January 10, 2022

To the Board of Education
Unified School District No. 431 Hoisington, Kansas
Hoisington, Kansas, Kansas

Governance Letter

We have audited the primary government financial statement of **Unified School District No. 431 Hoisington, Kansas** for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Unified School District No. 431 Hoisington, Kansas** are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statement. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statement taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 10, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statement or a determination of the type of auditors' opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

Audit Recommendations

We wish to communicate to the governing body recommendations that we discussed with management to improve operational or administrative efficiencies and for improving internal control.

- The District should consider creating written procedures or instructions for key positions. That way, in the event of turnover or an emergency, there is no confusion as to the duties and responsibilities that the job requires. In addition, employees with responsibilities relating to federal funding should be knowledgeable about the program and able to ensure that compliance requirements are met. Trainings can be utilized to achieve this.

- Payroll raises and yearly contracts, calendars and memos should all be updated to agree and properly documented to ensure the correct amount is being paid.

- The annual food service report submitted to the State should be reconciled to the District's books and any variances should be investigated.

We will review the status of these items during our next audit engagement. We have already discussed many of these items and suggestions with the appropriate personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of the Board of Education and management of **Unified School District No. 431 Hoisington, Kansas** and is not intended to be, and should not be, used by anyone other than these specified parties.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended June 30, 2021

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Primary Government Financial Statement With Independent Auditors' Report
For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 431 Hoisington, Kansas
Hoisington, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 431 Hoisington, Kansas**, as of and for the year ended June 30, 2021 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' 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 *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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, the financial statement is prepared by **Unified School District No. 431 Hoisington, 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 matters 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 **Unified School District No. 431 Hoisington, Kansas** as of June 30, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Unified School District No. 431 Hoisington, Kansas** as of June 30, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds and schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **Unified School District No. 431 Hoisington, Kansas** as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated February 1, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic 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 at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of

contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. The schedule of expenditures of federal awards 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. Such 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 January 10, 2022, on our consideration of **Unified School District No. 431 Hoisington, Kansas'** 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 **Unified School District No. 431 Hoisington, Kansas'** 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 **Unified School District No. 431 Hoisington, Kansas'** internal control over financial reporting and compliance.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

January 10, 2022

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General Fund	$ 1,390	-	6,347,875	6,349,265	-	38,374	38,374
Supplemental General Fund	66,085	-	1,932,053	1,897,350	100,788	-	100,788
Special Purpose Funds							
Contingency Reserve Fund	631,496	-	118,908	63,468	686,936	22,366	709,302
Capital Outlay Fund	624,931	-	669,057	632,922	661,066	117,677	778,743
Driver Training Fund	47,584	-	18,930	16,696	49,818	406	50,224
Professional Development Fund	62,531	-	2,979	23,512	41,998	25	42,023
Food Service Fund	171,916	-	590,320	581,467	180,769	29,466	210,235
Special Education Fund	245,819	-	1,264,155	1,235,914	274,060	153	274,213
Vocational Education Fund	165,779	-	403,622	412,992	156,409	-	156,409
Textbook Rental Fund	47,472	-	44,696	15,886	76,282	-	76,282
KPERS Special Retirement Contribution Fund	-	-	647,081	647,081	-	-	-
At Risk/4 Year Fund	165,185	-	-	57,846	107,339	-	107,339
At Risk/K-12 Fund	196,980	-	628,755	620,716	205,019	-	205,019
Bilingual Education Fund	791	-	-	-	791	-	791
Gifts and Grants Fund	14,858	-	85,281	95,284	4,855	2,990	7,845
Title I Fund	-	-	158,733	147,704	11,029	4,892	15,921
Title IIA Fund	-	-	21,321	21,239	82	1,098	1,180
Title IVA Fund	-	-	16,091	11,761	4,330	1,373	5,703
Recreation Commission Fund	17,067	-	194,490	200,000	11,557	-	11,557
Recreation Commission Employee Benefits Fund	2,162	-	24,187	23,897	2,452	-	2,452
Federal Funds Fund	(156,376)	-	298,309	141,933	-	-	-
District Activity Funds	16,965	-	46,585	61,542	2,008	-	2,008
Bond and Interest Fund							
Bond and Interest Fund	1,204,670	-	9,335,900	9,368,100	1,172,470	-	1,172,470
Trust Fund							
Scholarship Fund	97,500	-	684	684	97,500	3,120	100,620
Total Primary Government (Excluding Agency Funds)	$ 3,624,805	-	22,850,012	22,627,259	3,847,558	221,940	4,069,498

Composition of Cash	Checking and Money Market Accounts	$ 4,095,818
	Savings Accounts	3,120
	Cash on Hand	100
	Certificates of Deposit	97,500
	Total Cash	4,196,538
	Agency Funds Per Schedule 3	(127,040)
	Total Primary Government (Excluding Agency Funds)	$ 4,069,498

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 431 Hoisington, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the District and/or its constituents.

Hoisington Recreation Commission

Hoisington Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. Audited financial statements can be obtained by contacting the recreation commission's office.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Regulatory Basis Fund Types

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.

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

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursements
The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

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

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments for this year for the Gifts and Grants Fund, Bond and Interest Fund and Capital Outlay Fund.

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 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 budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Fund, Title IIA Fund, Title IVA Fund, Federal Funds Fund, and District Activity 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.

NOTE 3 – DEPOSITS AND INVESTMENTS

Unified School District No. 431 Hoisington, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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 K.S.A. 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%. The District does not use "peak periods". All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $4,196,538 and the bank balance was $4,779,549. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $379,761 was covered by federal depository insurance and $4,399,788 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2021.

NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 431 Hoisington, Kansas received $400,163 subsequent to June 30, 2021 and as required by K.S.A. 72-5135, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 431 Hoisington, Kansas'** interfund transfers and regulatory authority for the year ended June 30, 2021 were as follows:

From	To	Regulatory Authority		Amount
General Fund	Driver Training Fund	K.S.A. 72-5167	$	6,000
General Fund	Capital Outlay Fund	K.S.A. 72-5167		229,188
General Fund	Food Service Fund	K.S.A. 72-5167		5,501
General Fund	Special Education Fund	K.S.A. 72-5167		1,200,000
General Fund	Vocational Education Fund	K.S.A. 72-5167		400,000
General Fund	At Risk/K-12 Fund	K.S.A. 72-5167		425,000
General Fund	Contingency Reserve Fund	K.S.A. 72-5167		118,908
Supplemental General Fund	At Risk/K-12 Fund	K.S.A. 72-5143		203,755

NOTE 6 – LITIGATION

Unified School District No. 431 Hoisington, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the District.

NOTE 7 – RISK MANAGEMENT

Unified School District No. 431 Hoisington, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other districts in the State to participate in the Kansas Association of School Boards (KASB), a public entity risk pool currently operating as a common risk management and insurance program for 113 participating members.

The District pays an annual premium to the Kansas Association of School Boards for its workers' compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1,000,000, for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by the Kansas Association of School Boards management.

The District carries commercial insurance for all other risks of loss, including property, general liability, automobile, crime, inland marine, umbrella, cybersolutions and linebacker. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

Unified School District No. 431 Hoisington, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – DEFERRED COMPENSATION PLAN

Unified School District No. 431 Hoisington, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
Unified School District No. 431 Hoisington, Kansas 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 S 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 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021.

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

contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided 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 $647,081 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 $7,065,609. 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 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.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Unified School District No. 431 Hoisington, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2021.

NOTE 12 – COMPENSATED ABSENCES

The District's contracts with various employees permit the employees to accumulate different amounts of vacation, sick, and universal leave. Clerical and custodial (classified) employees are allowed to accumulate vacation and sick leave. Full-time (certified) employees are allowed to accumulate universal leave.

The District is obligated to pay an employee, who accumulated more than 50 days of sick leave prior to June 30, 2005, $80 per day for each accrued day above 50 days when the individual leaves the District. An individual has the option of cashing out his/her accumulated days prior to leaving the District. This option has to be made between June 1st and July 1st of the year prior to the year the option is exercised. Annually, the District will pay out $40,000 on a first come basis in September.

Employees with no accumulated days above 50 or were hired after June 30, 2005 will not receive any compensation for accumulated leave up to 80 days. The District is obligated to pay an employee $50 per day up to 10 days for an individual that has accumulated more than 80 sick days in a year. This payment will be made by June 30th of each year.

Vacation
The District's contracts state that accumulated vacation must be taken by the end of the contract date or the time will be lost.

Sick
Clerical and custodial (classified) employees will be credited with 10 days sick leave on the first day of the fiscal year. Unused leave will be accumulated to a maximum of 50 days. All other classified employees will be credited with 7 days sick leave. Unused leave will be accumulated to a maximum of 35 days.

Universal
Full-time (certified) employees will be credited with 15 days of universal leave on the first day of the fiscal year. Unused leave will be accumulated to a maximum of 80 days.

Sick Leave Bank
The District has a sick leave bank to provide an extension of sick leave beyond normal sick leave provided by the Board for cases of serious and extended illness of District employees. At the beginning of each school year, the Board shall provide such sick leave as is necessary to establish a balance of 130 days in the bank. No employee may draw from the bank until the individual's sick leave is exhausted. Request for permission to draw from the bank must be made in writing to the Superintendent no later than seven calendar days from the date the sick leave is exhausted. No employee shall be permitted to draw from the bank more sick leave than he/she shall have accumulated. The sick leave bank will not be extended for illness of a family member or an employee's time off to tend to a family member.

NOTE 13 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Unified School District No. 431 Hoisington, Kansas exceeded the budget in the Special Education Fund by $15,187, which is in violation of K.S.A. 79-2935.

NOTE 14 – RISKS AND UNCERTAINTIES

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.

NOTE 15 - ADVANCED REFUNDING DEBT DEFEASANCE

On June 10, 2021, the **Unified School District No. 431 Hoisington, Kansas** issued Series 2021 Taxable General Obligation Refunding Bond of $8,455,000 (par value) with a variable interest rate of 0.300-2.800%. The bond was used to advance refund $7,210,000 of Series 2015 A General Obligation Bond. After paying issuance costs of $63,728 and underwriter's discount of $84,550, net proceeds were $8,306,722. The advance refunding net proceeds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds in the amount of $7,210,000 will be called on September 1, 2025. The Series 2021 bonds mature on September 1, 2040 and will be subject to optional redemption and payment prior to their stated maturity. The District completed the refunding to reduce its total debt service requirement and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $156,251.

NOTE 16 – LONG-TERM DEBT

Unified School District No. 431 Hoisington, Kansas has the following types of long-term debt.

Lease Obligations

On July 17, 2008, the District entered into a lease agreement with Kansas Bank for $1,196,250. Annual payments of $111,464 began in the 2009 fiscal year. The lease agreement is for energy conservation measures as agreed to with TAC Americas, Inc. on May 21, 2008. Although the Kansas Cash Basis Act requires lease agreements to be annually renewable and/or subject to annual appropriation of funds, the provisions of the cash basis law and K.S.A. 79-2925 and amendments thereto, do not apply to any contract or lease-purchase agreement entered into for the financing of energy conservation measures. As such, this lease agreement is not subject to annual appropriation of funds.

General Obligation Bonds

On November 18, 2015, the District issued $9,490,000 in General Obligation Refunding Bonds – Series 2015-A for the purpose of (a) constructing, furnishing and equipping a new Lincoln Elementary School, (b) renovate existing District facilities, including parking and security improvements, (c) making all other necessary improvements appurtenant thereto (collective, the "Project") and (d) pay costs of issuance and interest on said general obligation bonds of the District during construction of the Project. (They were also issued for the purpose of providing funds for the partial refunding of the District's General Obligation Refunding Bonds – Series 2005-A.)

On July 21, 2016, the District issued $6,480,000 in General Obligation Refunding Bonds – Series 2016-A for the purpose of (a) constructing, furnishing and equipping a new Lincoln Elementary School, (b) renovate existing District facilities, including parking and security improvements, (c) making all other necessary improvements appurtenant thereto (collective, the "Project") and (d) pay costs of issuance and interest on said general obligation bonds of the District during construction of the Project. (They were also issued for the purpose of providing funds for the partial refunding of the District's General Obligation Refunding Bonds – Series 2005-A.)

On June 10, 2021, the District issued $8,455,000 in General Obligation Refunding Bonds – Series 2021-A for the purpose of providing funds for the partial refunding of the District's General Obligation Refunding Bonds – Series 2015-A.

Changes in long-term liabilities for the District for the year ended June 30, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	**Balance End of Year**	Interest Paid
General Obligation Bonds									
Series 2015-A	3.0% to 4.0%	11/18/15	$ 9,490,000	09/01/40	$ 8,610,000	-	(7,415,000)	**1,195,000**	324,325
Series 2016-A	2.0% to 3.0%	07/21/16	6,480,000	09/01/40	6,055,000	-	(215,000)	**5,840,000**	168,775
Series 2021	.3% to 2.8%	06/10/21	8,455,000	09/01/40	-	8,455,000	-	**8,455,000**	-
Total General Obligation Bonds					14,665,000	8,455,000	(7,630,000)	**15,490,000**	493,100
Lease Obligations									
Energy Conservation Lease	4.51%	07/17/08	1,196,250	07/17/23	399,786	-	(93,434)	**306,352**	18,031
Total Contractual Indebtedness					$ 15,064,786	8,455,000	(7,723,434)	**15,796,352**	511,131

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR								
	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041	**Total**
Principal									
General Obligation Bonds	$ 620,000	620,000	635,000	650,000	665,000	3,570,000	4,090,000	4,640,000	**15,490,000**
Lease Obligations	97,647	102,051	106,654	-	-	-	-	-	**306,352**
Total Principal	**717,647**	**722,051**	**741,654**	**650,000**	**665,000**	**3,570,000**	**4,090,000**	**4,640,000**	**15,796,352**
Interest									
General Obligation Bonds	338,501	379,549	366,008	351,839	336,781	1,418,093	892,329	329,354	**4,412,454**
Lease Obligations	13,817	9,413	4,810	-	-	-	-	-	**28,040**
Total Interest	**352,318**	**388,962**	**370,818**	**351,839**	**336,781**	**1,418,093**	**892,329**	**329,354**	**4,440,494**
Total Principal and Interest	$ **1,069,965**	**1,111,013**	**1,112,472**	**1,001,839**	**1,001,781**	**4,988,093**	**4,982,329**	**4,969,354**	**20,236,846**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to Comply With Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Governmental Type Funds						
General Funds						
General Fund	$ 6,418,531	(140,268)	71,002	6,349,265	**6,349,265**	-
Supplemental General Fund	1,939,946	(42,596)	-	1,897,350	**1,897,350**	-
Special Purpose Funds						
Capital Outlay Fund	774,495	-	-	774,495	**632,922**	(141,573)
Driver Training Fund	17,100	-	-	17,100	**16,696**	(404)
Professional Development Fund	92,000	-	-	92,000	**23,512**	(68,488)
Food Service Fund	630,100	-	-	630,100	**581,467**	(48,633)
Special Education Fund	1,156,572	-	64,155	1,220,727	**1,235,914**	15,187
Vocational Education Fund	466,100	-	-	466,100	**412,992**	(53,108)
KPERS Special Retirement Contribution Fund	759,760	-	-	759,760	**647,081**	(112,679)
At Risk/4 Year Fund	165,185	-	-	165,185	**57,846**	(107,339)
At Risk/K-12 Fund	837,438	-	-	837,438	**620,716**	(216,722)
Bilingual Education Fund	791	-	-	791	-	(791)
Gifts and Grants Fund	96,000	-	-	96,000	**95,284**	(716)
Recreation Commission Fund	200,000	-	-	200,000	**200,000**	-
Recreation Commission Employee Benefits Fund	23,897	-	-	23,897	**23,897**	-
Bond and Interest Fund						
Bond and Interest Fund	914,000	-	8,455,000	9,369,000	**9,368,100**	(900)

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Taxes	$ 9,565	**3,052**	9,565	(6,513)
Intergovernmental Revenues				
Equalization Aid	5,297,738	**5,433,762**	5,592,349	(158,587)
Special Education Fund	774,453	**840,059**	816,617	23,442
Other State Aid	5,368	**1,000**	-	1,000
Federal Aid	-	**200**	-	200
Other Local Sources				
Reimbursements	63,947	**69,802**	-	69,802
Total Receipts	6,151,071	**6,347,875**	6,418,531	(70,656)
Expenditures				
Instruction	1,526,021	**1,630,628**	1,622,941	7,687
Student Support Services	201,861	**186,586**	203,000	(16,414)
Instructional Support Services	232,577	**252,789**	305,700	(52,911)
General Administration	206,070	**208,286**	218,300	(10,014)
School Administration	617,153	**639,651**	629,530	10,121
Central Services	63,462	**108,074**	91,000	17,074
Operations and Maintenance	709,691	**750,884**	846,500	(95,616)
Vehicle Operating Services	198,203	**187,770**	235,560	(47,790)
Transfers Out	2,396,033	**2,384,597**	2,266,000	118,597
Adjustment to Comply with Legal Max	-	-	(140,268)	140,268
Legal General Fund Budget	6,151,071	**6,349,265**	6,278,263	71,002
(a) Adjustment for Qualifying Budget Credits	-	-	71,002	(71,002)
Total Expenditures	6,151,071	**6,349,265**	6,349,265	-
Receipts Over (Under) Expenditures	-	**(1,390)**		
Unencumbered Cash - Beginning	-	**1,390**		
Prior Year Cancelled Encumbrances	1,390	-		
Unencumbered Cash - Ending	$ 1,390	-		

(a) Adjustment for Qualifying Budget Credits	
Other State Aid Over Amount Budgeted	$ 1,000
Federal Aid Over Amount Budgeted	200
Reimbursements Over Amount Budgeted	69,802
Total	$ 71,002

Schedule 2-2

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Taxes and Shared Revenues				
Taxes	$ 760,377	**871,624**	872,571	(947)
Intergovernmental Revenues				
Equalization Aid	1,070,532	**1,060,429**	1,084,236	(23,807)
Total Receipts	1,830,909	**1,932,053**	1,956,807	(24,754)
Expenditures				
Instruction	1,658,484	**1,693,595**	1,726,358	(32,763)
Transfers Out	209,809	**203,755**	213,588	(9,833)
Adjustment to Comply with Legal Max	-	-	(42,596)	42,596
Total Expenditures	1,868,293	**1,897,350**	1,897,350	-
Receipts Over (Under) Expenditures	(37,384)	**34,703**		
Unencumbered Cash - Beginning	103,469	**66,085**		
Unencumbered Cash - Ending	$ 66,085	**100,788**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Contingency Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	74,692	**118,908**
Expenditures			
Operations and Maintenance		-	**63,468**
Receipts Over (Under) Expenditures		74,692	**55,440**
Unencumbered Cash - Beginning		556,804	**631,496**
Unencumbered Cash - Ending	$	631,496	**686,936**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Taxes and Shared Revenues				
Taxes	$ 313,527	**292,264**	274,579	17,685
Intergovernmental Revenues				
State Aid	143,029	**119,582**	120,545	(963)
Other Local Sources				
Interest on Idle Funds	12,683	**3,868**	-	3,868
Reimbursements	18,053	**24,155**	-	24,155
Insurance Reimbursements	3,317	**-**	-	-
Transfers In	114,692	**229,188**	-	229,188
Total Receipts	605,301	**669,057**	395,124	273,933
Expenditures				
Instruction	5,466	**109,082**	35,000	74,082
School Administration	-	**-**	2,000	(2,000)
Operations and Maintenance	290,403	**450,174**	500,000	(49,826)
Transportation	-	**-**	137,495	(137,495)
Vehicle Operating Services	239,900	**72,502**	-	72,502
Other Support Services	-	**1,164**	100,000	(98,836)
Total Expenditures	535,769	**632,922**	774,495	(141,573)
Receipts Over (Under) Expenditures	69,532	**36,135**		
Unencumbered Cash - Beginning	555,399	**624,931**		
Unencumbered Cash - Ending	$ 624,931	**661,066**		

Schedule 2-5

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Intergovernmental Revenues				
State Aid	$ 5,980	**5,100**	4,125	975
Other Local Sources				
Fees	6,354	**7,830**	-	7,830
Transfers In	6,000	**6,000**	6,000	-
Total Receipts	18,334	**18,930**	10,125	8,805
Expenditures				
Instruction	7,688	**15,157**	15,400	(243)
Vehicle Operating Services	1,279	**1,539**	1,700	(161)
Total Expenditures	8,967	**16,696**	17,100	(404)
Receipts Over (Under) Expenditures	9,367	**2,234**		
Unencumbered Cash - Beginning	38,217	**47,584**		
Unencumbered Cash - Ending	$ 47,584	**49,818**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Intergovernmental Revenues				
State Aid	$ 3,077	**2,979**	9,450	(6,471)
Other Local Sources				
Transfers In	50,000	-	65,000	(65,000)
Miscellaneous	1,450	-	-	-
Total Receipts	54,527	**2,979**	74,450	(71,471)
Expenditures				
Instructional Support Services	39,683	**23,512**	67,000	(43,488)
Central Services	-	-	25,000	(25,000)
Total Expenditures	39,683	**23,512**	92,000	(68,488)
Receipts Over (Under) Expenditures	14,844	**(20,533)**		
Unencumbered Cash - Beginning	47,687	**62,531**		
Unencumbered Cash - Ending	$ 62,531	**41,998**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Intergovernmental Revenues				
Federal Aid	$ 388,669	**547,144**	239,712	307,432
State Aid	4,935	**5,951**	3,092	2,859
Other Local Sources				
Lunch Receipts	125,679	**31,724**	110,255	(78,531)
Transfers In	160,000	**5,501**	170,000	(164,499)
Total Receipts	679,283	**590,320**	523,059	67,261
Expenditures				
Operations and Maintenance	3,866	**42,745**	-	42,745
Food Service Operations	590,888	**538,722**	630,100	(91,378)
Total Expenditures	594,754	**581,467**	630,100	(48,633)
Receipts Over (Under) Expenditures	84,529	**8,853**		
Unencumbered Cash - Beginning	87,387	**171,916**		
Unencumbered Cash - Ending	$ 171,916	**180,769**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Other Local Sources				
Reimbursements	$ 13,785	**64,155**	-	64,155
Transfers In	1,064,834	**1,200,000**	1,200,000	-
Total Receipts	1,078,619	**1,264,155**	1,200,000	64,155
Expenditures				
Instruction	1,126,936	**1,208,116**	1,143,057	65,059
Vehicle Operating Services	26,891	**27,798**	13,515	14,283
(a) Adjustment for Qualifying Budget Credit	-	-	64,155	(64,155)
Total Expenditures	1,153,827	**1,235,914**	1,220,727	15,187
Receipts Over (Under) Expenditures	(75,208)	**28,241**		
Unencumbered Cash - Beginning	321,027	**245,819**		
Unencumbered Cash - Ending	$ 245,819	**274,060**		

(a) Adjustment for Qualifying Budget Credit

Reimbursements Over Amount Budgeted	$ 64,155

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Other Local Sources				
Perkins Reimbursement	$ -	**3,622**	-	3,622
Transfers In	400,266	**400,000**	400,000	-
Total Receipts	400,266	**403,622**	400,000	3,622
Expenditures				
Instruction	396,419	**412,122**	466,100	(53,978)
Central Services	-	**870**	-	870
Total Expenditures	396,419	**412,992**	466,100	(53,108)
Receipts Over (Under) Expenditures	3,847	**(9,370)**		
Unencumbered Cash - Beginning	161,926	**165,779**		
Prior Year Cancelled Encumbrances	6	**-**		
Unencumbered Cash - Ending	$ 165,779	**156,409**		

Schedule 2-10

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Textbook Rental Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Other Local Sources		
Book Rental Fees	$ 24,871	**23,693**
iPad Rental Fees	17,284	**16,908**
iPad Repair Fees	2,493	**4,095**
Total Receipts	44,648	**44,696**
Expenditures		
Textbooks	22,428	**15,886**
Receipts Over (Under) Expenditures	22,220	**28,810**
Unencumbered Cash - Beginning	25,252	**47,472**
Unencumbered Cash - Ending	$ 47,472	**76,282**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
KPERS Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Intergovernmental Revenues				
State Aid	$ 670,574	**647,081**	759,760	(112,679)
Expenditures				
Instruction	469,403	**452,957**	509,760	(56,803)
Student Support Services	20,117	**19,412**	21,000	(1,588)
Instructional Support Services	20,117	**19,412**	21,000	(1,588)
General Administration	13,411	**12,942**	14,000	(1,058)
School Administration	53,646	**51,767**	54,000	(2,233)
Central Services	13,411	**12,942**	14,000	(1,058)
Operations and Maintenance	33,529	**32,354**	34,000	(1,646)
Student Transportation Services	20,117	**19,412**	65,177	(45,765)
Food Service Operations	26,823	**25,883**	26,823	(940)
Total Expenditures	670,574	**647,081**	759,760	(112,679)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	-		

Schedule 2-12

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
At Risk/4 Year Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Other Local Sources				
Transfers In	$ 100,000	-	-	-
Expenditures				
Instruction	23,694	**57,846**	164,935	(107,089)
Instructional Support Services	-	-	250	(250)
Total Expenditures	23,694	**57,846**	165,185	(107,339)
Receipts Over (Under) Expenditures	76,306	**(57,846)**		
Unencumbered Cash - Beginning	88,879	**165,185**		
Unencumbered Cash - Ending	$ 165,185	**107,339**		

Schedule 2-13

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
At Risk/K-12 Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Other Local Sources				
Miscellaneous	$ 8,641	-	-	-
Transfers In	635,358	**628,755**	638,588	(9,833)
Total Receipts	643,999	**628,755**	638,588	(9,833)
Expenditures				
Instruction	465,619	**433,152**	556,338	(123,186)
Student Support Services	180,732	**187,564**	193,100	(5,536)
Other Support Services	-	-	88,000	(88,000)
Total Expenditures	646,351	**620,716**	837,438	(216,722)
Receipts Over (Under) Expenditures	(2,352)	**8,039**		
Unencumbered Cash - Beginning	199,332	**196,980**		
Unencumbered Cash - Ending	$ 196,980	**205,019**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts	$ -	-	-	-
Expenditures				
Instruction	-	-	791	(791)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	791	**791**		
Unencumbered Cash - Ending	$ 791	**791**		

Schedule 2-15

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Gifts and Grants Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Intergovernmental Revenues				
State Aid	$ 75,609	**47,570**	65,019	(17,449)
Federal Aid	61,800	**30,081**	30,081	-
Other Local Sources				
Contributions and Other Grants	26,919	**7,630**	-	7,630
Total Receipts	164,328	**85,281**	95,100	(9,819)
Expenditures				
Instruction	149,760	**95,284**	96,000	(716)
Operations and Maintenance	13,841	**-**	-	-
Total Expenditures	163,601	**95,284**	96,000	(716)
Receipts Over (Under) Expenditures	727	**(10,003)**		
Unencumbered Cash - Beginning	14,131	**14,858**		
Unencumbered Cash - Ending	$ 14,858	**4,855**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Title I Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	$ 132,874	**158,733**
Expenditures		
Instruction	132,874	**147,704**
Receipts Over (Under) Expenditures	-	**11,029**
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	**11,029**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Title IIA Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	$ 22,090	**21,321**
Expenditures		
Instruction	22,090	**20,269**
School Administration	-	**970**
Total Expenditures	22,090	**21,239**
Receipts Over (Under) Expenditures	-	**82**
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	**82**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Title IVA Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	$ 15,100	**16,091**
Expenditures		
Instruction	15,100	**11,197**
Student Support Services	-	**564**
Total Expenditures	15,100	**11,761**
Receipts Over (Under) Expenditures	-	**4,330**
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	**4,330**

Schedule 2-19

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Recreation Commission Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Taxes and Shared Revenues				
Taxes	$ 208,917	**194,490**	183,910	10,580
Expenditures				
Community Service Operations	191,850	**200,000**	200,000	-
Receipts Over (Under) Expenditures	17,067	**(5,510)**		
Unencumbered Cash - Beginning	-	**17,067**		
Unencumbered Cash - Ending	$ 17,067	**11,557**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Recreation Commission Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Taxes and Shared Revenues				
Taxes	$ 26,137	**24,187**	22,736	1,451
Expenditures				
Community Service Operations	23,975	**23,897**	23,897	-
Receipts Over (Under) Expenditures	2,162	**290**		
Unencumbered Cash - Beginning	-	**2,162**		
Unencumbered Cash - Ending	$ 2,162	**2,452**		

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Federal Funds Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid - SPARKS	$ -	**187,890**
Federal Aid - ESSER I	-	**110,419**
Total Receipts	-	**298,309**
Expenditures		
Instruction	-	**119,799**
Student Support Services	-	**17,808**
Operations and Maintenance	628	**4,247**
Vehicle Operating Services	1,094	**79**
SPARKS	154,654	-
Total Expenditures	156,376	**141,933**
Receipts Over (Under) Expenditures	(156,376)	**156,376**
Unencumbered Cash - Beginning	-	**(156,376)**
Unencumbered Cash - Ending	$ (156,376)	-

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the 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)
Receipts				
Taxes and Shared Revenues				
Taxes	$ 681,952	**479,136**	461,617	17,519
Intergovernmental Revenues				
State Aid	446,625	**401,764**	393,030	8,734
Other Local Sources				
Bond Proceeds	-	**8,455,000**	-	8,455,000
Total Receipts	1,128,577	**9,335,900**	854,647	8,481,253
Expenditures				
Principal	380,375	**588,775**	588,775	-
Interest	512,875	**324,325**	325,225	(900)
Transfer to Escrow Fund	-	**8,306,722**	-	8,306,722
Costs of Issuance	-	**63,728**	-	63,728
Underwriter's Discount	-	**84,550**	-	84,550
(a) Adjustment for Qualifying Budget Credit	-	-	8,455,000	(8,455,000)
Total Expenditures	893,250	**9,368,100**	9,369,000	(900)
Receipts Over (Under) Expenditures	235,327	**(32,200)**		
Unencumbered Cash - Beginning	969,343	**1,204,670**		
Unencumbered Cash - Ending	$ 1,204,670	**1,172,470**		

(a) Adjustment for Qualifying Budget Credit

Bond Proceeds Over Amount Budgeted	$ 8,455,000

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Scholarship Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Other Local Sources		
Interest on Idle Funds	$ 685	**684**
Expenditures		
Scholarships	936	**684**
Receipts Over (Under) Expenditures	(251)	**-**
Unencumbered Cash - Beginning	97,751	**97,500**
Unencumbered Cash - Ending	$ 97,500	**97,500**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Student Organizations				
Cheerleaders	$ 281	6,531	5,071	**1,741**
Class of 2020	398	-	398	**-**
Class of 2021	5,003	50	3,482	**1,571**
Class of 2022	1,543	6,591	7,196	**938**
Class of 2023	1,919	1,930	1,242	**2,607**
Class of 2024	4,597	1,444	980	**5,061**
Class of 2025	-	5,370	3,957	**1,413**
Danceline	2,093	9,739	8,986	**2,846**
Entrepreneurship	3,199	14,302	15,013	**2,488**
FCCLA	4,368	34,904	30,497	**8,775**
FBLA	5,507	10,422	10,768	**5,161**
GAL'S Club	2,715	595	605	**2,705**
Gift Account	731	648	-	**1,379**
H-Club	16,659	20,603	19,791	**17,471**
HFL	2,761	-	1,906	**855**
Kays	1,303	3,313	3,624	**992**
Lincoln	2,301	33,312	25,443	**10,170**
Middle School	14,013	19,547	14,684	**18,876**
Music - Band	399	970	773	**596**
Music - Vocal	3,244	793	2,780	**1,257**
National Honor Society	53	150	42	**161**
Pep Club	433	-	405	**28**
Roosevelt	15,502	28,375	28,884	**14,993**
Sr. High	4,911	274	1,044	**4,141**
Stuco	1,701	648	338	**2,011**
Video Production	2,904	-	-	**2,904**
Yearbook	16,548	7,888	11,041	**13,395**
Student Scholarship Fund	2,270	535	300	**2,505**
Total Student Organizations	$ 117,356	208,934	199,250	**127,040**

Schedule 4

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Gate Receipts							
Athletics	$ 16,965	-	46,585	61,542	**2,008**	-	**2,008**

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS

Single Audit Information

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

To the Board of Education
Unified School District No. 431 Hoisington, Kansas
Hoisington, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* 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. 431 Hoisington, Kansas**, as of and for the year ended June 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated January 10, 2022. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Unified School District No. 431 Hoisington, Kansas'** 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 **Unified School District No. 431 Hoisington, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 431 Hoisington, Kansas'** 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2021-001) that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 431 Hoisington, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unified School District No. 431 Hoisington, Kansas' Response to Findings

Unified School District No. 431 Hoisington, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Unified School District No. 431 Hoisington, Kansas'** response was not subjected to the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

January 10, 2022

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

To the Board of Education
Unified School District No. 431 Hoisington, Kansas
Hoisington, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Unified School District No. 431 Hoisington, Kansas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 431 Hoisington, Kansas'** major federal programs for the year ended June 30, 2021. **Unified School District No. 431 Hoisington, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Unified School District No. 431 Hoisington, Kansas'** 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 *Kansas Municipal Audit and Accounting Guide*; 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 **Unified School District No. 431 Hoisington, Kansas'** 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 **Unified School District No. 431 Hoisington, Kansas'** compliance.

Opinion on Each Major Federal Program

In our opinion, **Unified School District No. 431 Hoisington, Kansas** 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 **Unified School District No. 431 Hoisington, Kansas** 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 **Unified School District No. 431 Hoisington, Kansas'** 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 **Unified School District No. 431 Hoisington, Kansas'** 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, KS

January 10, 2022

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Kansas State Department of Education			
Child Nutrition Cluster			
Covid-19 Funds - National School Lunch Program	10.555	N/A	$ 21,992
Summer Food Service Program for Children	10.559	N/A	525,152
Total Department of Agriculture			547,144
U.S. Department of Education			
Passed Through Kansas State Department of Education			
Supporting Effective Instruction State Grants	84.367	N/A	21,239
Title I Grants to Local Educational Agencies	84.010	N/A	147,703
Student Support and Academic Enrichment Program	84.424	N/A	11,761
Covid-19 Funds - Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	103,426
Total Department of Education			284,129
U.S. Department of Health and Human Services			
Passed Through Kansas State Department of Education			
Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	N/A	200
Temporary Assistance for Needy Families	93.558	N/A	30,081
Total Department of Health and Human Services			30,281
U.S. Department of the Treasury			
Passed Through Barton County			
Covid-19 Funds - Coronavirus Relief Fund	21.019	N/A	38,507
Total Expenditures of Federal Awards			**$ 900,061**

Note - There were no awards made to subrecipients for the year ended June 30, 2021.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 431 Hoisington, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the 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).

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 – OTHER EXPENDITURES

The District did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees and incurred no expenditures in relation thereof for the year ended June 30, 2021.

UNIFIED SCHOOL DISTRICT NO. 431 HOISINGTON, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statement was prepared in accordance with a special framework that is not in compliance with GAAP.			Unmodified	
Internal control over financial reporting:				
• Material weakness identified?	X	Yes		No
• Significant deficiency identified?		Yes	X	None reported
• Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
• Material weakness identified?		Yes	X	No
• Significant deficiencies identified?		Yes	X	None reported
Type of auditors' report issued on compliance for major programs:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		Yes	X	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program
Child Nutrition Cluster	
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

Dollar threshold used to distinguish between Type A and			$ 750,000	
Auditee qualified as low-risk auditee?		Yes	X	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weakness

2021-001

Criteria or specific requirement
Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition
Proper segregation of duties does not exist in the accounting system.

Effect
Management may not become aware of problems or irregularities in a timely manner.

Cause
The District is unable to hire additional personnel due to its size.

Recommendation
Procedures should be established and implemented where the District implements segregation of duties in the receipts and expenditures cycles and implements additional internal controls.

Views of responsible officials and planned corrective actions
See corrective action plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

Unified District 431
Barton County

Patrick Crowdis
Superintendent of Schools

165 West Third
Hoisington, KS 67544
Telephone (620) 653-4134
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ATTENDANCE CENTERS

Hoisington High School
Hoisington Middle School
Lincoln Elementary
Roosevelt Elementary

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

2020-001

Criteria or specific requirement
Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition
Proper segregation of duties does not exist in the accounting system.

Effect
Management may not become aware of problems or irregularities in a timely manner.

Cause
The District is unable to hire additional personnel due to its size.

Recommendation
Procedures should be established and implemented where the District implements segregation of duties in the receipts and expenditures cycles and implements additional internal controls.

Status – Ongoing – see 2021-001.
The District is aware that employees have incompatible duties; however, due to the size of the District, it would not be feasible to hire additional personnel.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.