

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE REPORTS**

YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 102
Cimarron, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Unified School District No. 102, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 102, as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Unified School District No. 102, as of June 30, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Unified School District No. 102 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

As discussed in Note A of the financial statement, the financial statement is prepared by Unified School District No. 102 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Unified School District No. 102's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 102's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Unified School District No. 102's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures, schedule of regulatory basis receipts, expenditures and unencumbered cash – district activity funds, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for additional analysis as required by the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 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.102 as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated March 3, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2022 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2021, on the basis of accounting described in Note A.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023, on our consideration of Unified School District No. 102's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 102's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

April 6, 2023

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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

For the Year Ended June 30, 2022

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances	Receipts
General funds:			
General	\$ 1,938	\$ 639	\$ 5,510,670
Supplemental general	57,497	-	1,706,129
Total general funds	59,435	639	7,216,799
Special purpose funds:			
Preschool-aged at-risk	73	-	78,247
At-risk (K-12)	401	-	505,872
Bilingual	1,876	-	424,481
Capital outlay	194,424	-	361,436
Driver training	29,767	-	7,912
Food service	40,393	-	576,231
Special education	158,103	15	632,152
Career and postsecondary education	169	-	130,701
KPERS special retirement contribution	-	-	695,498
ESSER II	-	-	270,691
ESSER III	-	-	-
KS K-12 stay positive test negative	-	-	46,747
Contingency reserve	155,298	-	-
Textbook and student materials revolving	58,761	-	24,909
Title I	-	-	95,580
Migrant education	-	5	44,359
Title II A	-	-	13,608
Title III A	-	-	-
REAP	(26,745)	-	26,745
Gifts and grants	1,212,200	-	452,620
Migrant education summer school	(13,591)	-	13,591
District activity funds	51,843	-	160,905
Total special purpose funds	1,862,972	20	4,562,285
Bond and interest fund:			
Bond and interest	474,199	-	329,769
Capital project fund:			
Capital improvement	150,112	-	-
Total reporting entity (excluding agency funds)	\$ 2,546,718	\$ 659	\$ 12,108,853

Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
\$ 5,512,608	\$ 639	\$ 42,001	\$ 42,640
1,679,427	84,199	4,797	88,996
7,192,035	84,838	46,798	131,636
78,247	73	-	73
501,815	4,458	-	4,458
423,443	2,914	-	2,914
438,640	117,220	30,449	147,669
9,153	28,526	-	28,526
535,000	81,624	-	81,624
772,478	17,792	-	17,792
130,812	58	2,769	2,827
695,498	-	-	-
277,404	(6,713)	6,713	-
215,898	(215,898)	4,000	(211,898)
70,306	(23,559)	-	(23,559)
-	155,298	-	155,298
22,209	61,461	-	61,461
95,228	352	-	352
47,431	(3,067)	-	(3,067)
13,608	-	-	-
-	-	-	-
-	-	-	-
1,093,713	571,107	10,171	581,278
-	-	-	-
152,875	59,873	-	59,873
5,573,758	851,519	54,102	905,621
365,775	438,193	-	438,193
146,885	3,227	63,691	66,918
\$ 13,278,453	\$ 1,377,777	\$ 164,591	\$ 1,542,368

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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

For the Year Ended June 30, 2022

	<u>Ending cash balance</u>
Composition of cash balance:	
Activity funds - checking	\$ 25,006
Activity funds - money market	92,379
Money market checking	615,576
Certificates of deposit	800,000
Flex spending	17,744
Escrow account	<u>66,918</u>
Total cash and investments	1,617,623
Agency funds	<u>(75,255)</u>
Total reporting entity (excluding agency funds)	<u><u>\$ 1,542,368</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NOTES TO THE FINANCIAL STATEMENT

June 30, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Municipal Financial Reporting Entity

Unified School District No. 102 is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District No. 102 (the Municipality). The District has no related municipal entities.

2. Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the District for the year ended June 30, 2022:

REGULATORY BASIS FUND TYPES

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

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

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

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

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

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

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

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

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

- Federal grant funds
- Contingency reserve
- Textbook and student materials revolving
- Gifts and grants
- District activity funds

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

5. In-Substance Receipt in Transit

The District received \$210,983 subsequent to June 30, 2022 and as required by K.S.A. 72-5135 and 72-5145 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

B. COMPLIANCE WITH KANSAS STATUTES

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

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. Although certain special purpose grant 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.

The District did not make mandatory purchases of products or services offered by Kansas industries for the blind and severely disabled. This is a violation of K.S.A. 75-3317 through 75-3322.

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 to 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, 2022.

At June 30, 2022, the District's carrying amount of deposits was \$1,617,623 and the bank balance was \$1,915,604. Of the bank balance, \$316,941 was covered by federal depository insurance and \$1,598,663 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, 2022, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
School building bonds - Series 2020					
Issued July 7, 2020					
In the amount of \$3,820,000					
At interest rate of 3.00%					
Maturing September 1, 2032	<u>\$3,820,000</u>	<u>\$ -</u>	<u>\$ 255,000</u>	<u>\$3,565,000</u>	<u>\$ 110,775</u>
Finance leases:					
Telephone security system					
Issued October 10, 2020					
In the amount of \$294,754					
At interest rate of 2.26%					
Maturing October 1, 2030	281,362	-	26,869	254,493	6,208
HVAC					
Issued February 19, 2021					
In the amount of \$525,000					
At interest rate of 1.88%					
Maturing October 1, 2030	<u>497,155</u>	<u>-</u>	<u>48,268</u>	<u>448,887</u>	<u>9,121</u>
Total capital leases	<u>778,517</u>	<u>-</u>	<u>75,137</u>	<u>703,380</u>	<u>15,329</u>
Total contractual indebtedness	<u>\$4,598,517</u>	<u>\$ -</u>	<u>\$ 330,137</u>	<u>\$4,268,380</u>	<u>\$ 126,104</u>

D. LONG-TERM DEBT (CONTINUED)

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

	Principal due	Interest due	Total due
2023	\$ 280,000	\$ 102,750	\$ 382,750
2024	285,000	94,275	379,275
2025	295,000	85,575	380,575
2026	305,000	76,575	381,575
2027	315,000	67,275	382,275
2028-2032	1,710,000	187,500	1,897,500
2033	<u>375,000</u>	<u>5,625</u>	<u>380,625</u>
Total	<u>\$ 3,565,000</u>	<u>\$ 619,575</u>	<u>\$ 4,184,575</u>

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
2023	\$ 76,660	\$ 13,806	\$ 90,466
2024	78,213	12,253	90,466
2025	79,798	10,667	90,465
2026	81,416	9,050	90,466
2027	83,067	7,399	90,466
2028-2031	<u>304,226</u>	<u>12,405</u>	<u>316,631</u>
Total	<u>\$ 703,380</u>	<u>\$ 65,580</u>	<u>\$ 768,960</u>

E. OPERATING LEASES

The District has entered into operating lease agreements for copier rentals. Rental payments for the current year totaled \$32,171. The operating lease agreements expire at various dates through the year 2027.

The following is an annual schedule of future minimum rental payments under the operating leases:

2023	\$ 31,423
2024	31,188
2025	31,188
2026	30,248
2027	<u>26,004</u>
	<u>\$ 150,051</u>

F. CAPITAL PROJECTS

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

	<u>Project commitments authorized</u>	<u>Cash disbursements and accounts payable to date</u>	<u>Remaining financial commitment</u>
Bleachers, Restrooms and Concession Stand	\$ 1,080,449	\$ 1,080,449	\$ -
HVAC Upgrades	813,814	813,814	-
Telephone Security Upgrades	294,754	291,527	3,227
CES Classroom Renovations	125,685	125,685	-
Concrete Repairs	18,297	18,297	-
Roof Repairs	<u>34,587</u>	<u>34,587</u>	<u>-</u>
Total	<u>\$ 2,367,586</u>	<u>\$ 2,364,359</u>	<u>\$ 3,227</u>

G. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory authority</u>
General	Preschool-aged at-risk	\$ 14,500	K.S.A. 72-5167
General	At-risk (K-12)	387,304	K.S.A. 72-5167
General	Bilingual	76,000	K.S.A. 72-5167
General	Food service	9,880	K.S.A. 72-5167
General	Special education	499,144	K.S.A. 72-5167
General	Career and postsecondary education	<u>13,118</u>	K.S.A. 72-5167
Total General		<u>999,946</u>	
Supplemental general	Preschool-aged at-risk	47,307	K.S.A. 72-5143
Supplemental general	At-risk (K-12)	118,568	K.S.A. 72-5143
Supplemental general	Bilingual	348,481	K.S.A. 72-5143
Supplemental general	Food service	107,803	K.S.A. 72-5143
Supplemental general	Special education	110,000	K.S.A. 72-5143
Supplemental general	Career and postsecondary education	<u>117,583</u>	K.S.A. 72-5143
Total Supplemental general		<u>849,742</u>	
Total transfers		<u>\$1,849,688</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 this financial statement.

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

Section 125 Plan. The District offers a Section 125 flexible benefit plan to all eligible employees. It is used for health insurance premiums, other medical costs, and childcare costs. The plan is administered by an independent company.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the year ended June 30, 2022.

Compensated Absences. The District's policies regarding vacation and sick pay permit full-time classified employees to earn up to 10 days of vacation at the close of the first year and 10 days after each subsequent year of service up to six years. After six years of service, 15 days are earned. After eleven years of service, 20 days are earned. Anniversary dates for vacation purposes are July 1st to correspond with the fiscal year of the District. Vacation time is prorated for new employees who do not complete a full fiscal year of employment on a July 1 through June 30 cycle.

At the beginning of the school year all employees are given a day of sick leave for each month of employment plus one. Sick leave may be accumulated to a total of 70 days. Classified employees who have more than 70 sick days at the beginning of the school year shall be reimbursed at a rate of \$20 per day for sick days over 70. In the event of retirement (55 years or older – minimum 15 years in District) or disability of a certified employee, the District will pay for unused sick leave up to a maximum of 50 days in the amount of one-half of a substitute's daily rate at the time of reimbursement. In the event of death, the payment will be made to the beneficiary or beneficiaries as designated by KPERS. The District will pay unused sick leave up to a maximum of 25 days in the case of retirement (no age requirement – minimum 7 years in District) or disability in the amount of one-half of a substitute's daily rate at the time of reimbursement. In the event of death, the payment will be made to the beneficiary or beneficiaries as designated by KPERS.

The District has a sick leave bank for classified and certified employees that each employee may contribute one day each year and the Board of Education will match the days contributed to the bank. A committee made up of certified employees and the Superintendent shall decide upon the distribution of days. Each year the bank begins with a zero balance of sick days.

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, by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

Senate Substitute for House Bill 2052 authorized the delay of \$64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of \$6.4 million 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 \$695,498 for the year ended June 30, 2022.

I. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was \$5,635,474. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org 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; injuries to employees; and natural disasters. The District purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded insurance coverage in any of the past three years.

K. RELATED PARTIES

For the year ending June 30, 2021, the District paid Davis Electric \$76,327 for services and repairs. One of the District's Board members is the CEO of Davis Electric.

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 2023.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the District to assist with the risks and help offset incurred costs by the District.

M. 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.

N. SUBSEQUENT EVENTS

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

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:						
General	\$ 5,756,379	\$ (243,771)	\$ -	\$ 5,512,608	\$ 5,512,608	\$ -
Supplemental general	1,679,427	-	-	1,679,427	1,679,427	-
Special purpose funds:						
Preschool-aged at-risk	89,266	-	-	89,266	78,247	11,019
At-risk (K-12)	501,815	-	-	501,815	501,815	-
Bilingual	451,876	-	-	451,876	423,443	28,433
Capital outlay	438,640	-	-	438,640	438,640	-
Driver training	13,017	-	-	13,017	9,153	3,864
Food service	535,000	-	-	535,000	535,000	-
Special education	764,923	-	17,696	782,619	772,478	10,141
Career and postsecondary education	130,812	-	-	130,812	130,812	-
KPERs special retirement contribution	766,933	-	-	766,933	695,498	71,435
Bond and interest fund:						
Bond and interest	375,375	-	-	375,375	365,775	9,600
Total	\$ 11,503,463	\$ (243,771)	\$ 17,696	\$ 11,277,388	\$ 11,142,896	\$ 134,492

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

GENERAL FUND

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

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

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
State sources:				
Equalization aid	\$ 4,937,411	\$ 5,011,526	\$ 5,213,209	\$ (201,683)
Special education aid	543,290	499,144	543,170	(44,026)
Total receipts	5,480,701	5,510,670	\$ 5,756,379	\$ (245,709)
Expenditures:				
Instruction	2,859,010	2,861,015	\$ 2,753,869	\$ (107,146)
Student support services	146,669	116,520	109,705	(6,815)
Instructional support staff	128,596	126,601	126,244	(357)
General administration	296,513	306,220	278,937	(27,283)
School administration	419,215	370,055	390,561	20,506
Operations and maintenance	576,723	481,980	738,911	256,931
Student transportation services	210,921	250,271	227,044	(23,227)
Architectural and engineering services	11,145	-	-	-
Transfers to other funds	834,465	999,946	1,131,108	131,162
Adjustment to comply with legal maximum budget	-	-	(243,771)	(243,771)
Total expenditures	5,483,257	5,512,608	\$ 5,512,608	\$ -
Receipts over (under) expenditures	(2,556)	(1,938)		
Unencumbered cash, beginning of year	2,556	1,938		
Prior year canceled encumbrances	1,938	639		
Unencumbered cash, end of year	\$ 1,938	\$ 639		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SUPPLEMENTAL GENERAL FUND

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

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

		<u>2022</u>		Variance
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 29,907	\$ 21,240	\$ 28,555	\$ (7,315)
Current tax	952,529	957,931	900,946	56,985
Delinquent tax	9,407	12,996	7,426	5,570
Motor vehicle tax	100,155	100,409	84,609	15,800
Recreational vehicle tax	2,642	2,410	2,567	(157)
State aid	<u>618,962</u>	<u>611,143</u>	<u>611,143</u>	<u>-</u>
Total receipts	<u>1,713,602</u>	<u>1,706,129</u>	<u>\$ 1,635,246</u>	<u>\$ 70,883</u>
Expenditures:				
Instruction	466,311	489,607	\$ 392,438	\$ (97,169)
Operations and maintenance	221,818	340,078	218,922	(121,156)
Transfers to other funds	<u>969,509</u>	<u>849,742</u>	<u>1,068,067</u>	<u>218,325</u>
Total expenditures	<u>1,657,638</u>	<u>1,679,427</u>	<u>\$ 1,679,427</u>	<u>\$ -</u>
Receipts over (under) expenditures	55,964	26,702		
Unencumbered cash, beginning of year	<u>1,533</u>	<u>57,497</u>		
Unencumbered cash, end of year	<u>\$ 57,497</u>	<u>\$ 84,199</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

PRESCHOOL-AGED AT-RISK FUND

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

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

		<u>2022</u>		Variance
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Tuition	\$ 10,890	\$ 16,440	\$ 11,154	\$ 5,286
Transfers:				
General	12,400	14,500	6,294	8,206
Supplemental general	<u>62,500</u>	<u>47,307</u>	<u>70,000</u>	<u>(22,693)</u>
Total receipts	85,790	78,247	<u>\$ 87,448</u>	<u>\$ (9,201)</u>
Expenditures:				
Instruction	<u>86,632</u>	<u>78,247</u>	<u>\$ 89,266</u>	<u>\$ 11,019</u>
Receipts over (under) expenditures	(842)	-		
Unencumbered cash, beginning of year	<u>915</u>	<u>73</u>		
Unencumbered cash, end of year	<u>\$ 73</u>	<u>\$ 73</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

AT-RISK (K-12) FUND

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

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

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Transfers:				
General	\$ 74,767	\$ 387,304	\$ 530,837	\$ (143,533)
Supplemental general	409,233	118,568	163,503	(44,935)
Total receipts	<u>484,000</u>	<u>505,872</u>	<u>\$ 694,340</u>	<u>\$ (188,468)</u>
Expenditures:				
Instruction	481,773	489,161	\$ 489,369	\$ 208
Student support services	12,240	12,654	12,446	(208)
Total expenditures	<u>494,013</u>	<u>501,815</u>	<u>\$ 501,815</u>	<u>\$ -</u>
Receipts over (under) expenditures	(10,013)	4,057		
Unencumbered cash, beginning of year	10,037	401		
Prior year canceled encumbrances	377	-		
Unencumbered cash, end of year	<u>\$ 401</u>	<u>\$ 4,458</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

BILINGUAL FUND

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

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

		<u>2022</u>		
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Transfers:				
General	\$ -	\$ 76,000	\$ -	\$ 76,000
Supplemental general	<u>412,984</u>	<u>348,481</u>	<u>450,000</u>	<u>(101,519)</u>
Total receipts	412,984	424,481	<u>\$ 450,000</u>	<u>\$ (25,519)</u>
Expenditures:				
Instruction	<u>430,041</u>	<u>423,443</u>	<u>\$ 451,876</u>	<u>\$ 28,433</u>
Receipts over (under) expenditures	(17,057)	1,038		
Unencumbered cash, beginning of year	<u>18,933</u>	<u>1,876</u>		
Unencumbered cash, end of year	<u>\$ 1,876</u>	<u>\$ 2,914</u>		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

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

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 8,644	\$ 5,846	\$ 6,635	\$ (789)
Current tax	262,114	262,245	246,591	15,654
Delinquent tax	2,331	3,155	2,044	1,111
Motor vehicle tax	26,184	28,849	24,052	4,797
Recreational vehicle tax	688	699	730	(31)
State aid	56,358	48,356	48,776	(420)
Other	17,565	12,286	-	12,286
Transfers:				
General	175,408	-	-	-
Total receipts	549,292	361,436	\$ 328,828	\$ 32,608
Expenditures:				
Instruction	74,605	41,361	\$ 390,676	\$ 349,315
Instructional support staff	-	5,610	1,069	(4,541)
General administration	1,825	-	14,786	14,786
Operations and maintenance	236,117	263,908	14,792	(249,116)
Student transportation services	53,304	-	17,317	17,317
Facility acquisition and construction services	322,444	37,295	-	(37,295)
Debt service:				
Principal	41,237	75,137	-	(75,137)
Interest	3,996	15,329	-	(15,329)
Total expenditures	733,528	438,640	\$ 438,640	\$ -
Receipts over (under) expenditures	(184,236)	(77,204)		
Unencumbered cash, beginning of year	378,660	194,424		
Unencumbered cash, end of year	\$ 194,424	\$ 117,220		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

DRIVER TRAINING FUND

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

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

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 4,856	\$ 4,862	\$ 7,531	\$ (2,669)
State aid	5,712	3,050	4,800	(1,750)
Total receipts	10,568	7,912	\$ 12,331	\$ (4,419)
Expenditures:				
Instruction	20,071	8,255	\$ 11,393	\$ 3,138
Operations and maintenance	1,298	898	1,624	726
Total expenditures	21,369	9,153	\$ 13,017	\$ 3,864
Receipts over (under) expenditures	(10,801)	(1,241)		
Unencumbered cash, beginning of year	40,568	29,767		
Unencumbered cash, end of year	\$ 29,767	\$ 28,526		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

FOOD SERVICE FUND

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

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

		<u>2022</u>		Variance
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Federal aid	\$ 417,814	\$ 444,873	\$ 420,300	\$ 24,573
State aid	4,321	3,383	3,384	(1)
Charges for services	39,672	8,461	-	8,461
Interest	2,343	1,831	-	1,831
Transfers:				
General	-	9,880	40,164	(30,284)
Supplemental general	-	107,803	34,564	73,239
Total receipts	464,150	576,231	<u>\$ 498,412</u>	<u>\$ 77,819</u>
Expenditures:				
Food service operations	<u>515,810</u>	<u>535,000</u>	<u>\$ 535,000</u>	<u>\$ -</u>
Receipts over (under) expenditures	(51,660)	41,231		
Unencumbered cash, beginning of year	<u>92,053</u>	<u>40,393</u>		
Unencumbered cash, end of year	<u>\$ 40,393</u>	<u>\$ 81,624</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SPECIAL EDUCATION FUND

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

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

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ 9,225	\$ 17,696	\$ -	\$ 17,696
Other	4,178	5,312	-	5,312
Transfers:				
General	543,290	499,144	543,170	(44,026)
Supplemental general	3,792	110,000	150,000	(40,000)
Total receipts	<u>560,485</u>	<u>632,152</u>	<u>\$ 693,170</u>	<u>\$ (61,018)</u>
Expenditures:				
Instruction	708,503	762,374	\$ 764,923	\$ 2,549
Student transportation services	3,230	10,104	-	(10,104)
Legal special education fund budget	711,733	772,478	764,923	(7,555)
Adjustment for qualifying budget credits	-	-	17,696	17,696
Total expenditures	<u>711,733</u>	<u>772,478</u>	<u>\$ 782,619</u>	<u>\$ 10,141</u>
Receipts over (under) expenditures	(151,248)	(140,326)		
Unencumbered cash, beginning of year	309,332	158,103		
Prior year canceled encumbrances	19	15		
Unencumbered cash, end of year	<u>\$ 158,103</u>	<u>\$ 17,792</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

CAREER AND POSTSECONDARY EDUCATION FUND

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

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

		<u>2022</u>		Variance
	<u>2021</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Federal aid	\$ 1,300	\$ -	\$ -	\$ -
Transfers:				
General	28,600	13,118	10,643	2,475
Supplemental general	<u>81,000</u>	<u>117,583</u>	<u>120,000</u>	<u>(2,417)</u>
Total receipts	110,900	130,701	<u>\$ 130,643</u>	<u>\$ 58</u>
Expenditures:				
Instruction	<u>130,080</u>	<u>130,812</u>	<u>\$ 130,812</u>	<u>\$ -</u>
Receipts over (under) expenditures	(19,180)	(111)		
Unencumbered cash, beginning of year	<u>19,349</u>	<u>169</u>		
Unencumbered cash, end of year	<u>\$ 169</u>	<u>\$ 58</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

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

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

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 670,396	\$ 695,498	\$ 766,933	\$ (71,435)
Expenditures:				
Instruction	493,333	487,024	\$ 533,567	\$ 46,543
Student support services	19,062	20,636	22,564	1,928
Instructional support staff	13,977	20,392	20,456	64
General administration	26,384	26,051	28,578	2,527
School administration	46,140	53,100	59,765	6,665
Operations and maintenance	26,268	36,983	48,756	11,773
Student transportation services	17,204	24,423	27,943	3,520
Food service operations	28,028	26,889	25,304	(1,585)
Total expenditures	670,396	695,498	\$ 766,933	\$ 71,435
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2022

	<u>ESSER II</u>	<u>ESSER III</u>	<u>KS K-12 stay positive test negative</u>	<u>Contingency reserve</u>
Receipts:				
Donations	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	-
Federal aid	270,691	-	46,747	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>270,691</u>	<u>-</u>	<u>46,747</u>	<u>-</u>
Expenditures:				
Instruction	-	-	2,793	-
Student support services	-	-	44,983	-
School administration	-	-	22,530	-
Operations and maintenance	119,899	129,281	-	-
Food service operations	-	-	-	-
Facility acquisition and construction services	<u>157,505</u>	<u>86,617</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>277,404</u>	<u>215,898</u>	<u>70,306</u>	<u>-</u>
Receipts over (under) expenditures	(6,713)	(215,898)	(23,559)	-
Unencumbered cash (deficit), beginning of year	-	-	-	155,298
Prior year canceled encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered cash (deficit), end of year	<u>\$ (6,713)</u>	<u>\$ (215,898)</u>	<u>\$ (23,559)</u>	<u>\$ 155,298</u>

Textbook and student materials revolving	Title I	Migrant education	Title II A
\$ -	\$ -	\$ -	\$ -
24,909	-	-	-
-	95,580	44,359	13,608
-	-	-	-
<u>24,909</u>	<u>95,580</u>	<u>44,359</u>	<u>13,608</u>
22,209	95,228	35,309	13,608
-	-	-	-
-	-	12,122	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>22,209</u>	<u>95,228</u>	<u>47,431</u>	<u>13,608</u>
2,700	352	(3,072)	-
58,761	-	-	-
-	-	5	-
<u>\$ 61,461</u>	<u>\$ 352</u>	<u>\$ (3,067)</u>	<u>\$ -</u>

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2022

	REAP	Gifts and grants	Migrant education summer school	Total
Receipts:				
Donations	\$ -	\$ 452,620	\$ -	\$ 452,620
Fees	-	-	-	24,909
Federal aid	26,745	-	-	497,730
Other	-	-	13,591	13,591
	<u>26,745</u>	<u>452,620</u>	<u>13,591</u>	<u>988,850</u>
Total receipts				
	<u>26,745</u>	<u>452,620</u>	<u>13,591</u>	<u>988,850</u>
Expenditures:				
Instruction	-	15,166	-	184,313
Student support services	-	-	-	44,983
School administration	-	-	-	34,652
Operations and maintenance	-	45,465	-	294,645
Food service operations	-	35,093	-	35,093
Facility acquisition and construction services	-	997,989	-	1,242,111
	<u>-</u>	<u>1,093,713</u>	<u>-</u>	<u>1,835,797</u>
Total expenditures				
	<u>-</u>	<u>1,093,713</u>	<u>-</u>	<u>1,835,797</u>
Receipts over (under) expenditures	26,745	(641,093)	13,591	(846,947)
Unencumbered cash (deficit), beginning of year	(26,745)	1,212,200	(13,591)	1,385,923
Prior year canceled encumbrances	-	-	-	5
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Unencumbered cash (deficit), end of year	\$ -	\$ 571,107	\$ -	\$ 538,981

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

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

		2022		Variance
	2021	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 10,725	\$ 4,318	\$ 3,120	\$ 1,198
Current tax	194,584	225,807	211,855	13,952
Delinquent tax	2,926	3,741	1,616	2,125
Motor vehicle tax	33,395	29,337	26,147	3,190
Recreational vehicle tax	878	726	793	(67)
State aid	82,509	65,840	65,840	-
Bond premiums	43,283	-	-	-
Total receipts	<u>368,300</u>	<u>329,769</u>	<u>\$ 309,371</u>	<u>\$ 20,398</u>
Expenditures:				
Debt service:				
Principal	255,000	255,000	\$ 255,000	\$ -
Interest	137,898	110,775	110,775	-
Bond fees	20,990	-	9,600	9,600
Total expenditures	<u>413,888</u>	<u>365,775</u>	<u>\$ 375,375</u>	<u>\$ 9,600</u>
Receipts over (under) expenditures	(45,588)	(36,006)		
Unencumbered cash, beginning of year	<u>519,787</u>	<u>474,199</u>		
Unencumbered cash, end of year	<u>\$ 474,199</u>	<u>\$ 438,193</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

CAPITAL IMPROVEMENT FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

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

	<u>2021</u>	<u>2022</u>
Receipts:		
Lease proceeds	\$ 819,754	\$ -
Expenditures:		
Facility acquisition and construction services	<u>669,642</u>	<u>146,885</u>
Receipts over (under) expenditures	150,112	(146,885)
Unencumbered cash, beginning of year	<u>-</u>	<u>150,112</u>
Unencumbered cash, end of year	<u><u>\$ 150,112</u></u>	<u><u>\$ 3,227</u></u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

DISTRICT ACTIVITY FUNDS

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

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school:						
Athletics	\$ 6,911	\$ 55,076	\$ 55,403	\$ 6,584	\$ -	\$ 6,584
Athletic student	14,893	28,802	26,367	17,328	-	17,328
Total gate receipts	<u>21,804</u>	<u>83,878</u>	<u>81,770</u>	<u>23,912</u>	<u>-</u>	<u>23,912</u>
School projects:						
High school:						
Annual	-	8,141	8,141	-	-	-
Concession stand	2,808	40,046	37,384	5,470	-	5,470
Crime stopper's program	500	-	-	500	-	500
Ind. tech. building	4,401	594	10	4,985	-	4,985
Miscellaneous	-	7,760	7,760	-	-	-
Shop	-	500	500	-	-	-
Grade school:						
Bluejay buddies	2,603	-	565	2,038	-	2,038
Box tops	1,307	127	476	958	-	958
Carnival	9,384	10,502	6,932	12,954	-	12,954
Library	1,989	3,417	3,420	1,986	-	1,986
Mexican fiesta	565	-	-	565	-	565
Student	6,482	5,940	5,917	6,505	-	6,505
Total school projects	<u>30,039</u>	<u>77,027</u>	<u>71,105</u>	<u>35,961</u>	<u>-</u>	<u>35,961</u>
Total district activity funds	<u>\$ 51,843</u>	<u>\$ 160,905</u>	<u>\$ 152,875</u>	<u>\$ 59,873</u>	<u>\$ -</u>	<u>\$ 59,873</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

AGENCY FUNDS

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS**

For the Year Ended June 30, 2022

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student activity funds:				
High school:				
Band	\$ 9,939	\$ 15,149	\$ 23,397	\$ 1,691
Blue jay ink	4,190	6,254	5,731	4,713
Blue jay printing	182	-	-	182
Cheerleaders	5,239	13,228	18,346	121
Chess club	302	-	-	302
Coffee bar	-	1,425	1,425	-
Educational fund	2,499	2,116	2,738	1,877
Entrepreneurship	462	598	872	188
Class of 2027	-	161	-	161
Class of 2026	359	641	173	827
Class of 2025	926	1,398	-	2,324
Class of 2024	1,320	938	615	1,643
Class of 2023	3,062	11,211	11,035	3,238
Class of 2022	7,190	625	7,815	-
FCCLA	3,574	3,214	3,040	3,748
FFA	13,780	14,912	13,983	14,709
Forensics	1,666	2,764	4,215	215
Gifted	290	-	-	290
HS KAYS	472	3,421	1,158	2,735
JH KAYS	195	207	48	354
JH pep club & cheerleaders	2,711	8,354	7,965	3,100
Library	1,188	85	-	1,273
Musical	1,066	3,961	3,091	1,936
National Honor Society	54	4,616	2,321	2,349
SADD	913	74	90	897
Scholars bowl	349	354	200	503
School/community garden	414	564	106	872
Student council	3,594	1,638	2,881	2,351
Tech ed	-	405	-	405
TSA	1,729	-	-	1,729
Weight club	6	4,675	1,903	2,778
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal high school	67,671	102,988	113,148	57,511
District agency funds:				
Flex spending	15,656	31,093	29,005	17,744
	<hr/>	<hr/>	<hr/>	<hr/>
Total agency funds	\$ 83,327	\$ 134,081	\$ 142,153	\$ 75,255
	<hr/>	<hr/>	<hr/>	<hr/>

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. 102
Cimarron, 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. 102, Cimarron, Kansas as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Unified School District No. 102's basic financial statement and have issued our report thereon dated April 6, 2023. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the District has prepared this financial statement on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 102's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 102'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. 102'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

April 6, 2023

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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. 102
Cimarron, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unified School District No. 102's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District No. 102 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Unified School District No. 102 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be report in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District No. 102's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District No. 102's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliances we consider to be significant deficiencies

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003, to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District No. 102's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District No. 102's response was not subjected to the other 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kennedy McKee & Company LLP

April 6, 2023

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Agriculture</u>							
Passed through Kansas Department of Education:							
COVID-19 - School Breakfast Program	10.553	D0102	\$ -	\$ -	\$ 86,197	\$ 86,197	\$ -
COVID-19 - National School Lunch Program	10.555	D0102	-	-	339,142	339,142	-
COVID-19 - Summer Food Service Program for Children	10.559	D0102	-	-	18,920	18,920	-
			-	-	444,259	444,259	-
COVID-19 - State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	D0102	-	-	614	614	-
<u>U.S. Department of Education</u>							
Direct award:							
Rural Education Achievement Program	84.358B	N/A	(26,745)	-	26,745	-	-
Passed through Kansas Department of Education:							
Title I Program	84.010A	D0102	-	-	81,656	81,304	352
Migrant Education Program	84.011A	D0102	-	5	44,359	47,431	(3,067)
Title II A - Improving Teacher Quality	84.367A	D0102	-	-	13,608	13,608	-
COVID-19 - Elementary and Secondary Emergency Relief SPED	84.425D	D0102	-	-	17,696	17,696	-
COVID-19 - Elementary and Secondary Emergency Relief	84.425D	D0102	-	-	270,691	277,404	(6,713)
COVID-19 - Elementary and Secondary Emergency Relief	84.425U	D0102	-	-	-	215,898	(215,898)
Student Support and Academic Enrichment	84.424A	D0102	-	-	13,924	13,924	-
			(26,745)	5	468,679	667,265	(225,326)

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2022

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Health and Human Services</u>							
Passed through Kansas Department of Health and Environment:							
Passed through Kansas Department of Education:							
COVID-19 - Epidemiology and Laboratory Capacity for Infections Diseases	93.323	D0102	\$ -	\$ -	\$ 46,747	\$ 70,306	\$ (23,559)
Total federal assistance			<u>\$ (26,745)</u>	<u>\$ 5</u>	<u>\$ 960,299</u>	<u>\$ 1,182,444</u>	<u>\$ (248,885)</u>

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

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 102 under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

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

C. INDIRECT COST RATE

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

D. AWARDS PASSED THROUGH TO SUBRECIPIENTS

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

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Unified School District No. 102 was prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of Unified School District No. 102 which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Three significant deficiencies relating to the audit of internal control over major federal award programs are 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. 102 expresses an unmodified opinion on all major federal programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:

Elementary and Secondary School Emergency Relief Fund	CFDA 84.425D and 84.425U
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8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Unified School District No. 102 did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2022

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

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

2022-001: Education and Secondary School Emergency Relief Fund – CFDA No. 84.425D and No. 84.425U
Grant Period: Year Ended June 30, 2022

Condition and Context: The District purchased equipment greater than the Uniform Guidance capitalization threshold and failed to complete a listing of equipment containing all pertinent data. The lack of compliance did not result in any material noncompliance, fraud, or abuse with respect to the major program.

Criteria: The Uniform Guidance requires entities to follow equipment procedures set out at 2 CFR sections 200.313(c) through (e) and real property procedures set out at 2 CFR section 200.311(b). Entities must retain a listing of equipment greater than or equal to the capitalization policy of either the entity or Uniform Guidance with relevant data including, a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award number), who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, a and any ultimate disposition data including the date of disposal and sales price of the property. Property records must be maintained and include the name, part number and description, and other elements as necessary and required in accordance with the terms and conditions of the contract, quantity received, unit acquisition cost, unique-item identifier, accountable contract number, location, disposition, and posting reference and date of transaction.

Cause: The District was unaware of the requirements set out by Uniform Guidance.

Effect: An important component of equipment policies is retaining information to ensure that the award is used for authorized purposes, complies with the terms and conditions of the award, and achieves performance goals. Without equipment policies, there is a higher risk of noncompliance with program requirements.

Recommendation: Management should determine procedures for equipment purchases and apply them to all equipment purchases equal to or exceeding the threshold to comply with the Uniform Guidance.

Grantee Response: Management agrees with the finding and recommendation. The District will establish policies and procedures for future grant awards to comply with Uniform Guidance requirements.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2022

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

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

2022-002: Education and Secondary School Emergency Relief Fund – CFDA No. 84.425D and No. 84.425U

Grant Period: Year Ended June 30, 2022

Condition and Context: The District entered into various construction contracts which did not meet the standards set out by Uniform Guidance for wage rate requirements. The lack of compliance did not result in any material noncompliance, fraud, or abuse with respect to the major program.

Criteria: The Uniform Guidance requires entities to include in their construction contracts which exceed \$2,000 that all laborers and mechanics employed by contractors or subcontractors must be paid wages not less than those established for the locality of the project also known as prevailing wage rates set by the Department of Labor.

Cause: The District was unaware of the requirements set out by Uniform Guidance.

Effect: An important component of wage rate requirements is to ensure labors and mechanics are paid a fair and reasonable wage according to the Department of Labor. Without implementing these policies, there is a higher risk of noncompliance with program requirements.

Recommendation: Management should determine which contracts are subject to the prevailing wage rate requirements under Uniform Guidance and establish controls to implement the requirements when necessary.

Grantee Response: Management agrees with the finding and recommendation. The District will establish policies and procedures for future grant awards to comply with Uniform Guidance requirements.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

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

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

2022-003: Child Nutrition Cluster – CFDA No. 10.553, 10.555, and 10.559
Grant period: Year Ended June 30, 2022

Condition and Context: Per review of the Summer Food Service Program summary sheet for April, the incorrect number of breakfasts was reported.

Criteria: The District is required to submit the number of breakfasts and lunches served in order to receive reimbursement for them.

Cause: The number of meals entered for reimbursement on the summary sheet was incorrect.

Effect: If the correct number of meals is not reported the District will not be reimbursed the correct amount.

Recommendation: We recommend that the summary sheets used to compile the request for reimbursement are double checked for accuracy as to the number of meals on the daily count sheets.

Grantee Response: We concur with the recommendation. In addition, someone will be reviewing all summary sheets before the request for reimbursement is submitted.