

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

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**FINANCIAL STATEMENT  
with  
INDEPENDENT AUDITOR'S REPORT  
and  
UNIFORM GUIDANCE REPORTS  
YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 363  
Holcomb, Kansas

### ***Adverse and Unmodified Opinions***

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Unified School District No. 363, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 363, as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Unified School District No. 363, as of June 30, 2022, 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 A.

### ***Basis for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Unified School District No. 363 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

As discussed in Note A of the financial statement, the financial statement is prepared by Unified School District No. 363 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## ***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Unified School District No. 363's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statement***

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 363's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Unified School District No. 363's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

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

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. 363 as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated February 9, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the website of the Kansas Department of Administration at the following link: <http://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information 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 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement 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 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole, for the year ended June 30, 2021, on the basis of accounting described in Note A.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, on our consideration of Unified School District No. 363'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 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. 363's internal control over financial reporting and compliance.

*Kennedy McKee & Company LLP*

February 6, 2023

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
REGULATORY BASIS**

For the Year Ended June 30, 2022

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances
General funds:		
General	\$ -	\$ -
Supplemental general	217,917	-
Total general funds	217,917	-
Special purpose funds:		
Bilingual education	27,181	-
Capital outlay	2,406,298	3,502
Driver training	35,588	-
Food service	104,081	-
Professional development	99,317	91
Parents as teachers	65,000	-
Special education	593,862	-
Career and postsecondary education	198,714	-
Preschool-aged at-risk	12,141	-
At-risk (K-12)	25,218	-
KPERS special retirement contribution	-	-
Recreation commission	-	-
Recreation commission employee benefits	-	-
Non-budgeted special purpose funds:		
Title II-A	-	-
Gift	23,408	-
Title I-A	-	-
Federal grants	(24,972)	-
Holowach estate	598,207	-
Health council	6,728	-
Contingency reserve	819,622	-
Student materials	155,513	-
Title III ESL	-	-
District activity funds	22,012	-
Total special purpose funds	5,167,918	3,593
Bond and interest fund:		
Bond and interest	854,832	-
Total Unified School District No. 363 (excluding agency funds)	\$ 6,240,667	\$ 3,593



Receipts	Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance
\$ 7,300,685	\$ 7,300,685	\$ -	\$ 292,231	\$ 292,231
2,336,812	2,409,114	145,615	83,238	228,853
9,637,497	9,709,799	145,615	375,469	521,084
148,900	145,981	30,100	7,233	37,333
811,969	1,430,417	1,791,352	804,053	2,595,405
18,342	11,187	42,743	5,277	48,020
719,439	598,650	224,870	14,305	239,175
21,326	36,099	84,635	5,870	90,505
52,353	72,928	44,425	2,947	47,372
954,360	936,354	611,868	-	611,868
200,000	197,612	201,102	12,981	214,083
36,850	48,845	146	2,517	2,663
1,032,400	1,057,559	59	54,479	54,538
921,787	921,787	-	-	-
384,970	384,970	-	-	-
106,936	106,936	-	-	-
20,923	20,923	-	1,666	1,666
66,787	62,899	27,296	1,603	28,899
184,638	184,638	-	6,688	6,688
324,277	315,054	(15,749)	22,145	6,396
589	500	598,296	-	598,296
-	-	6,728	-	6,728
-	300	819,322	-	819,322
254,820	288,555	121,778	1,156	122,934
10,564	10,564	-	750	750
171,685	161,388	32,309	-	32,309
6,443,915	6,994,146	4,621,280	943,670	5,564,950
381,131	338,750	897,213	-	897,213
\$ 16,462,543	\$ 17,042,695	\$ 5,664,108	\$ 1,319,139	\$ 6,983,247

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
REGULATORY BASIS**

For the Year Ended June 30, 2022

	<u>Ending cash balance</u>
Composition of cash:	
Demand deposits	\$ 6,362,531
Certificates of deposit	<u>750,000</u>
	7,112,531
Agency funds	<u>(129,284)</u>
Total Unified School District No. 363 (excluding agency funds)	<u><u>\$ 6,983,247</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**NOTES TO THE FINANCIAL STATEMENT**

June 30, 2022

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the District's financial statement. The financial statement, schedules, and notes are representations of the District's management, which is responsible for their integrity and objectivity.

**1. Municipal Financial Reporting Entity**

Unified School District No. 363 is a municipal corporation governed by an elected seven-member board. A related municipal entity is an entity established to benefit the District and/or its constituents. This financial statement does not include the following related municipal entity:

Holcomb Recreation Commission. The Commission oversees recreational activities. Four of the five members of the governing board are appointed by the Board of Education. The Commission operates as a separate governing body, but the District levies the taxes for the Commission and the Commission has only the powers granted by K.S.A. 12-1928. The Commission cannot purchase real property but can acquire real property by gift.

**2. 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, 2022:

**REGULATORY BASIS FUND TYPES**

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

Special Purpose funds – 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, etc.) and payment of general long-term debt.

Agency funds – used to report assets held by the municipal financial reporting entity in a purely custodial capacity (student organization funds, etc.).

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. 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.

### 4. Budgetary Information

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

- a. Preparation of the budget for the succeeding fiscal 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 ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. For the current year, the municipality held a revenue neutral rate hearing on September 13, 2021.

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 the year ended June 30, 2022.

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.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality 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 state and federal grant funds, agency funds, and the following special purpose funds:

Gift	Contingency Reserve
Holowach Estate	Student Materials
Health Council	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.

### 5. In-Substance Receipt in Transit

The District received \$321,059 subsequent to June 30, 2022 and, as required by K.S.A. 72-5135 and 72-5145, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

## B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, the State Department of Education, and legal representatives of the District.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. Although the Federal Grants fund overspent its cash by \$15,749 according to K.S.A. 12-1664, the District is not prohibited from financing the federal share of a local program from current funds, if available.

## C. 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.

## C. DEPOSITS AND INVESTMENTS (CONTINUED)

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was \$7,112,531, and the bank balance was \$7,475,446. Of the bank balance, \$500,000 was covered by federal depository insurance and \$6,975,446 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

## D. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
Wiley Elementary Playground	\$ 124,971	\$ 124,971	\$ -

## E. LONG-TERM DEBT

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

Issue	Balance beginning of year	Additions/ net change	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
Series 2017					
Issued December 28, 2017					
In the amount of \$4,040,000					
At interest rate of 3.00%					
Maturing September 1, 2033	\$3,740,000	\$ -	\$ 230,000	\$3,510,000	\$ 108,750
Weather event loan:					
Wheatland Electric:					
Issued April 5, 2021					
In the amount of \$43,808					
At the interest rate of 0%					
Maturing March 5, 2022	32,856	-	32,856	-	-
Total contractual indebtedness	<u>\$3,772,856</u>	<u>\$ -</u>	<u>\$ 262,856</u>	<u>\$3,510,000</u>	<u>\$ 108,750</u>

#### E. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	Principal due	Interest due	Total due
2023	\$ 240,000	\$ 101,700	\$ 341,700
2024	250,000	94,350	344,350
2025	260,000	86,700	346,700
2026	270,000	78,750	348,750
2027	280,000	70,500	350,500
2028-2032	1,525,000	220,125	1,745,125
2033-2034	685,000	20,775	705,775
Total	<u>\$ 3,510,000</u>	<u>\$ 672,900</u>	<u>\$ 4,182,900</u>

#### F. DEFINED BENEFIT PENSION PLAN

##### General Information about the Pension Plan

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a 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](http://www.kpers.org), by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate 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 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

## F. DEFINED BENEFIT PENSION PLAN (CONTINUED)

### General Information about the Pension Plan (Continued)

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 per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of \$194 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 \$921,787 for the year ended June 30, 2022.

### Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was \$6,885,548. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

## G. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

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



## G. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

*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 was set at 1% for the year ended June 30, 2022.

*Section 125 plan.* The District offers a Section 125 Flexible Benefit Plan to all eligible employees. It is used for unreimbursed medical and dependent care expenses. The plan is administered by an independent company.

*Compensated absences.* The District's policy is to recognize the costs of compensated absences when actually paid. District policies address vacation for employees on twelve-month contracts and sick leave for all full-time employees. Employees on twelve-month contracts receive two weeks of vacation per year. After an employee has worked for the District for five years, they receive an additional day of vacation for each year until they receive a maximum of fifteen days of vacation. The Superintendent's vacation is noted in his contract and is normally twenty days. Vacation may be accumulated to twice the employee's annual allotment and if not used it will be lost. Upon retirement, termination, or resignation, the District pays for any accumulated vacation days. Certified employees on salary receive fifteen days of sick leave annually. Classified employees receive one sick day per month worked. An employee may not carry over more than one hundred sick days from year to year. Policies permit unused sick leave to be reimbursed if the employee has been with the District for more than fifteen years and retires or resigns at the end of the school year. The District pays for accumulated sick leave at a rate of \$1.00 per day per year of service. After twenty-five years of service the rate increases to \$1.50 per day per year of service.

The potential liability for vacation and sick leave for the years ended June 30, 2022 and 2021 was \$83,470 and \$74,043, respectively.

## H. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory authority</u>
General fund	Food service fund	\$ 28,600	K.S.A. 72-5167
General fund	Special education fund	936,443	K.S.A. 72-5167
General fund	Career and postsecondary education fund	3,670	K.S.A. 72-5167
General fund	At-risk (K-12) fund	<u>754,600</u>	K.S.A. 72-5167
Total general fund		<u>1,723,313</u>	
Supplemental general fund	Bilingual education fund	148,900	K.S.A. 72-5143
Supplemental general fund	Professional development fund	21,326	K.S.A. 72-5143
Supplemental general fund	Career and postsecondary education fund	196,330	K.S.A. 72-5143
Supplemental general fund	Preschool-aged at-risk fund	36,850	K.S.A. 72-5143
Supplemental general fund	At-risk (K-12) fund	277,800	K.S.A. 72-5143
Supplemental general fund	Student materials fund	<u>178,600</u>	K.S.A. 72-5143
Total supplemental general fund		<u>859,806</u>	
Total operating transfers		<u>\$2,583,119</u>	

## I. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

## J. CONTINGENCIES

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

## K. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future result of operations. The District 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 2023.

## L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 6, 2023, and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note K above.

**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:						
General	\$ 7,410,538	\$ (110,120)	\$ 267	\$ 7,300,685	\$ 7,300,685	\$ -
Supplemental general	2,445,453	(36,309)	-	2,409,144	2,409,114	30
Special purpose funds:						
Bilingual education	160,180	-	-	160,180	145,981	14,199
Capital outlay	3,158,776	-	-	3,158,776	1,430,417	1,728,359
Driver training	11,830	-	-	11,830	11,187	643
Food service	620,632	-	-	620,632	598,650	21,982
Professional development	68,000	-	-	68,000	36,099	31,901
Parents as teachers	75,000	-	-	75,000	72,928	2,072
Special education	1,001,438	-	-	1,001,438	936,354	65,084
Career and postsecondary education	200,799	-	-	200,799	197,612	3,187
Preschool-aged at-risk	59,852	-	-	59,852	48,845	11,007
At-risk (K-12)	1,111,462	-	-	1,111,462	1,057,559	53,903
KPERs special retirement contribution	1,083,904	-	-	1,083,904	921,787	162,117
Recreation commission	390,900	-	-	390,900	384,970	5,930
Recreation commission employee benefits	108,500	-	-	108,500	106,936	1,564
Bond and interest fund:						
Bond and interest	338,750	-	-	338,750	338,750	-
Total	<u>\$ 18,246,014</u>	<u>\$ (146,429)</u>	<u>\$ 267</u>	<u>\$ 18,099,852</u>	<u>\$ 15,997,874</u>	<u>\$ 2,101,978</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**GENERAL FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
In lieu of tax	\$ 3,534	\$ 3,403	\$ -	\$ 3,403
State sources:				
State aid	6,615,636	6,661,817	6,765,538	(103,721)
Special education aid	563,199	561,443	623,000	(61,557)
State aid - reimbursement	-	267	-	267
Mineral production tax	21,573	73,755	22,000	51,755
Total receipts	<u>7,203,942</u>	<u>7,300,685</u>	<u>\$ 7,410,538</u>	<u>\$ (109,853)</u>
Expenditures:				
Instruction	3,497,646	2,869,905	\$ 3,031,134	\$ 161,229
Student support services	15,650	13,976	16,500	2,524
Instructional support staff	148,201	117,370	151,855	34,485
General administration	324,100	316,463	355,494	39,031
School administration	650,408	600,535	620,154	19,619
Central services	363,129	393,621	388,697	(4,924)
Operations and maintenance	756,020	884,753	922,451	37,698
Student transportation services:				
Supervision	34,466	35,728	35,741	13
Vehicle operating services	200,826	230,211	254,659	24,448
Vehicle and maintenance services	111,286	114,810	120,046	5,236
Operating transfers	1,102,210	1,723,313	1,513,807	(209,506)
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(110,120)</u>	<u>(110,120)</u>
Legal general fund budget	7,203,942	7,300,685	7,300,418	(267)
Adjustment for qualifying budget credit	<u>-</u>	<u>-</u>	<u>267</u>	<u>267</u>
Total expenditures	<u>7,203,942</u>	<u>7,300,685</u>	<u>\$ 7,300,685</u>	<u>\$ -</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SUPPLEMENTAL GENERAL FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem	\$ 2,135,367	\$ 1,829,890	\$ 1,769,520	\$ 60,370
Delinquent	22,241	35,351	21,742	13,609
Motor vehicle	85,537	92,910	89,622	3,288
Recreational vehicle	1,667	1,915	1,866	49
In lieu of tax	3,707	3,088	-	3,088
State sources:				
Supplemental state aid	240,793	373,658	379,290	(5,632)
Total receipts	<u>2,489,312</u>	<u>2,336,812</u>	<u>\$ 2,262,040</u>	<u>\$ 74,772</u>
Expenditures:				
Instruction	77,882	903,266	\$ 880,832	\$ (22,434)
Student support services	110,795	101,893	106,885	4,992
School administration	3,384	1,600	-	(1,600)
Central services	300	268	1,000	732
Operations and maintenance	526,557	542,281	597,672	55,391
Operating transfers	1,677,036	859,806	859,064	(742)
Adjustment to comply with legal maximum budget	-	-	(36,309)	(36,309)
Total expenditures	<u>2,395,954</u>	<u>2,409,114</u>	<u>\$ 2,409,144</u>	<u>\$ 30</u>
Receipts over (under) expenditures	93,358	(72,302)		
Unencumbered cash, beginning of year	124,531	217,917		
Prior year canceled encumbrances	<u>28</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ 217,917</u>	<u>\$ 145,615</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**BILINGUAL EDUCATION FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		Variance
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Transfer from supplemental general	\$ 185,206	\$ 148,900	<u>\$ 160,532</u>	<u>\$ (11,632)</u>
Expenditures:				
Instruction	<u>186,505</u>	<u>145,981</u>	<u>\$ 160,180</u>	<u>\$ 14,199</u>
Receipts over (under) expenditures	(1,299)	2,919		
Unencumbered cash, beginning of year	<u>28,480</u>	<u>27,181</u>		
Unencumbered cash, end of year	<u>\$ 27,181</u>	<u>\$ 30,100</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**CAPITAL OUTLAY FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem	\$ 485,141	\$ 699,865	\$ 681,006	\$ 18,859
Delinquent	6,696	8,620	4,940	3,680
Motor vehicle	31,829	20,984	20,235	749
Recreational vehicle	654	432	422	10
In lieu of tax	842	1,191	-	1,191
Interest	7,373	1,654	7,500	(5,846)
Miscellaneous	41,888	79,223	45,000	34,223
Transfer from general	289,432	-	-	-
Total receipts	<u>863,855</u>	<u>811,969</u>	<u>\$ 759,103</u>	<u>\$ 52,866</u>
Expenditures:				
Instruction	114,059	212,802	\$ 228,000	\$ 15,198
Student support services	7,495	6,432	10,000	3,568
Instructional support staff	-	10,985	11,000	15
General administration	2,591	16,920	10,000	(6,920)
School administration	-	-	5,000	5,000
Central services	95	-	10,000	10,000
Operations and maintenance	150,235	207,775	240,000	32,225
Transportation	59,786	183,697	100,000	(83,697)
Facility acquisition and construction services	<u>150,940</u>	<u>791,806</u>	<u>2,544,776</u>	<u>1,752,970</u>
Total expenditures	<u>485,201</u>	<u>1,430,417</u>	<u>\$ 3,158,776</u>	<u>\$ 1,728,359</u>
Receipts over (under) expenditures	378,654	(618,448)		
Unencumbered cash, beginning of year	2,021,864	2,406,298		
Prior year canceled encumbrances	<u>5,780</u>	<u>3,502</u>		
Unencumbered cash, end of year	<u>\$ 2,406,298</u>	<u>\$ 1,791,352</u>		

See Independent Auditor's Report.



**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**DRIVER TRAINING FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
State aid	\$ 3,978	\$ 9,272	\$ 9,000	\$ 272
Other	<u>11,815</u>	<u>9,070</u>	<u>11,900</u>	<u>(2,830)</u>
Total receipts	15,793	18,342	<u>\$ 20,900</u>	<u>\$ (2,558)</u>
Expenditures:				
Instruction	<u>10,230</u>	<u>11,187</u>	<u>\$ 11,830</u>	<u>\$ 643</u>
Receipts over (under) expenditures	5,563	7,155		
Unencumbered cash, beginning of year	<u>30,025</u>	<u>35,588</u>		
Unencumbered cash, end of year	<u>\$ 35,588</u>	<u>\$ 42,743</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**FOOD SERVICE FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ 452,510	\$ 679,961	\$ 494,138	\$ 185,823
State aid	4,580	4,629	3,303	1,326
Charges for services	11,581	6,067	4,140	1,927
Other	189	182	5,000	(4,818)
Transfer from general	-	28,600	-	28,600
Transfer from supplemental general	91,639	-	90,000	(90,000)
Total receipts	560,499	719,439	<u>\$ 596,581</u>	<u>\$ 122,858</u>
Expenditures:				
Food service operations	560,495	598,650	<u>\$ 620,632</u>	<u>\$ 21,982</u>
Receipts over (under) expenditures	4	120,789		
Unencumbered cash, beginning of year	104,077	104,081		
Unencumbered cash, end of year	<u>\$ 104,081</u>	<u>\$ 224,870</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**PROFESSIONAL DEVELOPMENT FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
State aid	\$ 6,935	\$ -	\$ -	\$ -
Transfer from supplemental general	<u>57,129</u>	<u>21,326</u>	<u>38,000</u>	<u>(16,674)</u>
Total receipts	64,064	21,326	<u>\$ 38,000</u>	<u>\$ (16,674)</u>
Expenditures:				
Instructional support staff	<u>34,519</u>	<u>36,099</u>	<u>\$ 68,000</u>	<u>\$ 31,901</u>
Receipts over (under) expenditures	29,545	(14,773)		
Unencumbered cash, beginning of year	69,317	99,317		
Prior year canceled encumbrances	<u>455</u>	<u>91</u>		
Unencumbered cash, end of year	<u>\$ 99,317</u>	<u>\$ 84,635</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**PARENTS AS TEACHERS**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 50,000	\$ 49,906	\$ 49,906	\$ -
Miscellaneous	4,620	2,447	-	2,447
Transfer from supplemental general	40,380	-	5,000	(5,000)
Total receipts	95,000	52,353	\$ 54,906	\$ (2,553)
Expenditures:				
Student support services	71,147	63,976	\$ 70,000	\$ 6,024
Instructional support staff	3,853	1,308	5,000	3,692
Central services	-	7,644	-	(7,644)
Total expenditures	75,000	72,928	\$ 75,000	\$ 2,072
Receipts over (under) expenditures	20,000	(20,575)		
Unencumbered cash, beginning of year	45,000	65,000		
Unencumbered cash, end of year	\$ 65,000	\$ 44,425		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SPECIAL EDUCATION FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		Variance
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Federal aid	\$ 9,997	\$ 15,341	\$ 15,098	\$ 243
Interest	11,686	2,576	12,000	(9,424)
Transfer from general	730,578	936,443	684,805	251,638
Transfer from supplemental general	<u>174,014</u>	<u>-</u>	<u>208,370</u>	<u>(208,370)</u>
Total receipts	<u>926,275</u>	<u>954,360</u>	<u>\$ 920,273</u>	<u>\$ 34,087</u>
Expenditures:				
Instruction	923,160	930,560	\$ 995,867	\$ 65,307
Student transportation services	<u>3,115</u>	<u>5,794</u>	<u>5,571</u>	<u>(223)</u>
Total expenditures	<u>926,275</u>	<u>936,354</u>	<u>\$ 1,001,438</u>	<u>\$ 65,084</u>
Receipts over (under) expenditures	-	18,006		
Unencumbered cash, beginning of year	<u>593,862</u>	<u>593,862</u>		
Unencumbered cash, end of year	<u>\$ 593,862</u>	<u>\$ 611,868</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**CAREER AND POSTSECONDARY EDUCATION FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Transfer from general	\$ -	\$ 3,670	\$ -	\$ 3,670
Transfer from supplemental general	<u>199,737</u>	<u>196,330</u>	<u>48,844</u>	<u>147,486</u>
Total receipts	199,737	200,000	<u>\$ 48,844</u>	<u>\$ 151,156</u>
Expenditures:				
Instruction	<u>200,138</u>	<u>197,612</u>	<u>\$ 200,799</u>	<u>\$ 3,187</u>
Receipts over (under) expenditures	(401)	2,388		
Unencumbered cash, beginning of year	198,714	198,714		
Prior year canceled encumbrances	<u>401</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ 198,714</u>	<u>\$ 201,102</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**PRESCHOOL-AGED AT-RISK FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Transfer from supplemental general	\$ 85,871	\$ 36,850	<u>\$ 51,056</u>	<u>\$ (14,206)</u>
Expenditures:				
Instruction	<u>85,871</u>	<u>48,845</u>	<u>\$ 59,852</u>	<u>\$ 11,007</u>
Receipts over (under) expenditures	-	(11,995)		
Unencumbered cash, beginning of year	<u>12,141</u>	<u>12,141</u>		
Unencumbered cash, end of year	<u>\$ 12,141</u>	<u>\$ 146</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**AT-RISK (K-12) FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Transfer from general	\$ -	\$ 754,600	\$ 829,002	\$ (74,402)
Transfer from supplemental general	<u>843,060</u>	<u>277,800</u>	<u>257,262</u>	<u>20,538</u>
Total receipts	<u>843,060</u>	<u>1,032,400</u>	<u>\$ 1,086,264</u>	<u>\$ (53,864)</u>
Expenditures:				
Instruction	561,364	779,130	\$ 833,759	\$ 54,629
Student support services	<u>281,696</u>	<u>278,429</u>	<u>277,703</u>	<u>(726)</u>
Total expenditures	<u>843,060</u>	<u>1,057,559</u>	<u>\$ 1,111,462</u>	<u>\$ 53,903</u>
Receipts over (under) expenditures	-	(25,159)		
Unencumbered cash, beginning of year	<u>25,218</u>	<u>25,218</u>		
Unencumbered cash, end of year	<u>\$ 25,218</u>	<u>\$ 59</u>		

See Independent Auditor's Report.



**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**KPERS SPECIAL RETIREMENT CONTRIBUTION FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 856,841	\$ 921,787	\$ 1,083,904	\$ (162,117)
Expenditures:				
Instruction	521,655	577,687	\$ 700,605	\$ 122,918
Student support services	53,167	55,551	44,103	(11,448)
Instructional support staff	14,485	9,737	9,894	157
General administration	30,509	29,658	39,708	10,050
School administration	72,174	66,895	64,200	(2,695)
Central services	39,869	44,650	46,606	1,956
Operations and maintenance	72,876	83,507	104,090	20,583
Student transportation services	26,287	27,906	36,986	9,080
Food service operations	25,819	26,196	37,712	11,516
Total expenditures	856,841	921,787	\$ 1,083,904	\$ 162,117
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**RECREATION COMMISSION FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem	\$ 365,512	\$ 361,998	\$ 350,700	\$ 11,298
Delinquent	4,061	6,140	3,721	2,419
Motor vehicle	16,390	15,892	15,316	576
Recreational vehicle	324	327	319	8
In lieu of tax	635	613	-	613
Other	-	-	20,844	(20,844)
Total receipts	386,922	384,970	<u>\$ 390,900</u>	<u>\$ (5,930)</u>
Expenditures:				
Community service operations	386,922	384,970	<u>\$ 390,900</u>	<u>\$ 5,930</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**RECREATION COMMISSION EMPLOYEE BENEFITS FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem	\$ 101,524	\$ 100,555	\$ 97,338	\$ 3,217
Delinquent	1,128	1,704	1,033	671
Motor vehicle	4,555	4,416	4,253	163
Recreational vehicle	90	91	88	3
In lieu of tax	176	170	-	170
Other	-	-	5,788	(5,788)
Total receipts	107,473	106,936	<u>\$ 108,500</u>	<u>\$ (1,564)</u>
Expenditures:				
Community service operations	107,473	106,936	<u>\$ 108,500</u>	<u>\$ 1,564</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**NON-BUDGETED SPECIAL PURPOSE FUNDS**

**SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS**

For the Year Ended June 30, 2022

	<u>Title II-A</u>	<u>Gift</u>	<u>Title I-A</u>	<u>Federal grants</u>
Receipts:				
Federal aid	\$ 20,923	\$ 30,056	\$ 184,638	\$ 324,277
State aid	-	21,595	-	-
Interest	-	-	-	-
Rental fees and books	-	-	-	-
Other grants and donations	-	15,136	-	-
Transfer from supplemental general	-	-	-	-
	<u>20,923</u>	<u>66,787</u>	<u>184,638</u>	<u>324,277</u>
Total receipts	<u>20,923</u>	<u>66,787</u>	<u>184,638</u>	<u>324,277</u>
Expenditures:				
Instruction	20,923	2,703	184,638	315,054
Student support services	-	43,190	-	-
Instructional support staff	-	4,425	-	-
General administration	-	662	-	-
Food service operations	-	2,009	-	-
Operations and maintenance	-	9,910	-	-
Scholarships	-	-	-	-
	<u>20,923</u>	<u>62,899</u>	<u>184,638</u>	<u>315,054</u>
Total expenditures	<u>20,923</u>	<u>62,899</u>	<u>184,638</u>	<u>315,054</u>
Receipts over (under) expenditures	-	3,888	-	9,223
Unencumbered cash (deficit), beginning of year	-	23,408	-	(24,972)
Unencumbered cash (deficit), end of year	<u>\$ -</u>	<u>\$ 27,296</u>	<u>\$ -</u>	<u>\$ (15,749)</u>

See Independent Auditor's Report.

Holowach estate	Health council	Contingency reserve	Student materials	Title III ESL	Total
\$ -	\$ -	\$ -	\$ -	\$ 10,564	\$ 570,458
-	-	-	-	-	21,595
589	-	-	-	-	589
-	-	-	76,220	-	76,220
-	-	-	-	-	15,136
-	-	-	178,600	-	178,600
589	-	-	254,820	10,564	862,598
-	-	-	288,555	9,393	821,266
-	-	-	-	-	43,190
-	-	-	-	1,171	5,596
-	-	-	-	-	662
-	-	-	-	-	2,009
-	-	300	-	-	10,210
500	-	-	-	-	500
500	-	300	288,555	10,564	883,433
89	-	(300)	(33,735)	-	(20,835)
598,207	6,728	819,622	155,513	-	1,578,506
<u>\$ 598,296</u>	<u>\$ 6,728</u>	<u>\$ 819,322</u>	<u>\$ 121,778</u>	<u>\$ -</u>	<u>\$ 1,557,671</u>

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**BOND AND INTEREST FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS**

For the Year Ended June 30, 2022  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem	\$ 317,267	\$ 361,236	\$ 349,186	\$ 12,050
Delinquent	2,936	5,202	3,230	1,972
Motor vehicle	14,216	13,796	13,303	493
Recreational vehicle	281	284	277	7
In lieu of tax	551	613	-	613
Total receipts	<u>335,251</u>	<u>381,131</u>	<u>\$ 365,996</u>	<u>\$ 15,135</u>
Expenditures:				
Debt service:				
Principal	225,000	230,000	\$ 230,000	\$ -
Interest	<u>115,575</u>	<u>108,750</u>	<u>108,750</u>	<u>-</u>
Total expenditures	<u>340,575</u>	<u>338,750</u>	<u>\$ 338,750</u>	<u>\$ -</u>
Receipts over (under) expenditures	(5,324)	42,381		
Unencumbered cash, beginning of year	<u>860,156</u>	<u>854,832</u>		
Unencumbered cash, end of year	<u>\$ 854,832</u>	<u>\$ 897,213</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**DISTRICT ACTIVITY FUNDS**

**SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH  
REGULATORY BASIS**

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school:						
Gate receipts	\$ 1	\$ 35,065	\$ 32,843	\$ 2,223	\$ -	\$ 2,223
Activities director	139	2,256	1,668	727	-	727
MS gate receipts	224	9,227	8,977	474	-	474
Subtotal high school	364	46,548	43,488	3,424	-	3,424
Middle school:						
Athletic director	-	10	-	10	-	10
Subtotal gate receipts	364	46,558	43,488	3,434	-	3,434
School projects:						
High school:						
Fees	-	31,917	31,917	-	-	-
National Honor Society	-	345	-	345	-	345
363 degree design	453	13,505	12,502	1,456	-	1,456
WES grant award	-	3,099	3,090	9	-	9
Yearbook	7,678	12,679	10,222	10,135	-	10,135
Concession	6,912	34,514	33,549	7,877	-	7,877
All sports tournament	3,144	11,561	9,468	5,237	-	5,237
Holcomb coaches	84	-	-	84	-	84
Subtotal high school	18,271	107,620	100,748	25,143	-	25,143
Middle school:						
Fees	-	8,496	8,496	-	-	-
School store	1,043	-	-	1,043	-	1,043
Morning stepper	140	-	140	-	-	-
MS concessions	1,717	-	-	1,717	-	1,717
Unity shirt athletics	477	9,011	8,516	972	-	972
Subtotal middle school	3,377	17,507	17,152	3,732	-	3,732
Subtotal school projects	21,648	125,127	117,900	28,875	-	28,875
Total district activity funds	<u>\$ 22,012</u>	<u>\$ 171,685</u>	<u>\$ 161,388</u>	<u>\$ 32,309</u>	<u>\$ -</u>	<u>\$ 32,309</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**AGENCY FUNDS**

**SUMMARY OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS**

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
High school:				
Class of 2015	\$ 192	\$ -	\$ 192	\$ -
Class of 2016	724	-	611	113
Class of 2017	800	-	422	378
AP test	153	198	-	351
CBI SB	1,104	345	594	855
Girls swim	434	2,759	2,668	525
Art club	919	-	618	301
JAG	3,350	1,370	339	4,381
Girls basketball	320	69	-	389
Class of 2020	444	-	-	444
Class of 2021	408	-	-	408
Class of 2022	968	-	968	-
The art of the novel	-	105	105	-
Track	-	529	529	-
FFA	36,623	21,175	21,161	36,637
FCCLA	1,615	-	-	1,615
Chorus	6,443	3,259	3,289	6,413
Band	1,156	866	1,158	864
Boys golf fundraiser	205	561	93	673
Girls golf fundraiser	6,164	561	1,207	5,518
RIA metal	1,780	226	129	1,877
Drama club	4,830	1,436	128	6,138
Cheerleaders	769	2,187	2,224	732
Dance	1,685	756	260	2,181
FCA fundraiser	1,702	268	603	1,367
Bowling fundraiser	928	935	1,847	16
Photo journalism	228	-	-	228
Anime	399	-	-	399
Odyssey of the Mind	416	-	-	416
CBI JA	4	-	-	4
Student council	3,395	2,244	1,382	4,257
KAY club	953	-	186	767
Class of 2024	114	212	131	195
Class of 2023	-	3,024	2,761	263
Longhorn café	-	3,643	2,024	1,619
Class of 2011	111	78	189	-
Volleyball fundraiser	-	902	902	-
Football fundraiser	1,195	728	1,863	60
HALO	2,246	746	1,880	1,112
Student activity fund	1,056	1,559	1,304	1,311
SADD	906	705	566	1,045
Forensics	707	-	-	707
Science club	2,900	315	-	3,215
Cross country	1,985	1,066	682	2,369
Baseball fundraiser	441	1,192	234	1,399
Wrestling fundraiser	143	-	-	143
Softball fundraiser	1,388	1,885	560	2,713
Foreign language	5,834	-	1,493	4,341
Subtotal high school	98,137	55,904	55,302	98,739



**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**AGENCY FUNDS**

**SUMMARY OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS**

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student organization funds (continued):				
Middle school:				
Cheerleaders	\$ 120	\$ -	\$ -	\$ 120
Student council	1,582	3,218	2,291	2,509
HMS art club	1,060	-	-	1,060
Middle school kay club	512	428	36	904
Unhooked	2,240	1,063	635	2,668
7th grade class	3	-	-	3
A.R. reading	317	-	317	-
Middle school math	39	-	39	-
Theatre fund	-	634	140	494
Poetry slam	30	-	-	30
National history day	264	-	264	-
MS track club	495	-	-	495
MS track	628	-	-	628
MS girls basketball	102	234	119	217
MS weights	57	158	102	113
MS volleyball	241	145	159	227
MS wrestling	-	2,000	-	2,000
MS cheer	-	216	-	216
Crafting club	274	-	-	274
Gaming club	-	180	-	180
8th grade lock-in	167	-	-	167
SAP	299	-	-	299
Geography club	73	-	-	73
Teen cuisine	-	1,249	1,209	40
Subtotal middle school	8,503	9,525	5,311	12,717
Elementary school:				
2nd grade teacher	17	-	-	17
Elementary fun	2,286	10,196	4,928	7,554
4th grade account	180	645	715	110
Elementary STUCO	3,862	170	102	3,930
Elementary craft fair	542	-	-	542
5th grade special projects	3,207	2,324	448	5,083
Elementary PTO book fair	758	8,145	8,774	129
First grade account	504	667	878	293
Subtotal elementary school	11,356	22,147	15,845	17,658
Total student organization funds	117,996	87,576	76,458	129,114
Clearing funds:				
High school sales tax	32	8,360	8,312	80
Middle school sales tax	8	809	736	81
Middle school interest income	5	4	-	9
Total clearing funds	45	9,173	9,048	170
Total agency funds	\$ 118,041	\$ 96,749	\$ 85,506	\$ 129,284

See Independent Auditor's Report.

## **APPENDICES**

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

Board of Education  
Unified School District No. 363  
Holcomb, 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, the financial statement of Unified School District No. 363, Holcomb, Kansas as of and for the year ended June 30, 2022, and the related notes to the financial statement, and have issued our report thereon dated February 6, 2023. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the District has prepared this financial statement 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.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Unified School District No. 363'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 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 363'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 Unified School District No. 363'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.

*Kennedy McKee & Company LLP*

February 6, 2023

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

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**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. 363  
Holcomb, Kansas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Unified School District No. 363's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District No. 363 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Unified School District No. 363 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## ***Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kennedy McKee & Company LLP*

February 6, 2023

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2022

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<b><u>U.S. Department of Agriculture</u></b>							
Passed through Kansas Department of Education:							
COVID-19 - National School Breakfast Program	10.553	D0363	\$ -	\$ -	\$ 126,401	\$ 126,401	\$ -
COVID-19 - National School Lunch Program	10.555	D0363	-	-	476,117	394,806	81,311
COVID-19 - Summer Food Service Program for Children	10.559	D0363	-	-	76,829	76,829	-
					679,347	598,036	81,311
COVID-19 - P-EBT Administrative Expenses	10.649	D0363	-	-	614	614	-
			-	-	679,961	598,650	81,311
<b><u>U.S. Department of Education</u></b>							
Passed through Kansas Department of Education:							
Title I	84.010A	D0363	-	-	166,631	166,631	-
Student Support and Academic Enrichment	84.424A	D0363	-	-	18,007	18,007	-
Supporting Effective Instruction	84.367A	D0363	-	-	20,923	20,923	-
Title III - English Language Acquisition	84.365A	D0363	-	-	10,564	10,564	-
COVID-19 - Elementary & Secondary School Emergency Relief	84.425D	D0363	(24,971)	-	324,277	315,054	(15,748)
COVID-19 - Elementary & Secondary School Emergency Relief SPED	84.425D	D0363	-	-	15,341	15,341	-
			(24,971)	-	555,743	546,520	(15,748)
Passed through The Curators of the University of Missouri:							
Supporting Effective Educator Development Program	84.423A	C00063283-16	2,000	-	8,520	4,425	6,095
			(22,971)	-	564,263	550,945	(9,653)
<b><u>U.S. Department of Health and Human Services</u></b>							
Passed through Kansas Department of Education:							
Youth Risk Behavior Survey	93.079	D0363	-	-	267	267	-



**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

For the Year Ended June 30, 2022

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<b><u>U.S. Department of Health and Human Services (Continued)</u></b>							
Passed through Kansas Department of Education (Continued):							
Temporary Assistance for Needy Families	93.558	D0363	\$ (8,936)	\$ -	\$ 21,536	\$ 21,595	\$ (8,995)
			(8,936)	-	21,803	21,862	(8,995)
Total federal assistance			<u>\$ (31,907)</u>	<u>\$ -</u>	<u>\$ 1,266,027</u>	<u>\$ 1,171,457</u>	<u>\$ 62,663</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2022

**A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 363 under programs of the federal government for the year ended June 30, 2022. The information in the 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, changes in net assets, or cash flows 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 A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

**B. BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are prepared using the regulatory basis of accounting. 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. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

**C. INDIRECT COST RATE**

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

**D. AWARDS PASSED THROUGH TO SUBRECIPIENTS**

The District did not pass-through any awards to subrecipients.

**UNIFIED SCHOOL DISTRICT NO. 363  
HOLCOMB, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2022

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an adverse opinion on whether the financial statement of Unified School District No. 363 was prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of Unified School District No. 363, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of internal control over major federal programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 363 expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program included:

Child Nutrition Program Cluster:	
COVID-19 - National School Breakfast Program	CFDA 10.553
COVID-19 - National School Lunch Program	CFDA 10.555
COVID-19 - Summer Food Service Program For Children	CFDA 10.559
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Unified School District No. 363 did not qualify as a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None noted.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

None noted.