

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

For the Fiscal Year Ended June 30, 2021

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

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

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OSWEGO, KANSAS**

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Diehl Banwart Bolton

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #504
Oswego, Kansas

We have audited the accompanying fund summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of Unified School District #504 (the District), Oswego, Kansas as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Report on Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2021 summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Board of Education
Unified School District #504
Oswego, Kansas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The prior year actual column presented in the individual fund schedules of receipts and expenditures – actual and budget – regulatory basis (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and are not a required part of the prior year financial statement upon which we rendered an unqualified opinion dated December 10, 2020. The prior year financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such prior year comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the prior year financial statement. The prior year comparative information was subjected to the auditing procedures applied in the audit of the prior year statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the prior year financial statement or to the prior year financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the prior year comparative information is fairly stated in all material respects in relation to the prior year financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

January 26, 2022
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	\$ -	\$ 4,501,047	\$ 4,501,047	\$ -	\$ 1,247	\$ 1,247
Supplemental General	8,977	1,330,316	1,308,447	30,846	78,840	109,686
Special Purpose Funds:						
4 Yr Old At Risk	34,068	64,546	63,017	35,596	-	35,596
K-12 At Risk	187,387	549,386	549,386	187,387	-	187,387
Bilingual Education	763	-	-	763	-	763
Capital Outlay	542,877	218,544	217,872	543,549	-	543,549
Driver Education	29,339	-	-	29,339	-	29,339
Food Service	77,017	375,870	372,603	80,283	1,454	81,737
Professional Development	30,123	27,353	22,088	35,388	-	35,388
Parent Education	11,120	8,500	8,000	11,620	-	11,620
Special Education	334,634	760,733	755,445	339,922	-	339,922
Career and Postsecondary Education	132,165	125,000	124,652	132,513	-	132,513
KPERS Special Education	-	493,469	493,469	-	-	-
Recreation Commission	34,451	31,559	30,000	36,009	-	36,009
Contingency Reserve	324,980	-	-	324,980	-	324,980
Title I	7,274	125,950	124,678	8,546	-	8,546
Cares Act	(8,013)	165,123	157,111	-	-	-
Kansas Safe School Grant	505	-	505	-	-	-
REAP Grant	(12,550)	12,550	-	-	-	-
Title II	-	12,086	12,086	-	-	-
Kansas Reading Roadmap	(37,061)	154,616	80,731	36,823	-	36,823
E-Rate Fiber Project	-	1,490,528	1,490,528	-	-	-
Gifts and Grants	-	10	10	-	10	10
District Activity Funds	1,283	27,575	24,291	4,566	-	4,566
Bond and Interest Fund	240,691	254,506	219,819	275,378	-	275,378
Trust Funds:						
Scholarships	179,263	1,067	3,800	176,531	-	176,531
Total Entity (Excluding Agency Funds)	<u>\$ 2,119,293</u>	<u>\$ 10,730,333</u>	<u>\$ 10,559,586</u>	<u>\$ 2,290,040</u>	<u>\$ 81,552</u>	<u>\$ 2,371,592</u>

Composition of Cash

District Checking Accounts.....	\$ 2,188,995
Activity Checking Accounts.....	71,984
Petty Cash.....	1,500
Scholarship Checking Accounts.....	108,531
Scholarship Certificates of Deposit.....	68,000
Total Cash	2,439,010
Agency Funds per Schedule 3	(67,418)
Total Reporting Entity	<u>\$ 2,371,592</u>

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

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

**NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #504, Oswego, Kansas (District), has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting policies generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District #504 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity in this financial statement.

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the Unified School District #504:

GOVERNMENTAL FUNDS

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

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

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

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

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

Basis of Presentation - Fund Accounting – (Continued)

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

FIDUCIARY FUNDS

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

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

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

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

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments in the fiscal year ending June 30, 2021. The General Fund and Supplemental General Fund budgets were reduced to the legal maximum by the Kansas Department of Education.

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

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

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

Legal operating budgets are not required in the following special purpose funds: Contingency Reserve, Title I, CARES Act, Kansas Safe School Grant, Reap Grant, Title II, Kansas Reading Roadmap, E-Rate Fiber Project, Gifts and Grants, or District Activity or Scholarship funds.

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

Cash and Investments

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

Compensated Absences

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

Employees can accrue 10-12 days of sick leave each year. Up to 60 days of unused leave may be accumulated and carried over. Upon retirement certified staff with the District are paid for accumulated leave at the rate of 32% of the substitute teacher pay rate. That amount currently calculates to \$30.00 per unused sick day.

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

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

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

Property Taxes

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The financial statement and regulatory required supplementary information have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown, there were no apparent violations of the cash basis and budget laws of Kansas.

3. CASH IN BANK AND DEPOSITORY SECURITY

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2021, as detailed in the table below.

At June 30, 2021 the District's carrying amount of deposits was \$2,439,010 and the bank balance was \$2,649,261. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$414,634 was covered by federal depository insurance, \$2,234,637 was collateralized by securities with a market value of \$3,207,018 held by the pledging financial institutions' agents in the District's name. The District's bank deposits, FDIC coverage, and pledged securities are detailed in the chart below.

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

FINANCIAL INSTITUTIONS

<u>RISK CATEGORIES</u>		<u>LABETTE BANK</u>	<u>COMMERCIAL BANK</u>	<u>TOTALS</u>
(1)	FDIC Insurance	\$ 164,634	\$ 250,000	\$ 414,634
(1)	Collateralized with pledged securities held in the District's account	-	2,234,627	2,234,627
(2)	Collateralized with pledged securities in Bank's account	-	-	-
(3)	Uncollateralized	-	-	-
TOTAL BANK BALANCES		\$ 164,634	\$ 2,484,627	\$ 2,649,261
Total Market Value of Pledged Securities		\$ -	\$ 3,207,018	\$ 3,207,018

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

The District received \$324,068 subsequent to June 30, 2021, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

5. **PENSION PLAN**

General Information about the Pension Plan

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

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

5. **PENSION PLAN** (Continued)

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

Senate Substitute for House Bill 2052 authorized the delay of \$64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of \$6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of \$194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of \$19.4 million starting in fiscal year 2021.

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 2021 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 \$493,469 for the year ended June 30, 2021.

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was \$5,289,306. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

6. RISK MANAGEMENT

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

7. CONTINGENCIES

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

8. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Food Service	KSA 72-5164	\$27,646
General	Career & Postsecondary Education	KSA 72-5162	3,350
General	Special Education	KSA 72-3423	635,698
General	K-12 At Risk	KSA 72-5153	329,076
General	4 Yr Old At Risk	KSA 72-5154	2,651
Supplemental General	Parent Education	KSA 72-4165	8,500
Supplemental General	Special Education	KSA 72-3423	124,035
Supplemental General	K-12 At Risk	KSA 72-5153	220,309
Supplemental General	Professional Development	KSA 72-2552	22,287
Supplemental General	Career & Postsecondary Education	KSA 72-5162	125,000
Supplemental General	Food Service	KSA 72-5164	10,165
Supplemental General	4 Yr Old At Risk	KSA 72-5154	27,000

9. POST EMPLOYMENT BENEFITS

Participation in Group Health Insurance Plan

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

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

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2021 through December 23, 2021, the date the financial statement was available for issue. During March 2021, the District's operations were impacted and they continue to be impacted by the COVID 19 virus. Although the total affect is unknown at this time, it is assumed to be material. The District is in the process of issuing refunding bonds and refinancing their long-term debt. The District anticipates this will be completed in December 2021. During this period, there were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statements.

11. LONG TERM DEBT

Attached are schedules detailing changes in long-term debt and its maturity. The District anticipates issuing refunding bonds in December 2021 (See Note 10). The attached debt schedules only reflect bonds outstanding at June 30, 2021.

Schedule of Changes in Long-Term Debt

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balances Beginning of Year</u>	<u>Additions / New Debt</u>	<u>Reductions / Principal Paid</u>	<u>Balances End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds Series 2012	3.00-3.60%	6/26/2013	3,250,000	9/1/2033	\$ 2,545,000	\$ -	\$ 140,000	\$ 2,405,000	\$ 79,819
Qualified Zone Academy Bonds	0.00%	12/1/2010	750,000	12/1/2020	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
					<u>\$ 3,415,000</u>	<u>\$ -</u>	<u>\$ 215,000</u>	<u>\$ 2,405,000</u>	<u>\$ 79,819</u>

Schedule of Maturities in Long-Term Debt

<u>Fiscal Year Ended June 30,</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027 2032</u>	<u>2033 2037</u>	<u>Totals</u>
PRINCIPAL								
General Obligation Bonds								
Series 2013	<u>\$ 145,000</u>	<u>\$ 150,000</u>	<u>\$ 155,000</u>	<u>\$ 160,000</u>	<u>\$ 170,000</u>	<u>\$ 1,165,000</u>	<u>\$ 460,000</u>	<u>\$ 2,405,000</u>
	<u>145,000</u>	<u>150,000</u>	<u>155,000</u>	<u>160,000</u>	<u>170,000</u>	<u>1,165,000</u>	<u>460,000</u>	<u>2,405,000</u>
INTEREST								
General Obligation Bonds								
Series 2013	<u>\$ 75,544</u>	<u>\$ 71,119</u>	<u>\$ 66,544</u>	<u>\$ 61,819</u>	<u>\$ 56,869</u>	<u>\$ 221,664</u>	<u>\$ 16,740</u>	<u>\$ 570,299</u>
	<u>75,544</u>	<u>71,119</u>	<u>66,544</u>	<u>61,819</u>	<u>56,869</u>	<u>221,664</u>	<u>16,740</u>	<u>570,299</u>
 Total Principal and Interest	 <u>\$ 220,544</u>	 <u>\$ 221,119</u>	 <u>\$ 221,544</u>	 <u>\$ 221,819</u>	 <u>\$ 226,869</u>	 <u>\$ 1,386,664</u>	 <u>\$ 476,740</u>	 <u>\$ 2,975,299</u>

11. LONG TERM DEBT OBLIGATIONS (Continued)

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

**REGULATORY REQUIRED
SUPPLEMENTAL INFORMATION**

Schedule 1

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	\$ 4,505,034	\$ (176,363)	\$ 172,376	\$ 4,501,047	\$ 4,501,047	\$ -
Supplemental General	1,361,754	(53,307)	-	1,308,447	1,308,447	-
Special Purpose Funds:						
4 Yr Old At Risk	117,068	-	-	117,068	63,017	(54,051)
K-12 At Risk	746,387	-	-	746,387	549,386	(197,001)
Bilingual Education	763	-	-	763	-	(763)
Capital Outlay	759,000	-	-	759,000	217,872	(541,128)
Driver Education	31,950	-	-	31,950	-	(31,950)
Food Service	461,400	-	-	461,400	372,603	(88,797)
Professional Development	81,881	-	-	81,881	22,088	(59,793)
Parent Education	18,000	-	-	18,000	8,000	(10,000)
Special Education	915,594	-	-	915,594	755,445	(160,149)
Career and Postsecondary Education	189,615	-	-	189,615	124,652	(64,963)
KPERS Special Retirement	556,640	-	-	556,640	493,469	(63,171)
Recreation Commission	49,500	-	-	49,500	30,000	(19,500)
Bond and Interest Fund	219,950	-	-	219,950	219,819	(131)
	<u>10,014,536</u>					

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	\$ -	-	\$ -	\$ -
Delinquent tax	-	-	-	-
Mineral tax	3	-	-	-
Reimbursement	69,607	172,376	-	172,376
Interest	-	-	-	-
State Sources				
General aid	3,788,351	3,818,088	3,980,345	(162,257)
Special education aid	557,152	510,583	524,689	(14,106)
Total Cash Receipts	4,415,113	4,501,047	\$ 4,505,034	\$ (3,987)
Expenditures				
Instruction	1,750,025	1,808,228	\$ 1,821,545	\$ (13,317)
Support Services				
Student Support	161,969	162,818	177,000	(14,182)
Instructional Support	116,268	110,009	124,000	(13,991)
General Administration	199,578	245,667	233,000	12,667
School Administration	379,744	388,523	411,000	(22,477)
Operations and Maintenance	412,586	509,685	478,000	31,685
Transportation	190,127	218,890	256,500	(37,610)
Central Services	57,223	58,804	61,800	(2,996)
Operating transfers to Other Funds				
Professional Development	-	-	20,000	(20,000)
Food Service	-	27,646	15,000	12,646
4 Yr Old At Risk	21,200	2,651	40,000	(37,349)
K-12 At Risk	370,335	329,076	300,000	29,076
Parent Education	4,500	-	7,500	(7,500)
Special Education	736,558	635,698	524,689	111,009
Career and Postsecondary Education	-	-	35,000	(35,000)
Contingency Reserve	10,000	-	-	-
Capital Outlay	5,000	3,350	-	3,350
Adjustments to Budget to Comply with				
Legal Maximum Budget	-	-	(176,363)	176,363
Adjustment for Reimbursed Expenses	-	-	172,376	(172,376)
Total Expenditures Subject to Budget	4,415,113	4,501,047	\$ 4,501,047	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SUPPLEMENTAL GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 225,277	\$ 243,665	\$ 234,321	\$ 9,344
Delinquent tax	7,108	6,789	110	6,679
Motor vehicle tax	30,246	35,298	31,217	4,081
Recreational vehicle tax	329	292	312	(20)
Operating transfer from Contingency Reserve	-	-	-	-
State Sources				
Supplemental aid	1,057,111	1,044,272	1,086,816	(42,544)
Operating Transfers from Other Funds Contingency Reserve	10,020	-	-	-
Total Cash Receipts	1,330,091	1,330,316	\$ 1,352,776	\$ (22,460)
Expenditures				
Instruction	522,366	430,541	\$ 615,954	\$ (185,413)
Support Services				
Student Support	20,405	35,347	29,750	5,597
Instructional Support	25,943	20,732	37,200	(16,468)
General Administration	35,192	65,374	86,000	(20,626)
School Administration	56,459	56,998	61,200	(4,202)
Operations and Maintenance	152,893	162,158	203,150	(40,992)
Transportation	-	-	-	-
Central Services	-	-	9,500	(9,500)
Operating transfers to Other Funds				
Professional Development	21,000	22,287	25,000	(2,713)
Parent Education	-	8,500	-	8,500
Food Service	38,000	10,165	10,000	165
Special Education	85,595	124,035	-	124,035
Career and Postsecondary Education	131,000	125,000	25,000	100,000
4 Yr Old At Risk	24,000	27,000	-	27,000
K - 12 At Risk	222,053	220,309	259,000	(38,691)
Adjustments to Budget to Comply with Legal Maximum Budget	-	-	(53,307)	53,307
Total Expenditures Subject to Budget	1,334,906	1,308,447	\$ 1,308,447	\$ -
Receipts Over (Under) Expenditures	(4,815)	21,869		
Unencumbered Cash, Beginning	13,792	8,977		
Unencumbered Cash, Ending	\$ 8,977	\$ 30,846		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
4 YR OLD AT RISK FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ 39,843	\$ 34,894	\$ 43,000	\$ (8,106)
Operating Transfer from Other Funds				
Supplemental General	24,000	27,000	-	
General	21,200	2,651	40,000	(37,349)
Total Cash Receipts	85,043	64,546	\$ 83,000	\$ (45,454)
Expenditures				
Instruction	79,760	63,017	\$ 117,068	\$ (54,051)
Other Supplemental Services	-	-	-	-
Total Expenditures				
Subject to Budget	79,760	63,017	\$ 117,068	\$ (54,051)
Receipts Over (Under) Expenditures	5,283	1,529		
Unencumbered Cash, Beginning	28,785	34,068		
Unencumbered Cash, Ending	\$ 34,068	\$ 35,596		

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
K-12 AT RISK FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
Summer School	-	-	-	-
General	370,335	329,076	300,000	29,076
Supplemental General	222,053	220,309	259,000	(38,691)
Total Cash Receipts	592,388	549,386	\$ 559,000	\$ (9,614)
Expenditures				
Instruction	585,001	549,386	\$ 746,387	\$ (197,001)
Instructional Support	-	-	-	-
Total Expenditures				
Subject to Budget	585,001	549,386	\$ 746,387	\$ (197,001)
Receipts Over (Under) Expenditures	7,387	-		
Unencumbered Cash, Beginning	180,000	187,387		
Unencumbered Cash, Ending	\$ 187,387	\$ 187,387		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
BILINGUAL EDUCATION

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	-	-	-	-
Total Cash Receipts	-	-	\$ -	\$ -
Expenditures				
Instruction	-	-	\$ 763	\$ (763)
Instructional Support	-	-	-	-
Total Expenditures				
Subject to Budget	-	-	\$ 763	\$ (763)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	763	763		
Unencumbered Cash, Ending	\$ 763	\$ 763		

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CAPITAL OUTLAY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 98,860	\$ 107,974	\$ 107,196	\$ 778
Delinquent tax	2,520	2,829	48	2,781
Motor vehicle tax	13,429	15,242	13,462	1,780
Recreational vehicle tax	146	126	135	(9)
Interest on idle funds	1,941	2,195	6,000	(3,805)
Miscellaneous	-	-	9,000	(9,000)
State Sources				
State Aid	86,354	86,829	87,255	(426)
Operating Transfer from Other Funds				
General	5,000	3,350	-	3,350
Total Cash Receipts	208,250	218,544	\$ 223,096	\$ (4,552)
Expenditures				
Instruction	9,074	4,673	\$ 55,000	\$ (50,327)
Support Services	-	109,217	489,000	(379,783)
Facility Acquisition and Construction	199,744	103,982	215,000	(111,018)
Total Expenditures				
Subject to Budget	208,818	217,872	\$ 759,000	\$ (541,128)
Receipts Over (Under) Expenditures	(568)	672		
Unencumbered Cash, Beginning	543,445	542,877		
Unencumbered Cash, Ending	\$ 542,877	\$ 543,549		

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
DRIVER EDUCATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	\$ -	\$ -	\$ -	\$ -
State Sources				
State aid	-	-	2,625	(2,625)
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	-	-	\$ 2,625	\$ (2,625)
Expenditures				
Instruction	-	-	\$ 30,000	\$ (30,000)
Support Services				
Operations and Maintenance	-	-	1,950	(1,950)
Total Expenditures				
Subject to Budget	-	-	\$ 31,950	\$ (31,950)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	29,339	29,339		
Unencumbered Cash, Ending	\$ 29,339	\$ 29,339		

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
FOOD SERVICE FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Students	\$ 55,694	\$ 8,317	\$ 85,400	\$ (77,083)
Adults	11,417	10,970	28,745	
Interest on idle funds	86	80	-	80
Other	-	-	-	-
State Sources				
State Aid	2,738	2,747	2,576	171
Federal Sources				
Child nutrition aid	230,796	300,759	242,957	57,802
Other grants	10,692	15,185	-	15,185
Operating Transfer from Other Funds				
Supplemental General	38,000	10,165	10,000	165
General	-	27,646	15,000	12,646
Total Cash Receipts	349,423	375,870	\$ 384,678	\$ 8,966
Expenditures				
Support Services				
Operations and Maintenance	348,883	372,603	\$ 461,400	\$ (88,797)
Total Expenditures				
Subject to Budget	348,883	372,603	\$ 461,400	\$ (88,797)
Receipts Over (Under) Expenditures	540	3,267		
Unencumbered Cash, Beginning	76,477	77,017		
Unencumbered Cash, Ending	\$ 77,017	\$ 80,283		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	-	\$ -	\$ -
State Sources				
State Aid	3,584	5,066	6,758	(1,692)
Operating Transfer from Other Funds				
General	-	-	20,000	(20,000)
Supplemental General	21,000	22,287	25,000	(2,713)
Total Cash Receipts	24,584	27,353	<u>\$ 51,758</u>	<u>\$ (24,405)</u>
Expenditures				
Support Services				
Instructional Support Staff	14,702	22,088	\$ 81,881	\$ (59,793)
Other Supplemental Services	-	-	-	-
Total Expenditures				
Subject to Budget	14,702	22,088	<u>\$ 81,881</u>	<u>\$ (59,793)</u>
Receipts Over (Under) Expenditures	9,882	5,265		
Unencumbered Cash, Beginning	20,241	30,123		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	<u>\$ 30,123</u>	<u>\$ 35,388</u>		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
PARENT EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Operating Transfer from Other Funds				
Supplemental General	-	8,500	-	8,500
General	4,500	-	7,500	(7,500)
Total Cash Receipts	4,500	8,500	\$ 7,500	\$ 1,000
Expenditures				
Instruction	-	-	\$ -	\$ -
Support Services	-	8,000	18,000	(10,000)
Total Expenditures				
Subject to Budget	-	8,000	\$ 18,000	\$ (10,000)
Receipts Over (Under) Expenditures	4,500	500		
Unencumbered Cash, Beginning	6,620	11,120		
Unencumbered Cash, Ending	\$ 11,120	\$ 11,620		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SPECIAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ 2,117	\$ 1,000	\$ -	\$ 1,000
Medicaid	-	-	60,000	(60,000)
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	85,594	124,035	-	124,035
General	736,558	635,698	524,689	111,009
Total Cash Receipts	824,269	760,733	\$ 584,689	\$ 176,044
Expenditures				
Instruction	752,478	680,650	\$ 835,744	\$ (155,094)
Support Services				
Instructional Support	-	-	-	-
Transportation	66,579	74,795	79,850	(5,055)
Total Expenditures				
Subject to Budget	819,057	755,445	\$ 915,594	\$ (160,149)
Receipts Over (Under) Expenditures	5,212	5,288		
Unencumbered Cash, Beginning	329,422	334,634		
Unencumbered Cash, Ending	\$ 334,634	\$ 339,922		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CAREER AND POSTSECONDARY EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	\$ -	-	\$ -	\$ -
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	131,000	125,000	25,000	100,000
General	-	-	35,000	(35,000)
Total Cash Receipts	131,000	125,000	\$ 60,000	\$ 65,000
Expenditures				
Instruction	124,112	124,652	\$ 158,365	\$ (33,713)
Other Support Services	-	-	6,750	(6,750)
Transportation	-	-	24,500	(24,500)
Total Expenditures				
Subject to Budget	124,112	124,652	\$ 189,615	\$ (64,963)
Receipts Over (Under) Expenditures	6,888	348		
Unencumbered Cash, Beginning	125,277	132,165		
Unencumbered Cash, Ending	\$ 132,165	\$ 132,513		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	\$ 514,692	\$ 493,469	\$ 556,640	\$ (63,171)
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	514,692	493,469	\$ 556,640	\$ (63,171)
Expenditures				
Instruction	344,020	329,835	\$ 372,058	\$ (42,223)
Student Support	20,073	19,245	21,709	(2,464)
Instructional Support	7,823	7,501	8,461	(960)
General Administration	31,139	29,855	33,676	(3,821)
School Administration	50,800	48,705	54,940	(6,235)
Central Services	-	-	-	-
Operations and Maintenance	31,345	30,052	33,900	(3,848)
Trasnportation	13,228	12,682	14,306	(1,624)
Food Service	16,264	15,594	17,590	(1,996)
Total Expenditures				
Subject to Budget	514,692	493,469	\$ 556,640	\$ (63,171)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
RECREATION COMMISSION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 24,715	\$ 26,994	\$ 26,796	\$ 198
Delinquent tax	715	724	12	712
Motor vehicle tax	3,357	3,810	3,367	443
Recreational vehicle tax	37	31	33	(2)
Total Cash Receipts	<u>28,824</u>	<u>31,559</u>	<u>\$ 30,208</u>	<u>\$ 198</u>
Expenditures				
Community Service Operations	<u>35,000</u>	<u>30,000</u>	<u>\$ 49,500</u>	<u>\$ (19,500)</u>
Total Expenditures Subject to Budget	<u>35,000</u>	<u>30,000</u>	<u>\$ 49,500</u>	<u>\$ (19,500)</u>
Receipts Over (Under) Expenditures	(6,176)	1,559		
Unencumbered Cash, Beginning	<u>40,627</u>	<u>34,451</u>		
Unencumbered Cash, Ending	<u>\$ 34,451</u>	<u>\$ 36,009</u>		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from Other Funds		
General	\$ 10,000	\$ -
Total Cash Receipts	10,000	-
Expenditures		
Operating transfer to		
Supplemental General	10,020	-
Total Expenditures	10,020	-
Receipts Over (Under) Expenditures	(20)	-
Unencumbered Cash, Beginning	325,000	324,980
Unencumbered Cash, Ending	\$ 324,980	\$ 324,980

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
TITLE I FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ 116,381	\$ 125,950
Total Cash Receipts	116,381	125,950
Expenditures		
Instruction	118,374	124,678
General Administration	-	-
Total Expenditures	118,374	124,678
Receipts Over (Under) Expenditures	(1,993)	1,272
Unencumbered Cash, Beginning	9,267	7,274
Unencumbered Cash, Ending	\$ 7,274	\$ 8,546

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CARES ACT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
ESSER Aid	\$ -	\$ 94,115
SPARK Aid	-	71,008
	<u>-</u>	<u>165,123</u>
Total Cash Receipts	<u>-</u>	<u>165,123</u>
Expenditures		
Program Expenditures	<u>8,013</u>	<u>157,111</u>
Total Expenditures	<u>8,013</u>	<u>157,111</u>
Receipts Over (Under) Expenditures	(8,013)	8,013
Unencumbered Cash, Beginning	<u>-</u>	<u>(8,013)</u>
Unencumbered Cash, Ending	<u>\$ (8,013)</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
KANSAS SAFE SCHOOL GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
State Aid	\$ 6,000	\$ -
Total Cash Receipts	6,000	-
Expenditures		
Instruction	5,495	505
Total Expenditures	5,495	505
Receipts Over (Under) Expenditures	505	(505)
Unencumbered Cash, Beginning	-	505
Unencumbered Cash, Ending	\$ 505	\$ -

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
REAP GRANT FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Federal Sources		
Federal aid	\$ 28,351	\$ 12,550
Total Cash Receipts	<u>28,351</u>	<u>12,550</u>
Expenditures		
Instruction	<u>40,901</u>	<u>-</u>
Total Expenditures	<u>40,901</u>	<u>-</u>
Receipts Over (Under) Expenditures	(12,550)	12,550
Unencumbered Cash, Beginning	<u>-</u>	<u>(12,550)</u>
Unencumbered Cash, Ending	<u>\$ (12,550)</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
TITLE II FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	\$ 12,837	\$ 12,086
Total Cash Receipts	12,837	12,086
Expenditures		
Instruction	12,837	12,086
Total Expenditures	12,837	12,086
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
KANSAS READING ROADMAP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	\$ 94,322	\$ 150,994
Local Sources		
Miscellaneous	-	3,622
Total Cash Receipts	94,322	154,616
Expenditures		
Program Expenditures	106,912	80,731
Total Expenditures	106,912	80,731
Receipts Over (Under) Expenditures	(12,590)	73,884
Unencumbered Cash, Beginning	(24,471)	(37,061)
Unencumbered Cash, Ending	\$ (37,061)	\$ 36,823

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
E-RATE FIBER PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
State Aid	\$ -	\$ 149,053
Federal Sources		
Grant	-	1,341,475
Total Cash Receipts	-	1,490,528
Expenditures		
Program Expenditures	-	1,490,528
Total Expenditures	-	1,490,528
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
GIFTS AND GRANTS FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources		
Gifts	\$ 25	\$ 10
Total Cash Receipts	<u>25</u>	<u>10</u>
Expenditures		
Program Expenditures	<u>25</u>	<u>10</u>
Total Expenditures	<u>25</u>	<u>10</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	\$ 61,653	\$ 69,065	\$ 68,559	\$ 506
Delinquent tax	2,004	1,910	31	1,879
Motor vehicle tax	8,752	9,793	8,651	1,142
Recreational vehicle tax	1,982	81	87	(6)
Interest on idle funds	-	-	-	-
Other	-	-	-	-
State Sources				
State aid	175,372	173,657	173,658	(1)
Total Cash Receipts	249,763	254,506	\$ 250,986	\$ 3,520
Expenditures				
Debt Service				
Principal	130,000	140,000	\$ 140,000	\$ -
Interest	83,869	79,819	79,920	(101)
Other	-	-	30	(30)
Total Expenditures Subject to Budget	213,869	219,819	219,950	(131)
Receipts Over (Under) Expenditures	35,894	34,687		
Unencumbered Cash, Beginning	204,797	240,691		
Unencumbered Cash, Ending	\$ 240,691	\$ 275,378		

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SCHOLARSHIP FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Fiscal Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Donations	\$ 80,000	\$ -
Interest	938	1,067
Total Cash Receipts	80,938	1,067
Expenditures		
Scholarships	1,700	3,800
Total Expenditures	1,700	3,800
Receipts Over (Under) Expenditures	79,238	(2,733)
Unencumbered Cash, Beginning	100,025	179,263
Unencumbered Cash, Ending	\$ 179,263	\$ 176,531

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2021

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
Oswego High School & Middle School	\$ 39,022	49,036	\$ 46,637	\$ 41,422
Service Valley Charter Academy	17,263	11,870	14,140	14,993
Neosho Heights Elem. School	7,925	7,086	4,008	11,003
	<u>64,210</u>	<u>67,993</u>	<u>\$ 64,785</u>	<u>\$ 67,418</u>
Totals	<u>64,210</u>	<u>67,993</u>	<u>\$ 64,785</u>	<u>\$ 67,418</u>

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
DISTRICT ACTIVITY FUNDS
 Schedule of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Fiscal Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2021
Athletics						
Oswego High School & Middle School	\$ 1,283	\$ 27,575	\$ 24,291	\$ 4,566	\$ -	\$ 4,566
Totals	\$ 1,283	\$ 27,575	\$ 24,291	\$ 4,566	\$ -	\$ 4,566

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
<u>U.S. Department of Agriculture</u>			
Passed Through the State of Kansas			
Department of Education			
COVID-19 School Lunch Program (See Note 2)	10.555	\$ 61,044	\$ 46,676
COVID-19 Summer Food Service Program (See Note 2)	10.559	239,714	264,291
Fresh Fruits and Vegetables Program	10.582	15,185	15,185
		315,943	326,152
<u>U.S. Department of Treasury</u>			
Passed Through Labette County			
COVID-19 Coronavirus Relief Fund	21.019	71,008	71,008
<u>Federal Communications Commission</u>			
Universal Service Fund - Schools and Libraries	32.004	1,379,062	1,374,761
<u>U.S. Department of Education</u>			
Passed Through the State of Kansas			
Department of Education			
Title I Grants to Local Education Agencies	84.010	111,245	\$ 109,973
Twenty-First Century Community Learning Centers	84.287	117,523	80,700
Supporting Effective Instruction State Grants	84.367	12,086	12,086
Student Support and Academic Enrichment Program	84.424	14,705	14,705
COVID-19 Education Stabilization Fund	84.425	94,115	86,102
		349,674	303,566
TOTALS		\$ 2,115,687	\$ 2,075,487

NOTES:

1. The schedule of expenditures of federal awards has been prepared in accordance with the regulatory basis of accounting as set forth in the Kansas Municipal Audit and Accounting Guide. Under the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures include disbursements accounts payable and encumbrances. Encumbrances are commitments of the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.
2. Part of the Child Nutrition Cluster. Total Child Nutrition Cluster expenditures were \$310,967.
3. The District did not elect to use the 10% de minimis indirect cost rate.

Diehl Banwart Bolton

Certified Public Accountants P.A.

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

Board of Education
Unified School District #504
Oswego, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory basis financial statement of Unified School District #504 as of and for the year ended June 30, 2021, and the related notes to the regulatory basis financial statement and have issued our report thereon dated December 23, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

We noted certain other matters that we reported to Management of the District in a separate letter dated January 26, 2022.

District's Response to Findings

The District's response to the findings identified in our audit is described in the Corrective Action Plan. We did not audit the District's response and accordingly, we express no opinion on it.

Purpose of this Report

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

January 26, 2022
Pittsburg, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

Board of Education
Unified School District #504
Oswego, Kansas

Report on Compliance for Each Major Federal Program

We have audited the Unified School District #504's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibilities

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

January 26, 2022
Pittsburg, Kansas

**UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS**

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the regulatory basis of accounting.
- Unqualified opinion on the regulatory basis financial statements.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? __ YES X NO

FEDERAL AWARDS:

Internal control over major programs:

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

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

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

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA #
32.004

NAME OF PROGRAM
Universal Service Fund – Schools & Libraries

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2021-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with preparing the regulatory basis financial statement, as well as determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting.

Criteria: Internal controls should be in place that provide a reasonable assurance that the financial statements are appropriate in form and contain the required disclosures.

Cause: Relying upon the independent auditors for an area that should have internal controls in place.

Effect: The District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures.

Recommendation: None

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

UNIFIED SCHOOL DISTRICT #504

June 30, 2021 Financial Statements

Corrective Action Plan

Audit Finding 2021-001

USD #504 has always relied upon its auditors to provide significant assistance with preparing the regulatory basis financial statement and with determining which disclosures were required under the regulatory basis of accounting. While the USD #504 understands that this is a significant deficiency in our internal controls, we believe it is the most cost-effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management and regulatory purposes. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the disclosure requirements of the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.