HALSTEAD-BENTLEY
UNIFIED SCHOOL DISTRICT NO. 440

HALSTEAD, KANSAS

Financial Statement

For the Year Ended June 30, 2021

Halstead-Bentley
Unified School District No. 440

For the Year Ended June 30, 2021

CONTENTS

		Page
Independent Auditor's Report		1-3
Financial Section		
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1	4
Notes to Financial Statement		5-11
Regulatory – Required Supplementary Information		
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1	12
Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2	
General Funds		13-14
Special Purpose Funds		15-29
Bond and Interest Funds		30-31
Summary of Receipts and Disbursements – Regulatory Basis	Schedule 3	
Agency Funds		32-33
Schedule of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Schedule 4	
District Activity Funds		34
Other Supplementary Information		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards		35-36
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		37-38
Schedule of Expenditures of Federal Awards		39
Notes to the Schedule of Expenditures of Federal Awards		40
Schedule of Findings and Questioned Costs		41-42

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Halstead-Bentley Unified School District No. 440
Halstead, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Halstead-Bentley Unified School District No. 440, Halstead, Kansas (District), as of and for the year ended June 30, 2021, and the related disclosures to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements-agency funds, and the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 2021 basic financial statement, but are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated September 29, 2020, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2021 basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020**,** on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement of the District.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
November 5, 2021

Halstead-Bentley Unified School District No. 440

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds						
General	$ -	6,245,724	6,245,724	-	-	-
Supplemental General	76,988	1,911,429	1,913,156	75,261	-	75,261
Special Purpose Funds						
At Risk (K-12)	398,896	568,660	567,556	400,000	-	400,000
At Risk (4 year old)	-	52,544	52,544	-	-	-
Bilingual Education	-	4,449	4,449	-	-	-
Capital Outlay	1,342,662	668,550	500,308	1,510,904	191,411	1,702,315
Driver Training	35,337	11,082	13,849	32,570	-	32,570
Food Service	93,020	476,455	457,053	112,422	-	112,422
Professional Development	65,688	3,309	15,336	53,661	-	53,661
Parent Education	-	8,597	8,597	-	-	-
Special Education	500,000	1,151,973	1,130,430	521,543	-	521,543
Career and Postsecondary Education	-	146,239	144,639	1,600	-	1,600
Gifts and Grants	50	50,160	50,100	110	-	110
KPERS Special Retirement Contribution	-	662,593	662,593	-	-	-
Contingency Reserve	547,000	-	-	547,000	-	547,000
Student Health Initiative	4,314	-	-	4,314	-	4,314
Student Material Revolving	71,416	39,836	21,276	89,976	-	89,976
After School Program	2,453	50,717	38,604	14,566	-	14,566
Kansas Reading Roadmap	(11,175)	39,923	28,748	-	-	-
Little Dragon Preschool	16,278	72,318	74,293	14,303	-	14,303
Federal and State Grants						
Title I	-	126,635	126,635	-	-	-
Supporting Effective Instruction State Grants	-	25,161	25,161	-	-	-
Student Support Academic Enrichment Program	-	15,253	15,253	-	-	-
Elementary and Secondary Schools Emergency Relief Fund	-	95,221	95,221	-	-	-
Strengthening People and Revitalizing Kansas	-	487,032	487,032	-	-	-
Fiduciary Gifts	3,254	3,290	4,047	2,497	-	2,497
Bond and Interest Fund						
Bond and Interest	1,468,640	826,326	643,773	1,651,193	-	1,651,193
Bond Redemption	-	6,010,000	6,005,152	4,848	-	4,848
District Activity Funds						
Activity Gate Receipts	39,423	127,019	121,911	44,531	-	44,531
School Projects	28,555	24,706	27,919	25,342	-	25,342
Total Reporting Entity (Excluding Agency Funds)	$ 4,682,799	19,905,201	19,481,359	5,106,641	191,411	5,298,052

Composition of Cash	
The Halstead Bank	
Checking	$ 4,623,179
Petty Cash	1,500
Debit Card	3,500
Activity Funds	
Elementary School	17,906
Middle School	38,344
High School	68,963
Certificates of Deposit	
District	600,000
High School Activity Fund	6,471
Total Cash	5,359,863
Less Agency Funds (Schedule 3)	61,811
Total Reporting Entity (excluding Agency Funds)	$ 5,298,052

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Halstead-Bentley Unified School District No. 440, Halstead, Kansas, is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Halstead-Bentley Unified School District No. 440 (District), a municipality.

Regulatory Basis Fund Types

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

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

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

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

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

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

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

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Funds, Special Purpose Funds (unless specifically exempted by statute), and the Bond and Interest Fund. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for Agency Funds or the following Special Purpose Funds: Contingency Reserve, Student Health Initiative, Student Material Revolving, After School Program, Kansas Reading Roadmap, Safe Schools Grant, Little Dragon Preschool, Federal and State Grants, Fiduciary Gifts and District Activities.

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

Reimbursements

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

2. DEPOSITS AND INVESTMENTS

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $5,359,863 and the bank balance was $5,620,984. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, and $5,370,984 was collateralized with securities held by the pledging financial institution's agents in the District's name.

3. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $444,347 subsequent to June 30, 2021, and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The District was not in compliance with K.S.A. 79-2935 which limits fund expenditures to the appropriated budget. This violation occurred in the Food Service and Gifts and Grants Funds.

5. OPERATING LEASES

The District entered into an operating lease agreement for copiers for a period up to 63 months. Payments of $14,748, including overage charges, were made in fiscal year 2021. Under the current lease agreement, the future scheduled minimum payments are as follows:

2022	$ 12,713
2023	12,713
2024	12,713
2025	6,357
	$ 44,496

6. LONG-TERM DEBT

On July 7, 2020, the District issued $6,010,000 of General Obligation Refunding Bonds, Series 2020, with an interest rate ranging from 1.0-3.0%. The bond proceeds were used to advance refund a portion of the Series 2012 General Obligation bonds with an interest rate ranging from 2.0-3.5%. This transaction will result in a reduction of $561,252 in future debt payments.

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2012, Refunding	2.0-3.5%	02/15/12	$ 8,720,000	02/01/28	$ 6,385,000	-	6,385,000	-	102,347
Series 2020, Refunding	1.0-3.0%	07/07/20	6,010,000	02/01/28	-	6,010,000	-	6,010,000	51,426
Capital Lease Obligation									
Equipment lease	3.897%	07/15/11	1,321,062	07/30/25	598,157	-	90,413	507,744	28,997
Total contractual indebtedness					$ 6,983,157	-	6,475,413	6,517,744	182,770

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

	Year ended June 30						
	2022	2023	2024	2025	2026	2027-2029	Total
Principal							
General Obligation Bonds	$ 815,000	835,000	845,000	860,000	870,000	1,785,000	6,010,000
Capital Lease Obligation	93,937	97,597	101,401	105,352	109,457	-	507,744
Total principal	908,937	932,597	946,401	965,352	979,457	1,785,000	6,517,744
Interest							
General Obligation Bonds	84,598	72,140	59,456	46,584	33,522	27,067	323,367
Capital Lease Obligation	19,787	16,126	12,323	8,371	4,266	-	60,873
Total interest	104,385	88,266	71,779	54,955	37,788	27,067	384,240
Total principal and interest	$ 1,013,322	1,020,863	1,018,180	1,020,307	1,017,245	1,812,067	6,901,984

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	At Risk (K-12)	K.S.A. 72-5167	$ 76,327
General	At Risk (4 year old)	K.S.A. 72-5167	46,777
General	Capital Outlay	K.S.A. 72-5167	142,709
General	Parent Education	K.S.A. 72-5167	8,597
General	Special Education	K.S.A. 72-5167	642,536
General	Career and Postsecondary Education	K.S.A. 72-5167	68,139
Supplemental General	At Risk (K-12)	K.S.A. 72-5143	492,333
Supplemental General	At Risk (4 year old)	K.S.A. 72-5143	5,767
Supplemental General	Bilingual Education	K.S.A. 72-5143	4,449
Supplemental General	Special Education	K.S.A. 72-5143	500,000
Supplemental General	Career and Postsecondary Education	K.S.A. 72-5143	73,821

8. OTHER LONG TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

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

Other Post-Employment Benefits

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

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

Compensated Absences

The District's personnel policies grant compensated absences in the form of vacation and sick days for each school year. Classified full-time employees earn ten days of paid vacation upon completion of one year of employment. From two through ten years of service, eleven days of paid vacation is earned. After ten years of service, classified employees earn sixteen days of paid vacation per year. Vacation days are not cumulative. Unused vacation time is paid to employees upon termination. Certified employees earn no vacation.

Current employees who work 30 hours or more per week earn sick days at the rate of one (1) day per month of contract, rounded to the nearest month. All employees who work less than 30 hours per week will received five (5) days of sick leave per year. Employees can accumulate up to ninety (90) days of sick leave. Unused sick leave is not paid to employees upon termination.

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

9. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Contributions

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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

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

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized 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 $662,593 for the year ended June 30, 2021.

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $7,095,571. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

10. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations,

10. CLAIMS AND JUDGMENTS (Continued)

the District may be required to reimburse the grantor government. As of the date of this report, not all grant expenditures have been audited, but the District believes that any disallowed expenditures, if any, based on subsequent audits will not have a material effect on the individual governmental funds or the overall financial position of the District.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2020 to 2021, and there were no settlements that exceeded insurance coverage in the past three years.

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

11. CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020 the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the fiscal year ended June 30, 2021.

12. CRF AND CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of $400 million. The District received CRF in the amount of $487,032 during fiscal year 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely, and to remain open. The goals are to be fair, impactful, and timely. Additionally information and updates on SPARK, and the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/.

13. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through November 5, 2021, which is the date at which the financial statement was available to be issued.

HALSTEAD-BENTLEY
UNIFIED SCHOOL DISTRICT NO. 440

HALSTEAD, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 1

Halstead-Bentley Unified School District No. 440

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUNDS						
General	$ 6,415,333	(173,571)	3,962	6,245,724	6,245,724	-
Supplemental General	1,943,706	(30,550)		1,913,156	1,913,156	-
SPECIAL PURPOSE FUNDS						
At Risk (K-12)	728,250	-	-	728,250	567,556	(160,694)
At Risk (4 year old)	70,000			70,000	52,544	(17,456)
Bilingual Education	20,000			20,000	4,449	(15,551)
Capital Outlay	1,401,000			1,401,000	500,308	(900,692)
Driver Training	22,000			22,000	13,849	(8,151)
Food Service	353,000			353,000	457,053	104,053
Professional Development	40,000			40,000	15,336	(24,664)
Parent Education	8,597			8,597	8,597	-
Summer School	25,000			25,000	-	(25,000)
Special Education	1,417,395			1,417,395	1,130,430	(286,965)
Career and Postsecondary Education	191,872			191,872	144,639	(47,233)
Gifts and Grants	-			-	50,100	50,100
KPER Special Retirement Contribution	778,520			778,520	662,593	(115,927)
BOND AND INTEREST FUND	643,773			643,773	643,773	-

SCHEDULE 2

Halstead-Bentley Unified School District No. 440

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
GENERAL				
RECEIPTS				
General state aid	$ 5,546,894	5,599,226	5,772,072	(172,846)
Special education state aid	643,451	642,536	643,261	(725)
Reimbursements and other	6,143	3,962	-	3,962
Total receipts	6,196,488	6,245,724	6,415,333	(169,609)
EXPENDITURES				
Instruction	2,968,111	3,074,057	3,254,268	(180,211)
Student support services	84,139	89,854	105,400	(15,546)
Instructional support services	143,862	132,510	165,100	(32,590)
General administration	160,421	223,103	166,750	56,353
School administration	529,334	542,444	548,200	(5,756)
Operations and maintenance	886,440	831,701	975,500	(143,799)
Student transportation services	221,894	200,448	266,000	(65,552)
Other support services	157,858	166,522	177,800	(11,278)
Transfer to				
At Risk (K-12)	202,595	76,327	-	76,327
At Risk (4 year old)	7,771	46,777	-	46,777
Bilingual Education	-	-	10,000	(10,000)
Capital Outlay	-	142,709	78,920	63,789
Parent Education	2,967	8,597	-	8,597
Special Education	786,294	642,536	667,395	(24,859)
Career and Postsecondary Education	44,802	68,139	-	68,139
	6,196,488	6,245,724	6,415,333	(169,609)
Adjustment to comply with legal max	-	-	(173,571)	173,571
Legal General Fund budget	6,196,488	6,245,724	6,241,762	3,962
Adjustment for qualifying budget credits	-	-	3,962	(3,962)
Total expenditures	6,196,488	6,245,724	6,245,724	-
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		

Halstead-Bentley Unified School District No. 440

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SUPPLEMENTAL GENERAL				
RECEIPTS				
Taxes				
Tax in process	$ 13,656	74,211	14,640	59,571
Current tax	695,579	677,003	767,599	(90,596)
Delinquent tax	15,817	13,903	12,765	1,138
Vehicle tax	102,487	89,853	84,466	5,387
Mineral tax	1,100	780	-	780
State aid	1,015,024	1,055,679	1,072,537	(16,858)
Total receipts	1,843,663	1,911,429	1,952,007	(40,578)
EXPENDITURES				
Instruction	40,804	62,489	65,470	(2,981)
Student support services	180,971	152,096	315,000	(162,904)
Instructional support staff	4,434	3,215	3,000	215
General administration	840	1,230	-	1,230
School administration	27,892	3,519	28,000	(24,481)
Operations and maintenance	291,685	499,737	547,364	(47,627)
Other supplemental services	82,290	114,500	-	114,500
Transfer to				
At Risk (K-12)	682,184	492,333	350,000	142,333
At Risk (4 year old)	45,287	5,767	70,000	(64,233)
Bilingual Education	11,800	4,449	10,000	(5,551)
Food Service	30,000	-	20,000	(20,000)
Parent Education	-	-	10,000	(10,000)
Summer School	-	-	25,000	(25,000)
Special Education	352,671	500,000	308,000	192,000
Career and Postsecondary Education	145,320	73,821	191,872	(118,051)
	1,896,178	1,913,156	1,943,706	(30,550)
Adjustment to comply with legal max	-	-	(30,550)	30,550
Total expenditures	1,896,178	1,913,156	1,913,156	-
Receipts over (under) expenditures	(52,515)	(1,727)		
UNENCUMBERED CASH, beginning	129,503	76,988		
UNENCUMBERED CASH, ending	$ 76,988	75,261		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
AT RISK (K-12)				
RECEIPTS				
Other	$ 18,934	-	-	-
Transfer from				
General	202,595	76,327	-	76,327
Supplemental General	682,184	492,333	350,000	142,333
Total receipts	903,713	568,660	350,000	218,660
EXPENDITURES				
Instruction	387,304	442,863	598,000	(155,137)
Student support services	117,513	124,693	130,250	(5,557)
Total expenditures	504,817	567,556	728,250	(160,694)
Receipts over (under) expenditures	398,896	1,104		
UNENCUMBERED CASH, beginning	-	398,896		
UNENCUMBERED CASH, ending	$ 398,896	400,000		
AT RISK (4 YEAR OLD)				
RECEIPTS				
Transfer from				
General	$ 7,771	46,777	-	46,777
Supplemental General	45,287	5,767	70,000	(64,233)
Total receipts	53,058	52,544	70,000	(17,456)
EXPENDITURES				
Salaries and benefits	53,058	52,544	70,000	(17,456)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
BILINGUAL EDUCATION				
RECEIPTS				
Other	$ 4,000	-	-	-
Transfer from				
General	-	-	10,000	(10,000)
Supplemental General	11,800	4,449	10,000	(5,551)
Total receipts	15,800	4,449	20,000	(15,551)
EXPENDITURES				
Instruction	11,245	4,449	20,000	(15,551)
Student support services	4,555	-	-	-
Total expenditures	15,800	4,449	20,000	(15,551)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
CAPITAL OUTLAY				
RECEIPTS				
Tax in process	$ 8,657	7,439	3,579	3,860
Current tax	275,177	281,472	271,449	10,023
Delinquent tax	4,482	5,458	5,047	411
Vehicle tax	41,743	48,132	45,975	2,157
Mineral tax	435	300	-	300
Interest	56,876	5,416	-	5,416
Grants and other	150,245	42,143	-	42,143
State aid	138,352	135,481	135,724	(243)
Transfer from General	-	142,709	78,920	63,789
Total receipts	675,967	668,550	540,694	127,856
EXPENDITURES				
Instruction	28,452	54,261	185,000	(130,739)
Student support services	90,179	742	160,000	(159,258)
Instruction staff support	1,655	-	-	-
General administration	25,489	9,685	-	9,685
Student transportation	155,769	151,932	153,000	(1,068)
Operations and maintenance	683,537	283,688	603,000	(319,312)
Site improvement	-	-	300,000	(300,000)
Total expenditures	985,081	500,308	1,401,000	(900,692)
Receipts over (under) expenditures	(309,114)	168,242		
UNENCUMBERED CASH, beginning	1,651,776	1,342,662		
UNENCUMBERED CASH, ending	$ 1,342,662	1,510,904		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
DRIVER TRAINING				
RECEIPTS				
State aid	$ 5,460	4,182	3,300	882
Other	6,300	6,900	-	6,900
Total receipts	11,760	11,082	3,300	7,782
EXPENDITURES				
Salaries and benefits	7,584	13,433	22,000	(8,567)
Equipment and furnishings	674	416	-	416
Other	381	-	-	-
Total expenditures	8,639	13,849	22,000	(8,151)
Receipts over (under) expenditures	3,121	(2,767)		
UNENCUMBERED CASH, beginning	32,216	35,337		
UNENCUMBERED CASH, ending	$ 35,337	32,570		
FOOD SERVICE				
RECEIPTS				
Lunch and breakfast sales	$ 93,299	11,445	109,261	(97,816)
Federal aid	263,827	453,544	216,194	237,350
State aid	5,229	10,246	2,651	7,595
Other	1,118	1,220	-	1,220
Transfer from Supplemental General	30,000	-	20,000	(20,000)
Total receipts	393,473	476,455	348,106	128,349
EXPENDITURES				
Salaries and benefits	221,641	228,266	241,415	(13,149)
Food and supplies	176,302	215,347	107,585	107,762
Equipment	3,653	13,440	4,000	9,440
Total expenditures	401,596	457,053	353,000	104,053
Receipts over (under) expenditures	(8,123)	19,402		
UNENCUMBERED CASH, beginning	101,143	93,020		
UNENCUMBERED CASH, ending	$ 93,020	112,422		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
PROFESSIONAL DEVELOPMENT				
RECEIPTS				
State aid	$ 9,180	$ 3,309	$ 6,000	$ (2,691)
EXPENDITURES				
Salaries and benefits	7,581	4,361	-	4,361
Purchased services and other	20,201	10,975	40,000	(29,025)
Total expenditures	27,782	15,336	40,000	(24,664)
Receipts over (under) expenditures	(18,602)	(12,027)		
UNENCUMBERED CASH, beginning	84,290	65,688		
UNENCUMBERED CASH, ending	$ 65,688	53,661		
PARENT EDUCATION				
RECEIPTS				
Transfer from				
General	$ 2,967	8,597	-	8,597
Supplemental General	-	-	10,000	(10,000)
Total receipts	2,967	8,597	10,000	(1,403)
EXPENDITURES				
Purchased services and other	8,597	8,597	8,597	-
Receipts over (under) expenditures	(5,630)	-		
UNENCUMBERED CASH, beginning	5,630	-		
UNENCUMBERED CASH, ending	$ -	-		

SCHEDULE 2

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SUMMER SCHOOL				
RECEIPTS				
Transfer from Supplemental General	$ -	-	25,000	(25,000)
EXPENDITURES				
Salaries and benefits	-	-	25,000	(25,000)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		
SPECIAL EDUCATION				
RECEIPTS				
Federal Aid	$ -	9,437	-	9,437
Transfer from				
General	786,294	642,536	667,395	(24,859)
Supplemental General	352,671	500,000	308,000	192,000
Total receipts	1,138,965	1,151,973	975,395	176,578
EXPENDITURES				
Salaries and benefits	45,960	42,384	127,300	(84,916)
Purchased services	5,264	4,617	47,000	(42,383)
Supplies and other	-	9,220	25,000	(15,780)
Transportation	9,019	5,926	11,000	(5,074)
Tuition	1,081,922	1,068,283	1,207,095	(138,812)
Total expenditures	1,142,165	1,130,430	1,417,395	(286,965)
Receipts over (under) expenditures	(3,200)	21,543		
UNENCUMBERED CASH, beginning	503,200	500,000		
UNENCUMBERED CASH, ending	$ 500,000	521,543		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
CAREER AND POSTSECONDARY EDUCATION				
RECEIPTS				
Federal aid	$ -	1,885	-	1,885
CTE transportation state aid	7,752	-	-	-
Other	-	2,394	-	2,394
Transfer from				
General	44,802	68,139	-	68,139
Supplemental General	145,320	73,821	191,872	(118,051)
Total receipts	197,874	146,239	191,872	(45,633)
EXPENDITURES				
Salaries and benefits	178,064	129,364	171,772	(42,408)
Tuition and other	19,810	15,275	20,100	(4,825)
Total expenditures	197,874	144,639	191,872	(47,233)
Receipts over (under) expenditures	-	1,600		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	1,600		
GIFTS AND GRANTS				
RECEIPTS				
Pre-K Pilot Grant (CIF)	$ 22,615	22,500	-	22,500
Pre-K Pilot Grant (TANF)	17,515	27,600	-	27,600
Contributions and other	50	60	-	60
Total receipts	40,180	50,160	-	50,160
EXPENDITURES				
Instruction	40,130	50,100	-	50,100
Receipts over (under) expenditures	50	60		
UNENCUMBERED CASH, beginning	-	50		
UNENCUMBERED CASH, ending	$ 50	110		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
KPERS SPECIAL RETIREMENT CONTRIBUTION				
RECEIPTS				
State aid	$ 719,852	662,593	778,520	(115,927)
EXPENDITURES				
Instruction	403,187	421,165	550,000	(128,835)
Instructional support	109,833	54,384	150,000	(95,616)
General administration	34,068	28,022	40,000	(11,978)
School administration	54,238	56,597	38,000	18,597
Central services	26,371	7,591	520	7,071
Operations & maintenance	47,040	49,971	-	49,971
Student transportation services	16,321	23,166	-	23,166
Food service	28,794	21,697	-	21,697
Total expenditures	719,852	662,593	778,520	(115,927)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
CONTINGENCY RESERVE		
RECEIPTS	$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	547,000	547,000
UNENCUMBERED CASH, ending	$ 547,000	547,000
STUDENT HEALTH INITIATIVE		
RECEIPTS	$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	4,314	4,314
UNENCUMBERED CASH, ending	$ 4,314	4,314
STUDENT MATERIAL REVOLVING		
RECEIPTS		
Fees	$ 43,968	39,836
EXPENDITURES		
Textbooks	16,515	15,507
Other	2,970	4,758
Materials and supplies	3,055	1,011
Total expenditures	22,540	21,276
Receipts over (under) expenditures	21,428	18,560
UNENCUMBERED CASH, beginning	49,988	71,416
UNENCUMBERED CASH, ending	$ 71,416	89,976

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
AFTER SCHOOL PROGRAM		
RECEIPTS		
Other	$ 32,014	50,717
EXPENDITURES		
Salaries and benefits	34,193	38,604
Receipts over (under) expenditures	(2,179)	12,113
UNENCUMBERED CASH, beginning	4,632	2,453
UNENCUMBERED CASH, ending	$ 2,453	14,566
KANSAS READING ROADMAP		
RECEIPTS		
Grant funds	$ 87,947	39,923
EXPENDITURES		
Instruction	100,526	26,771
Student support	1,803	-
Student transportation	29,295	1,977
Total expenditures	131,624	28,748
Receipts over (under) expenditures	(43,677)	11,175
UNENCUMBERED CASH, beginning	32,502	(11,175)
UNENCUMBERED CASH, ending	$ (11,175)	-

SCHEDULE 2

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
LITTLE DRAGON PRESCHOOL		
RECEIPTS		
Tuition	$ 18,811	72,318
EXPENDITURES		
Salaries and benefits	29,357	73,573
Other	480	720
Total expenditures	29,837	74,293
Receipts over (under) expenditures	(11,026)	(1,975)
Unencumbered cash, beginning	27,304	16,278
Unencumbered cash, ending	$ 16,278	14,303

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANTS		
TITLE I		
RECEIPTS		
Federal aid	$ 114,585	126,635
EXPENDITURES		
Salaries and benefits	99,547	124,504
Equipment and maintenance	1,276	-
Supplies and other	13,762	2,131
Total expenditures	114,585	126,635
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS		
RECEIPTS		
Federal aid	$ 27,232	25,161
EXPENDITURES		
Salaries and benefits	27,232	11,906
Supplies and other	-	13,255
Total expenditures	27,232	25,161
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANTS		
STUDENT SUPPORT ACADEMIC ENRICHMENT PROGRAM		
RECEIPTS		
Federal aid	$ 14,365	15,253
EXPENDITURES		
Salaries and benefits	14,365	6,000
Supplies and other	-	9,253
Total expenditures	14,365	15,253
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-
ELEMENTARY & SECONDARY SCHOOL EMERGENCY		
RELIEF FUND (ESSER)		
RECEIPTS		
Federal aid	$ -	95,221
EXPENDITURES		
Salaries and benefits	-	22,506
Equipment and maintenance	-	36,334
Supplies and other	-	36,381
Total expenditures	-	95,221
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANTS		
STRENGTHENING PEOPLE AND REVITALIZING		
KANSAS (SPARK)		
RECEIPTS		
Federal aid	$ -	487,032
EXPENDITURES		
Salaries and benefits	-	57,037
Equipment and maintenance	-	379,758
Supplies and other	-	50,237
Total expenditures	-	487,032
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-

Halstead-Bentley Unified School District No. 440

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FIDUCIARY GIFTS		
DYRON SCHUTTE		
RECEIPTS	$ -	-
EXPENDITURES		
Scholarships and other	275	-
Receipts over (under) expenditures	(275)	-
UNENCUMBERED CASH, beginning	275	-
UNENCUMBERED CASH, ending	$ -	-
BACK TO SCHOOL BACKPACKS		
RECEIPTS		
Donations	$ 3,254	3,290
EXPENDITURES		
Supplies and other	2,370	4,047
Receipts over (under) expenditures	884	(757)
UNENCUMBERED CASH, beginning	2,370	3,254
UNENCUMBERED CASH, ending	$ 3,254	2,497
Total Fiduciary Gifts	$ 3,254	2,497

Halstead-Bentley Unified School District No. 440

Bond and Interest Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
BOND AND INTEREST				
RECEIPTS				
Tax in process	$ 10,791	11,801	8,680	3,121
Current tax	437,380	444,661	428,735	15,926
Delinquent tax	7,515	8,260	8,017	243
Vehicle tax	51,749	64,995	61,574	3,421
Mineral tax	691	474	-	474
State aid	324,801	296,135	296,135	-
Other Income	-	-	-	-
Total receipts	832,927	826,326	803,141	23,185
EXPENDITURES				
Principal	465,000	490,000	490,000	-
Interest	211,669	153,773	153,773	-
Total expenditures	676,669	643,773	643,773	-
Receipts over (under) expenditures	156,258	182,553		
UNENCUMBERED CASH, beginning	1,312,382	1,468,640		
UNENCUMBERED CASH, ending	$ 1,468,640	1,651,193		

Halstead-Bentley Unified School District No. 440

Bond and Interest Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
BOND REDEMPTION		
RECEIPTS		
Bond proceeds	$ -	6,010,000
EXPENDITURES		
Redemption payments on 2015 bonds	-	5,895,000
Cost of issuance	-	110,152
Total expenditures	-	6,005,152
Receipts over (under) expenditures	-	4,848
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	4,848

Halstead-Bentley Unified School District No. 440

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
STUDENT ORGANIZATIONS				
High School				
Art	$ 1,532	60	-	1,592
Cheer	2,175	7,284	5,815	3,644
Chemistry	357	-	-	357
Class of 2018	917	-	-	917
Class of 2021	3,051	-	3,051	-
Class of 2022	211	2,850	770	2,291
Class of 2023	490	2,955	3,252	193
Class of 2024	-	148	204	(56)
Color Guard	214	-	-	214
Dance	3,944	1,954	1,924	3,974
Dragon Woods	2,131	280	-	2,411
Dragon Corps	280	-	-	280
Drivers Education	-	7,050	7,050	-
Embroidery	110	-	-	110
Enrollment	-	5	-	5
FACS Revolving	(22)	-	-	(22)
Faculty	228	-	168	60
FCA	646	27	194	479
In & Out	-	1,922	1,922	-
Kay	4,554	447	834	4,167
Library	1,216	-	71	1,145
Marching	1,228	496	904	820
National Honor Society	353	-	-	353
Nutrition & Wellness	52	-	-	52
Petty Cash	-	915	912	3
Printshop	2,523	514	323	2,714
Scholarships	376	500	547	329
Spanish	664	186	184	666
Stand	6	336	172	170
Stuco	2,896	1,345	3,269	972
Stuco CD	1,449	-	-	1,449

Halstead-Bentley Unified School District No. 440

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
STUDENT ORGANIZATIONS (Continued)				
The Lair	$ 1,775	7,073	3,653	5,195
Vocal/Tri-M	3,089	169	332	2,926
Wood	-	918	918	-
Total High School	36,445	37,434	36,469	37,410
Middle School	4,125	4,315	1,328	7,112
Grade School	10,615	16,042	9,368	17,289
Total Student Organizations	51,185	57,791	47,165	61,811
SALES TAX	82	4,789	4,871	-
Total Agency Funds	$ 51,267	62,580	52,036	61,811

Halstead-Bentley Unified School District No. 440

District Activity Funds

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
ACTIVITY GATE RECEIPTS						
High School						
Athletics	$ 18,166	111,255	103,203	26,218	-	26,218
Concessions	6,246	3,171	4,002	5,415	-	5,415
Musicals	4,496	1,354	2,923	2,927	-	2,927
Middle School						
Athletics	10,515	11,239	11,783	9,971	-	9,971
Total Activity Gate Receipts	$ 39,423	127,019	121,911	44,531	-	44,531
SCHOOL PROJECTS						
High School	$ 2,529	4,990	4,055	3,464	-	3,464
Middle School	24,650	19,645	23,034	21,261	-	21,261
Elementary School	1,376	71	830	617	-	617
Total School Projects	$ 28,555	24,706	27,919	25,342	-	25,342

UNIFIED SCHOOL DISTRICT NO. 440

OTHER SUPPLEMENTARY INFORMATION

SINGLE AUDIT SECTION

FOR THE YEAR ENDED JUNE 30, 2021

Knudsen Monroe & Company LLC

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

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

Board of Education
Unified School District No. 440
Halstead, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Halstead-Bentley Unified School District No. 440, Halstead Kansas (District), as of and for the year ended June 30, 2021, and the disclosures to the financial statement, which collectively comprise the District's basic financial statement and have issued our report thereon dated November 5, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
November 5, 2021

Knudsen Monroe & Company LLC

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

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

Board of Education
Unified School District No. 440
Halstead, Kansas

Report on Compliance for Each Major Federal Program

We have audited Halstead-Bentley Unified School District No. 440, Halstead, Kansas' (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal

program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
November 5, 2021

Halstead-Bentley Unified School District No. 440

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
COVID-19 National School Lunch Program	10.555	D0440	$ 117,626
Child and Adult Care Food Program	10.558	D0440	5,769
COVID-19 Summer Food Service Program for Children	10.559	D0440	335,918
Total U.S. Department of Agriculture			**459,313**
U.S. Department of Education			
Passed through Kansas Department of Education			
Career and Technical Education - Carl Perkins Vocational Education	84.048A	D0440	1,885
Title I, Grants to Local Educational Agencies	84.010	D0440	126,635
Supporting Effective Instruction	84.367A	D0440	25,161
Student Support and Academic Enrichment Program	84.424A	D0440	15,253
COVID-19 Elementary and Secondary School Emergency Relief Fund I	84.425D	D0440	104,658
Total U.S. Department of Education			**273,592**
U.S. Department of the Treasury			
Passed through State of Kansas and Harvey County			
COVID-19 Coronavirus Relief Fund	21.019	None provided	487,032
Total U.S. Department of the Treasury			**487,032**
U.S. Department of Health and Human Services			
Passed through Kansas Department of Education			
Temporary Assistance for Needy Families	93.558	D0440	27,600
Total U.S. Department of Health and Human Services			**27,600**
Total Expenditures of Federal Awards			**$ 1,247,537**

See notes to the Schedule of Expenditures of Federal Awards

Halstead-Bentley Unified School District No. 440

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 440, Halstead, Kansas (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. INDIRECT COST RATE

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

Halstead-Bentley Unified School District No. 440

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse - GAAP	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X Yes	____ No
Noncompliance material to financial statement noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund

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

See Section II - Financial Statement Findings and Section III - Federal Award Findings and Questioned Costs on page 42.

Halstead-Bentley Unified School District No. 440
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Significant Deficiency

2021-001 - Activity Funds

Condition: Complete and accurate bank reconciliations are not prepared timely.

Criteria: Internal contols should be in place to provide reasonable assurance that personnel are completing bank reconciliations timely.

Cause: Internal controls are not in place to require management's review of bank reconciliations.

Effect: Failure to prepare timely and accurate bank reconciliations may lead to unauthorized expenditures or budget violations.

Recommendation: All bank reconciliations should be prepared as soon as possible after bank statements are received and these reports should be reviewed, signed and dated to indicate its completion.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the recommended procedures will be implemented.