

UNIFIED SCHOOL DISTRICT NO. 417

Council Grove, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

June 30, 2022

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
TABLE OF CONTENTS
 June 30, 2022

| | | <u>Page</u> |
|--|--------------|-------------|
| INDEPENDENT AUDITOR'S REPORT | | 1 - 3 |
| FINANCIAL STATEMENT | | |
| Summary Statement of Receipts, Expenditures And Unencumbered Cash | Statement 1 | 4 |
| NOTES TO FINANCIAL STATEMENT | | 5 - 12 |
| REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION | | |
| Summary of Expenditures - Actual and Budget | Schedule 1 | 14 |
| Schedule of Receipts and Expenditures - Actual and Budget | | |
| General Fund | Schedule 2-A | 15 |
| Supplemental General Fund | Schedule 2-B | 16 |
| Special Purpose Funds | | |
| Preschool-Aged At-Risk | Schedule 2-C | 17 |
| At-Risk (K-12) | Schedule 2-D | 18 |
| Bilingual Education | Schedule 2-E | 19 |
| Capital Outlay | Schedule 2-F | 20 |
| Driver Education | Schedule 2-G | 21 |
| Extraordinary School Program | Schedule 2-H | 22 |
| Food Service | Schedule 2-I | 23 |
| Professional Development | Schedule 2-J | 24 |
| Special Education | Schedule 2-K | 25 |
| Career and Postsecondary Education | Schedule 2-L | 26 |
| Gifts and Grants | Schedule 2-M | 27 |
| KPERs Retirement Contributions | Schedule 2-N | 28 |
| Virtual Education | Schedule 2-O | 29 |
| Title I | Schedule 2-P | 30 |
| Title II-A Teacher Quality | Schedule 2-Q | 31 |
| Contingency Reserve | Schedule 2-R | 32 |
| Textbooks and Student Materials | Schedule 2-S | 33 |
| COPS Grant | Schedule 2-T | 34 |
| ESSER II | Schedule 2-U | 35 |
| ESSER III | Schedule 2-V | 36 |
| Bond & Interest Fund | Schedule 2-W | 37 |
| Memorials and Trusts | Schedule 2-X | 38 |
| Summary of Receipts and Disbursements - Agency Funds | Schedule 3 | 39 |
| Schedule of Receipts, Expenditures, and Unencumbered Cash - Activity Funds | Schedule 4 | 40 |

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
TABLE OF CONTENTS
June 30, 2022

| | <u>Page</u> |
|---|-------------|
| OTHER SUPPLEMENTARY INFORMATION | |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards | 41 - 42 |
| Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance | 43 - 45 |
| Schedule of Expenditures of Federal Awards | 46 |
| Notes to the Schedule of Expenditures of Federal Awards | 47 |
| Schedule of Findings and Questioned Costs | 48 - 51 |

February 9, 2023



Board of Education
Unified School District No. 417
Council Grove, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 417 (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statement.

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 and Unmodified Opinions section of our report, the accompanying 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, 2022, 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 accompanying 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, 2022, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), KMAAG and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the KMAAG, 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.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Supplementary Information (Continued)

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, 2021 (not presented herein), and have issued our report thereon dated May 9, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2022 (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 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 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 2021 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, 2022 on the basis of accounting described in Note 1.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the District's basic financial statement. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

Vorney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
 Regulatory Basis
 For the Year Ended June 30, 2022

| | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|--|---|---|----------------------|----------------------|--|---|------------------------|
| GOVERNMENTAL TYPE FUNDS | | | | | | | |
| General Funds: | | | | | | | |
| General | \$ - | \$ - | \$ 6,984,367 | \$ 6,984,367 | \$ - | \$ 406,830 | \$ 406,830 |
| Supplemental General | 421,016 | - | 2,090,194 | 2,330,510 | 180,700 | 5,419 | 186,119 |
| Special Purpose Funds | | | | | | | |
| Preschool-Aged At-Risk | 97,056 | - | 130,901 | 112,956 | 115,001 | 22,216 | 137,217 |
| At-Risk (K-12) | 50,000 | - | 1,119,600 | 1,069,601 | 99,999 | 152,507 | 252,506 |
| Bilingual Education | 2,944 | - | 88,475 | 41,420 | 49,999 | 7,097 | 57,096 |
| Capital Outlay | 1,308,679 | - | 765,698 | 371,160 | 1,703,217 | - | 1,703,217 |
| Driver Training | 41,346 | - | 7,471 | 12,497 | 36,320 | 283 | 36,603 |
| Extraordinary School Program | 49,800 | - | 32,510 | 27,515 | 54,795 | 2,573 | 57,368 |
| Food Service | 126,820 | - | 764,206 | 695,021 | 196,005 | 43,532 | 239,537 |
| Professional Development | 169,020 | - | 100,000 | 8,146 | 260,874 | - | 260,874 |
| Special Education | 766,586 | - | 1,349,658 | 1,329,513 | 786,731 | (424) | 786,307 |
| Career and Postsecondary Education | 247,939 | - | 271,666 | 247,071 | 272,534 | 34,722 | 307,256 |
| Gifts and Grants | 115,831 | - | 286,785 | 471,694 | (69,078) | 5,511 | (63,567) |
| KPERS Retirement | - | - | 738,815 | 738,815 | - | - | - |
| Virtual Education | - | - | 5,950 | 5,950 | - | - | - |
| Title I | (37,322) | - | 192,911 | 173,011 | (17,422) | 22,344 | 4,922 |
| Title II A Teacher Quality | (1,450) | - | 19,816 | 20,852 | (2,486) | 475 | (2,011) |
| Contingency Reserve | 683,669 | - | 100,000 | - | 783,669 | - | 783,669 |
| Textbooks and Student Materials | 363,440 | - | 37,208 | 78,636 | 322,012 | - | 322,012 |
| COPS Grant | (452,913) | - | 452,913 | - | - | - | - |
| ESSER II | (451) | - | 129,710 | 221,660 | (92,401) | 18,592 | (73,809) |
| ESSER III | - | - | - | 443,633 | (443,633) | 15,440 | (428,193) |
| District Activity Funds | 22,189 | - | 223,610 | 210,812 | 34,987 | - | 34,987 |
| Bond and Interest Fund | 1,359,817 | - | 1,257,738 | 638,819 | 1,978,736 | - | 1,978,736 |
| Trust Fund | | | | | | | |
| Private Purpose Trust Funds | 10,951 | - | 11 | 10,962 | - | - | - |
| Total Reporting Entity (Excluding Agency Funds) | \$ 5,344,967 | \$ - | \$ 17,150,213 | \$ 16,244,621 | \$ 6,250,559 | \$ 737,117 | \$ 6,987,676 |
| Composition of Cash | | | | | | | |
| Bank Deposits | | | | | | | \$ 7,070,361 |
| Less: Agency funds per Schedule 3 | | | | | | | (82,685) |
| Total Reporting Entity (Excluding Agency Funds) | | | | | | | \$ 6,987,676 |

STATEMENT 1

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

Note 1: Summary of Significant Accounting Policies

Unified School District No. 417 (the District) was organized in accordance with State Statutes to provide a system of public education to elementary through high school students who reside within the designated District areas. The District is a municipal corporation governed by an elected seven-member Board of Education. The District's financial statement does not include any related municipal entities.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds, which are used to record the District's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, and limitations. The following types of funds comprise the financial activities of the District.

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 revenue 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.

Capital Project Fund - used to account for the debt proceeds and other financial resources to be used by acquisition or construction of major capital facilities or equipment.

Trust fund -- used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency fund -- used to report assets held by the District in a purely custodial capacity.

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

The *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 of application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

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) and bond and interest funds. 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 twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and this notice of public hearing on the budget on or before August 5th.
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.

If the District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

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 revenues 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 budget expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust and agency funds, and the following special purpose funds:

| | | |
|-------------------------|------------------------|-------------------------|
| Textbook Rental | Contingency Reserve | District Activity Funds |
| School Improvement Fund | Federal & State Grants | |

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

Property Tax Revenue

Property taxes are levied by the Kansas counties in which the school district resides on November 1 and are payable in two installments on December 20 and May 10 of the subsequent year. The counties collect and distribute in the succeeding year all property taxes collected for the District. The county distributes the collections of the General Fund 20 mils to the State of Kansas, who then distributes to the District.

Use of Estimates

The preparation of the financial statement in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, expenditures, and cash and unencumbered cash balances at the date of the financial statement. Accordingly, actual results could differ from those estimates.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

Note 2: Deposits and Investments

The District maintains a cash and investment pool that is available for use by all funds. The District held no investments during the year, only deposits with allowable financial institutions. All interest earned during the year on idle funds was credited to the capital outlay fund as allowed by Kansas statutes.

K.S.A. 9-1401 established 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 or depository risk.

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

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

Custodial credit risk -- deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. K.S.A. 9-1402 and 9-1405 require the District's deposits in a financial institution 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.

At June 30, 2022, the carrying amount of the District's deposits was \$7,070,361. The bank balance was \$6,943,417. The bank balance was held by four banks, resulting in a concentration of credit risk. Of the bank balances, \$610,033 was secured by FDIC insurance and \$6,292,688 was collateralized by pledged securities with a fair market value of \$6,518,977 held under joint custody receipts issued by a third-party bank in the school District's name. Each third-party bank holding the pledged securities is independent of the pledging bank. There was \$53,841 unsecured at Citizens State Bank and Trust as of June 30, 2022.

Note 3: In-Substance Receipt in Transit

The District received \$280,872 for general fund and \$47,442 for supplemental general fund subsequent to June 30, 2022, and as required by K.S.A. 72-5135(d), the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

Note 4: Defined Benefit Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.83% and 13.33%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2022.

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 for 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 funding 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 \$738,815 for the year ended June 30, 2022.

Net Pension Liability. At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was \$5,858,468. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

Note 5: Other Post Employment Benefits

Compensated Absences

The District's personnel earn ten days of sick leave per contract year. Any employee who completes a year with more than sixty days of accrued sick leave will be reimbursed at thirty-five dollars per day for each day in excess of sixty days. Upon separation of service, any unused sick leave is lost. Instructional personnel may take two days of personal leave per year and may accumulate up to six personal days. Provisions provide for legal leave, emergency leave, sabbatical leave, leave without pay, and professional leave. These may or may not result in a deduction in pay depending on determinations from the School Board. The District also has adopted a Family Medical Leave Policy.

Vacation pay is earned by twelve month employees as follows: first contract year = 5 days; second to tenth contract year = 10 days; eleventh to fifteenth contract year = 15 days; and sixteenth contract year and beyond = 20 days. No more than five vacation days may be carried over each year. A grandfather provision allows some employees a greater carryover. This carryover equals the amount of vacation time accumulated as of June 30, 1999 plus five days.

The District recognizes these benefits as paid; therefore, no provision for accumulated leave has been made in the financial statement. Compensated absence payments are made from the fund that corresponds to the employee duties.

Other Post Employment Benefits

The District provides an early retirement program as described in the District's negotiated agreement with certified personnel. As a measure of appreciation for their services, the District offers an early retirement cash benefit. This benefit is based on the retiree's salary at the time of retirement times the combined factors of age, years of experience in the District, and column placement on the salary schedule. The age factor provides a 5-15% benefit; the years in the District factor adds between 4-15%; and the column placement factor results in a 1-5% benefit. Employees must submit a written request to the District's Board of Education prior to April 1 preceding the anticipated retirement date. To correspond with KPERS retirement dates, teachers may elect June 1, July 1, August 1 or September 1 as the retirement date. The cash benefit is paid on the retirement date into an employee sponsored 403(b) account.

The District has also established an employer funded 403(b) retirement plan. Eligibility requirements and benefit amounts are described more fully in the 403(b) plan document. These benefits are financed by the District on a pay-as-you-go basis. An estimate has not been made of the total amount of post-employment benefits of the District or reported in this financial statement.

Other Post Employment Benefits

The District provides health insurance to early retirees. Those eligible include retirees less than age 60 with 10 years of continuous employment in the District and KPERS qualified 85 points for retirement. The monthly contribution amount is limited to the amount contributed to a currently employed certified teacher for membership in the District's health plan. The maximum benefit is for three years. Retirees between the ages of 60 and 64 with 5 years of continuous employment in the District receive a monthly contribution amount equal to the amount contributed to a currently employed certified teacher for membership in the District's health plan until the retiree reaches age 65. The District finances these benefits on a pay-as-you-go basis. These expenditures have been included as part of the General Fund. An estimate has not been made of the total amount of post-employment benefit liability of the District or reported in the 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.

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
 June 30, 2022

Note 5: Other Post Employment Benefits (Continued)
Section 125 Benefit Plan

The District maintains an Internal Revenue Code Section 125 plan "cafeteria plan". The amount of salary to be reduced shall not exceed the sum authorized by the Internal Revenue Code. Employees must designate his/her entire allocation into any combination of health insurance, term life insurance, salary protection insurance, cancer insurance, and child care and/or medical reimbursement. The District contributes an amount equal to the annual premium of a single health insurance plan for certified instructional personnel. For all other employees, the benefit is prorated.

Note 6: Interfund Transfers

The District made the following operating transfers during 2022. The transfers were approved by the Board of Education.

| <u>From</u> | <u>To</u> | <u>Regulatory Authority</u> | <u>Amount</u> |
|---------------------------|------------------------------|-----------------------------|----------------------------|
| General Fund | Preschool-Aged At-Risk | K.S.A. 72-5167 | \$ 115,000 |
| General Fund | At-Risk (K-12) | K.S.A. 72-5167 | 900,904 |
| General Fund | Bilingual Education | K.S.A. 72-5167 | 46,643 |
| General Fund | Special Education | K.S.A. 72-5167 | 1,349,658 |
| General Fund | Contingency Reserve | K.S.A. 72-5167 | 100,000 |
| General Fund | Extraordinary School Program | K.S.A. 72-5167 | 20,000 |
| General Fund | Vocational Education | K.S.A. 72-5167 | 266,700 |
| Supplemental General Fund | Preschool-Aged At-Risk | K.S.A. 72-5143 | 15,901 |
| Supplemental General Fund | At-Risk (K-12) | K.S.A. 72-5143 | 218,696 |
| Supplemental General Fund | Bilingual Education | K.S.A. 72-5143 | 41,832 |
| Supplemental General Fund | Virtual Education | K.S.A. 72-5143 | 5,950 |
| Supplemental General Fund | Professional Development | K.S.A. 72-5143 | 100,000 |
| Supplemental General Fund | Food Service | K.S.A. 72-5143 | 20,773 |
| Total Transfers | | | <u>\$ 3,202,057</u> |

Note 7: 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; and natural disasters for which the District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

Note 8: Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2022.

Note 9: Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through February 9, 2023, which is the date at which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

Note 10: Exception to Cash Basis Law for Certain Funds

Generally, compliance with Kansas statutes requires that the District maintain each fund with cash and unencumbered cash that is at or above zero. However, as excepted by K.S.A. 10-1116(b), school districts may create indebtedness in a fund, through purchase orders or employee contracts, limited to 100% of the amount actually expended in the preceding fiscal year.

The following funds had deficit balances at June 30, 2022 but meet the exception provided by K.S.A. 10-1116(b): Title I, Title IIA Teacher Quality, ESSER II, ESSER III, and Gifts and Grants.

Note 11: Stewardship, Compliance and Accountability

K.S.A. 9-1402 and 9-1405 require deposits be held by statutorily authorized financial institutions and adequately secured. As of June 30, 2022, there was inadequate coverage at Citizens State Bank & Trust, resulting in \$53,841 that was unsecured.

K.S.A. 72-1151 requires that purchases for construction or materials, goods/wares in excess of \$20,000 be subjected to the prescribed bid process. There were purchases during the year ended June 30, 2022 that fell within this threshold that were not formally bid.

Note 12: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the District to assist with the risks and help offset incurred costs of the District.

Note 13: Long-Term Debt

General Obligation Bonds

On October 9, 2009, \$500,000 of General Obligation Bonds Series 2008-A were sold at an interest rate of 2.75% and maturity date of April 1, 2009. On November 12, 2009, \$8,760,000 of General Obligation Bonds Series 2008-B were sold at interest rates of 4.65% to 6% for a net interest cost of 4.90% over the life of the bonds. The Series 2008-A bond principal of \$500,000 and interest of \$1,833 were paid off with proceeds of the Series 2008-B Bonds. The remainder of the bond proceeds was used to make improvements to the existing Council Grove High School, to pay interest on the bonds during construction, and to pay for the cost of issuance of the bonds. The first interest payment for the Series 2008-B was made on March 1, 2009. The payments are made from the Bond & Interest Fund.

On May 1, 2013, the District issued \$4,085,000 of General Obligation Bonds Series 2013 at interest rates of 2.25% to 2.45%, for the purpose of advance refunding a portion of the above Series 2008-B General Obligation Bonds still outstanding. The net proceeds of the bonds of \$4,077,209 (net of reoffering premiums and underwrite discounts), along \$970,000 from the District's Redemption Fund were sent to the escrow agent, Security Bank of Kansas City. Of the \$5,047,209 sent to the escrow agent, \$4,994,244 was placed in an irrevocable escrow trust fund, assigned solely for the purpose of payment of principal on the refunded bonds and interest on the new issue through September 1, 2018. Additionally, \$49,465 was used for cost of issuance fees and \$3,500 was deposited into a compliance account. The advance refunded bonds in the amount of \$4,675,000 are considered to be defeased and are not disclosed as debt of the District, other than interest payments the District will continue to make, nor is the trust considered to be an investment of the District. This refunding decreased total debt service payments by \$666,052, resulting in an economic gain (the difference between the present value of the debt service payments on the new and old debt) of \$308,511.

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
NOTES TO FINANCIAL STATEMENT
 June 30, 2022

Note 13: Long-Term Debt (Continued)

Changes in long-term debt transactions for the District for the year ended June 30, 2022, were as follows:

| Issue | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Beginning of Year | Additions | Reductions/ Payments | End of Year | Interest Paid |
|---------------------------|----------------|---------------|-----------------|------------------------|---------------------|-------------|-------------------------|---------------------|-------------------|
| General Obligation Bonds: | | | | | | | | | |
| Series 2008-B | 4.65 - 6% | 11/12/2009 | \$ 8,760,000 | 9/1/2022 | \$ 1,065,000 | \$ - | \$ 505,000 | \$ 560,000 | \$ 38,665 |
| Series 2013 | 2.25 - 2.45% | 5/1/2013 | 4,085,000 | 9/1/2028 | 4,085,000 | - | - | 4,085,000 | 95,154 |
| Lease Purchase | 3% | 6/24/2021 | 1,000,000 | 6/24/2031 | 1,000,000 | - | 100,000 | 900,000 | 13,124 |
| | | | | | <u>\$ 6,150,000</u> | <u>\$ -</u> | <u>\$ 605,000</u> | <u>\$ 5,545,000</u> | <u>\$ 146,943</u> |

Current maturities of long-term debt and interest for the next five years is as follows:

| | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028-2032</u> | <u>Total</u> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Principal | | | | | | | |
| Series 2008 | \$ 560,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 560,000 |
| Series 2013 | - | - | 560,000 | 610,000 | 655,000 | 2,260,000 | 4,085,000 |
| Lease Purchase | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 400,000 | 900,000 |
| Total Principal Payments | <u>\$ 660,000</u> | <u>\$ 100,000</u> | <u>\$ 660,000</u> | <u>\$ 710,000</u> | <u>\$ 755,000</u> | <u>\$ 2,660,000</u> | <u>\$ 5,545,000</u> |
| Interest | | | | | | | |
| Series 2008 | \$ 38,665 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 38,665 |
| Series 2013 | 95,154 | 95,154 | 88,854 | 75,691 | 61,460 | 84,116 | 500,429 |
| Lease Purchase | 13,124 | 13,124 | 13,124 | 13,124 | 13,124 | 52,496 | 118,116 |
| Total Interest Payments | <u>\$ 146,943</u> | <u>\$ 108,278</u> | <u>\$ 101,978</u> | <u>\$ 88,815</u> | <u>\$ 74,584</u> | <u>\$ 136,612</u> | <u>\$ 657,210</u> |
| Total Principal and Interest | <u>\$ 806,943</u> | <u>\$ 208,278</u> | <u>\$ 761,978</u> | <u>\$ 798,815</u> | <u>\$ 829,584</u> | <u>\$ 2,796,612</u> | <u>\$ 6,202,210</u> |

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2022

| | <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</u> | <u>Variance - Over (Under)</u> |
|------------------------------------|-----------------------------|--|---|--|--|--|
| Funds | | | | | | |
| Governmental Type Funds | | | | | | |
| General Fund | \$ 7,480,772 | \$ (541,304) | \$ 44,899 | \$ 6,984,367 | \$ 6,984,367 | \$ - |
| Supplemental General | 2,447,977 | (157,970) | 40,503 | 2,330,510 | 2,330,510 | - |
| Special Purpose Funds | | | | | | |
| Preschool-Aged At-Risk | 122,054 | - | - | 122,054 | 112,956 | (9,098) |
| At-Risk (K-12) | 1,702,142 | - | - | 1,702,142 | 1,069,601 | (632,541) |
| Bilingual Education | 58,242 | - | - | 58,242 | 41,420 | (16,822) |
| Capital Outlay | 2,455,193 | - | - | 2,455,193 | 371,160 | (2,084,033) |
| Driver Training | 32,446 | - | - | 32,446 | 12,497 | (19,949) |
| Extraordinary School Program | 49,799 | - | - | 49,799 | 27,515 | (22,284) |
| Food Service | 767,647 | - | - | 767,647 | 695,021 | (72,626) |
| Professional Development | 176,592 | - | - | 176,592 | 8,146 | (168,446) |
| Special Education | 2,370,186 | - | - | 2,370,186 | 1,329,513 | (1,040,673) |
| Career and Postsecondary Education | 397,938 | - | - | 397,938 | 247,071 | (150,867) |
| Gifts and Grants | 219,431 | - | - | 219,431 | 471,694 | 252,263 |
| KPERs Retirement Contributions | 859,972 | - | - | 859,972 | 738,815 | (121,157) |
| Virtual Education | 27,409 | - | - | 27,409 | 5,950 | (21,459) |
| Bond and Interest Funds | | | | | | |
| Bond and Interest | 638,819 | - | - | 638,819 | 638,819 | - |
| | | | | | | |
| Total Funds | <u>\$ 19,806,619</u> | <u>\$ (699,274)</u> | <u>\$ 85,402</u> | <u>\$ 19,192,747</u> | <u>\$ 15,085,055</u> | <u>\$ (4,107,692)</u> |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|--|-------------------------|---------------------|---------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Reimbursed expenditures | \$ 39,103 | \$ 44,899 | \$ - | \$ 44,899 |
| State Sources | | | | |
| General state aid | 6,815,713 | 6,939,072 | 7,480,772 | (541,700) |
| Mineral production tax | 321 | 396 | - | 396 |
| Total Cash Receipts | <u>\$ 6,855,137</u> | <u>\$ 6,984,367</u> | <u>\$ 7,480,772</u> | <u>\$ (496,405)</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 2,199,951 | \$ 2,499,987 | \$ 2,544,180 | \$ (44,193) |
| Student support services | 171,186 | 150,839 | 217,500 | (66,661) |
| Instructional support staff | 126,631 | 131,719 | 166,500 | (34,781) |
| General administration | 319,985 | 331,489 | 346,000 | (14,511) |
| School administration | 509,686 | 550,218 | 556,000 | (5,782) |
| Central services | 143,752 | 155,583 | 155,500 | 83 |
| Operations and maintenance | 78,138 | 93,139 | 85,000 | 8,139 |
| Student transportation | 251,734 | 272,488 | 275,200 | (2,712) |
| Transfers to other funds | 3,054,074 | 2,798,905 | 3,134,892 | (335,987) |
| Adjustment to comply with legal maximum | - | - | (541,304) | 541,304 |
| Legal Maximum General Fund Budget | <u>\$ 6,855,137</u> | <u>\$ 6,984,367</u> | <u>\$ 6,939,468</u> | <u>\$ 44,899</u> |
| Adjustment for Qualifying Budget Credits | - | - | 44,899 | (44,899) |
| Total Expenditures | <u>\$ 6,855,137</u> | <u>\$ 6,984,367</u> | <u>\$ 6,984,367</u> | <u>\$ -</u> |
| RECEIPTS OVER (UNDER) | | | | |
| EXPENDITURES | \$ - | \$ - | | |
| UNENCUMBERED CASH - BEGINNING | - | - | | |
| UNENCUMBERED CASH - ENDING | <u>\$ -</u> | <u>\$ -</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|---------------------|---------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Ad valorem tax | \$ 1,273,490 | \$ 1,029,870 | \$ 1,049,290 | \$ (19,420) |
| Delinquent tax | 17,337 | 16,787 | 16,159 | 628 |
| Reimbursed expenditures | 36,887 | 40,503 | - | 40,503 |
| County Sources | | | | |
| Motor vehicle tax | 135,345 | 114,702 | 117,404 | (2,702) |
| Recreational vehicle tax | 2,980 | 2,343 | 2,260 | 83 |
| Commercial vehicle tax | 3,037 | 2,962 | 2,419 | 543 |
| State Sources | | | | |
| General state aid | 863,582 | 883,027 | 943,940 | (60,913) |
| Total Cash Receipts | <u>\$ 2,332,658</u> | <u>\$ 2,090,194</u> | <u>\$ 2,131,472</u> | <u>\$ (41,278)</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 330,782 | \$ 496,504 | \$ 593,829 | \$ (97,325) |
| Student support services | 4,725 | 10,754 | 40,000 | (29,246) |
| Instructional support staff | 23,906 | 16,108 | 50,000 | (33,892) |
| General administration | 83,919 | 151,713 | 98,000 | 53,713 |
| School administration | 11,081 | 14,487 | 18,000 | (3,513) |
| Operations and maintenance | 767,637 | 825,358 | 863,500 | (38,142) |
| Student transportation | 90,908 | 412,434 | 113,500 | 298,934 |
| Transfers to other funds | 984,474 | 403,152 | 671,148 | (267,996) |
| Adjustment to comply with legal maximum | - | - | (157,970) | 157,970 |
| Legally adopted budget | <u>\$ 2,297,432</u> | <u>\$ 2,330,510</u> | <u>\$ 2,290,007</u> | <u>\$ 40,503</u> |
| Adjustment for Qualifying Budget Credits | - | - | 40,503 | (40,503) |
| Total Expenditures | <u>\$ 2,297,432</u> | <u>\$ 2,330,510</u> | <u>\$ 2,330,510</u> | <u>\$ -</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 35,226 | \$ (240,316) | | |
| UNENCUMBERED CASH - BEGINNING | 385,790 | 421,016 | | |
| Cancelled Prior Year Encumbrances | - | - | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 421,016</u> | <u>\$ 180,700</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
PRESCHOOL-AGED AT-RISK
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|--------------|------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Other Sources | | | | |
| Transfer from other funds | \$ 122,699 | \$ 130,901 | \$ 25,000 | \$ 105,901 |
| EXPENDITURES | | | | |
| Instruction | \$ 90,218 | \$ 112,956 | \$ 122,054 | \$ (9,098) |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 32,481 | \$ 17,945 | | |
| UNENCUMBERED CASH - BEGINNING | 64,575 | 97,056 | | |
| UNENCUMBERED CASH - ENDING | \$ 97,056 | \$ 115,001 | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
AT RISK (K-12)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|---------------------|---------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Other Sources | | | | |
| Transfer from other funds | \$ 1,268,452 | \$ 1,119,600 | \$ 1,652,142 | \$ (532,542) |
| EXPENDITURES | | | | |
| Instruction | \$ 1,110,790 | \$ 980,259 | \$ 1,518,642 | \$ (538,383) |
| Student support services | 107,662 | 89,342 | 183,500 | (94,158) |
| Total Expenditures | <u>\$ 1,218,452</u> | <u>\$ 1,069,601</u> | <u>\$ 1,702,142</u> | <u>\$ (632,541)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 50,000 | \$ 49,999 | | |
| UNENCUMBERED CASH - BEGINNING | - | 50,000 | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 50,000</u> | <u>\$ 99,999</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
BILINGUAL EDUCATION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|--------------|-----------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Other Sources | | | | |
| Transfer from other funds | \$ 44,319 | \$ 88,475 | \$ 55,298 | \$ 33,177 |
| EXPENDITURES | | | | |
| Instruction | \$ 41,375 | \$ 41,420 | \$ 58,242 | \$ (16,822) |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 2,944 | \$ 47,055 | | |
| UNENCUMBERED CASH - BEGINNING | - | 2,944 | | |
| UNENCUMBERED CASH - ENDING | \$ 2,944 | \$ 49,999 | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|---------------------|---------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Ad valorem tax | \$ 537,759 | \$ 542,046 | \$ 507,875 | \$ 34,171 |
| Delinquent tax | 6,541 | 6,521 | 6,787 | (266) |
| Interest | 19,772 | 18,524 | 21,000 | (2,476) |
| Other | 121,041 | 24,121 | 350,000 | (325,879) |
| County Sources | | | | |
| Motor vehicle tax | 43,972 | 44,801 | 47,051 | (2,250) |
| Recreational vehicle tax | 1,037 | 915 | 906 | 9 |
| Commercial vehicle tax | 1,149 | 1,142 | 969 | 173 |
| State Sources | | | | |
| General state aid | 134,395 | 127,628 | 127,722 | (94) |
| Other Sources | | | | |
| Bond proceeds | 1,000,000 | - | - | - |
| Total Cash Receipts | <u>\$ 1,865,666</u> | <u>\$ 765,698</u> | <u>\$ 1,062,310</u> | <u>\$ (296,612)</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 67,814 | \$ 17,375 | \$ 108,341 | \$ (90,966) |
| Support services | - | - | 50,000 | (50,000) |
| Instructional support staff | - | (4,014) | 30,000 | (34,014) |
| School Administration | 443 | - | - | - |
| Central services | 100,000 | - | 200,000 | (200,000) |
| Operations and maintenance | 24,996 | 31,854 | 40,000 | (8,146) |
| Student transportation | 31,645 | (53,042) | 326,000 | (379,042) |
| Facility acquisition and construction | 1,850,323 | 265,863 | 1,700,852 | (1,434,989) |
| Debt Service | - | 113,124 | - | 113,124 |
| Total Expenditures | <u>\$ 2,075,221</u> | <u>\$ 371,160</u> | <u>\$ 2,455,193</u> | <u>\$ (2,084,033)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ (209,555) | \$ 394,538 | | |
| UNENCUMBERED CASH - BEGINNING | <u>1,518,234</u> | <u>1,308,679</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 1,308,679</u> | <u>\$ 1,703,217</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
DRIVER EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|------------------|------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Other revenue | \$ 12,020 | \$ 2,103 | \$ - | \$ 2,103 |
| State Sources | | | | |
| General state aid | 4,080 | 5,368 | 7,200 | (1,832) |
| Total Cash Receipts | <u>\$ 16,100</u> | <u>\$ 7,471</u> | <u>\$ 7,200</u> | <u>\$ 271</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 11,793 | \$ 12,046 | \$ 28,446 | \$ (16,400) |
| Operations and maintenance | - | 451 | 4,000 | (3,549) |
| Total Expenditures | <u>\$ 11,793</u> | <u>\$ 12,497</u> | <u>\$ 32,446</u> | <u>\$ (19,949)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 4,307 | \$ (5,026) | | |
| UNENCUMBERED CASH - BEGINNING | <u>37,039</u> | <u>41,346</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 41,346</u> | <u>\$ 36,320</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
EXTRAORDINARY SCHOOL PROGRAM
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|------------------|-------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Other | \$ 11,445 | \$ 12,510 | \$ - | \$ 12,510 |
| Tuition | 20,000 | 20,000 | - | 20,000 |
| Total Cash Receipts | <u>\$ 31,445</u> | <u>\$ 32,510</u> | <u>\$ -</u> | <u>\$ 32,510</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 27,391 | \$ 27,515 | \$ 49,799 | \$ (22,284) |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 4,054 | \$ 4,995 | | |
| UNENCUMBERED CASH - BEGINNING | <u>45,746</u> | <u>49,800</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 49,800</u> | <u>\$ 54,795</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|-------------------|-------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Food service | \$ 42,978 | \$ 75,340 | \$ 18,000 | \$ 57,340 |
| Reimbursed expenditures | 8,501 | 10,981 | - | 10,981 |
| State Sources | | | | |
| General state aid | 5,355 | 4,768 | 4,200 | 568 |
| Federal Sources | | | | |
| Federal aid | 533,063 | 652,344 | 618,617 | 33,727 |
| Other Sources | | | | |
| Transfer from other funds | - | 20,773 | - | 20,773 |
| Total Cash Receipts | <u>\$ 589,897</u> | <u>\$ 764,206</u> | <u>\$ 640,817</u> | <u>\$ 123,389</u> |
| EXPENDITURES | | | | |
| Operations and maintenance | \$ 25,717 | \$ 22,742 | \$ 35,000 | \$ (12,258) |
| Food service | 567,163 | 672,279 | 732,647 | (60,368) |
| Total Expenditures | <u>\$ 592,880</u> | <u>\$ 695,021</u> | <u>\$ 767,647</u> | <u>\$ (72,626)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ (2,983) | \$ 69,185 | | |
| UNENCUMBERED CASH - BEGINNING | <u>129,803</u> | <u>126,820</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 126,820</u> | <u>\$ 196,005</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
PROFESSIONAL DEVELOPMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|-------------------|-------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| State Sources | | | | |
| General state aid | \$ 275 | \$ - | \$ 7,591 | \$ (7,591) |
| Transfers in | 50,000 | 100,000 | - | 100,000 |
| Total Cash Receipts | <u>\$ 50,275</u> | <u>\$ 100,000</u> | <u>\$ 7,591</u> | <u>\$ 92,409</u> |
| EXPENDITURES | | | | |
| Student support services | \$ 7,641 | \$ 6,376 | \$ - | \$ 6,376 |
| Instructional support staff | 442 | (3,849) | 140,592 | (144,441) |
| General administration | 75 | 1,545 | - | 1,545 |
| School administration | 6,831 | 3,351 | - | 3,351 |
| Central services | - | 723 | 15,000 | (14,277) |
| Other support services | - | - | 21,000 | (21,000) |
| Total Expenditures | <u>\$ 14,989</u> | <u>\$ 8,146</u> | <u>\$ 176,592</u> | <u>\$ (168,446)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 35,286 | \$ 91,854 | | |
| UNENCUMBERED CASH - BEGINNING | <u>133,734</u> | <u>169,020</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 169,020</u> | <u>\$ 260,874</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
SPECIAL EDUCATION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|---------------------|---------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Other Sources | | | | |
| Transfer from other funds | \$ 1,652,040 | \$ 1,349,658 | \$ 1,603,600 | \$ (253,942) |
| EXPENDITURES | | | | |
| Instruction | \$ 1,368,092 | \$ 1,258,269 | \$ 1,712,636 | \$ (454,367) |
| Student support services | - | - | 215,000 | (215,000) |
| Instructional support staff | 118,456 | 71,244 | 235,000 | (163,756) |
| Vehicle operating services | - | - | 168,500 | (168,500) |
| Vehicle and Maintenance services | - | - | 39,050 | (39,050) |
| Total Expenditures | <u>\$ 1,486,548</u> | <u>\$ 1,329,513</u> | <u>\$ 2,370,186</u> | <u>\$ (1,040,673)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 165,492 | \$ 20,145 | | |
| UNENCUMBERED CASH - BEGINNING | <u>601,094</u> | <u>766,586</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 766,586</u> | <u>\$ 786,731</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
CAREER AND POSTSECONDARY EDUCATION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|-------------------|-------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Other | \$ 2,815 | \$ - | \$ - | \$ - |
| Federal Sources | | | | |
| Federal aid | 5,073 | 4,966 | - | 4,966 |
| Other Sources | | | | |
| Transfer from other funds | 397,106 | 266,700 | 150,000 | 116,700 |
| Total Cash Receipts | <u>\$ 404,994</u> | <u>\$ 271,666</u> | <u>\$ 150,000</u> | <u>\$ 121,666</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 191,682 | \$ 227,280 | \$ 369,938 | \$ (142,658) |
| Student transportation | 12,547 | 19,791 | 28,000 | (8,209) |
| Total Expenditures | <u>\$ 204,229</u> | <u>\$ 247,071</u> | <u>\$ 397,938</u> | <u>\$ (150,867)</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 200,765 | \$ 24,595 | | |
| UNENCUMBERED CASH - BEGINNING | <u>47,174</u> | <u>247,939</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 247,939</u> | <u>\$ 272,534</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
GIFTS AND GRANTS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|--------------------|-------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Other | \$ 25,801 | \$ 30,205 | \$ 43,600 | \$ (13,395) |
| State sources | | | | |
| General state aid | 30,000 | 30,000 | 30,000 | - |
| Federal sources | | | | |
| Federal aid | 30,000 | 226,580 | 30,000 | 196,580 |
| Total Cash Receipts | <u>\$ 85,801</u> | <u>\$ 286,785</u> | <u>\$ 103,600</u> | <u>\$ 183,185</u> |
| EXPENDITURES | | | | |
| Instruction | \$ 84,191 | \$ 296,957 | \$ 217,031 | \$ 79,926 |
| Student support services | 8,120 | 172,337 | - | 172,337 |
| Facility acquisition and construction | 2,600 | 2,400 | 2,400 | - |
| Total Expenditures | <u>\$ 94,911</u> | <u>\$ 471,694</u> | <u>\$ 219,431</u> | <u>\$ 252,263</u> |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ (9,110) | \$ (184,909) | | |
| UNENCUMBERED CASH - BEGINNING | <u>124,941</u> | <u>115,831</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 115,831</u> | <u>\$ (69,078)</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
KPERS RETIREMENT CONTRIBUTIONS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|--------------------------------------|-------------------------|-------------------|-------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| State Sources | | | | |
| General State Aid | \$ 710,721 | \$ 738,815 | \$ 859,972 | \$ (121,157) |
| EXPENDITURES | | | | |
| Instruction | \$ 525,934 | \$ 480,378 | \$ 575,000 | \$ (94,622) |
| Student support services | 28,429 | 22,171 | 35,000 | (12,829) |
| Instructional support staff | 14,213 | - | 20,000 | (20,000) |
| General administration | 21,322 | 22,171 | 25,000 | (2,829) |
| School administration | 56,858 | 59,123 | 65,000 | (5,877) |
| Central services | 28,429 | 7,391 | 35,000 | (27,609) |
| Operations and maintenance | 35,536 | 147,581 | 40,000 | 107,581 |
| Student transportation | - | - | 34,972 | (34,972) |
| Food service | - | - | 30,000 | (30,000) |
| Total Expenditures | \$ 710,721 | \$ 738,815 | \$ 859,972 | \$ (121,157) |
| RECEIPTS OVER (UNDER) | | | | |
| EXPENDITURES | \$ - | \$ - | | |
| UNENCUMBERED CASH - BEGINNING | - | - | | |
| UNENCUMBERED CASH - ENDING | \$ - | \$ - | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
VIRTUAL EDUCATION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|--------------|-----------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Transfers in | \$ - | \$ 5,950 | \$ 27,409 | \$ (21,459) |
| EXPENDITURES | | | | |
| Instruction | \$ - | \$ 5,950 | \$ 27,409 | \$ (21,459) |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ - | \$ - | | |
| UNENCUMBERED CASH - BEGINNING | - | - | | |
| UNENCUMBERED CASH - ENDING | \$ - | \$ - | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
TITLE I
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Actual |
|---|----------------------------------|--------------------|
| CASH RECEIPTS | | |
| Federal Sources | | |
| Federal aid | \$ 135,000 | \$ 192,911 |
| EXPENDITURES | | |
| Instruction | \$ 138,423 | \$ 150,455 |
| Student support services | 15,307 | 22,556 |
| School administration | 18,154 | - |
| Total Expenditures | \$ 171,884 | \$ 173,011 |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ (36,884) | \$ 19,900 |
| UNENCUMBERED CASH - BEGINNING | (438) | (37,322) |
| UNENCUMBERED CASH - ENDING | \$ (37,322) | \$ (17,422) |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
TITLE II-A TEACHER QUALITY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | <u>Prior Year Actual</u> | <u>Actual</u> |
|---|----------------------------------|--------------------------|
| CASH RECEIPTS | | |
| Federal Sources | | |
| Federal aid | \$ 5,000 | \$ 19,816 |
| EXPENDITURES | | |
| Instruction | \$ 998 | \$ 20,852 |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 4,002 | \$ (1,036) |
| UNENCUMBERED CASH - BEGINNING | <u>(5,452)</u> | <u>(1,450)</u> |
| UNENCUMBERED CASH - ENDING | <u><u>\$ (1,450)</u></u> | <u><u>\$ (2,486)</u></u> |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
CONTINGENCY RESERVE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year | Actual |
|---|-----------------------|---------------|
| CASH RECEIPTS | | |
| Other Sources | | |
| Transfer from other funds | \$ 333,932 | \$ 100,000 |
| EXPENDITURES | | |
| Transfers to other funds | \$ - | \$ - |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 333,932 | \$ 100,000 |
| UNENCUMBERED CASH - BEGINNING | 349,737 | 683,669 |
| UNENCUMBERED CASH - ENDING | \$ 683,669 | \$ 783,669 |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
TEXTBOOKS AND STUDENT MATERIALS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Actual |
|---|----------------------------------|--------------------|
| CASH RECEIPTS | | |
| Local Sources | | |
| Other | \$ 41,137 | \$ 37,208 |
| Other Sources | | |
| Transfers from other funds | 150,000 | - |
| Total Cash Receipts | \$ 191,137 | \$ 37,208 |
| EXPENDITURES | | |
| Instruction | \$ 6,267 | \$ 77,846 |
| General administration | 756 | 790 |
| Total Expenditures | \$ 7,023 | \$ 78,636 |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 184,114 | \$ (41,428) |
| UNENCUMBERED CASH - BEGINNING | 179,326 | 363,440 |
| UNENCUMBERED CASH - ENDING | \$ 363,440 | \$ 322,012 |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
COPS GRANT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Actual |
|---|----------------------------------|---------------|
| CASH RECEIPTS | | |
| Federal Sources | | |
| Federal aid | \$ - | \$ 452,913 |
| EXPENDITURES | | |
| Facility acquisition and construction | \$ 452,913 | \$ - |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ (452,913) | \$ 452,913 |
| UNENCUMBERED CASH - BEGINNING | - | (452,913) |
| UNENCUMBERED CASH - ENDING | \$ (452,913) | \$ - |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
ESSER II FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Actual |
|---|----------------------------------|--------------------|
| CASH RECEIPTS | | |
| Federal Sources | | |
| Federal aid | \$ - | \$ 129,710 |
| EXPENDITURES | | |
| Instruction | \$ - | \$ 144,366 |
| Student support services | - | 74,032 |
| Student transportation | 451 | 3,262 |
| Total Expenditures | \$ 451 | \$ 221,660 |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ (451) | \$ (91,950) |
| UNENCUMBERED CASH - BEGINNING | - | (451) |
| UNENCUMBERED CASH - ENDING | \$ (451) | \$ (92,401) |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
ESSER III FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022

| | | |
|--------------------------------------|------------|----------------------------|
| CASH RECEIPTS | | |
| Federal Sources | | |
| Federal aid | | \$ - |
| | | <hr/> |
| EXPENDITURES | | |
| Instruction | \$ 428,604 | |
| School administration | 4,050 | |
| Central services | 10,979 | |
| Total Expenditures | | <u>\$ 443,633</u> |
| RECEIPTS OVER (UNDER) | | |
| EXPENDITURES | | \$ (443,633) |
| UNENCUMBERED CASH - BEGINNING | | <hr/> - |
| UNENCUMBERED CASH - ENDING | | <u><u>\$ (443,633)</u></u> |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
BOND & INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Current Year | | Variance - Over (Under) |
|---|-------------------------|---------------------|---------------------|-------------------------------|
| | | Actual | Budget | |
| CASH RECEIPTS | | | | |
| Local Sources | | | | |
| Ad valorem tax | \$ 769,620 | \$ 1,042,706 | \$ 985,286 | \$ 57,420 |
| Delinquent tax | 8,190 | 8,999 | 9,810 | (811) |
| County Sources | | | | |
| Motor vehicle tax | 59,600 | 56,555 | 62,624 | (6,069) |
| Recreational vehicle tax | 1,312 | 1,152 | 1,206 | (54) |
| Commercial vehicle tax | 1,462 | 1,398 | 1,290 | 108 |
| State Sources | | | | |
| General state aid | 154,486 | 146,928 | 146,928 | - |
| Total Cash Receipts | <u>\$ 994,670</u> | <u>\$ 1,257,738</u> | <u>\$ 1,207,144</u> | <u>\$ 50,594</u> |
| EXPENDITURES | | | | |
| Debt service | \$ 617,944 | \$ 638,819 | \$ 638,819 | \$ - |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 376,726 | \$ 618,919 | | |
| UNENCUMBERED CASH - BEGINNING | <u>983,091</u> | <u>1,359,817</u> | | |
| UNENCUMBERED CASH - ENDING | <u>\$ 1,359,817</u> | <u>\$ 1,978,736</u> | | |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
MEMORIALS & TRUSTS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Year Ended June 30, 2022
 With Comparative Totals for the Year Ended June 30, 2021

| | Prior Year Actual | Actual |
|---|----------------------------------|---------------|
| CASH RECEIPTS | | |
| Local Sources | | |
| Other | \$ 25 | \$ 11 |
| EXPENDITURES | | |
| Instruction | \$ - | \$ 10,962 |
| RECEIPTS OVER (UNDER) EXPENDITURES | \$ 25 | \$ (10,951) |
| UNENCUMBERED CASH - BEGINNING | 10,926 | 10,951 |
| UNENCUMBERED CASH - ENDING | \$ 10,951 | \$ - |

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended June 30, 2022

| | <u>Balance July 1, 2021</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2022</u> |
|---|-------------------------------------|---------------------------------|---------------------------------|--------------------------------------|
| Student Organization Funds | | | | |
| Council Grove Jr/Sr High School | \$ 39,618 | \$ 62,578 | \$ 55,791 | \$ 46,405 |
| Council Grove Elementary School | 7,131 | 4,797 | 7,479 | 4,449 |
| Prairie Heights Elementary School | <u>8,002</u> | <u>506</u> | <u>682</u> | <u>7,826</u> |
| Total Student Organization Funds | \$ 54,751 | \$ 67,881 | \$ 63,952 | \$ 58,680 |
| Employee Flexible Spending Fund | <u>8,921</u> | <u>63,539</u> | <u>48,455</u> | <u>24,005</u> |
| Total of Agency Funds | <u><u>\$ 63,672</u></u> | <u><u>\$ 131,420</u></u> | <u><u>\$ 112,407</u></u> | <u><u>\$ 82,685</u></u> |

UNIFIED SCHOOL DISTRICT NO. 417
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
 Regulatory Basis
 For the Year Ended June 30, 2022

| | <u>Beginning Unencumbered Cash Balance</u> | <u>Cash Receipts</u> | <u>Expenditures</u> | <u>Ending Unencumbered Cash Balance</u> | <u>Add Outstanding Encumbrances and Accounts Payable</u> | <u>Ending Cash Balance</u> |
|-----------------------------------|--|--------------------------|---------------------|---|--|--------------------------------|
| District Activity Funds | | | | | | |
| Council Grove Jr/Sr High School | \$ 19,016 | \$ 198,451 | \$ 185,660 | \$ 31,807 | \$ - | \$ 31,807 |
| Council Grove Elementary School | 1,618 | 18,486 | 18,521 | 1,583 | - | 1,583 |
| Prairie Heights Elementary School | 1,555 | 6,673 | 6,631 | 1,597 | - | 1,597 |
| Total Activity Funds | <u>\$ 22,189</u> | <u>\$ 223,610</u> | <u>\$ 210,812</u> | <u>\$ 34,987</u> | <u>\$ -</u> | <u>\$ 34,987</u> |



February 9, 2023

Board of Education
Unified School District No. 417
Council Grove, Kansas

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statement Performed in Accordance with *Government Auditing Standards***

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 statement of Unified School District No. 417 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated February 9, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, 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 opinion on the financial statement, 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs.

February 9, 2023
Unified School District No. 417
(continued)

USD 417's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we have reported to management of the District in a separate letter dated February 9, 2023.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas



February 9, 2023

Board of Education
Unified School District No. 417
Council Grove, Kansas

**Independent Auditor's Report on Compliance for Each
Major Federal Program and Report on Internal Control Over
Compliance in Accordance with the Uniform Guidance**

Modified and Unmodified Opinions

We have audited the Unified School District No. 417's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on K-12 Covid Testing Grant

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the K-12 Covid Testing Grant for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Modified and Unmodified Opinions

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 (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Modified Opinion on the K-12 Covid Testing Grant.

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing No. 93.323 K-12 Covid Testing Grant as described in findings 2022-001 and 2022-002.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and/or significant deficiencies.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Purpose of this Report

This 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. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Regulatory Basis
 For the Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program Title | Federal AL Number | Pass-Through Entity Identifying Number | Expenditures |
|--|------------------------------|---|--------------------------------|
| U.S. Department of Agriculture | | | |
| Passed through Kansas Department of Education Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | DO417 | \$ 113,317 |
| COVID-19 - National School Lunch Program | 10.555 | DO417 | 477,991 |
| Summer Food Service Program for Children | 10.559 | DO417 | 60,422 |
| Total Child Nutrition Cluster | | | <u>\$ 651,730</u> |
| P-EBT Administrative Costs Grant | 10.649 | DO417 | 614 |
| Total U.S. Department of Agriculture | | | <u>\$ 652,344</u> |
| U.S. Department of Education | | | |
| Passed through Kansas Department of Education | | | |
| Title I - Grants to Local Educational Agencies | 84.010 | DO417 | \$ 157,096 |
| Supporting Effective Instruction State Grants | 84.367 | DO417 | 20,852 |
| ESSA - Student Support | 84.424 | DO417 | 15,915 |
| COVID-19 - Emergency and Secondary School Emergency Relief | 84.425D | DO417 | 665,293 |
| Total U.S. Department of Education | | | <u>\$ 859,156</u> |
| U.S. Department of Health and Human Services | | | |
| Passed through Kansas Department of Education | | | |
| Youth Risk Behavior Survey | 93.079 | DO417 | \$ 267 |
| TANF - Early Learning Kansas | 93.558 | DO417 | 30,000 |
| Passed through Kansas Dept. of Health & Environment/ Kansas Department of Education | | | |
| COVID-19 - K-12 Covid Testing Grant | 93.323 | DO417 | 171,390 |
| Total U.S. Department of Health and Human Services | | | <u>\$ 201,657</u> |
| TOTAL FEDERAL EXPENDITURES | | | <u><u>\$ 1,713,157</u></u> |

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Note 1: Summary of Significant Accounting Policies

Unified School District No. 417, Council Grove, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the schedule of Expenditures of Federal Awards.

Note 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 statement. The District elected not to use the 10% de minimis indirect cost rate.

Note 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.

Note 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, 2022.

Note 5: Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2022.

Note 6: Sub-recipient Grants

No federal awards were passed through to subrecipients.

UNIFIED SCHOOL DISTRICT NO. 417
 Council Grove, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statement

| | | |
|--|------------------------------|---|
| Type of auditor's report issued: | Unmodified | |
| Internal control over financial reporting: | | |
| Material weaknesses identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None |
| Reportable conditions identified not considered to be material weaknesses? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| Noncompliance material to financial statement noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None |

Federal Awards

| | | |
|--|---|---|
| Internal controls over major programs: | | |
| Material weaknesses identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Reportable conditions identified not considered to be material weaknesses? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

| | |
|---|----------|
| Type of auditor's report issued on compliance for major programs: | Modified |
|---|----------|

| | | |
|--|---|-----------------------------|
| Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|--|---|-----------------------------|

Identification of major programs:

| <u>Name of Federal program</u> | <u>CFDA Number</u> |
|--|--------------------|
| COVID-19 - Emergency and Secondary School Emergency Relief | 84.425D |
| COVID-19 - K-12 Covid Testing Grant | 93.323 |

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

| | | |
|---|------------------------------|--|
| Auditee qualified as a low-risk auditee? Note: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

Beginning with the year ended June 30, 2016, the criteria for determination of low-risk auditee status was changed by the U.S. Office of Management and Budget (OMB). Specifically, the regulatory basis of accounting prescribed by the State of Kansas does not meet the criteria established by OMB in the Uniform Grant Guidance (UGG). The District continues, however, to meet each of the other criteria for low-risk auditee status.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding: 2022-001 - Management Override and Noncompliance with Laws and Regulations

Criteria: In accordance with *Government Auditing Standards*, the District is required to comply with laws and regulations related to the District's operations. The District did not comply with K.S.A. 72-1151 which requires competitive bids for purchases exceeding \$20,000.

Condition: Purchases were made during the year ended June 30, 2022 that exceeded the \$20,000 threshold; however the bid requirements in K.S.A. 72-1151 were not followed.

Cause: The Superintendent was solely responsible for approving these purchases and did not follow the prescribed bid procedures. We feel that management override is the cause of the noncompliance, coupled with a lack of oversight by the governing body.

Effect: Purchases were made that were not in compliance with the bid requirements in the statutes.

Recommendation: The District should follow all applicable statutes, and the governing body should be approving all purchases in advance and ensuring that all required processes are being followed.

Board of Education's Response

K.S.A. 72-1151 provides, in part, that "no expenditure involving an amount greater than \$ 20,000 for... the purchase of materials, goods or wares shall be made by the Board of Education of any school district except upon sealed proposals, and to the lowest responsible bidder."

We understand the purchases mentioned in the "Condition" section outlined above included the purchase of two vehicles for District use. The Board of Education of U.S.D. 417 authorized an investigation into these allegations, which included interviews of selected staff members knowledgeable of these transactions, seeking input from the audit firm's representative performing audit functions for the District, and review of relevant documentation.

At the conclusion of this investigation, we acknowledge that the Superintendent ultimately approved purchase of these vehicles. However, it is our understanding that the Superintendent initially engaged with one local and one regional car dealer with the goal of leasing the vehicles, that the Board had technically authorized the lease of these vehicles in its approval of a grant application, the superintendent ultimately did lease the vehicles, and the documentation supports that the bulk of the expenditures in this situation were exchanged pursuant to the lease arrangements, not the purchase of the vehicles. As the cost to the District was lower to purchase the vehicles if the Superintendent did pay off the vehicles early in the lease process rather than at the end, he did unilaterally opt to pay the purchase price for those vehicles to acquire them outright without Board approval and without going through the bid process.

Please note that K.S.A. 72-1151 provides, in part, that "no expenditure involving an amount greater than \$20,000 for... the **purchase** of materials, goods or wares shall be made by the Board of Education of any school district except upon sealed proposals, and to the lowest responsible bidder." Similarly, K.S.A. 72-1131 provides, in part, "[t]he board of education of every unified school district may delegate to the superintendent of schools the power to execute contracts on behalf of the district for the **purchase** of goods and services if the value of such goods or services is \$20,000 or less." **Emphasis** was added to these citations. In addition, present board policy reflects the obligation and authorization imparted by these statutes in policies DJED and DJFA, respectively.

Final documents regarding the lease and purchase of these vehicles provided by the Superintendent reflect a combined purchase price for the two vehicles of under \$20,000. As the Board had previously approved the expenditure for the lease of the vehicles in a grant application, only the combined purchase price, which was under both the \$20,000 ceiling on the Superintendent's spending authority and the threshold for required bidding, was unilaterally handled by the Superintendent. Therefore, the Superintendent was technically authorized by law and policy to expend the amount of money for exercising the option to buy the vehicles that he did based on the paperwork provided.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding: 2022-001 - Management Override and Noncompliance with Laws and Regulations

However, the Board recognizes that the total amount of money expended, when the leases and purchases are considered in tandem due to the truncated nature of the negotiated lease payment schedule, did exceed \$20,000. Please be advised that the Board's intent in moving forward is to require Board approval for such expenditures made in short succession and for the bid process to be followed as required by law when the ultimate result of the transaction is a purchase of goods or services of an amount exceeding \$20,000.

Superintendent's Response

I am not aware of any purchases where I did not follow the Kansas Bid Law, nor did I "override" any instances. Since there are not any specific purchases referenced to in the "Condition" section of the findings by the auditor, I am not aware of any instances to provide any further clarification on.

Corrective Action Plan

The Board will require approval for such expenditures made in short succession and for the bid process to be followed as required by law when the ultimate result of the transaction is a purchase of goods or services of an amount exceeding \$20,000.

Section III - Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through the Kansas Department of Health and Environment/ Kansas Department of Education
K-12 Covid Testing Grant
Assistance Listing Number 93.323

Finding : 2022-002 - Allowable Costs/Cost Principles

Criteria: In accordance with 2 CFR 200 Subpart E 200.403(b), costs allowed under Federal awards must conform to any limitation or exclusions set forth in the Federal award as to types or amount of cost items. The grant application from KDHE specifically states that all transportation equipment must be leased or rented and no capital purchases are allowed.

Condition: Included on the District's expense reports submitted to the Kansas Department of Health and Environment for grant reimbursement was a yearly lease payment for two vehicles to be used for grant purposes. However, the District actually purchased both of these vehicles in full prior to reimbursement from the State of Kansas. A portion of the vehicle purchase was charged to the grant and reimbursed for the 2021-2022 year, with the remaining cost to be submitted and reimbursed in future years, and represented as annual lease payments.

Cause: The Superintendent was solely responsible for purchasing these vehicles and instructed the Business Manager to report them as leases on the expense reports submitted to KDHE. The Board did not approve the purchase of these vehicles.

Effect: Grant reimbursements were received by the District for unallowable costs.

Known Questioned Cost: \$18,409. This was the amount reported to the State as the first year lease payment and for which the District received reimbursement for the June 30, 2022 fiscal year. Future reimbursements planned by the District are \$16,649 each for the June 30, 2023 and June 30, 2024 fiscal years.

Recommendation: The District should fully follow grant requirements to ensure only allowable costs are charged to the grant.

UNIFIED SCHOOL DISTRICT NO. 417
Council Grove, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2022

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding : 2022-002 - Allowable Costs/Cost Principles (Continued)

Board of Education's Response

The Board acknowledges that the vehicle lease documents executed by the Superintendent and the reimbursement schedule for grant dollars sought thereby are not in alignment regarding the frequency and timetable for making lease payments to the car dealership, although the lease documents provided by the Superintendent from the car dealership do align with the total lease cost documented in the reimbursement schedule. The Board also acknowledges it approved a grant application for two long-term vehicle leases, which were allowable costs per the grant, and the Board did not specifically authorize exercising a purchase option for either vehicle. While the Board appreciates the Superintendent's attempt to save the district money by avoiding accrued interest fees over a longer term lease, the Board does not wish to sacrifice transparency, shrug its fiduciary responsibilities, or usurp the law or grant requirements to reap those savings. And, although the paperwork received from the dealership does indicate the bulk of this financial transaction was categorized as a lease payment, the net result was receiving full ownership interest in two vehicles in substantially less than the three-year lease period anticipated in the grant application.

The Board also understands that the grant documents did not specifically authorize paying the lease payments up front while spreading the reimbursement requests out over a longer term. Please note the Board is disappointed with the lack of transparency in these transactions and will not condone this practice in the future. The Board will expect staff members utilizing grant moneys or seeking reimbursement for allowable purchases to seek guidance from the granting entity whenever the authorizing law or grant guidance is unclear. Based on these findings, the board will pursue corrective actions in this area to ensure the letter and spirit of the law and grant requirements are followed by the District in using grant moneys.

Superintendent's Response

The two vehicles in question were leased through a one-pay lease with a three-year term. The three-year lease payments were \$725.45 for 36 months, or \$24,294.24 for an optional one-pay lease. The one-pay lease option was for \$24,294.24 per vehicle. The residual value of the lease buyout was \$6,730.76 for one vehicle and \$6,925.76 for the other vehicle. The KDHE grant allowed for reimbursement of lease payments for three years. The KDHE grant was approved by the USD 417 Board of Education. The residual value for the lease buyout was below the amount requiring Board approval. I made the business decision to purchase the residual value of the lease buyout for each vehicle so our district/taxpayers would benefit instead of turning in the vehicles to the car dealership who would then turn around and resale the vehicles at retail value, hence making money off the lease and then off the resale of the vehicles after the lease. Regardless of whether I waited 36 months to purchase the residual value of the lease buyout, or did it upfront as I did, the end result would have been the same in terms of the cost to the District of the vehicles. In addition, the business manager was provided all the details for the transactions of the two vehicles before she processed the checks for these vehicles. Until this audit, the business manager did not express any concerns, had any objections, nor expressed any reservations about the transactions for the two vehicles and the KDHE grant.

Corrective Action Plan

The Board will require approval for such expenditures made in short succession and for the bid process to be followed as required by law when the ultimate result of the transaction is a purchase of goods or services of an amount exceeding \$20,000.