

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 215
Lakin, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Unified School District No. 215, as of and for the year ended June 30, 2021, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

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 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 entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note A, the financial statement is prepared by Unified School District No. 215 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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 Unified School District No. 215 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 balances of Unified School District No. 215 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 A.

Other Matters

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No. 215 as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated January 28, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2022, on our consideration of Unified School District No. 215'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 Unified School District No. 215'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 Unified School District No. 215's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

February 11, 2022

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

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

For the Year Ended June 30, 2021

<u>Funds</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances
General funds:		
General	\$ 743	\$ -
Supplemental general	117,837	3,200
Total general funds	118,580	3,200
Special purpose funds:		
Capital outlay	929,401	15,510
Driver training	70,588	-
At-risk (K-12)	14,802	-
Food service	73,838	-
Professional development	20,134	-
Preschool-aged at-risk	3,853	-
Special education	72,589	-
Career and postsecondary education	27,428	-
Parents as teachers	-	-
Bilingual	606	-
Recreation commission	-	-
Recreation commission special liability	-	-
KPERS retirement contributions	-	-
Contingency reserve	524,940	-
Textbook and student materials revolving	141,416	8,409
Gifts and grants	34,636	-
Title I	-	-
Title IVA drug awareness	-	-
Title II, part A teacher quality	(59)	-
Federal REAP grant	(46)	32
Migrant program	-	-
Migrant family literacy grant	-	37
CARES Act	(6,399)	-
Daycare	-	-
ESSER II	-	-
District activity funds	75,471	-
Total special purpose funds	1,983,198	23,988
Total Unified School District No. 215 (excluding agency funds)	\$ 2,101,778	\$ 27,188

Receipts	Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
\$ 5,489,195	\$ 5,482,800	\$ 7,138	\$ -	\$ 7,138
1,700,752	1,658,682	163,107	9,152	172,259
<u>7,189,947</u>	<u>7,141,482</u>	<u>170,245</u>	<u>9,152</u>	<u>179,397</u>
2,412,664	1,555,502	1,802,073	208,902	2,010,975
15,937	12,681	73,844	-	73,844
623,659	638,461	-	-	-
444,437	425,044	93,231	-	93,231
3,830	23,703	261	-	261
18,308	22,161	-	-	-
577,779	648,572	1,796	-	1,796
145,233	172,661	-	-	-
-	-	-	-	-
24,880	16,834	8,652	-	8,652
317,344	309,887	7,457	-	7,457
37	-	37	-	37
681,551	681,551	-	-	-
2,292	174,909	352,323	24,603	376,926
42,782	95,965	96,642	34,304	130,946
34,938	48,130	21,444	-	21,444
142,771	133,615	9,156	-	9,156
14,463	14,463	-	-	-
21,333	22,433	(1,159)	-	(1,159)
31,237	31,237	(14)	-	(14)
105,500	101,162	4,338	-	4,338
-	37	-	-	-
330,114	315,527	8,188	-	8,188
68,208	68,208	-	-	-
-	135,751	(135,751)	58,427	(77,324)
121,531	118,525	78,477	-	78,477
<u>6,180,828</u>	<u>5,767,019</u>	<u>2,420,995</u>	<u>326,236</u>	<u>2,747,231</u>
<u>\$ 13,370,775</u>	<u>\$ 12,908,501</u>	<u>\$ 2,591,240</u>	<u>\$ 335,388</u>	<u>\$ 2,926,628</u>

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

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

For the Year Ended June 30, 2021

	<u>Ending cash balance</u>
Composition of cash balance:	
Money market accounts	\$ 2,867,493
Demand deposits of activity funds	<u>134,250</u>
Total cash	3,001,743
Agency funds	<u>(75,115)</u>
Total Unified School District No. 215 (excluding agency funds)	<u><u>\$ 2,926,628</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

NOTES TO THE FINANCIAL STATEMENT

June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Municipal Financial Reporting Entity

Unified School District No. 215 is a municipal corporation governed by an elected seven-member board. A related municipal entity is an entity established to benefit the District and/or its constituents. This financial statement does not include the following related municipal entity:

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

2. Basis of Presentation – Fund Accounting

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

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

REGULATORY BASIS FUND TYPES

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

4. Budgetary Information

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

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

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

A legal operating budget is not required for state and federal grant funds, district activity funds, agency funds, and the following special purpose funds:

Contingency Reserve
Gifts and Grants

Textbook and Student Materials Revolving
Daycare

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

5. In-Substance Receipt in Transit

The District received \$349,295 subsequent to June 30, 2021 and as required by K.S.A. 72-5135 and 72-5145 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

B. COMPLIANCE WITH KANSAS STATUTES

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

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. At year end, expenditures in the Capital Outlay fund exceeded the adopted budget by \$157,735.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. Although the Title II, Part A Teacher Quality, Federal REAP grant, and ESSER II funds overspent their cash balances, according to K.S.A. 12-1664, the District is not prohibited from financing the federal share of a local program from current funds, if available.

C. DEPOSITS AND INVESTMENTS

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

C. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 \$3,001,743 and the bank balance was \$3,476,301. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,226,301 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

D. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
Kitchen equipment:					
Issued June 12, 2018					
In the amount of \$600,000					
At interest rates of 3.68%					
Maturing August 1, 2023	\$ 375,115	\$ -	\$ 59,614	\$ 315,501	\$ 7,056
iPads:					
Issued May 25, 2019					
In the amount of \$110,685					
At interest rates of 1.90%					
Maturing May 25, 2021	36,891	-	36,891	-	701
Equipment:					
Issued May 10, 2021					
In the amount of \$1,900,000					
At interest rates of 2.40%					
Maturing August 1, 2031	-	1,900,000	-	1,900,000	-
MacBooks:					
Issued January 15, 2021					
In the amount of \$148,010					
At interest rates of 0.69%					
Maturing January 15, 2023	-	148,010	49,676	98,334	-
Total	<u>\$ 412,006</u>	<u>\$2,048,010</u>	<u>\$ 146,181</u>	<u>\$2,313,835</u>	<u>\$ 7,757</u>

D. LONG-TERM DEBT (CONTINUED)

Current maturity of capital leases and interest for the next five years and in five-year increments through maturity are as follows:

	Principal due	Interest due	Total due
2022	\$ 295,945	\$ 44,743	\$ 340,688
2023	300,557	48,776	349,333
2024	242,865	39,798	282,663
2025	181,690	34,304	215,994
2026	186,077	29,917	215,994
2027-2031	999,985	79,985	1,079,970
2032	106,716	1,281	107,997
Total	<u>\$ 2,313,835</u>	<u>\$ 278,804</u>	<u>\$ 2,592,639</u>

E. OPERATING LEASES

The District has entered into operating lease agreements for copier rental and maintenance. Rental and maintenance payments for the current year totaled \$12,904. The operating lease agreement expires in the year 2026.

The following is a yearly schedule of future minimum rental payments under the operating lease:

2022	\$ 20,017
2023	20,017
2024	20,017
2025	20,017
2026	<u>7,112</u>
Total	<u>\$ 87,180</u>

F. CAPITAL PROJECTS

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

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
High School Parking Lot	\$ 297,558	\$ 297,558	\$ -
Daycare and Auditorium	435,583	216,315	219,268
Football Field Turf and Track	1,016,028	735,182	280,846
High School Gym Floor	77,900	2,000	75,900
High School Shop Roof	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total	<u>\$ 1,834,069</u>	<u>\$ 1,251,055</u>	<u>\$ 583,014</u>

G. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General fund	Special education fund	\$ 395,828	K.S.A. 72-5167
General fund	Contingency reserve fund	2,292	K.S.A. 72-5167
General fund	Flex spending fund	<u>8,146</u>	K.S.A. 72-5167
Total general fund		<u>406,266</u>	
Supplemental general fund	At-risk (K-12) fund	623,659	K.S.A. 72-5143
Supplemental general fund	Food service fund	12,205	K.S.A. 72-5143
Supplemental general fund	Preschool-aged at-risk fund	9,768	K.S.A. 72-5143
Supplemental general fund	Special education fund	160,712	K.S.A. 72-5143
Supplemental general fund	Career and postsecondary education fund	145,233	K.S.A. 72-5143
Supplemental general fund	Bilingual fund	<u>24,880</u>	K.S.A. 72-5143
Total supplemental general fund		<u>976,457</u>	
Total operating transfers		<u>\$1,382,723</u>	

H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

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

Section 125 plan. The District offers a Section 125 flexible benefit plan to all eligible employees. It is used for insurance premiums, other medical costs, and childcare costs. The plan is administered by an independent company. The District withholds the amounts from the employee's paycheck and remits the withholdings to the plan administrator.

Compensated absences. The District's policy grants employees on twelve-month contracts ten days of vacation per year. Discretionary leave of twelve days is credited annually to each full time employee and days not used may accumulate to a total of 60 days. Certified employees also receive two additional days reduced by a \$110 per day substitute deduction. When certain conditions are met, accumulated vacation time is paid to the employee upon retirement. Certified employees retiring under KPERS are eligible to receive \$70 per day for accumulated sick leave, and classified employees retiring under KPERS are eligible to receive \$35 per day for accumulated sick leave.

I. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report, which can be found on the KPERS website at www.kpers.org 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 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the 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 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of \$19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized a payment of \$82 million in fiscal year 2019. The 2019 Legislative session authorized an additional fiscal year payment for the KPERS School Group, 2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of \$51 million.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate which totaled \$681,551 for the year ended June 30, 2021.

I. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was \$7,007,701. 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 the 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.

J. 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; natural disasters; and injuries to employees. The District purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

K. CONTINGENCIES

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

L. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future result of operations. The District is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

M. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 11, 2022, and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note L above.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

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

For the Year Ended June 30, 2021

<u>Funds</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General	\$ 5,751,000	\$ (268,200)	\$ 5,482,800	\$ 5,482,800	\$ -
Supplemental general	1,738,895	(80,213)	1,658,682	1,658,682	-
Special purpose funds:					
Capital outlay	1,397,767	-	1,397,767	1,555,502	(157,735)
Driver training	73,888	-	73,888	12,681	61,207
At-risk (K-12)	845,659	-	845,659	638,461	207,198
Food service	425,044	-	425,044	425,044	-
Professional development	26,133	-	26,133	23,703	2,430
Preschool-aged at-risk	45,690	-	45,690	22,161	23,529
Special education	699,915	-	699,915	648,572	51,343
Career and postsecondary education	175,877	-	175,877	172,661	3,216
Parents as teachers	-	-	-	-	-
Bilingual	102,037	-	102,037	16,834	85,203
Recreation commission	309,887	-	309,887	309,887	-
Recreation commission special liability	-	-	-	-	-
KPERS retirement contributions	758,551	-	758,551	681,551	77,000
	<u>\$ 12,350,343</u>	<u>\$ (348,413)</u>	<u>\$ 12,001,930</u>	<u>\$ 11,648,539</u>	<u>\$ 353,391</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

GENERAL FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
State sources:				
State aid	\$ 4,915,623	\$ 5,077,259	\$ 5,308,071	\$ (230,812)
State aid reimbursement	2,023	-	-	-
Special education aid	374,032	394,032	422,929	(28,897)
Mineral production tax	26,168	17,904	20,000	(2,096)
Total receipts	<u>5,317,846</u>	<u>5,489,195</u>	<u>\$ 5,751,000</u>	<u>\$ (261,805)</u>
Expenditures:				
Instruction	3,263,437	3,549,925	\$ 2,843,114	\$ (706,811)
Student support services	194,977	23,773	198,650	174,877
Instructional support staff	28,821	5,047	107,040	101,993
General administration	420,742	465,549	404,100	(61,449)
School administration	578,294	589,686	588,400	(1,286)
Operations and maintenance	193,361	220,956	192,000	(28,956)
Student transportation services:				
Vehicle operating services	148,526	113,408	153,250	39,842
Vehicle and maintenance services	76,578	108,190	62,000	(46,190)
Operating transfers	423,149	406,266	1,202,446	796,180
Adjustment to comply with legal maximum budget	-	-	(268,200)	(268,200)
Total expenditures	<u>5,327,885</u>	<u>5,482,800</u>	<u>\$ 5,482,800</u>	<u>\$ -</u>
Receipts over (under) expenditures	(10,039)	6,395		
Unencumbered cash, beginning of year	10,039	743		
Prior year canceled encumbrances	<u>743</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ 743</u>	<u>\$ 7,138</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SUPPLEMENTAL GENERAL FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 32,991	\$ 30,967	\$ 38,896	\$ (7,929)
Current tax	1,097,085	1,216,973	1,137,523	79,450
Delinquent tax	11,999	11,441	8,654	2,787
Motor vehicle tax and recreational vehicle tax	88,413	102,502	81,676	20,826
State aid	311,473	338,869	355,256	(16,387)
Total receipts	<u>1,541,961</u>	<u>1,700,752</u>	<u>\$ 1,622,005</u>	<u>\$ 78,747</u>
Expenditures:				
Instruction	129,678	55,977	\$ 144,043	\$ 88,066
General administration	67,283	24,400	105,000	80,600
School administration	8,704	-	14,000	14,000
Operations and maintenance	624,515	568,162	823,500	255,338
Student transportation services:				
Vehicle and maintenance services	912	-	1,300	1,300
Community service operations	-	33,686	-	(33,686)
Operating transfers	814,302	976,457	651,052	(325,405)
Adjustment to comply with legal maximum budget	-	-	(80,213)	(80,213)
Total expenditures	<u>1,645,394</u>	<u>1,658,682</u>	<u>\$ 1,658,682</u>	<u>\$ -</u>
Receipts over (under) expenditures	(103,433)	42,070		
Unencumbered cash, beginning of year	221,270	117,837		
Prior year canceled encumbrances	-	3,200		
Unencumbered cash, end of year	<u>\$ 117,837</u>	<u>\$ 163,107</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

CAPITAL OUTLAY FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 12,410	\$ 15,769	\$ 18,839	\$ (3,070)
Current tax	559,683	443,226	412,799	30,427
Delinquent tax	4,674	5,016	4,408	608
Motor vehicle tax and recreational vehicle tax	34,776	42,531	34,020	8,511
State aid	-	4,081	4,638	(557)
Interest	34,138	1,891	15,000	(13,109)
Lease proceeds	-	1,900,000	-	1,900,000
Other	4,123	150	-	150
Total receipts	649,804	2,412,664	\$ 489,704	\$ 1,922,960
Expenditures:				
Instruction	45,612	14,818	\$ 86,358	\$ 71,540
Instructional support staff	578	-	-	-
General administration	-	12,904	-	(12,904)
School administration	-	835	-	(835)
Operations and maintenance	12,946	13,741	20,000	6,259
Transportation	133,565	-	200,000	200,000
Facility acquisition and construction services	464,374	1,446,534	1,091,409	(355,125)
Debt service:				
Principal	-	59,614	-	(59,614)
Interest	-	7,056	-	(7,056)
Total expenditures	657,075	1,555,502	\$ 1,397,767	\$ (157,735)
Receipts over (under) expenditures	(7,271)	857,162		
Unencumbered cash, beginning of year	936,672	929,401		
Prior year canceled encumbrances	-	15,510		
Unencumbered cash, end of year	\$ 929,401	\$ 1,802,073		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

DRIVER TRAINING FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 4,290	\$ 4,080	\$ 3,300	\$ 780
Other	-	11,857	-	11,857
Total receipts	4,290	15,937	\$ 3,300	\$ 12,637
Expenditures:				
Instruction	6,926	12,470	\$ 72,888	\$ 60,418
Vehicle and maintenance services	116	211	1,000	789
Total expenditures	7,042	12,681	\$ 73,888	\$ 61,207
Receipts over (under) expenditures	(2,752)	3,256		
Unencumbered cash, beginning of year	73,340	70,588		
Unencumbered cash, end of year	\$ 70,588	\$ 73,844		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

AT-RISK (K-12) FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Transfer from general fund	\$ -	\$ -	\$ 612,200	\$ (612,200)
Transfer from supplemental general fund	458,000	623,659	215,703	407,956
Total receipts	458,000	623,659	<u>\$ 827,903</u>	<u>\$ (204,244)</u>
Expenditures:				
Instruction	445,903	638,461	<u>\$ 845,659</u>	<u>\$ 207,198</u>
Receipts over (under) expenditures	12,097	(14,802)		
Unencumbered cash, beginning of year	<u>2,705</u>	<u>14,802</u>		
Unencumbered cash, end of year	<u>\$ 14,802</u>	<u>\$ -</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

FOOD SERVICE FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 84,262	\$ 35,332	\$ 73,509	\$ (38,177)
Federal aid	219,661	392,777	163,083	229,694
State aid	3,218	4,123	2,016	2,107
Transfer from general fund	15,885	-	20,000	(20,000)
Transfer from supplemental general fund	87,402	12,205	100,000	(87,795)
Total receipts	410,428	444,437	<u>\$ 358,608</u>	<u>\$ 85,829</u>
Expenditures:				
Operations and maintenance	4,578	(232)	\$ -	\$ 232
Food service operations	413,527	425,276	425,044	(232)
Total expenditures	418,105	425,044	<u>\$ 425,044</u>	<u>\$ -</u>
Receipts over (under) expenditures	(7,677)	19,393		
Unencumbered cash, beginning of year	81,515	73,838		
Unencumbered cash, end of year	<u>\$ 73,838</u>	<u>\$ 93,231</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 3,332	\$ 3,830	\$ 6,000	\$ (2,170)
Expenditures:				
Instructional support staff	26,803	1,960	13,133	11,173
Central services	-	21,743	13,000	(8,743)
Total expenditures	26,803	23,703	\$ 26,133	\$ 2,430
Receipts over (under) expenditures	(23,471)	(19,873)		
Unencumbered cash, beginning of year	43,605	20,134		
Unencumbered cash, end of year	\$ 20,134	\$ 261		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

PRESCHOOL-AGED AT-RISK FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Tuition	\$ 14,545	\$ 8,540	\$ 15,000	\$ (6,460)
Transfer from general fund	4,000	-	-	-
Transfer from supplemental general fund	-	9,768	26,837	(17,069)
Total receipts	18,545	18,308	<u>\$ 41,837</u>	<u>\$ (23,529)</u>
Expenditures:				
Instruction	19,427	22,161	<u>\$ 45,690</u>	<u>\$ 23,529</u>
Receipts over (under) expenditures	(882)	(3,853)		
Unencumbered cash, beginning of year	4,735	3,853		
Unencumbered cash, end of year	<u>\$ 3,853</u>	<u>\$ -</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SPECIAL EDUCATION FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ 13,720	\$ 21,239	\$ -	\$ 21,239
Transfer from general fund	403,264	395,828	422,929	(27,101)
Transfer from supplemental general fund	105,000	160,712	204,397	(43,685)
Total receipts	521,984	577,779	<u>\$ 627,326</u>	<u>\$ (49,547)</u>
Expenditures:				
Instruction	593,229	648,572	<u>\$ 699,915</u>	<u>\$ 51,343</u>
Receipts over (under) expenditures	(71,245)	(70,793)		
Unencumbered cash, beginning of year	143,834	72,589		
Unencumbered cash, end of year	<u>\$ 72,589</u>	<u>\$ 1,796</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

CAREER AND POSTSECONDARY EDUCATION FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Transfer from general fund	\$ -	\$ -	\$ 50,000	\$ (50,000)
Transfer from supplemental general fund	100,000	145,233	100,000	45,233
Total receipts	100,000	145,233	<u>\$ 150,000</u>	<u>\$ (4,767)</u>
Expenditures:				
Instruction	172,380	172,661	<u>\$ 175,877</u>	<u>\$ 3,216</u>
Receipts over (under) expenditures	(72,380)	(27,428)		
Unencumbered cash, beginning of year	99,441	27,428		
Prior year canceled encumbrances	367	-		
Unencumbered cash, end of year	<u>\$ 27,428</u>	<u>\$ -</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

PARENTS AS TEACHERS FUND

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

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Student support services	4,603	-	\$ -	\$ -
Receipts over (under) expenditures	(4,603)	-		
Unencumbered cash, beginning of year	4,603	-		
Unencumbered cash, end of year	\$ -	\$ -		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

BILINGUAL FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Transfer from general fund	\$ -	\$ -	\$ 70,480	\$ (70,480)
Transfer from supplemental general fund	63,900	24,880	30,952	(6,072)
Total receipts	63,900	24,880	<u>\$ 101,432</u>	<u>\$ (76,552)</u>
Expenditures:				
Instruction	82,144	16,834	<u>\$ 102,037</u>	<u>\$ 85,203</u>
Receipts over (under) expenditures	(18,244)	8,046		
Unencumbered cash, beginning of year	18,850	606		
Unencumbered cash, end of year	<u>\$ 606</u>	<u>\$ 8,652</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

RECREATION COMMISSION FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 7,755	\$ 9,856	\$ 10,445	\$ (589)
Current tax	351,158	277,810	258,025	19,785
Delinquent tax	2,656	3,100	2,755	345
Motor vehicle tax and recreational vehicle tax	18,792	26,578	-	26,578
Machinery and equipment tax	-	-	21,260	(21,260)
Other	-	-	20,000	(20,000)
Total receipts	380,361	317,344	<u>\$ 312,485</u>	<u>\$ 4,859</u>
Expenditures:				
Community service operations	386,576	309,887	<u>\$ 309,887</u>	<u>\$ -</u>
Receipts over (under) expenditures	(6,215)	7,457		
Unencumbered cash, beginning of year	6,215	-		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 7,457</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

RECREATION COMMISSION SPECIAL LIABILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Current tax	\$ (10)	\$ -	\$ -	\$ -
Delinquent tax	264	33	-	33
Motor vehicle tax and recreational vehicle tax	2,959	4	-	4
Total receipts	3,213	37	\$ -	\$ 37
Expenditures:				
Community service operations	9,767	-	\$ -	\$ -
Receipts over (under) expenditures	(6,554)	37		
Unencumbered cash, beginning of year	6,554	-		
Unencumbered cash, end of year	\$ -	\$ 37		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

KPERS RETIREMENT CONTRIBUTIONS FUND

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

For the Year Ended June 30, 2021

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 694,771	\$ 681,551	\$ 758,551	\$ (77,000)
Expenditures:				
Instruction	485,263	499,873	\$ 558,673	\$ 58,800
Student support services	21,867	2,781	13,123	10,342
Instructional support staff	-	348	-	(348)
General administration	31,382	30,013	35,652	5,639
School administration	61,263	59,713	70,697	10,984
Operations and maintenance	55,742	54,812	44,906	(9,906)
Student transportation services	17,182	13,661	18,812	5,151
Food service operations	22,072	20,350	16,688	(3,662)
Total expenditures	694,771	681,551	\$ 758,551	\$ 77,000
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2021

	Contingency reserve	Textbook and student materials revolving	Gifts and grants	Title I	Title IVA drug awareness education	Title II part A teacher quality
Receipts:						
Rental fees and books	\$ -	\$ 42,782	\$ -	\$ -	\$ -	\$ -
Federal aid	-	-	-	142,771	14,463	21,333
Contributions and donations	-	-	34,938	-	-	-
Tuition	-	-	-	-	-	-
Tuition - District	-	-	-	-	-	-
Transfer from general fund	2,292	-	-	-	-	-
Total receipts	2,292	42,782	34,938	142,771	14,463	21,333
Expenditures:						
Instruction	24,603	95,965	26,981	133,615	14,463	22,433
Operation and maintenance	150,306	-	-	-	-	-
Food service operations	-	-	21,149	-	-	-
Community service operations	-	-	-	-	-	-
Site improvement services	-	-	-	-	-	-
Total expenditures	174,909	95,965	48,130	133,615	14,463	22,433
Receipts over (under) expenditures	(172,617)	(53,183)	(13,192)	9,156	-	(1,100)
Unencumbered cash (deficit), beginning of year	524,940	141,416	34,636	-	-	(59)
Prior year canceled encumbrances	-	8,409	-	-	-	-
Unencumbered cash (deficit), end of year	\$ 352,323	\$ 96,642	\$ 21,444	\$ 9,156	\$ -	\$ (1,159)

See Independent Auditor's Report.

Federal REAP grant	Migrant program	Migrant family literacy grant	CARES Act	Daycare	ESSER II	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,782
31,237	105,500	-	330,114	-	-	645,418
-	-	-	-	-	-	34,938
-	-	-	-	34,522	-	34,522
-	-	-	-	33,686	-	33,686
-	-	-	-	-	-	2,292
31,237	105,500	-	330,114	68,208	-	793,638
31,237	101,162	37	283,219	-	82,889	816,604
-	-	-	22,502	-	-	172,808
-	-	-	9,806	-	-	30,955
-	-	-	-	68,208	-	68,208
-	-	-	-	-	52,862	52,862
31,237	101,162	37	315,527	68,208	135,751	1,141,437
-	4,338	(37)	14,587	-	(135,751)	(347,799)
(46)	-	-	(6,399)	-	-	694,488
32	-	37	-	-	-	8,478
<u>\$ (14)</u>	<u>\$ 4,338</u>	<u>\$ -</u>	<u>\$ 8,188</u>	<u>\$ -</u>	<u>\$ (135,751)</u>	<u>\$ 355,167</u>

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

DISTRICT ACTIVITY FUNDS

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

For the Year Ended June 30, 2021

<u>Funds</u>	<u>Beginning unencumbered cash balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school	\$ 7,089	\$ 35,638	\$ 42,590	\$ 137	\$ -	\$ 137
Middle school	-	6,433	6,433	-	-	-
Subtotal gate receipts	7,089	42,071	49,023	137	-	137
School projects:						
High school:						
Student purchases	1,445	9,435	8,944	1,936	-	1,936
Concessions	7,555	21,590	22,841	6,304	-	6,304
Band	2,796	1,501	1,108	3,189	-	3,189
Drama	1,793	160	254	1,699	-	1,699
Special education	1,988	250	109	2,129	-	2,129
Vocal	5,665	560	74	6,151	-	6,151
Musical theatre	1,310	2,481	1,127	2,664	-	2,664
Yearbook	365	2,917	1,784	1,498	-	1,498
Library	350	-	109	241	-	241
Fees	16,048	2,666	1,870	16,844	-	16,844
Subtotal high school	39,315	41,560	38,220	42,655	-	42,655
Middle school:						
Library	774	365	1,011	128	-	128
Interrelated	1,478	535	399	1,614	-	1,614
Michaelis math	983	562	347	1,198	-	1,198
Art class	54	-	-	54	-	54
Redesign	1,822	-	24	1,798	-	1,798
Bronc barn	121	1,828	962	987	-	987
Subtotal middle school	5,232	3,290	2,743	5,779	-	5,779
Elementary school:						
School picture/yearbook	-	558	558	-	-	-
T-shirts	1	-	1	-	-	-
Library	117	3,216	3,198	135	-	135
KOC	4,306	500	223	4,583	-	4,583
Miscellaneous	1,803	152	1,278	677	-	677
Community kids club	4,085	2,773	1,916	4,942	-	4,942
Student activity and field trips	12,303	27,369	21,365	18,307	-	18,307
Recycle fund	1,035	42	-	1,077	-	1,077
Memorial fund	185	-	-	185	-	185
Subtotal elementary	23,835	34,610	28,539	29,906	-	29,906
Subtotal school projects	68,382	79,460	69,502	78,340	-	78,340
Total district activity funds	\$ 75,471	\$ 121,531	\$ 118,525	\$ 78,477	\$ -	\$ 78,477

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

AGENCY FUNDS

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS**

For the Year Ended June 30, 2021

<u>Funds</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student organization funds:				
High school:				
Art club	\$ -	\$ 155	\$ -	\$ 155
Cheerleaders	235	3,852	2,348	1,739
Senior class	6,490	738	5,347	1,881
Junior class	-	5,521	3,779	1,742
Soph class	-	547	-	547
National Honor Society	187	-	-	187
Spanish club	1,757	249	931	1,075
Student council	1,565	6,211	6,740	1,036
Weight club	178	-	120	58
FCA	573	765	779	559
Cross country team	326	-	-	326
Scholar bowl club	1,952	680	699	1,933
Basketball team - boys	-	27	27	-
Basketball team - girls	31	-	-	31
Golf team	1,711	596	1,394	913
Science club	34	-	-	34
Softball team	1,360	2,884	2,719	1,525
Volleyball	806	-	-	806
Football team	50	-	-	50
Math class	446	-	-	446
English class	547	-	-	547
Career class	1,055	-	60	995
Chemistry	106	-	-	106
Wrestling team	556	191	252	495
History club	3,912	-	-	3,912
Track team	252	-	-	252
FFA	5,992	7,595	8,519	5,068
FCCLA	544	635	937	242
Trap shooting	895	4,000	300	4,595
The stampede	7,673	77,905	80,002	5,576
Dance team	387	438	-	825
Broncs brew	1,057	4,447	4,382	1,122
Subtotal high school	<u>40,677</u>	<u>117,436</u>	<u>119,335</u>	<u>38,778</u>

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

AGENCY FUNDS

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS**

For the Year Ended June 30, 2021

<u>Funds</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Middle school:				
Volleyball team	\$ 4	\$ 236	\$ -	\$ 240
Cross country team	29	-	-	29
Boys basketball team	542	-	-	542
Girls basketball team	119	237	49	307
Wrestling team	799	-	75	724
Cheerleading	1,861	1,343	2,287	917
Track team	135	-	-	135
Football team	105	-	-	105
Team uniform	228	-	228	-
STUCO	2,484	6,322	6,248	2,558
Fifth grade	2,698	2,255	1,618	3,335
Sixth grade	2,760	364	1,960	1,164
7th & 8th social studies	293	-	-	293
FCA	3,037	-	67	2,970
Ducks in a row	2,399	316	2,715	-
Friends of Rachel	924	96	425	595
Student incentive	292	1,602	130	1,764
Box tops	1,315	1	-	1,316
Subtotal middle school	20,024	12,772	15,802	16,994
Subtotal student organization funds	60,701	130,208	135,137	55,772
Clearing funds:				
Sales tax:				
High school	-	5,749	5,749	-
Middle school	-	428	428	-
Elementary school	-	450	450	-
Subtotal clearing funds	-	6,627	6,627	-
District agency funds:				
Flex spending	-	36,069	16,726	19,343
Total agency funds	\$ 60,701	\$ 172,904	\$ 158,490	\$ 75,115

See Independent Auditor's Report.

APPENDICES

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

Board of Education
Unified School District No. 215
Lakin, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 215, Lakin, Kansas as of and for the year ended June 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated February 11, 2022. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the District has prepared this financial statement on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 215's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 215's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 215's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

February 11, 2022

Kennedy
McKee & Company LLP Certified Public Accountants

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

Board of Education
Unified School District No. 215
Lakin, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 215's 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 Unified School District No. 215'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; 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); and the *Kansas Municipal Audit and Accounting Guide*. 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 Unified School District No. 215's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 215 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Unified School District No. 215 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Kennedy McKee & Company LLP

February 11, 2022

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Education</u>							
Direct Award:							
Rural Education Achievement Program	84.358B	N/A	\$ (46)	\$ 32	\$ 31,237	\$ 31,237	\$ (14)
Passed through Kansas Department of Education:							
Title I program	84.010A	DO215	-	-	142,771	133,615	9,156
Migrant Program	84.011A	DO215	-	-	105,500	101,162	4,338
Migrant Family Literacy Program	84.011A	DO215	-	37	-	37	-
Title II - Supporting Effective Instruction	84.367A	DO215	(59)	-	21,333	22,433	(1,159)
Title IV A - Student Support Academic Enrichment	84.424A	DO215	-	-	14,463	14,463	-
COVID-19 - Elementary and Secondary Emergency Relief	84.425D	DO215	(6,399)	-	75,298	60,712	8,187
COVID-19 - Elementary and Secondary Emergency Relief SPED	84.425D	DO215	-	-	6,786	6,786	-
COVID-19 - Elementary and Secondary Emergency Relief	84.425D	DO215	-	-	-	135,751	(135,751)
			-	69	397,388	506,196	(115,243)
<u>U.S. Department of Treasury</u>							
Passed through Kansas Governor's Office:							
Passed through Kearny County Kansas:							
COVID-19 - Coronavirus Relief Funds	21.019	N/A	-	-	254,816	254,816	-

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2021

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Agriculture</u>							
Passed through Kansas Department of Education:							
National School Lunch Program	10.555	DO215	\$ -	\$ -	\$ 63,084	\$ 63,084	\$ -
COVID-19 - Summer Food Program	10.559	DO215	-	-	316,333	316,333	-
Fresh Fruits and Vegetables	10.582	DO215	-	-	13,361	13,361	-
			-	-	392,778	392,778	-
<u>U.S. Department of Health and Human Services</u>							
Passed through Kansas Department of Education:							
Youth Risk Behavior Program	93.079	DO215	-	-	100	100	-
Total federal assistance			<u>\$ (6,504)</u>	<u>\$ 69</u>	<u>\$ 1,045,082</u>	<u>\$ 1,153,890</u>	<u>\$ (115,243)</u>

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

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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. 215 under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are prepared using the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

C. INDIRECT COST RATE

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

D. AWARDS PASSED THROUGH TO SUBRECIPIENTS

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

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Unified School District No. 215 was prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of Unified School District No. 215, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency related to the audit of internal control over major federal programs was reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 215 expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program included:

Child Nutrition Cluster:	
National School Lunch Program	CFDA 10.555
COVID-19 - Summer Food Program	CFDA 10.559
 COVID-19 - Coronavirus Relief Fund	 CFDA 21.019
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Unified School District No. 215 did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

**UNIFIED SCHOOL DISTRICT NO. 215
LAKIN, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2021

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

**U.S. DEPARTMENT OF TREASURY
SIGNIFICANT DEFICIENCY**

2021-001: Coronavirus Relief Fund – CFDA No. 21.019
Grant period: Year Ended June 30, 2021

Condition and Context: The District does not have a complete set of written procurement policies and procedures required by the Uniform Guidance. The lack of written procedures did not result in any material noncompliance, fraud or abuse with respect to the major program. The District has a written conflict of interest and code of conduct for employees, but not a written cash management or procurement policy that includes all requirements of the Uniform Guidance.

Criteria: The Uniform Guidance requires Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the cash management standards set out at 2 CFR Section 305 and procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the cash management and procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200.

Cause: The District was unaware of the written cash management and procurement policy requirements required by the Uniform Guidance.

Effect: An important component of internal controls is the existence of operating policies and procedures and that they are clearly understood and communicated. Without clear written policies and procedures, there is a higher risk of noncompliance with program requirements.

Recommendation: Management should determine the scope of written policies needed for compliance with all federal programs and develop policies and procedures to comply with the Uniform Guidance.

Grantee Response: Management agrees with the finding and recommendation. The District's policies were updated and approved in October 2021 to include Uniform Guidance requirements.