures in the Bond & Interest fund, which is a violation of K.S.A. 79-2935.

During the year ended June 30, 2021, two bond payments were received by the Office of the State Treasurer less than 20 days before the redemption date. This is in violation of K.S.A. 10-130, which requires bond payments to be remitted to the Office of the State Treasurer no less than 20 days before the redemption of such bonds and the payment of the interest thereon.

UNIFIED SCHOOL DISTRICT NO. 362
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2021

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
Governmental Type Funds:						
General Funds:						
General Fund	\$ 8,511,742	\$ [676,148]	\$ 292,129	\$ 8,127,723	\$ 8,127,723	\$ -
Supplemental General	2,665,170	[85,916]	-	2,579,254	2,579,254	-
Special Purpose Funds:						
At Risk (K-12)	1,627,500	-	-	1,627,500	1,486,693	140,807
Capital Outlay	3,250,680	-	-	3,250,680	2,360,353	890,327
Driver Training	27,987	-	-	27,987	18,589	9,398
Food Service	650,092	-	-	650,092	564,979	85,113
Professional Development	34,000	-	-	34,000	23,658	10,342
Bilingual Education	5,100	-	-	5,100	2,206	2,894
Special Education	2,395,942	-	-	2,395,942	2,225,897	170,045
Vocational Education	530,000	-	-	530,000	499,407	30,593
Federal	310,300	-	-	310,300	766,816	[456,516]
KPERS	1,319,581	-	-	1,319,581	1,041,162	278,419
Gifts and Grants	229,769	-	-	229,769	38,199	191,570
Bond and Interest Funds:						
Bond and Interest	850,682	-	-	850,682	899,274	[48,592]

UNIFIED SCHOOL DISTRICT NO. 362
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Mineral production taxes	\$ 75	\$ 39	\$ -	\$ 39
State Aid:				
Equalization aid	6,328,227	6,456,238	7,107,142	[650,904]
Special education aid	1,333,878	1,379,317	1,404,600	[25,283]
Reimbursements	<u>157,366</u>	<u>292,129</u>	<u>-</u>	<u>292,129</u>
Total Receipts	<u>7,819,546</u>	<u>8,127,723</u>	<u>\$ 8,511,742</u>	<u>\$ [384,019]</u>
Expenditures				
Instruction	3,310,579	3,183,296	\$ 3,032,750	\$ [150,546]
Student support services	357,673	357,202	381,175	23,973
Instructional support services	180,065	192,826	191,100	[1,726]
General administration	425,797	474,701	543,625	68,924
School administration	693,342	712,584	678,725	[33,859]
Central services	117,300	227,448	123,625	[103,823]
Operatings and maintenance	650	-	-	-
Transportation	549,601	493,129	610,250	117,121
Transfers out	2,184,539	2,486,537	2,950,492	463,955
Adjustment for qualifying budget credits	-	-	292,129	292,129
Adjustment to comply with legal max budget	-	-	[676,148]	[676,148]
Total Expenditures	<u>7,819,546</u>	<u>8,127,723</u>	<u>\$ 8,127,723</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,386,850	\$ 2,533,353	\$ 2,241,655	\$ 291,698
Delinquent ad valorem taxes	29,743	32,119	17,364	14,755
Motor vehicle taxes	110,131	119,774	111,453	8,321
Recreational vehicle taxes	4,104	3,076	4,061	[985]
Commercial vehicle taxes	4,568	4,181	4,613	[432]
Total Receipts	<u>2,535,396</u>	<u>2,692,503</u>	<u>\$ 2,379,146</u>	<u>\$ 313,357</u>
Expenditures				
Instruction	203,573	29,176	\$ 50,000	\$ 20,824
Student support services	11,762	115,553	15,000	[100,553]
Operations and maintenance	737,731	1,051,356	967,170	[84,186]
Transfers out	1,679,821	1,383,169	1,633,000	249,831
Adjustment to comply with legal max budget	-	-	[85,916]	[85,916]
Total Expenditures	<u>2,632,887</u>	<u>2,579,254</u>	<u>\$ 2,579,254</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[97,491]	113,249		
Unencumbered Cash, Beginning	<u>383,516</u>	<u>286,025</u>		
Unencumbered Cash, Ending	<u>\$ 286,025</u>	<u>\$ 399,274</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 57,455	\$ 19,962	\$ -	\$ 19,962
Transfer in	1,279,669	1,286,781	1,627,500	[340,719]
Investment income	71,100	54,727	-	54,727
Reimbursements	<u>747</u>	<u>125,223</u>	<u>-</u>	<u>125,223</u>
Total Receipts	<u>1,408,971</u>	<u>1,486,693</u>	<u>\$ 1,627,500</u>	<u>\$ [140,807]</u>
Expenditures				
Instruction	<u>1,408,971</u>	<u>1,486,693</u>	<u>\$ 1,627,500</u>	<u>\$ 140,807</u>
Total Expenditures	<u>1,408,971</u>	<u>1,486,693</u>	<u>\$ 1,627,500</u>	<u>\$ 140,807</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,665,790	\$ 1,730,851	\$ 1,594,429	\$ 136,422
Delinquent ad valorem taxes	17,768	20,884	12,137	8,747
Motor vehicle taxes	65,692	76,076	71,306	4,770
Recreational vehicle taxes	2,450	1,934	2,598	[664]
Commercial vehicle taxes	2,762	2,855	2,951	[96]
Miscellaneous	<u>66,344</u>	<u>390,025</u>	<u>385,000</u>	<u>5,025</u>
Total Receipts	<u>1,820,806</u>	<u>2,222,625</u>	<u>\$ 2,068,421</u>	<u>\$ 154,204</u>
Expenditures				
Instruction	234,661	262,318	\$ 275,000	\$ 12,682
Student support services	343,014	273,704	375,000	101,296
Instructional support services	2,826	9,355	10,680	1,325
General administration	-	1,084	-	[1,084]
School administration	2,431	498	-	[498]
Central services	20,872	401	25,000	24,599
Operations and maintenance	665,087	700,604	1,290,000	589,396
Transportation	101,019	235,189	225,000	[10,189]
Facility acquisition and construction	<u>1,523,522</u>	<u>877,200</u>	<u>1,050,000</u>	<u>172,800</u>
Total Expenditures	<u>2,893,432</u>	<u>2,360,353</u>	<u>\$ 3,250,680</u>	<u>\$ 890,327</u>
Receipts Over [Under] Expenditures	[1,072,626]	[137,728]		
Unencumbered Cash, Beginning	<u>2,254,887</u>	<u>1,182,261</u>		
Unencumbered Cash, Ending	<u>\$ 1,182,261</u>	<u>\$ 1,044,533</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 2,730	\$ 2,346	\$ 3,375	\$ [1,029]
Miscellaneous	<u>6,314</u>	<u>8,339</u>	<u>-</u>	<u>8,339</u>
Total Receipts	<u>9,044</u>	<u>10,685</u>	<u>\$ 3,375</u>	<u>\$ 7,310</u>
Expenditures				
Instruction	1,470	18,372	\$ 24,987	\$ 6,615
Operations & maintenance	<u>15</u>	<u>217</u>	<u>3,000</u>	<u>2,783</u>
Total Expenditures	<u>1,485</u>	<u>18,589</u>	<u>\$ 27,987</u>	<u>\$ 9,398</u>
Receipts Over [Under] Expenditures	7,559	[7,904]		
Unencumbered Cash, Beginning	<u>17,053</u>	<u>24,612</u>		
Unencumbered Cash, Ending	<u>\$ 24,612</u>	<u>\$ 16,708</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 342,148	\$ 535,068	\$ 285,466	\$ 249,602
State aid	4,919	10,970	3,841	7,129
Charges for services	135,725	25,009	188,285	[163,276]
Transfer in	<u>54,689</u>	<u>-</u>	<u>70,000</u>	<u>[70,000]</u>
Total Receipts	<u>537,481</u>	<u>571,047</u>	<u>\$ 547,592</u>	<u>\$ 23,455</u>
Expenditures				
Food service operation	<u>537,481</u>	<u>564,979</u>	<u>\$ 650,092</u>	<u>\$ 85,113</u>
Total Expenditures	<u>537,481</u>	<u>564,979</u>	<u>\$ 650,092</u>	<u>\$ 85,113</u>
Receipts Over [Under] Expenditures	-	6,068		
Unencumbered Cash, Beginning	<u>102,500</u>	<u>102,500</u>		
Unencumbered Cash, Ending	<u>\$ 102,500</u>	<u>\$ 108,568</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 452	\$ 739	\$ 3,000	\$ [2,261]
Transfer in	<u>22,499</u>	<u>22,919</u>	<u>10,000</u>	<u>12,919</u>
Total Receipts	<u>22,951</u>	<u>23,658</u>	<u>\$ 13,000</u>	<u>\$ 10,658</u>
Expenditures				
Instructional support services	<u>22,951</u>	<u>23,658</u>	<u>\$ 34,000</u>	<u>\$ 10,342</u>
Total Expenditures	<u>22,951</u>	<u>23,658</u>	<u>\$ 34,000</u>	<u>\$ 10,342</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>21,000</u>	<u>21,000</u>		
Unencumbered Cash, Ending	<u>\$ 21,000</u>	<u>\$ 21,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfer in	\$ 6,098	\$ 2,206	\$ 5,100	\$ [2,894]
Total Receipts	<u>6,098</u>	<u>2,206</u>	<u>\$ 5,100</u>	<u>\$ [2,894]</u>
Expenditures				
Instruction	<u>6,098</u>	<u>2,206</u>	<u>\$ 5,100</u>	<u>\$ 2,894</u>
Total Expenditures	<u>6,098</u>	<u>2,206</u>	<u>\$ 5,100</u>	<u>\$ 2,894</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 2,202,056	\$ 2,246,654	\$ 1,890,892	\$ 355,762
Reimbursements	<u>77</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>2,202,133</u>	<u>2,246,654</u>	<u>\$ 1,890,892</u>	<u>\$ 355,762</u>
Expenditures				
Instruction	1,925,589	1,913,386	\$ 2,038,582	\$ 125,196
Operations and maintenance	2,798	3,373	3,660	287
Transportation	<u>319,206</u>	<u>309,138</u>	<u>353,700</u>	<u>44,562</u>
Total Expenditures	<u>2,247,593</u>	<u>2,225,897</u>	<u>\$ 2,395,942</u>	<u>\$ 170,045</u>
Receipts Over [Under] Expenditures	[45,460]	20,757		
Unencumbered Cash, Beginning	<u>550,510</u>	<u>505,050</u>		
Unencumbered Cash, Ending	<u>\$ 505,050</u>	<u>\$ 525,807</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Reimbursements	\$ 10,083	\$ 33,262	\$ 50,000	\$ [16,738]
State aid	4,895	-	-	-
Other revenue from a local source	-	155,000	-	155,000
Interest	3,570	-	-	-
Transfers in	<u>299,350</u>	<u>311,145</u>	<u>480,000</u>	<u>[168,855]</u>
Total Receipts	<u>317,898</u>	<u>499,407</u>	<u>\$ 530,000</u>	<u>\$ [30,593]</u>
Expenditures				
Instruction	317,898	492,707	\$ 530,000	\$ 37,293
Central services	<u>-</u>	<u>6,700</u>	<u>-</u>	<u>[6,700]</u>
Total Expenditures	<u>317,898</u>	<u>499,407</u>	<u>\$ 530,000</u>	<u>\$ 30,593</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Federal Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 183,285	\$ 427,205	\$ 309,989	\$ 117,216
Total Receipts	<u>183,285</u>	<u>427,205</u>	<u>\$ 309,989</u>	<u>\$ 117,216</u>
Expenditures				
Instruction	168,042	340,701	\$ 233,160	\$ [107,541]
Support services	15,675	77,041	16,000	[61,041]
School administration	157	625	-	[625]
Operations and maintenance	2,044	236,226	61,140	[175,086]
Transportation	-	107,429	-	[107,429]
Food service	-	4,794	-	[4,794]
Total Expenditures	<u>185,918</u>	<u>766,816</u>	<u>\$ 310,300</u>	<u>\$ [456,516]</u>
Receipts Over [Under] Expenditures	[2,633]	[339,611]		
Unencumbered Cash, Beginning	<u>2,944</u>	<u>311</u>		
Unencumbered Cash, Ending	<u>\$ 311</u>	<u>\$ [339,300]</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Textbook Rental Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2021 and 2020

	<u>Prior Year</u> <u>Actual</u>	<u>Current Year</u> <u>Actual</u>
Receipts		
Charges for services	\$ 35,334	\$ 23,691
Total Receipts	<u>35,334</u>	<u>23,691</u>
Expenditures		
Instruction	<u>37,530</u>	<u>644</u>
Total Expenditures	<u>37,530</u>	<u>644</u>
Receipts Over [Under] Expenditures	[2,196]	23,047
Unencumbered Cash, Beginning	<u>15,909</u>	<u>13,713</u>
Unencumbered Cash, Ending	<u>\$ 13,713</u>	<u>\$ 36,760</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 362
KPERs Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 1,114,041	\$ 1,041,162	\$ 1,319,581	\$ [278,419]
Total Receipts	<u>1,114,041</u>	<u>1,041,162</u>	<u>\$ 1,319,581</u>	<u>\$ [278,419]</u>
Expenditures				
Instruction	557,022	520,580	\$ 600,000	\$ 79,420
Student support services	50,638	47,326	75,000	27,674
Instructional support staff	28,936	27,043	50,000	22,957
General administration	7,234	6,761	10,000	3,239
School administration	72,340	67,608	100,000	32,392
Central services	21,702	20,282	25,000	4,718
Operations and maintenance	108,510	101,412	150,000	48,588
Food service	79,574	74,369	109,581	35,212
Transportation	<u>188,085</u>	<u>175,781</u>	<u>200,000</u>	<u>24,219</u>
Total Expenditures	<u>1,114,041</u>	<u>1,041,162</u>	<u>\$ 1,319,581</u>	<u>\$ 278,419</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
 Contingency Reserve Fund *
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended June 30, 2021 and 2020

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfer out	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>1,250,293</u>	<u>1,250,293</u>
Unencumbered Cash, Ending	<u>\$ 1,250,293</u>	<u>\$ 1,250,293</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 362
 Gifts and Grants Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Donations	\$ 74,328	\$ 41,129	\$ 100,000	\$ [58,871]
Miscellaneous	<u>652</u>	<u>5,750</u>	<u>50,000</u>	<u>[44,250]</u>
Total Receipts	<u>74,980</u>	<u>46,879</u>	<u>\$ 150,000</u>	<u>\$ [103,121]</u>
Expenditures				
Instruction	78,557	34,699	\$ 229,769	\$ 195,070
Student support services	4,293	-	-	-
Instructional support services	<u>5,468</u>	<u>3,500</u>	<u>-</u>	<u>[3,500]</u>
Total Expenditures	<u>88,318</u>	<u>38,199</u>	<u>\$ 229,769</u>	<u>\$ 191,570</u>
Receipts Over [Under] Expenditures	[13,338]	8,680		
Unencumbered Cash, Beginning	<u>93,107</u>	<u>79,769</u>		
Unencumbered Cash, Ending	<u>\$ 79,769</u>	<u>\$ 88,449</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Bond Construction Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2021

Receipts	
Bond principal	\$ 7,500,000
Interest	9,682
Bond premium	<u>803,824</u>
Total Receipts	<u>8,313,506</u>
Expenditures	
Cost of issuance	130,358
Facility acquisition and construction services	<u>271,683</u>
Total Expenditures	<u>402,041</u>
Receipts Over [Under] Expenditures	7,911,465
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 7,911,465</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 362
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Amounts For the Year Ended June 30, 2020)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 998,464	\$ 980,496	\$ 903,091	\$ 77,405
Delinquent ad valorem taxes	10,957	12,498	7,277	5,221
Motor vehicle tax	35,494	44,543	41,845	2,698
Recreational vehicle tax	1,327	1,125	1,525	[400]
Commercial vehicle tax	1,547	1,705	1,732	[27]
Total Receipts	<u>1,047,789</u>	<u>1,040,367</u>	<u>\$ 955,470</u>	<u>\$ 84,897</u>
Expenditures				
Principal	720,000	750,000	\$ 750,000	\$ -
Interest	121,232	60,217	99,182	38,965
Cost of issuance	-	89,057	1,500	[87,557]
Total Expenditures	<u>841,232</u>	<u>899,274</u>	<u>\$ 850,682</u>	<u>\$ [48,592]</u>
Receipts Over [Under] Expenditures	206,557	141,093		
Unencumbered Cash, Beginning	<u>1,852,134</u>	<u>2,058,691</u>		
Unencumbered Cash, Ending	<u>\$ 2,058,691</u>	<u>\$ 2,199,784</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2021

<u>FUND</u>	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Parker Elementary School				
Petty Cash	\$ 63	\$ -	\$ 63	\$ -
Total Parker Elementary School	<u>63</u>	<u>-</u>	<u>63</u>	<u>-</u>
LaCygne Elementary School				
Student Organization Funds	668	-	57	611
Petty Cash	<u>202</u>	<u>-</u>	<u>23</u>	<u>179</u>
Total LaCygne Elementary School	<u>870</u>	<u>-</u>	<u>80</u>	<u>790</u>
Prairie View Middle School				
Student Organization Funds	10,062	5,222	6,225	9,059
Petty Cash	<u>128</u>	<u>-</u>	<u>70</u>	<u>58</u>
Total Prairie View Middle School	<u>10,190</u>	<u>5,222</u>	<u>6,295</u>	<u>9,117</u>
Prairie View High School				
Student Organization Funds	41,192	118,989	103,335	56,846
Petty Cash	<u>700</u>	<u>800</u>	<u>-</u>	<u>1,500</u>
Total Prairie View High School	<u>41,892</u>	<u>119,789</u>	<u>103,335</u>	<u>58,346</u>
Total Student Organization Funds	<u>\$ 53,015</u>	<u>\$ 125,011</u>	<u>\$ 109,773</u>	<u>\$ 68,253</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
 District Activity Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2021

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Special Projects:							
Parker Elementary School	\$ 5,484	\$ -	\$ 18,751	\$ 17,609	\$ 6,626	\$ -	\$ 6,626
LaCygne Elementary School	4,251	-	19,924	19,431	4,744	-	4,744
Middle School Food Service	639	-	5,873	5,376	1,136	-	1,136
Middle School Gate Receipts	8,101	-	10,080	11,731	6,450	-	6,450
Middle School Other District Accts	6,065	-	11,916	12,725	5,256	-	5,256
High School Food Service	-	-	8,377	7,896	481	-	481
High School Gate Receipts	21,289	-	39,500	45,232	15,557	-	15,557
High School Other District Accts	14,873	-	69,186	74,179	9,880	-	9,880
High School Reimbursements	438	-	5,970	6,508	[100]	-	[100]
District Petty Cash	164	-	1,199	-	1,363	-	1,363
Total District Activity Funds	\$ 61,304	\$ -	\$ 190,776	\$ 200,687	\$ 51,393	\$ -	\$ 51,393

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
 Private Purpose Trust Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2021

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Cash <u>Balance</u>
Prairie View High School				
Scholarships	\$ 29,007	\$ -	\$ -	\$ 29,007
Total Prairie View High School	<u>29,007</u>	<u>-</u>	<u>-</u>	<u>29,007</u>
 Total Private Purpose Trust Funds	 <u>\$ 29,007</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 29,007</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 362
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Passed Through State Department of Education:					
Title I Grants to Local Educational Agencies	84.010	\$ 910	\$ 150,549	\$ 128,968	\$ 22,491
Supporting Effective Instruction State Grants	84.367	3,259	30,728	32,934	1,053
Student Support & Academic Enrichment	84.424A	118	16,215	12,464	3,869
Elementary and Secondary School Emergency Relief Fund	84.425D	[3,976]	<u>130,957</u>	<u>493,694</u>	[366,713]
Total U.S. Department of Education			<u>328,449</u>	<u>668,060</u>	
<u>U.S. Department of the Treasury</u>					
Passed Through Linn County, Kansas:					
Coronavirus Relief Fund	21.019	-	<u>61,082</u>	<u>61,082</u>	-
Passed Through Miami County, Kansas:					
Coronavirus Relief Fund	21.019	-	<u>37,674</u>	<u>37,674</u>	-
Total U.S. Department of the Treasury			<u>98,756</u>	<u>98,756</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	-	161,170	161,170	-
National School Lunch Program	10.555	-	<u>373,897</u>	<u>373,897</u>	-
Total Child Nutrition Cluster		-	<u>535,067</u>	<u>535,067</u>	-
Total U.S. Department of Agriculture			<u>535,067</u>	<u>535,067</u>	
Total Expenditures of Federal Awards			<u>\$ 962,272</u>	<u>\$ 1,301,883</u>	

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 362
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. Organization

Unified School District No. 362 (the District) is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

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

3. Local Government Contributions

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

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2021.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2021.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

UNIFIED SCHOOL DISTRICT NO. 362
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

	Unmodified (Regulatory Basis)	
Type of auditor's report issued:	Adverse (GAAP)	_____
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	_____
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	_____ Yes	_____ X _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$750,000 _____
Auditee qualified as low-risk auditee?	_____ Yes _____ X _____ No

UNIFIED SCHOOL DISTRICT NO. 362
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

Current Year Findings

None Noted.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Education
Unified School District No. 362
LaCygne, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of Unified School District No. 362 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 3, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

January 3, 2022

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

Board of Education
Unified School District No. 362
Louisburg, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of Unified School District No. 362 (the District), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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 State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

January 3, 2022