UNIFIED SCHOOL DISTRICT NO. 460

HESSTON, KANSAS

Financial Statement

For the Year Ended June 30, 2021

Unified School District No. 460

For the Year Ended June 30, 2021

CONTENTS

		Page
Independent Auditor's Report		1-3
Financial Section		
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1	4
Notes to Financial Statement		5-11
Regulatory – Required Supplementary Information		
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1	12
Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2	
General Funds		13-14
Special Purpose Funds		15-26
Bond and Interest Fund		27
Summary of Receipts and Disbursements – Regulatory Basis	Schedule 3	
Agency Funds		28
Schedule of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Schedule 4	
District Activity Funds		29
Other Supplementary Information		
Independent Auditor's 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		30-31
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		32-33
Schedule of Expenditures of Federal Awards		34
Notes to the Schedule of Expenditures of Federal Awards		35
Schedule of Findings and Questioned Costs		36

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 460
Hesston, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 460, Hesston, Kansas (District), as of and for the year ended June 30, 2021, and the related disclosures 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that 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 District'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 District'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 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 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 2021 basic financial statement, but 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 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2021 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 the District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated September 3, 2020, 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 https://admin.ks.gov/offices/oar/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and 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 2021 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 financial statement that collectively comprises the basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement of the District.

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, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
October 7, 2021

Unified School District No. 460

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the 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	$ -	6,338,358	6,338,358	-	16,025	16,025
Supplemental General	22,749	2,093,684	2,051,194	65,239	105,046	170,285
Special Purpose Funds						
At Risk (K-12)	150,000	342,839	342,839	150,000	-	150,000
Bilingual Education	20,000	73,227	73,227	20,000	-	20,000
Capital Outlay	1,269,521	875,252	514,845	1,629,928	18,643	1,648,571
Driver Training	26,809	14,748	14,650	26,907	-	26,907
Food Service	138,861	415,720	391,840	162,741	724	163,465
Professional Development	53,300	33,891	14,704	72,487	-	72,487
Parent Education	3,000	6,299	4,299	5,000	-	5,000
Special Education	400,000	1,145,861	1,145,861	400,000	-	400,000
Career and Postsecondary Education	51,822	228,691	228,685	51,828	-	51,828
KPERS Retirement	-	687,046	687,046	-	-	-
Recreation Commission	29,001	700,294	700,000	29,295	-	29,295
Recreation Commission Employee Benefits and Special Liability	7,143	50,469	45,199	12,413	-	12,413
Contingency Reserve	604,500	-	-	604,500	-	604,500
Textbook and Material Revolving	116,935	38,425	23,585	131,775	-	131,775
Gifts and Grants	-	12	-	12	-	12
Federal Government Programs						
Title I	-	73,873	73,873	-	-	-
Student Support Academic Enrichment	-	12,575	12,575	-	-	-
Supporting Effective Instruction	-	16,518	16,518	-	9,113	9,113
Elementary and Secondary Schools Emergency Relief Fund I	-	46,679	46,679	-	-	-
Elementary and Secondary Schools Emergency Relief Fund II	-	-	20,841	(20,841)	-	(20,841)
Strengthening People and Revitalizing Kansas	-	392,927	392,927	-	-	-
Bond and Interest Fund	1,202,137	1,229,436	1,163,850	1,267,723	-	1,267,723
District Activity Funds						
Activity Gate Receipts	31,627	206,077	211,756	25,948	-	25,948
School Projects	24,195	6,687	8,286	22,596	-	22,596
Total Reporting Entity (Excluding Agency Funds)	$ 4,151,600	15,029,588	14,523,637	4,657,551	149,551	4,807,102

Composition of Cash	
The Citizens State Bank	
Checking	$ 495,580
Money Market	4,258,878
Savings	100
Petty Cash	4,000
Activity Funds	
Elementary School	11,486
Middle School	42,333
High School	55,234
Pit Stop	16,834
Total cash balance	4,884,445
Less Agency Funds (Schedule 3)	77,343
Total Reporting Entity (excluding Agency Funds)	$ 4,807,102

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Unified School District No. 460, Hesston, Kansas, is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 460 (District), a municipality.

Regulatory Basis Fund Types

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

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

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

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

Activity Fund – under provisions of K.S.A. 72-1178, the Board of Education adopted a resolution relating to the school activity funds which results in the activity funds being accounted for under policies and procedures of the Board. In this financial statement, school activity funds of the District are classified as special purpose funds.

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

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

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Funds, Special Purpose Funds (unless specifically exempted by statute), and the Bond and Interest Fund. 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 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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 regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for the 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 Agency Funds or the following Special Purpose Funds: Contingency Reserve, Textbook and Material Revolving, Gifts & Grants, Federal Government Programs, and District Activities.

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.

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 comparison, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

2. DEPOSITS AND INVESTMENTS

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.

2. DEPOSITS AND INVESTMENTS (Continued)

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. All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $4,884,445 and the bank balance was $4,759,988. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $4,509,988 was collateralized with securities held by the pledging financial institution's agents in the District's name.

3. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $456,125 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.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The Elementary and Secondary School Emergency Relief (ESSER II) Fund reflects a negative ending unencumbered cash balance of $20,841 for the year ending June 30, 2021. K.S.A. 10-1116a provides that under certain situations, a fund can end the year with a negative unencumbered cash balance and therefore, be exempt from the cash basis law of the State of Kansas. This fund met the criteria under the statute, and is therefore, deemed to not be in violation of the Kansas cash basis law.

5. OPERATING LEASES

The District entered into operating lease agreements for copiers, printers and a postage meter for a total of 63 months. Payments totaling $58,514 were made in the year ended June 30, 2021. Under the current lease agreements, the future scheduled minimum payments are as follows:

2022	$ 58,514
2023	58,514
2024	58,514
2025	9,753
	$ 185,295

6. LONG-TERM DEBT

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									
School Improvement Series 2015, Refunding	2.0-3.0%	07/01/15	$7,360,000	09/01/2022	$ 3,335,000	-	1,080,000	2,255,000	83,850

Current maturities of long-term debt and interest for the next two years through maturity are as follows:

	Year Ending June 30		
	2022	2023	Total
General Obligation Bonds			
Principal	$ 1,110,000	1,145,000	2,255,000
Interest	51,000	17,175	68,175
Total principal and interest	$ 1,161,000	1,162,175	2,323,175

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	At Risk (K-12)	K.S.A. 72-5167	$ 132,879
General	Capital Outlay	K.S.A. 72-5167	180,254
General	Food Service	K.S.A. 72-5167	5,382
General	Professional Development	K.S.A. 72-5167	11,950
General	Special Education	K.S.A. 72-5167	636,042
Supplemental General	At Risk (K-12)	K.S.A. 72-5143	209,960
Supplemental General	Bilingual Education	K.S.A. 72-5143	73,227
Supplemental General	Driver Training	K.S.A. 72-5143	3,500
Supplemental General	Professional Development	K.S.A. 72-5143	21,069
Supplemental General	Parent Education	K.S.A. 72-5143	6,299
Supplemental General	Special Education	K.S.A. 72-5143	498,668
Supplemental General	Career and Postsecondary Education	K.S.A. 72-5143	228,600

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

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

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of their applicable premium.

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.

Compensated Absences

The District's personnel policies grant compensated absences in the form of vacation and sick days for each school year. Full-time classified employees earn five days of paid vacation upon completion of six months of employment. From one through nine years of service, ten days of paid vacation is earned. After ten years of service, classified employees earn fifteen days of paid vacation per year. After twenty years of service, classified employees earn twenty days of paid vacation per year. Vacation days cannot be accumulated. Certified employees earn no vacation.

Classified and certified employees earn 15 days of paid sick leave each year which can be accumulated to a maximum of 45 days. Unused sick leave of up to 30 days is paid to terminating employees at the rate of $10 per day.

The District's liability for compensated absences at June 30, 2021, has not been recorded in this financial statement.

9. DEFINED BENEFIT PENSION PLAN

Plan Description

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

and 14.41% respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

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

House Substitute for Senate Bill 109 from the 2018 Legislative session provided 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 $687,046 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 $6,987,826. 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.

10. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, not all grant expenditures have been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

The District 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 purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2020 to 2021, and there were no settlements that exceeded insurance coverage in the past three years.

10. CLAIMS AND JUDGMENTS (Continued)

During the ordinary course of its operations, the District is exposed to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material financial impact on the District.

11. RELATED PARTY TRANSACTIONS

The District is the taxing authority for Hesston Recreation & Community Education (HRCE), which operates recreational programs within the District. The District and the City of Hesston each appoint two members of the recreation commission board. During the fiscal year ended June 30, 2021, the District levied a total tax of 13.40 mills for the Recreation and Recreation Employee Benefit and Liability funds, which in turn is appropriated to HRCE for its operations. The financial activity of HRCE is not included in the accompanying financial statement.

12. CORONAVIRUS PANDEMIC

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 the fiscal year ended June 30, 2021.

13. CRF AND CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of $400 million. The District received CRF in the amount of $397,927 during 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely, and to remain open. The goals are to be fair, impactful, and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/.

14. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through October 7, 2021, which is the date at which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 460

HESSTON, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 1

Unified School District No. 460

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)
GENERAL FUNDS						
General	$ 6,281,004	(110,113)	167,467	6,338,358	6,338,358	-
Supplemental General	2,089,210	(38,016)	-	2,051,194	2,051,194	-
SPECIAL PURPOSE FUNDS						
At Risk (K-12)	359,960	-	-	359,960	342,839	(17,121)
Bilingual Education	75,400	-	-	75,400	73,227	(2,173)
Capital Outlay	952,800	-	-	952,800	514,845	(437,955)
Driver Training	14,650	-	-	14,650	14,650	-
Food Service	433,625	-	-	433,625	391,840	(41,785)
Professional Development	56,850	-	-	56,850	14,704	(42,146)
Parent Education	4,299	-	-	4,299	4,299	-
Special Education	1,206,866	-	-	1,206,866	1,145,861	(61,005)
Career and Postsecondary Education	246,050	-	-	246,050	228,685	(17,365)
KPERS Retirement	776,815	-	-	776,815	687,046	(89,769)
Recreation Commission	700,000	-	-	700,000	700,000	-
Recreation Commission Employee Benefits and Special Liability	45,199	-	-	45,199	45,199	-
BOND AND INTEREST FUND	1,163,850	-	-	1,163,850	1,163,850	-

Unified School District No. 460

General Funds

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)
GENERAL				
RECEIPTS				
General state aid	$ 5,344,974	5,534,849	5,644,711	(109,862)
Special education state aid	634,754	636,042	636,293	(251)
Reimbursements	100,633	167,467	-	167,467
Total receipts	6,080,361	6,338,358	6,281,004	57,354
EXPENDITURES				
Instruction	3,443,380	3,642,308	3,842,139	(199,831)
Student support services	61,407	100,078	74,965	25,113
Instructional support services	168,875	146,904	175,750	(28,846)
General administration	376,283	406,533	356,100	50,433
School administration	525,607	541,761	552,050	(10,289)
Operations and maintenance	369,693	376,125	436,900	(60,775)
Student transportation	146,980	152,871	200,807	(47,936)
Other services	3,176	5,271	6,000	(729)
Transfer to				
At Risk (K-12)	160,867	132,879	-	132,879
Capital Outlay	-	180,254	-	180,254
Food Service	1,918	5,382	-	5,382
Professional Development	25,830	11,950	-	11,950
Special Education	695,861	636,042	636,293	(251)
Career and Postsecondary Education	484	-	-	-
Contingency Reserve	100,000	-	-	-
	6,080,361	6,338,358	6,281,004	57,354
Adjustment to comply with legal max	-	-	(110,113)	110,113
Legal general fund budget	6,080,361	6,338,358	6,170,891	167,467
Adjustment for qualifying budget credits	-	-	167,467	(167,467)
Total expenditures	6,080,361	6,338,358	6,338,358	-
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	$ -	-		

Unified School District No. 460

General Funds

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)
SUPPLEMENTAL GENERAL				
RECEIPTS				
Tax in process	$ 16,580	11,899	35,864	(23,965)
Current tax	743,847	797,170	816,791	(19,621)
Delinquent tax	5,884	6,016	3,940	2,076
Motor vehicle tax	95,045	99,138	90,795	8,343
Recreational vehicle tax	1,110	1,376	978	398
Commercial vehicle tax	5,844	5,782	6,276	(494)
In lieu of tax	3,585	2,097	-	2,097
State aid	1,103,436	1,170,206	1,191,894	(21,688)
Total receipts	1,975,331	2,093,684	2,146,538	(52,854)
EXPENDITURES				
Instruction	114,226	167,505	152,000	15,505
Instructional support services	168,373	174,132	180,700	(6,568)
General administration	30,846	32,137	40,000	(7,863)
Operations and maintenance	617,164	557,084	712,850	(155,766)
Student transportation	46,572	49,845	38,400	11,445
Other support services	38,638	29,168	-	29,168
Transfer to				
At Risk (K-12)	193,978	209,960	209,960	-
Bilingual Education	70,964	73,227	55,400	17,827
Drivers Training	-	3,500	-	3,500
Professional Development	-	21,069	2,050	19,019
Parent Education	-	6,299	1,299	5,000
Special Education	511,489	498,668	502,323	(3,655)
Career and Postsecondary Education	225,000	228,600	194,228	34,372
	2,017,250	2,051,194	2,089,210	(38,016)
Adjustment to comply with legal max	-	-	(38,016)	38,016
Total expenditures	2,017,250	2,051,194	2,051,194	-
Receipts over (under) expenditures	(41,919)	42,490		
Unencumbered cash, beginning	64,668	22,749		
Unencumbered cash, ending	$ 22,749	65,239		

Unified School District No. 460

Special Purpose Funds

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)
AT RISK (K-12)				
RECEIPTS				
Transfer from				
General	$ 160,867	132,879	-	132,879
Supplemental General	193,978	209,960	209,960	-
Total receipts	354,845	342,839	209,960	132,879
EXPENDITURES				
Instruction				
Salaries and benefits	169,129	131,146	142,760	(11,614)
Supplies and other	824	15,000	15,000	-
Student support services				
Salaries and benefits	184,892	196,693	202,200	(5,507)
Total expenditures	354,845	342,839	359,960	(17,121)
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	150,000	150,000		
Unencumbered cash, ending	$ 150,000	150,000		
BILINGUAL EDUCATION				
RECEIPTS				
Transfer from				
Supplemental General	$ 70,964	73,227	55,400	17,827
EXPENDITURES				
Instruction				
Salaries and benefits	70,890	73,227	73,700	(473)
Purchased services and supplies	75	-	1,700	(1,700)
Total expenditures	70,965	73,227	75,400	(2,173)
Receipts over (under) expenditures	(1)	-		
Unencumbered cash, beginning	20,001	20,000		
Unencumbered cash, ending	$ 20,000	20,000		

Unified School District No. 460

Special Purpose Funds

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)
CAPITAL OUTLAY				
RECEIPTS				
Tax in process	$ 7,205	6,060	17,363	(11,303)
Current tax	379,792	387,931	365,689	22,242
Delinquent tax	2,389	2,820	2,007	813
Motor vehicle tax	37,866	45,421	41,635	3,786
Recreational vehicle tax	445	636	448	188
Commercial vehicle tax	2,526	2,773	2,878	(105)
In lieu of tax	1,798	1,019	-	1,019
Interest on idle funds	8,539	8,539	-	8,539
Insurance and other	8,100	45,153	-	45,153
State aid	204,731	194,646	194,769	(123)
Transfer from General	-	180,254	-	180,254
Total receipts	653,391	875,252	624,789	250,463
EXPENDITURES				
Instruction	5,726	20,664	23,000	(2,336)
Operations and maintenance	445,874	244,653	456,300	(211,647)
Transportation	58,515	85,944	213,500	(127,556)
Site and building improvements	98,923	163,584	260,000	(96,416)
Total expenditures	609,038	514,845	952,800	(437,955)
Receipts over (under) expenditures	44,353	360,407		
Unencumbered cash, beginning	1,225,168	1,269,521		
Unencumbered cash, ending	$ 1,269,521	1,629,928		

Unified School District No. 460

Special Purpose Funds

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)
DRIVER TRAINING				
RECEIPTS				
State safety aid	$ 3,380	3,468	2,250	1,218
Tuition and other	6,240	7,780	-	7,780
Transfer from Supplemental General	-	3,500	-	3,500
Total receipts	9,620	14,748	2,250	12,498
EXPENDITURES				
Instruction				
Salaries and benefits	539	13,569	11,350	2,219
Other	44	82	1,500	(1,418)
Vehicle operations	-	999	1,800	(801)
Total expenditures	583	14,650	14,650	-
Receipts over (under) expenditures	9,037	98		
Unencumbered cash, beginning	17,772	26,809		
Unencumbered cash, ending	$ 26,809	26,907		

Unified School District No. 460

Special Purpose Funds

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)
FOOD SERVICE				
RECEIPTS				
Lunch and breakfast sales	$ 189,903	31,225	176,711	(145,486)
Federal aid	203,722	372,392	145,731	226,661
State aid	5,159	4,710	3,345	1,365
Interest on idle funds	446	343	-	343
Other	811	1,668	-	1,668
Transfer from General	1,918	5,382	-	5,382
Total receipts	401,959	415,720	325,787	89,933
EXPENDITURES				
Salaries and benefits	155,572	158,462	173,125	(14,663)
Food and supplies	224,417	201,716	235,000	(33,284)
Purchased services	3,453	14,738	5,500	9,238
Equipment	7,132	16,924	20,000	(3,076)
Total expenditures	390,574	391,840	433,625	(41,785)
Receipts over (under) expenditures	11,385	23,880		
Unencumbered cash, beginning	127,476	138,861		
Unencumbered cash, ending	$ 138,861	162,741		

Unified School District No. 460

Special Purpose Funds

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)
PROFESSIONAL DEVELOPMENT				
RECEIPTS				
State aid	$ 1,190	812	1,500	(688)
Reimbursements and other	-	60	-	60
Transfer from				
General	25,830	11,950	-	11,950
Supplemental General	-	21,069	2,050	19,019
Total receipts	27,020	33,891	3,550	30,341
EXPENDITURES				
Instructional support services				
Salaries and benefits	10,940	5,570	21,850	(16,280)
Purchased services and supplies	14,409	9,134	30,500	(21,366)
Other services	371	-	4,500	(4,500)
Total expenditures	25,720	14,704	56,850	(42,146)
Receipts over (under) expenditures	1,300	19,187		
Unencumbered cash, beginning	52,000	53,300		
Unencumbered cash, ending	$ 53,300	72,487		
PARENT EDUCATION				
RECEIPTS				
Transfer from				
Supplemental General	$ -	6,299	1,299	5,000
EXPENDITURES				
Student support services				
Purchased services	-	4,299	4,299	-
Receipts over (under) expenditures	-	2,000		
Unencumbered cash, beginning	3,000	3,000		
Unencumbered cash, ending	$ 3,000	5,000		

Unified School District No. 460

Special Purpose Funds

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)
SPECIAL EDUCATION				
RECEIPTS				
Federal aid	$ -	11,151	-	11,151
Transfer from				
General	695,861	636,042	636,293	(251)
Supplemental General	511,489	498,668	502,323	(3,655)
Total receipts	1,207,350	1,145,861	1,138,616	7,245
EXPENDITURES				
Instruction				
Payment to Coop (assessments)	468,101	499,432	656,293	(156,861)
Payment to Coop (flowthrough)	618,741	624,887	502,323	122,564
Student transportation				
Salaries and benefits	16,269	16,314	33,050	(16,736)
Other	4,239	5,228	15,200	(9,972)
Total expenditures	1,107,350	1,145,861	1,206,866	(61,005)
Receipts over (under) expenditures	100,000	-		
Unencumbered cash, beginning	300,000	400,000		
Unencumbered cash, ending	$ 400,000	400,000		

Unified School District No. 460

Special Purpose Funds

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)
CAREER AND POSTSECONDARY EDUCATION				
RECEIPTS				
Vocational fees	$ 425	225	-	225
State aid	5,369	(134)	-	(134)
Transfer from				
General	484	-	-	-
Supplemental General	225,000	228,600	194,228	34,372
Total receipts	231,278	228,691	194,228	34,463
EXPENDITURES				
Salaries and benefits	195,535	191,786	195,000	(3,214)
Other purchased services	12,560	11,424	25,000	(13,576)
Equipment and furnishings	18,665	22,914	22,650	264
Supplies	3,329	2,561	3,400	(839)
Total expenditures	230,089	228,685	246,050	(17,365)
Receipts over (under) expenditures	1,189	6		
Unencumbered cash, beginning	50,633	51,822		
Unencumbered cash, ending	$ 51,822	51,828		

Unified School District No. 460

Special Purpose Funds

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)
KPERS RETIREMENT				
RECEIPTS				
State aid	$ 701,572	687,046	776,815	(89,769)
EXPENDITURES				
Instruction	441,991	432,839	489,393	(56,554)
Student support services	28,063	27,482	31,073	(3,591)
Instructional support services	42,094	41,223	46,609	(5,386)
General administration	28,063	27,482	31,073	(3,591)
School administration	56,126	54,964	62,145	(7,181)
Other supplemental services	21,047	20,611	23,304	(2,693)
Operations and maintenance	49,110	48,093	54,377	(6,284)
Student transportation services	14,031	13,741	15,537	(1,796)
Food service operations	21,047	20,611	23,304	(2,693)
Total expenditures	701,572	687,046	776,815	(89,769)
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	$ -	-		

Unified School District No. 460

Special Purpose Funds

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)
RECREATION COMMISSION				
RECEIPTS				
Tax in process	$ 11,984	9,489	27,132	(17,643)
Current tax	594,647	605,226	570,478	34,748
Delinquent tax	2,894	4,532	3,142	1,390
Motor vehicle tax	68,100	73,983	67,785	6,198
Recreational vehicle tax	795	1,033	730	303
Commercial vehicle tax	4,222	4,439	4,686	(247)
In lieu of tax	2,831	1,592	-	1,592
Total receipts	685,473	700,294	673,953	26,341
EXPENDITURES				
Appropriation to recreation commission	700,000	700,000	700,000	-
Receipts over (under) expenditures	(14,527)	294		
Unencumbered cash, beginning	43,528	29,001		
Unencumbered cash, ending	$ 29,001	29,295		
RECREATION COMMISSION EMPLOYEE BENEFITS AND SPECIAL LIABILITY				
RECEIPTS				
Tax in process	$ 862	683	2,032	(1,349)
Current tax	42,737	43,628	41,095	2,533
Delinquent tax	260	323	226	97
Motor vehicle tax	3,629	5,326	4,879	447
Recreational vehicle tax	43	74	53	21
Commercial vehicle tax	298	320	337	(17)
In lieu of tax	204	115	-	115
Total receipts	48,033	50,469	48,622	1,847
EXPENDITURES				
Appropriation to recreation commission	45,199	45,199	45,199	-
Receipts over (under) expenditures	2,834	5,270		
Unencumbered cash, beginning	4,309	7,143		
Unencumbered cash, ending	$ 7,143	12,413		

Unified School District No. 460

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
CONTINGENCY RESERVE		
RECEIPTS		
Transfer from General	$ 100,000	-
EXPENDITURES	-	-
Receipts over (under) expenditures	100,000	-
Unencumbered cash, beginning	504,500	604,500
Unencumbered cash, ending	$ 604,500	604,500
TEXTBOOK AND MATERIAL REVOLVING		
RECEIPTS		
Fees	$ 39,900	38,425
EXPENDITURES		
Textbooks and other	16,273	23,585
Receipts over (under) expenditures	23,627	14,840
Unencumbered cash, beginning	93,308	116,935
Unencumbered cash, ending	$ 116,935	131,775
GIFTS AND GRANTS		
RECEIPTS		
Local Source	$ -	12
Grant income	16,115	-
Total receipts	16,115	12
EXPENDITURES		
Safety/Security	16,115	-
Receipts over (under) expenditures	-	12
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	12

Unified School District No. 460

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
TITLE I		
RECEIPTS		
Federal and state grants	$ 56,172	73,873
EXPENDITURES		
Salaries and benefits	50,520	66,486
Other	-	500
Equipment and supplies	5,652	6,887
Total expenditures	56,172	73,873
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	-
STUDENT SUPPORT ACADEMIC ENRICHMENT		
RECEIPTS		
Federal and state grants	$ 12,140	12,575
EXPENDITURES		
Salaries and benefits	5,950	-
Purchased services	6,190	10,363
Equpiment and supplies	-	2,212
Total expenditures	12,140	12,575
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	-
SUPPORTING EFFECTIVE INSTRUCTION		
RECEIPTS		
Federal and state grants	$ 11,309	16,518
EXPENDITURES		
Salaries and benefits	5,731	12,556
Equipment and supplies	5,578	3,962
Total expenditures	11,309	16,518
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	-

Unified School District No. 460

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND I		
RECEIPTS		
Federal and state grants	$ -	46,679
EXPENDITURES		
Curriculum	-	7,208
Equipment and supplies	-	39,471
Total expenditures	-	46,679
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	-
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND II		
RECEIPTS		
Federal and state grants	$ -	-
EXPENDITURES		
Curriculum	-	2,496
Facilities	-	17,885
Equipment and supplies	-	460
Total expenditures	-	20,841
Receipts over (under) expenditures	-	(20,841)
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	(20,841)
STRENGTHENING PEOPLE AND REVITALIZING KANSAS (SPARK)		
RECEIPTS		
Federal and state grants	$ -	392,927
EXPENDITURES		
Equipment and supplies	-	392,927
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	-

Unified School District No. 460

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				
Tax in process	$ 12,395	8,762	26,444	(17,682)
Current tax	547,701	563,438	531,092	32,346
Delinquent tax	4,418	4,477	2,901	1,576
Motor vehicle tax	72,345	73,758	67,547	6,211
Recreational vehicle tax	844	1,023	727	296
Commercial vehicle tax	4,374	4,283	4,669	(386)
In lieu of tax	2,644	1,482	-	1,482
State aid	591,970	570,287	570,287	-
Interest	2,059	1,926	-	1,926
Total receipts	1,238,750	1,229,436	1,203,667	25,769
EXPENDITURES				
Debt service				
Principal	1,045,000	1,080,000	1,080,000	-
Interest	115,725	83,850	83,850	-
Total expenditures	1,160,725	1,163,850	1,163,850	-
Receipts over (under) expenditures	78,025	65,586		
Unencumbered cash, beginning	1,124,112	1,202,137		
Unencumbered cash, ending	$ 1,202,137	1,267,723		

Unified School District No. 460

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Balance	Receipts	Disbursements	Ending Balance
STUDENT ORGANIZATIONS				
High School				
Pit Stop	$ 16,412	16,828	16,406	16,834
Other	46,366	47,541	49,109	44,798
Middle School				
Class funds	13,918	310	852	13,376
Grade School				
Class funds	524	1,532	1,660	396
Other	2,241	113	415	1,939
Total Student Organization Funds	$ 79,461	66,324	68,442	77,343

Unified School District No. 460

District Activity Funds

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
ACTIVITY GATE RECEIPTS						
High School						
Athletics	$ 14,195	161,862	171,479	4,578	-	4,578
Concessions	3,627	10,200	10,107	3,720	-	3,720
Musicals	-	8,537	8,537	-	-	-
Middle School						
Athletics	13,805	25,478	21,633	17,650	-	17,650
Total Activity Gate Receipts	$ 31,627	206,077	211,756	25,948	-	25,948
SCHOOL PROJECTS						
High School	$ 2,138	-	-	2,138	-	2,138
Middle School	11,991	2,041	2,725	11,307	-	11,307
Elementary School	10,066	4,646	5,561	9,151	-	9,151
Total School Projects	$ 24,195	6,687	8,286	22,596	-	22,596

UNIFIED SCHOOL DISTRICT NO. 460

OTHER SUPPLEMENTARY INFORMATION

SINGLE AUDIT SECTION

FOR THE YEAR ENDED JUNE 30, 2021

Knudsen Monroe & Company LLC

512 N. Main St, Newton, Kansas 67114-2229 316 283-5366 • 316 283-8379 Fax

INDEPENDENT AUDITOR'S 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 No. 460
Hesston, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Unified School District No. 460, Hesston Kansas (District), as of and for the year ended June 30, 2021, and the disclosures to the financial statement, which collectively comprise the District's basic financial statement and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Knudsen, Monroe & Company, LLC.

Certified Public Accountants
Newton, Kansas
October 7, 2021

Knudsen Monroe & Company LLC

512 N. Main St, Newton, Kansas 67114-2229 316 283-5366 • 316 283-8379 Fax

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

Board of Education
Unified School District No. 460
Hesston, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 460, Hesston, Kansas' (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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 its major federal program 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
October 7, 2021

Unified School District No. 460

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
COVID-19 National School Lunch Program	10.555	D0460	$ 35,207
COVID-19 Summer Food Service Program for Children	10.559	D0460	337,185
Total U.S. Department of Agriculture			**372,392**
U.S. Department of Education			
Passed through Kansas Department of Education			
Career and Technical Education - Carl Perkins Vocational Education	84.048	D0460	50
Title I, Grants to Local Educational Agencies	84.010	D0460	73,873
Supporting Effective Instruction State Grants	84.367A	D0460	16,518
Student Support and Academic Enrichment Program	84.424A	D0460	12,575
COVID-19 Elementary and Secondary School Emergency Relief Fund I	84.425D	D0460	46,679
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	D0460	20,841
Total U.S. Department of Education			**170,536**
U.S. Department of the Treasury			
Passed through State of Kansas and Harvey County			
COVID-19 Coronavirus Relief Fund	21.019	None provided	392,927
Total U.S. Department of the Treasury			**392,927**
Total Expenditures of Federal Awards			**$ 935,855**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Unified School District No. 460

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 460, Hesston, Kansas (District) under programs of the federal government for the year ended June 30, 2021. 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting described in Note 1 to the District's financial statement. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. INDIRECT COST RATE

The District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Unified School District No. 460

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshhold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

Section II - Financial Statement Findings

There were no reportable findings

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings