

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375  
TOWANDA, KANSAS**

**FINANCIAL STATEMENT  
JUNE 30, 2022**



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
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**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

**Board of Education  
Circle Unified School District No. 375  
Towanda, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Circle Unified School District No. 375, Towanda, Kansas**, as of and for the year ended **June 30, 2022**, and the related notes to the financial statement.

### **Adverse and Unmodified Opinions**

#### *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

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 **Circle Unified School District No. 375, Towanda, Kansas**, or changes in financial position and cash flows thereof for the year then ended.

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Circle Unified School District No. 375, Towanda, Kansas**, 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 1.

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

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*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Circle Unified School District No. 375, Towanda, Kansas** 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.

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*Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*

As discussed in Note 1 of the financial statement, the financial statement is prepared by **Circle Unified School District No. 375, Towanda, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Circle Unified School District No. 375, Towanda, Kansas'** 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.

**Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

**Board of Education  
Circle Unified School District No. 375**

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Circle Unified School District No. 375, Towanda, Kansas**' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt the **Circle Unified School District No. 375, Towanda, Kansas**' ability to continue as a going concern for a reasonable period of time.

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

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, schedule of cash receipts and expenditures-capital projects, agency funds schedules of regulatory basis cash receipts and disbursements, district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information 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 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 (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. 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

**Board of Education  
Circle Unified School District No. 375**

United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the **Circle Unified School District No. 375, Towanda, Kansas**, as of and for the year ended June 30, 2021, and have issued our report thereon dated December 2, 2021, 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 web site of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2021 (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 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of **Circle Unified School District No. 375, Towanda, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Circle Unified School District No. 375, Towanda, Kansas**' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Circle Unified School District No. 375, Towanda, Kansas**' internal control over financial reporting and compliance.

**BFR CPA, LLC**

BFR CPA, LLC  
December 1, 2022

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375  
SUMMARY OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 0	\$ 0	\$ 12,884,361	\$ 12,884,361	\$ 0	\$ 0	\$ 0
Special Purpose Funds							
Supplemental General	434,681	0	4,407,471	4,215,227	626,925	0	626,925
Preschool-Aged At-Risk	348,666	0	417,411	128,409	637,668	0	637,668
At Risk (K-12)	268,100	0	1,394,960	1,050,362	612,698	0	612,698
Bilingual Education	27,623	0	29,512	15,312	41,823	0	41,823
Virtual Education	408,865	0	95,310	272,292	231,883	0	231,883
Capital Outlay	3,254,186	0	2,346,124	1,875,263	3,725,047	0	3,725,047
Driver Training	67,997	0	17,604	16,299	69,302	0	69,302
Food Service	338,667	0	1,299,423	1,210,194	427,896	0	427,896
Professional Development	94,718	0	58,376	58,915	94,179	0	94,179
Special Education	608,665	0	2,400,939	2,268,390	741,214	0	741,214
Career and Postsecondary Education	612,071	0	621,889	649,761	584,199	0	584,199
KPERs Contribution	0	0	1,683,064	1,683,064	0	0	0
Federal Funds	(84,120)	0	1,153,540	1,167,783	(98,363)	0	(98,363)
Gifts and Grants	25,885	0	138,944	113,404	51,425	0	51,425
Contingency Reserve	800,334	0	100,000	0	900,334	0	900,334
Textbook & Student Material Revolving	828,625	0	158,179	124,368	862,436	0	862,436
After School Program	24,724	0	111,830	46,643	89,911	0	89,911
District Activity Funds	66,783	0	232,501	222,798	76,486	0	76,486
Bond and Interest Fund	7,973,418	0	6,122,481	5,334,304	8,761,595	0	8,761,595
Capital Projects	41,092,945	0	16,232	8,014,445	33,094,732	0	33,094,732
	<u>\$ 57,192,833</u>	<u>\$ 0</u>	<u>\$ 35,690,151</u>	<u>\$ 41,351,594</u>	<u>\$ 51,531,390</u>	<u>\$ 0</u>	<u>\$ 51,531,390</u>

Composition of Cash:

Checking Accounts	\$ 1,317,299
Certificates of Deposit	23,032,086
Money Market Accounts	26,473,160
Investments	843,228
	<u>51,665,773</u>
Agency Funds	(134,383)
	<u>\$ 51,531,390</u>

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

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 1 - Summary of Significant Accounting Policies:**

Financial Reporting Entity

**Circle Unified School District No. 375** is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Towanda, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

**KMAAG Regulatory Basis of Presentation Fund Definitions:**

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

Special Purpose Funds-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 for payment of general long-term debt.

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

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

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

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

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



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

Budget and Tax Cycle

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

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

If the 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 20<sup>th</sup>.

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 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.

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 capital projects funds, trust funds, and the following special purpose funds:

Federal Funds  
Contingency Reserve Fund  
After School Program Fund

Gifts and Grants Fund  
Textbook & Student Material Revolving Fund  
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.

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 2 - In Substance Receipt in Transit:**

The District received \$524,800 subsequent to June 30, 2022, 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, 2022.

**Note 3 - 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](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate 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.

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.

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**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

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 \$1,683,064 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 \$12,682,831. 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.

**Note 4 - Contingencies:**

Grant Programs

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

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 carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 5 - Capital Projects:**

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
School Building	<u>\$41,116,845</u>	<u>\$ 8,022,113</u>

**Note 6 - Interfund Transactions:**

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

Transfer from:	Transfer to:								Total
	Preschool- Aged At-Risk	At Risk (K-12)	Bilingual Education	Virtual Education	Professional Development	Special Education	Career and Postsecondary Education	Contingency Reserve	
General Fund	\$ 264,911	\$ 1,052,262	\$ 24,875	\$ 75,000	\$ 0	\$ 2,053,434	\$ 234,699	\$ 100,000	\$ 3,805,181
Supplemental General Fund	152,500	342,698	4,637	20,310	58,376	320,250	250,000	0	1,148,771
	<u>\$ 417,411</u>	<u>\$ 1,394,960</u>	<u>\$ 29,512</u>	<u>\$ 95,310</u>	<u>\$ 58,376</u>	<u>\$ 2,373,684</u>	<u>\$ 484,699</u>	<u>\$ 100,000</u>	<u>\$ 4,953,952</u>

**Note 7 - Compensated Absences:**

Certified personnel of the District are granted twelve days of sick leave at the beginning of each contract year. Days not used during the contract year may be accumulated to 76 days. Retiring certified personnel who have accumulated sick leave at the end of their last contract year are eligible to receive payment for unused days provided they are eligible to retire under KPERS or Social Security. The Board will pay \$60.00 per day for 2/3 of the retiring employee's accumulated sick leave with a maximum of 50 days. If the employee is retiring under the early retirement provision of the negotiated agreement, an additional \$30.00 per day for 2/3 of the accumulated sick leave, with a maximum of 50 days, will be paid. It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Classified staff accrue sick leave each year according to the provisions in the classified handbook. Retiring classified personnel who meet the KPERS retirement requirements, have been employed in the District for at least seven consecutive years prior to retirement and are employed for at least 3.5 hours per day are eligible to be reimbursed for their accumulated sick leave. The Board will pay \$30.00 per day for the retiring employee's accumulated sick leave with a maximum of 50 days.

**Note 8 - Subsequent Events:**

The District has evaluated subsequent events through December 1, 2022, the date which the financial statement was available to be issued.

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 9 - Deposits and Investments:**

As of June 30, 2022, the District had the following investments and maturities:

Investment Type	Fair Value	Rating
Kansas Municipal Investment Pool (overnight fund)	\$ 843,228	S&P AA+/S 1+

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. The rating of the District's investments is noted above.

*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. The District's allocation of investments as of June 30, 2022, is as follows:

Investment Type	Percentage of Investments
Kansas Municipal Investment Pool (overnight fund)	100%

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was \$50,822,545 and the bank balance was \$51,622,888. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, \$23,437,133 was covered by federal depository insurance and the remaining \$28,185,755 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At June 30, 2022, the District had invested \$843,228 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

**Note 10 - Reimbursed Expenditures:**

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

**Note 11 - Postemployment 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 the financial statement.

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

**Note 12 - Advance Refunding of Bond Obligations:**

On June 15, 2021, the District issued \$42,195,000 with interest rates ranging from 0.25% to 2.16%. Of the issue, \$41,888,407 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide future debt service payments on \$28,355,000 of principal amount of 2013 Series Bonds until the redemption date of September 1, 2023, \$10,020,000 of principal amount of 2014 Series Bonds until the redemption date of September 1, 2022, and \$200,000 of principal amount of 2018 Series Bonds until the redemption date of September 1, 2022. As of June 30, 2022, the previously described amounts are considered defeased and not included in long-term debt.

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 13 - Long-Term Debt:**

Principal payments are due annually for general obligation bonds. Interest payments are due semi-annually.

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
<b>General Obligation Bonds</b>				
2013 Series	3.25 - 5.00	5/1/2013	\$ 30,000,000	9/1/2031
2014 Series	1.00 - 4.00	9/1/2014	\$ 22,745,000	9/1/2031
2017 Series	3.00	9/13/2017	\$ 2,485,000	9/1/2025
2018 Series	3.00 - 4.00	6/5/2018	\$ 3,830,000	9/1/2023
2019 Series	2.75 - 3.00	8/28/2019	\$ 1,240,000	9/1/2023
2021-1 Series	3.00 - 4.00	6/15/2021	\$ 37,620,000	9/1/2037
2021-2 Series	0.25 - 2.16	6/15/2021	\$ 42,195,000	9/1/2031

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>					
2013 Series	\$ 1,645,000	\$ 0	\$ 0	\$ 1,645,000	\$ 82,250
2014 Series	3,600,000	0	975,000	2,625,000	119,625
2017 Series	1,010,000	0	190,000	820,000	27,450
2018 Series	1,830,000	0	1,630,000	200,000	38,600
2019 Series	1,240,000	0	385,000	855,000	30,387
2021-1 Series	37,620,000	0	0	37,620,000	805,404
2021-2 Series	42,195,000	0	600,000	41,595,000	450,588
	<u>\$ 89,140,000</u>	<u>\$ 0</u>	<u>\$ 3,780,000</u>	<u>\$ 85,360,000</u>	<u>\$ 1,554,304</u>

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

	Principal	Interest	Total Principal and Interest
2023	\$ 3,985,000	\$ 1,943,030	\$ 5,928,030
2024	4,000,000	1,823,028	5,823,028
2025	4,255,000	1,751,320	6,006,320
2026	4,440,000	1,710,486	6,150,486
2027	4,640,000	1,658,282	6,298,282
2028 - 2032	26,820,000	7,021,596	33,841,596
2033 - 2037	30,330,000	3,387,000	33,717,000
2038	6,890,000	103,350	6,993,350
	<u>\$ 85,360,000</u>	<u>\$ 19,398,092</u>	<u>\$ 104,758,092</u>

**REGULATORY REQUIRED  
SUPPLEMENTARY INFORMATION**



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	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 Fund	\$ 12,952,999	\$ (78,513)	\$ 9,875	\$ 12,884,361	\$ 12,884,361	\$ 0
Special Purpose Funds						
Supplemental General	4,256,091	(40,864)	0	4,215,227	4,215,227	0
Preschool-Aged At-Risk	348,665	0	0	348,665	128,409	(220,256)
At Risk (K-12)	1,579,353	0	0	1,579,353	1,050,362	(528,991)
Bilingual Education	47,730	0	0	47,730	15,312	(32,418)
Virtual Education	608,864	0	0	608,864	272,292	(336,572)
Capital Outlay	5,435,090	0	0	5,435,090	1,875,263	(3,559,827)
Driver Training	77,996	0	0	77,996	16,299	(61,697)
Food Service	1,342,388	0	0	1,342,388	1,210,194	(132,194)
Professional Development	102,217	0	0	102,217	58,915	(43,302)
Special Education	2,881,399	0	0	2,881,399	2,268,390	(613,009)
Career and Postsecondary Education	1,144,431	0	0	1,144,431	649,761	(494,670)
KPERS Contribution	1,844,215	0	0	1,844,215	1,683,064	(161,151)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1,167,783	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	113,404	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Textbook & Student Material Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	124,368	XXXXXXXXXX
After School Program	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	46,643	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	222,798	XXXXXXXXXX
Bond and Interest Fund	5,334,304	0	0	5,334,304	5,334,304	0
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	8,014,445	XXXXXXXXXX
	<u>\$ 37,955,742</u>	<u>\$ (119,377)</u>	<u>\$ 9,875</u>	<u>\$ 37,846,240</u>	<u>\$ 41,351,594</u>	<u>\$ (6,184,087)</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 9,875	\$ 0	\$ 9,875
State Sources	12,528,402	12,874,486	12,952,999	(78,513)
	<u>12,528,402</u>	<u>12,884,361</u>	<u>\$ 12,952,999</u>	<u>\$ (68,638)</u>
Expenditures				
Instruction	6,107,102	6,380,087	\$ 6,607,519	\$ (227,432)
Student Support Services	116,368	112,997	142,100	(29,103)
Instructional Support Staff	324,494	338,169	381,300	(43,131)
General Administration	503,381	533,471	557,500	(24,029)
School Administration	1,077,754	1,130,377	1,161,500	(31,123)
Central Services	39,237	65,805	63,650	2,155
Operations & Maintenance	3,602	0	5,000	(5,000)
Student Transportation Services	322,286	518,274	471,320	46,954
Transfers	4,034,178	3,805,181	3,563,110	242,071
Adjustment to Comply with Legal Max	0	0	(78,513)	78,513
Adjustment for Qualifying Budget Credits	0	0	9,875	(9,875)
	<u>12,528,402</u>	<u>12,884,361</u>	<u>\$ 12,884,361</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 3,467,498	\$ 3,674,928	\$ 3,336,907	\$ 338,021
County Sources	256,466	265,074	164,864	100,210
State Sources	619,417	467,469	472,000	(4,531)
	<u>4,343,381</u>	<u>4,407,471</u>	<u>\$ 3,973,771</u>	<u>\$ 433,700</u>
Expenditures				
Instruction	974,678	1,057,217	\$ 1,217,671	\$ (160,454)
Student Support Services	209,576	240,805	371,000	(130,195)
Instructional Support Staff	176,759	142,522	239,250	(96,728)
General Administration	23,346	27,423	50,000	(22,577)
Central Services	324,093	336,839	443,600	(106,761)
Operations & Maintenance	1,120,882	1,261,650	1,506,000	(244,350)
Transfers	1,339,014	1,148,771	428,570	720,201
Adjustment to Comply with Legal Max	<u>0</u>	<u>0</u>	<u>(40,864)</u>	<u>40,864</u>
	<u>4,168,348</u>	<u>4,215,227</u>	<u>\$ 4,215,227</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	175,033	192,244		
Unencumbered Cash, Beginning	259,648	434,681		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 434,681</u>	<u>\$ 626,925</u>		

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Preschool-Aged At-Risk Fund</u>	<u>Current Year</u>		<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual      Budget</u>	
Cash Receipts			
Transfers	<u>\$   200,000</u>	<u>\$   417,411</u> <u>\$           0</u>	<u>\$   417,411</u>
	<u>200,000</u>	<u>417,411</u> <u>\$           0</u>	<u>\$   417,411</u>
Expenditures			
Instruction	55,037	128,409   \$   348,665	\$   (220,256)
Student Transportation Services	<u>604</u>	<u>0</u> <u>0</u>	<u>0</u>
	<u>55,641</u>	<u>128,409</u> <u>\$   348,665</u>	<u>\$   (220,256)</u>
Receipts Over (Under) Expenditures	144,359	289,002	
Unencumbered Cash, Beginning	204,307	348,666	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$   348,666</u>	<u>\$   637,668</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>At Risk (K-12) Fund</u>	<u>Current Year</u>		<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual      Budget</u>	
Cash Receipts			
Transfers	<u>\$ 1,026,372</u>	<u>\$ 1,394,960    \$ 1,311,252</u>	<u>\$ 83,708</u>
	<u>1,026,372</u>	<u>1,394,960    \$ 1,311,252</u>	<u>\$ 83,708</u>
Expenditures			
Instruction	502,383	634,048    \$ 998,353	\$ (364,305)
Student Support Services	405,881	415,940    581,000	(165,060)
Instructional Support Staff	<u>0</u>	<u>374      0</u>	<u>374</u>
	<u>908,264</u>	<u>1,050,362    \$ 1,579,353</u>	<u>\$ (528,991)</u>
Receipts Over (Under) Expenditures	118,108	344,598	
Unencumbered Cash, Beginning	149,992	268,100	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 268,100</u>	<u>\$ 612,698</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Bilingual Education Fund</u>	<u>Current Year</u>		<u>Variance -</u> <u>Over (Under)</u>
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Cash Receipts			
Transfers	\$    37,002	\$    29,512    \$    20,107	\$    9,405
	<u>37,002</u>	<u>29,512</u> <u>\$    20,107</u>	<u>\$    9,405</u>
Expenditures			
Instruction	<u>15,500</u>	<u>15,312</u> \$    47,730	\$    (32,418)
	<u>15,500</u>	<u>15,312</u> <u>\$    47,730</u>	<u>\$    (32,418)</u>
Receipts Over (Under) Expenditures	21,502	14,200	
Unencumbered Cash, Beginning	6,121	27,623	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$    27,623</u>	<u>\$    41,823</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Virtual Education Fund</u>	<u>Current Year</u>		Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Cash Receipts			
Transfers	<u>\$ 350,000</u>	<u>\$ 95,310</u> <u>\$ 200,000</u>	<u>\$ (104,690)</u>
	<u>350,000</u>	<u>95,310</u> <u>200,000</u>	<u>(104,690)</u>
Expenditures			
Instruction	<u>230,676</u>	<u>272,292</u> <u>\$ 608,864</u>	<u>\$ (336,572)</u>
	<u>230,676</u>	<u>272,292</u> <u>\$ 608,864</u>	<u>(336,572)</u>
Receipts Over (Under) Expenditures	119,324	(176,982)	
Unencumbered Cash, Beginning	289,541	408,865	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 408,865</u>	<u>\$ 231,883</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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)**

Capital Outlay Fund	Prior Year	Current Year		Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 2,076,024	\$ 2,192,147	\$ 2,084,164	\$ 107,983
County Sources	153,472	153,977	96,741	57,236
	<u>2,229,496</u>	<u>2,346,124</u>	<u>\$ 2,180,905</u>	<u>\$ 165,219</u>
Expenditures				
Instruction	22,092	12,399	\$ 75,000	\$ (62,601)
General Administration	2,056	1,445	10,000	(8,555)
Central Services	315,147	281,090	335,000	(53,910)
Operations & Maintenance	1,203,457	1,264,620	2,088,990	(824,370)
Transportation	130,918	315,709	416,100	(100,391)
Facility Acquisition & Construction				
Services	2,200	0	2,510,000	(2,510,000)
	<u>1,675,870</u>	<u>1,875,263</u>	<u>\$ 5,435,090</u>	<u>\$ (3,559,827)</u>
Receipts Over (Under) Expenditures	553,626	470,861		
Unencumbered Cash, Beginning	2,700,560	3,254,186		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,254,186</u>	<u>\$ 3,725,047</u>		



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Driver Training Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 12,290	\$ 10,650	\$ 10,000	\$ 650
State Sources	7,316	6,954	0	6,954
	<u>19,606</u>	<u>17,604</u>	<u>\$ 10,000</u>	<u>\$ 7,604</u>
Expenditures				
Instruction	<u>15,540</u>	<u>16,299</u>	<u>\$ 77,996</u>	<u>\$ (61,697)</u>
	<u>15,540</u>	<u>16,299</u>	<u>\$ 77,996</u>	<u>\$ (61,697)</u>
Receipts Over (Under) Expenditures	4,066	1,305		
Unencumbered Cash, Beginning	63,931	67,997		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 67,997</u>	<u>\$ 69,302</u>		

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Food Service Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 75,182	\$ 34,934	\$ 80,850	\$ (45,916)
State Sources	10,582	9,637	7,200	2,437
Federal Sources	910,591	1,254,852	915,672	339,180
	<u>996,355</u>	<u>1,299,423</u>	<u>\$ 1,003,722</u>	<u>\$ 295,701</u>
Expenditures				
Operations & Maintenance	62,055	25,066	\$ 100,000	\$ (74,934)
Food Service Operation	865,032	1,185,128	1,242,388	(57,260)
	<u>927,087</u>	<u>1,210,194</u>	<u>\$ 1,342,388</u>	<u>\$ (132,194)</u>
Receipts Over (Under) Expenditures	69,268	89,229		
Unencumbered Cash, Beginning	269,399	338,667		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 338,667</u>	<u>\$ 427,896</u>		

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Professional Development Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 5,405	\$ 0	\$ 7,500	\$ (7,500)
State Sources	10,859	0	0	0
Transfers	40,000	58,376	0	58,376
	<u>56,264</u>	<u>58,376</u>	<u>\$ 7,500</u>	<u>\$ 50,876</u>
Expenditures				
Instructional Support Staff	55,140	58,915	\$ 102,217	\$ (43,302)
Central Services	225	0	0	0
	<u>55,365</u>	<u>58,915</u>	<u>\$ 102,217</u>	<u>\$ (43,302)</u>
Receipts Over (Under) Expenditures	899	(539)		
Unencumbered Cash, Beginning	93,819	94,718		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 94,718</u>	<u>\$ 94,179</u>		

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Special Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 32,772	\$ 27,255	\$ 52,000	\$ (24,745)
Federal Sources	26,769	0	60,412	(60,412)
Transfers	<u>2,490,208</u>	<u>2,373,684</u>	<u>2,160,321</u>	<u>213,363</u>
	<u>2,549,749</u>	<u>2,400,939</u>	<u>\$ 2,272,733</u>	<u>\$ 128,206</u>
Expenditures				
Instruction	2,189,086	2,089,629	\$ 2,399,749	\$ (310,120)
Student Transportation Services	<u>253,129</u>	<u>178,761</u>	<u>481,650</u>	<u>(302,889)</u>
	<u>2,442,215</u>	<u>2,268,390</u>	<u>\$ 2,881,399</u>	<u>\$ (613,009)</u>
Receipts Over (Under) Expenditures	107,534	132,549		
Unencumbered Cash, Beginning	501,131	608,665		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 608,665</u>	<u>\$ 741,214</u>		

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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)**

Career and Postsecondary Education Fund	Current Year		Variance -
	Prior Year		Over (Under)
	Actual	Actual	Budget
Cash Receipts			
Local Sources	\$ 14,350	\$ 20,677	\$ 15,000
Federal Sources	47,883	116,513	65,000
Transfers	714,610	484,699	300,000
	<u>776,843</u>	<u>621,889</u>	<u>\$ 380,000</u>
Expenditures			
Instruction	671,421	649,761	\$ 925,000
Student Support Services	0	0	100,000
Other Support Services	0	0	119,431
	<u>671,421</u>	<u>649,761</u>	<u>\$ 1,144,431</u>
Receipts Over (Under) Expenditures	105,422	(27,872)	
Unencumbered Cash, Beginning	506,649	612,071	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 612,071</u>	<u>\$ 584,199</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>KPERS Contribution Fund</u>	<u>Current Year</u>		<u>Variance -</u> <u>Over (Under)</u>
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Cash Receipts			
State Sources	\$ 1,581,659	\$ 1,683,064    \$ 1,844,215	\$ (161,151)
	<u>1,581,659</u>	<u>1,683,064</u> <u>\$ 1,844,215</u>	<u>\$ (161,151)</u>
Expenditures			
Instruction	648,480	825,000    \$ 825,000	\$ 0
Student Support Services	223,954	120,772    225,000	(104,228)
Instructional Support Staff	150,000	120,772    150,000	(29,228)
General Administration	94,225	100,000    100,000	0
School Administration	125,000	125,000    125,000	0
Other Supplemental Services	65,000	75,000    75,000	0
Operations & Maintenance	110,000	125,000    125,000	0
Student Transportation Services	110,000	125,000    125,000	0
Food Service Operation	55,000	66,520    94,215	(27,695)
	<u>1,581,659</u>	<u>1,683,064</u> <u>\$ 1,844,215</u>	<u>\$ (161,151)</u>
Receipts Over (Under) Expenditures	0	0	
Unencumbered Cash, Beginning	0	0	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH 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>Bond and Interest Fund</u>	<u>Current Year</u>		<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual      Budget</u>	
Cash Receipts			
Local Sources	\$ 5,999,953	\$ 5,687,097    \$ 5,420,054	\$ 267,043
County Sources	<u>419,725</u>	<u>435,384      261,434</u>	<u>173,950</u>
	<u>6,419,678</u>	<u>6,122,481    \$ 5,681,488</u>	<u>\$ 440,993</u>
Expenditures			
Debt Service	<u>4,838,326</u>	<u>5,334,304    \$ 5,334,304</u>	<u>\$ 0</u>
	<u>4,838,326</u>	<u>5,334,304    \$ 5,334,304</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	1,581,352	788,177	
Unencumbered Cash, Beginning	6,392,066	7,973,418	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 7,973,418</u>	<u>\$ 8,761,595</u>	

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

<u>Federal Funds</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 1,510,374	\$ 1,153,540
	<u>1,510,374</u>	<u>1,153,540</u>
Expenditures		
Instruction	409,497	865,480
Student Support Services	18,154	281,011
General Administration	0	660
Operations and Maintenance	1,176,042	10,534
Student Transportation Services	0	10,098
	<u>1,603,693</u>	<u>1,167,783</u>
Receipts Over (Under) Expenditures	(93,319)	(14,243)
Unencumbered Cash, Beginning	9,199	(84,120)
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ (84,120)</u>	<u>\$ (98,363)</u>



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 25,735	\$ 41,444
State Sources	45,000	45,000
Federal Sources	33,000	52,500
	<u>103,735</u>	<u>138,944</u>
Expenditures		
Instruction	<u>137,980</u>	<u>113,404</u>
	<u>137,980</u>	<u>113,404</u>
Receipts Over (Under) Expenditures	(34,245)	25,540
Unencumbered Cash, Beginning	60,130	25,885
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 25,885</u>	<u>\$ 51,425</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

<u>Contingency Reserve Fund</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 250,000	\$ 100,000
	<u>250,000</u>	<u>100,000</u>
Expenditures		
Other	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	250,000	100,000
Unencumbered Cash, Beginning	550,334	800,334
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 800,334</u>	<u>\$ 900,334</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

Textbook & Student Material		
<u>Revolving Fund</u>		
	Prior Year	Current Year
	<u>Actual</u>	<u>Actual</u>
Cash Receipts		
Local Sources	\$ 173,702	\$ 158,179
Transfers	<u>265,000</u>	<u>0</u>
	<u>438,702</u>	<u>158,179</u>
Expenditures		
Instruction	259,011	124,368
Instructional Support Staff	<u>9,692</u>	<u>0</u>
	<u>268,703</u>	<u>124,368</u>
Receipts Over (Under) Expenditures	169,999	33,811
Unencumbered Cash, Beginning	658,626	828,625
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 828,625</u>	<u>\$ 862,436</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

After School Program Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 64,925	\$ 111,830
	<u>64,925</u>	<u>111,830</u>
Expenditures		
Instruction	40,201	46,643
	<u>40,201</u>	<u>46,643</u>
Receipts Over (Under) Expenditures	24,724	65,187
Unencumbered Cash, Beginning	0	24,724
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 24,724</u>	<u>\$ 89,911</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - CAPITAL PROJECTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$41,100,613	\$ 16,232
	<u>41,100,613</u>	<u>16,232</u>
Expenditures		
New Building Acquisition and Construction	7,668	8,014,445
	<u>7,668</u>	<u>8,014,445</u>
Receipts Over (Under) Expenditures	41,092,945	(7,998,213)
Unencumbered Cash, Beginning	0	41,092,945
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$41,092,945</u>	<u>\$33,094,732</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**AGENCY FUNDS**  
**SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Circle High School				
Art Club	\$ 261	\$ 55	\$ 0	\$ 316
Laser Engraving	24,734	8,148	4,129	28,753
Football Fundraising	232	5,413	4,738	907
Bowling Fundraising	1,409	559	0	1,968
Band Fundraising	2,326	9,246	10,247	1,325
Madrigals Fundraising	3,236	11,328	14,096	468
Volleyball Fundraising	3,656	5,309	5,153	3,812
Chorus Fundraising	133	0	133	0
Cross Country Fundraising	1,960	5,344	5,215	2,089
Boys BB Fundraising	1,201	1,848	1,839	1,210
Girls BB Fundraising	2,874	2,233	2,819	2,288
Wrestling Fundraising	1,178	731	65	1,844
Baseball Fundraising	1,367	0	845	522
Softball Fundraising	2,136	2,891	3,638	1,389
Golf Boys Fundraising	0	731	650	81
Girls Golf Fundraising	992	1,291	887	1,396
Swim Girls Fundraising	155	25	0	180
Swim Boys Fundraising	25	5	0	30
Track Fundraising	16	3,006	1,024	1,998
Boys Tennis Fundraising	6	33	0	39
Girls Tennis Fundraising	3,246	476	146	3,576
Weightlifting Fundraising	494	1,549	1,684	359
Boys Soccer Fundraising	734	485	153	1,066
Girls Soccer Fundraising	158	6,761	6,914	5
Scholars Bowl Fundraising	10	2,194	2,073	131
Cheerleading Fundraising	1,198	11,098	11,633	663
Pole Vault	1,511	3,025	1,836	2,700
B.E.S.T. Robotics	140	0	0	140
	<u>55,388</u>	<u>83,784</u>	<u>79,917</u>	<u>59,255</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**AGENCY FUNDS**  
**SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Circle High School (Continued)				
Crimestoppers	66	0	0	66
Danz Team Fundraising	1,817	738	1,095	1,460
Drama/Forensics	969	8,921	8,305	1,585
FCA	2,025	883	575	2,333
FCCLA	4,914	1,765	2,237	4,442
Gaming Club	130	0	0	130
Freshman	0	1,995	0	1,995
Junior Class	4,105	2,628	3,486	3,247
Library	120	0	0	120
Memorial Fund	5,235	860	500	5,595
Musical/Play	5,730	13,367	16,274	2,823
National Honor Society	875	1,373	497	1,751
SAFE	380	0	0	380
Senior Class	1,665	1,785	3,450	0
Senior Class Rollover	3,057	0	3,057	0
Skills USA	1,831	5	0	1,836
Sophomore Class	805	1,883	0	2,688
International Club	864	300	339	825
Interest Income	139	61	0	200
Sports Physicals	467	1,460	387	1,540
Students Against Drunk Driving	5,972	5,988	4,786	7,174
STUCO	9,446	13,587	13,458	9,575
Target	139	587	270	456
Thor Scholarship	250	250	500	0
	<u>106,389</u>	<u>142,220</u>	<u>139,133</u>	<u>109,476</u>

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**AGENCY FUNDS**  
**SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Circle Middle School				
Band	5	0	0	5
Book Reviewers	1,020	30	0	1,050
Sales Tax	1	0	0	1
STUCO	2,751	4,271	4,167	2,855
Yearbook	1,233	23	98	1,158
T-Brid Pride Store	11	1,000	1,000	11
General	15	1,600	1,629	(14)
	<u>5,036</u>	<u>6,924</u>	<u>6,894</u>	<u>5,066</u>
Benton Grade School				
Stuco	400	0	0	400
General	3,344	8,877	8,976	3,245
	<u>3,744</u>	<u>8,877</u>	<u>8,976</u>	<u>3,645</u>
Greenwich Elementary School				
STUCO	583	1,613	1,305	891
Yearbook	4,384	95	105	4,374
General	215	6,244	6,244	215
	<u>5,182</u>	<u>7,952</u>	<u>7,654</u>	<u>5,480</u>
Oil Hill Grade School				
Student Council	6,323	2,996	2,487	6,832
Science Center	202	0	0	202
Entrepreneur Club	673	0	136	537
	<u>7,198</u>	<u>2,996</u>	<u>2,623</u>	<u>7,571</u>
Towanda Elementary School				
STUCO	189	0	0	189
General	1,082	1,093	998	1,177
Yearbook	1,770	0	0	1,770
Maker Space	9	0	0	9
	<u>3,050</u>	<u>1,093</u>	<u>998</u>	<u>3,145</u>
Total Agency Funds	<u>\$ 130,599</u>	<u>\$ 170,062</u>	<u>\$ 166,278</u>	<u>\$ 134,383</u>



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375  
DISTRICT ACTIVITY FUNDS  
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Circle High School							
Concessions	\$ 250	\$ 0	\$ 64,101	\$ 64,101	\$ 250	\$ 0	\$ 250
Yearbook	4,157	0	2,426	4,256	2,327	0	2,327
Athletic Misc	3	0	0	0	3	0	3
Testing	16	0	482	396	102	0	102
School Supplies	6,534	0	953	999	6,488	0	6,488
Sports Program	2,103	0	0	0	2,103	0	2,103
	<u>13,063</u>	<u>0</u>	<u>67,962</u>	<u>69,752</u>	<u>11,273</u>	<u>0</u>	<u>11,273</u>
Circle Middle School							
Athletics	1,757	0	34,287	33,088	2,956	0	2,956
	<u>1,757</u>	<u>0</u>	<u>34,287</u>	<u>33,088</u>	<u>2,956</u>	<u>0</u>	<u>2,956</u>
Concessions	46,113	0	64,468	58,402	52,179	0	52,179
District Activity	5,850	0	65,784	61,556	10,078	0	10,078
	<u>51,963</u>	<u>0</u>	<u>130,252</u>	<u>119,958</u>	<u>62,257</u>	<u>0</u>	<u>62,257</u>
Total District Activity Funds	<u>\$ 66,783</u>	<u>\$ 0</u>	<u>\$ 232,501</u>	<u>\$ 222,798</u>	<u>\$ 76,486</u>	<u>\$ 0</u>	<u>\$ 76,486</u>

## **FEDERAL AWARD INFORMATION**



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

**Board of Education  
Circle Unified School District No. 375  
Towanda, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Circle Unified School District No. 375, Towanda, Kansas**, as of and for the year ended **June 30, 2022**, and the related notes to the financial statement, which collectively comprise **Circle Unified School District No. 375, Towanda, Kansas'** basic financial statement, and have issued our report thereon dated December 1, 2022. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive 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 **Circle Unified School District No. 375, Towanda, Kansas'** 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 **Circle Unified School District No. 375, Towanda, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Circle Unified School District No. 375, Towanda, Kansas'** internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or 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.

**Board of Education  
Circle Unified School District No. 375**

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 **Circle Unified School District No. 375, Towanda, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***BFR CPA, LLC***

BFR CPA, LLC  
December 1, 2022



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

**Board of Education  
Circle Unified School District No. 375  
Towanda, Kansas**

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

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

We have audited **Circle Unified School District No. 375, Towanda, Kansas'** 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 **Circle Unified School District No. 375, Towanda, Kansas'** major federal programs for the year ended **June 30, 2022**. **Circle Unified School District No. 375, Towanda, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Circle Unified School District No. 375, Towanda, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 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 (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Circle Unified School District No. 375, Towanda, Kansas** 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Circle Unified School District No. 375, Towanda, Kansas'** compliance with the compliance requirements referred to above.

**Board of Education  
Circle Unified School District No. 375**

**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 **Circle Unified School District No. 375, Towanda, Kansas'** major federal programs.

**Auditors' 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 **Circle Unified School District No. 375, Towanda, Kansas'** 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a 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 aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Circle Unified School District No. 375, Towanda, Kansas'** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 **Circle Unified School District No. 375, Towanda, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Circle Unified School District No. 375, Towanda, Kansas'** 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 **Circle Unified School District No. 375, Towanda, Kansas'** 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.

**Board of Education  
Circle Unified School District No. 375**

**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 major federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a major 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 major 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 Auditors' 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 weakness 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***BFR CPA, LLC***

BFR CPA, LLC  
December 1, 2022

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Grant Title	Assistance Listing Number	Program Amount	Unencumbered Cash 7/1/2021	Receipts	Expenditures	Unencumbered Cash 6/30/2022
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
School Breakfast Program	10.553	\$ 196,000	\$ 0	\$ 196,000	\$ 196,000	\$ 0
National School Lunch Program	10.555	960,433	0	960,433	915,775	44,658
Summer Food Service Program for Children	10.559	97,805	0	97,805	97,805	0
		<u>1,254,238</u>	<u>0</u>	<u>1,254,238</u>	<u>1,209,580</u>	<u>44,658</u>
State Pandemic Electronic Benefit Transfer Administrative Costs Grants	10.649	614	0	614	614	0
		<u>1,254,852</u>	<u>0</u>	<u>1,254,852</u>	<u>1,210,194</u>	<u>44,658</u>
Department of Education						
Title I Grants to Local Educational Agencies	84.010	201,506	0	201,506	201,506	0
Career and Technical Education - Basic Grants to States	84.048	108,150	0	108,150	108,150	0
Safe and Supportive Schools Continuum	84.184	0	9,199	0	0	9,199
Supporting Effective Instruction State Grants	84.367	41,614	0	41,614	41,614	0
Student Support and Academic Enrichment Program	84.424	20,150	0	20,150	20,150	0
COVID-19 Education Stabilization Fund	84.425D	815,586	(93,319)	828,429	815,586	(80,476)
		<u>1,187,006</u>	<u>(84,120)</u>	<u>1,199,849</u>	<u>1,187,006</u>	<u>(71,277)</u>
Department of Health and Human Services						
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	88,927	0	61,841	88,927	(27,086)
Temporary Assistance for Needy Families Cluster-Cluster						
Temporary Assistance for Needy Families State Programs	93.558	45,000	(12,000)	52,500	45,000	(4,500)
		<u>133,927</u>	<u>(12,000)</u>	<u>114,341</u>	<u>133,927</u>	<u>(31,586)</u>
<u>(Passes Through SCKESC)</u>						
Department of Education						
Career and Technical Education - Basic Grants to States	84.048	8,363	0	8,363	8,363	0
Total Federal Awards		<u>\$ 2,584,148</u>	<u>\$ (96,120)</u>	<u>\$ 2,577,405</u>	<u>\$ 2,539,490</u>	<u>\$ (58,205)</u>

The accompanying notes are an integral part of the schedule.



**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Circle Unified School District No. 375, Towanda, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2 - Indirect Cost Rate:**

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

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Circle Unified School District No. 375, Towanda, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the 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 **Circle Unified School District No. 375, Towanda, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **Circle Unified School District No. 375, Towanda, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Circle Unified School District No. 375, Towanda, Kansas**.
7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
COVID-19 Education Stabilization Fund	84.425D
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Circle Unified School District No. 375, Towanda, Kansas**, was determined not to be a low-risk auditee.

**CIRCLE UNIFIED SCHOOL DISTRICT NO. 375  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

There are no prior audit findings.