

UNIFIED SCHOOL DISTRICT NO. 237

Smith Center, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2021

MAPES & MILLER, LLP
Certified Public Accountants
Phillipsburg, Kansas

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas
June 30, 2021

Joshua Lanning	-	Superintendent
Roberta Reinking	-	Clerk
Linda Robinson	-	Treasurer

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Bob Dietz - Vice President

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UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

For the Year Ended June 30, 2021

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UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education

Unified School District No. 237

Smith Center, KS 66967

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 237, Smith Center, Kansas, a Municipality, as of and for the year ended June 30, 2021, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable 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 1 of the financial statement, the financial statement is prepared by Unified School District No. 237, Smith Center, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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. 237 Smith Center, Kansas as of June 30, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 237 Smith Center, Kansas, as of June 30, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements – agency funds, schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds, and schedule of regulatory basis receipts and disbursements – student activity funds (Schedules 1, 2, 3, 4, and 5 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*. 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 1.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 237’s basic financial statement. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statement.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

Board of Education
Unified School District No. 237
March 21, 2022
Page Three

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2022, on our consideration of Unified School District No. 237'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 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. 237's internal control over financial reporting and compliance.

Respectfully submitted,
Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
March 21, 2022

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For The Year Ended June 30, 2021

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General Fund	\$ -	\$ -	\$ 3,899,399	\$ 3,899,399	\$ -	\$ 172,368	\$ 172,368
Supplemental General Fund	141,716	-	1,316,678	1,302,525	155,869	65,622	221,491
Special Purpose Funds							
At Risk (K-12) Fund	16,546	-	375,409	374,627	17,328	12,243	29,571
Bilingual Education Fund	2,035	-	912	1,000	1,947	-	1,947
Capital Outlay Fund	182,496	-	443,577	421,525	204,548	62,239	266,787
Driver Training Fund	16,353	-	4,804	6,280	14,877	-	14,877
Food Service Fund	47,708	-	383,307	368,944	62,071	4,497	66,568
Professional Development Fund	16,670	-	6,218	13,193	9,695	650	10,345
Parents as Teachers Fund	9,997	-	43,498	44,701	8,794	638	9,432
Special Education Fund	67,621	-	960,220	962,800	65,041	824	65,865
Career & Postsecondary Education Fund	7,760	-	210,648	200,190	18,218	16,138	34,356
KPERs Special Retirement Contribution Fund	-	-	425,144	425,144	-	-	-
Contingency Reserve Fund	16,540	-	2,675	19,215	-	19,215	19,215
Textbook Rental Fund	77,040	-	19,479	20,006	76,513	-	76,513
Gifts & Grants Funds	(18,944)	-	53,141	26,492	7,705	423	8,128
Federal Funds	-	-	434,514	452,311	(17,797) *	3,990	(13,807)
District Activity Funds	49,105	-	99,165	97,109	51,161	-	51,161
Trust Fund							
Scholarship Fund	20,435	-	2,171	2,800	19,806	-	19,806
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 653,078</u>	<u>\$ -</u>	<u>\$ 8,680,959</u>	<u>\$ 8,638,261</u>	<u>\$ 695,776</u>	<u>\$ 358,847</u>	<u>\$ 1,054,623</u>

* See Note 3 Cash Basis Exception

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

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Statement 1
(Cont.)

SUMMARY STATEMENT OF RECEIPTS, DISBURSEMENTS AND UNENCUMBERED CASH
REGULATORY BASIS
For The Year Ended June 30, 2021

COMPOSITION OF CASH

Guaranty State Bank	
Checking	\$ 296,494
NOW Accounts	188,729
Savings Accounts	632,135
Certificates of Deposit	10,000
The Peoples Bank	
Checking	<u>19,266</u>
Total Cash	1,146,624
Agency Funds per Schedule 3	<u>(92,001)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,054,623</u>

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

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

NOTES TO THE FINANCIAL STATEMENT
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Unified School District No. 237, Smith Center, Kansas is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 237, Smith Center, Kansas, a Municipality.

B. REGULATORY BASIS FUND TYPES

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities for the District for the year ended June 30, 2021.

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

Special Purpose Funds—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.

Trust Funds—funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

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

C. 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.

D. BUDGETARY INFORMATION

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

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

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

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

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

A legal operating budget is not required for Capital Projects Funds, Trust Funds, Agency Funds, and the following Special Purpose Funds:

Contingency Reserve Fund
Textbook Rental Fund
Gifts & Grants Fund
Federal Funds
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.

2. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Compliance With Kansas Statutes

A. Mandatory Purchase of Products:

K.S.A. 75-3322 requires districts to make purchases of products offered by Kansas industries for the blind and severely disabled. The District failed to make mandatory purchases offered by these industries during the year ending June 30, 2021.

B. Bilingual Education Fund:

K.S.A. 72-3613 requires the District to establish a Bilingual Education Fund and make expenditures directly attributable to the Bilingual program from this Fund. Based on the FTE for Bilingual, the District should have expended at least \$2,741 in the Bilingual Education Fund for fiscal year 2021. The District only budgeted and spent \$1,000 in the Bilingual Education Fund for the year ended June 30, 2021.

C. Preschool-Aged At Risk Fund:

K.S.A. 72-3613 requires the District to establish a Preschool-Aged At Risk Fund and make expenditures directly attributable to the program from the Fund. Based on the FTE for Preschool-Aged At Risk, the District should have expended at least \$11,423 in a Preschool-Aged At Risk Fund for the year ended June 30, 2021. The District has not set up a Preschool-Aged At Risk Fund.

D. Depository Coverage:

K.S.A. 9-1402 requires deposits at statutorily authorized financial institutions be secured at the market value, which is equal to 100% of the total deposits at any given time. The deposits at Guaranty State Bank were undersecured on February 1, 2021. Additional securities were obtained subsequent to the violation.

E. The District is not aware of any other non-compliance with Kansas statutes.

3. CASH BASIS EXCEPTION

The Federal Funds ended the year with a negative unencumbered cash balance of \$17,797. K.S.A. 12-1664 provides an exception for a cash basis law violation for intergovernmental grant funds to expend monies for grant purposes with the expectation of monies to be reimbursed under conditions of the grant award. The negative balance of this fund is due to the COVID-19 ESSER I funding, which requires the recipient to spend the funds and then request reimbursement. The District made expenditures that relate to the COVID-19 ESSER I funding towards the end of the fiscal year and then requested the reimbursement. The reimbursement was received on July 13, 2021 in the amount of \$24,297.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

At June 30, 2021, the District's carrying amount of deposits was \$1,146,624 and the bank balance was \$1,009,854. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance \$633,345 was covered by federal depository insurance, and the remaining \$376,509 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

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

5. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	\$ 65,000
General Fund	Parents As Teachers Fund	K.S.A. 72-5167	6,500
General Fund	Special Education Fund	K.S.A. 72-5167	825,410
General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5167	27,056
General Fund	Contingency Reserve Fund	K.S.A. 72-5167	2,675
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	262,000
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-5143	912
Supplemental General Fund	Food Service Fund	K.S.A. 72-5143	10,430
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	6,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	29,609
Supplemental General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5143	162,000

6. DEFINED BENEFIT PENSION PLAN

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

Contributions - K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 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 \$194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of \$19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized 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 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 \$425,144 for the year ended June 30, 2021.

Net Pension Liability – At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was \$4,499,374. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) 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 these financial statements.

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.

(b) Death and Disability Other Post Employment Benefits

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

(c) Compensated Absences

Vacation

Classified employees earn vacation leave if they work 40 hours per week and 12 months per year. These employees earn 10 days' vacation leave per year after one year of employment and 15 days per year at the beginning of their 10th year of continuous service. No paid vacation is granted to classified employees who work less than 40 hours per week or less than twelve months per fiscal year. Vacation leave can be accumulated up to a total of fifteen days. The District does not pay for unused vacation leave when the employee ceases employment for any reason.

Sick Leave

Classified employees earn sick leave of 12 days per year if contracted for 12 months and 10 days per year if contracted for 10 months. Maximum accumulation for sick leave is 60 days for 12-month employees and 50 days for 10-month employees. Upon retirement, as defined by KPERS, the classified employee will be compensated for unused sick leave at the rate of \$50 per day up to 60 days maximum.

Certified employees earn 10 days sick leave per year and may accumulate up to a maximum of 70 days. Teachers also earn four days personal leave per year. Unused personal leave can be paid at the end of the contract year at the rate of \$200 per day or they may roll those days into accumulated sick leave instead. Upon retirement, as defined by KPERS, certified employees will be paid for unused sick leave up to 70 days, at the rate of \$125.00 per day if their resignation letter is submitted before February 1st. The rate is \$115 per day if submitted February 1st to February 29th, \$105 from March 1st to March 31st, \$95 from April 1st to April 30th, \$85 from May 1st to May 15th, and no payment for resignation letters received after May 15th.

Accumulated sick leave at June 30, 2021, for those eligible to retire, was \$75,638.

(d) Deferred Compensation

Defined Contribution Plan

The District offers its employees the option to participate in a defined contribution plan created in accordance with Internal Revenue Code Section 403(b). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan, available to all District employees, permits them to defer a portion of their current salary (for 2021, up to \$19,500 and an additional \$6,500 catch-up contribution for employees age 50 and over) until future years. The deferred compensation is not available to employees until termination, retirement, total and permanent disability, death, or certain financial hardship.

The Plan has contracted with AFPlanServ for selected plan administrative service. Among the services provided by AFPlanServ is approval of salary reduction agreements for beginning or changing amounts and/or providers.

8. RISK MANAGEMENT

The District participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Notwithstanding anything to the contrary, 2020 was marked by the COVID-19 pandemic and the unique responses at all levels of government and society. The District participated in various activities and governmental programs to address the public health, economic and societal well-being issues presented. The pandemic continues at the end of the fiscal year 2021 and the governmental program requirements are continuously evolving and unclear. The District does not currently anticipate material liability from its pandemic response.

The Unified School District No. 237 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks.

During the year ended June 30, 2021, the District did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

9. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$160,367 subsequent to June 30, 2021 and as required by K.S.A. 72-5135(d) the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

10. 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

results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity.

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The District received CRF in the amount of \$277,779 during fiscal year 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020, and included Elementary and Secondary School Emergency Relief (ESSER) Funds for K-12 schools. These ESSER grants provide school districts with emergency relief funds to address the impact COVID-19 has had on elementary and secondary schools. It is being allocated to the District in three phases, ESSER I, II and III. The ESSER I under the CARES Act began in March 2020, the ESSER II under the CRRSA Act began in December 2020, and the ESSER III under the ARP Act began in March 2021. The District was allocated \$65,595 for ESSER I, \$292,151 for ESSER II, and \$656,130 for ESSER III. As of June 30, 2021, the District spent \$65,595 of ESSER I funds.

11. SUBSEQUENT EVENTS

The District has evaluated events subsequent to year end through the date of this report, and does not believe any events through the date of this report have occurred which effect the financial statement as presented.

UNIFIED SCHOOL DISTRICT NO. 237,
SMITH CENTER, KANSAS

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

UNIFIED SCHOOL DISTRICT NO. 237

Smith Center, Kansas

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

(Budgeted Funds Only)

For the Year Ended June 30, 2021

FUNDS	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds						
General Fund	\$ 3,953,556	\$ (83,156)	\$ 28,999	\$ 3,899,399	\$ 3,899,399	\$ -
Supplemental General Fund	1,314,100	(11,706)	131	1,302,525	1,302,525	-
Special Purpose Funds						
At Risk (K-12) Fund	376,974	-	-	376,974	374,627	(2,347)
Bilingual Education Fund	1,000	-	-	1,000	1,000	-
Capital Outlay Fund	565,000	-	-	565,000	421,525	(143,475)
Driver Training Fund	10,800	-	-	10,800	6,280	(4,520)
Food Service Fund	346,921	-	22,023	368,944	368,944	-
Professional Development Fund	22,000	-	-	22,000	13,193	(8,807)
Parents as Teachers Fund	57,097	-	-	57,097	44,701	(12,396)
Special Education Fund	984,700	-	-	984,700	962,800	(21,900)
Career & Postsecondary Education Fund	186,574	-	13,616	200,190	200,190	-
KPERS Special Retirement Contribution Fund	519,366	-	-	519,366	425,144	(94,222)

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

GENERAL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General State Aid	\$ 3,332,152	\$ 3,365,687	\$ (33,535)
Special Education Aid	538,248	587,869	(49,621)
Reimbursements	28,999	-	28,999
Total Receipts	<u>3,899,399</u>	<u>\$ 3,953,556</u>	<u>\$ (54,157)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	1,441,768	\$ 1,398,650	\$ 43,118
Noncertified	14,916	27,793	(12,877)
Employee Benefits			
Insurance	15,974	25,000	(9,026)
Social Security & Medicare	108,870	117,216	(8,346)
Other	28,255	35,400	(7,145)
Supplies			
General	55,545	45,000	10,545
Miscellaneous	30,328	68,207	(37,879)
Other	1,963	-	1,963
Total Instruction	<u>1,697,619</u>	<u>1,717,266</u>	<u>(19,647)</u>
Student Support Services			
Salaries			
Certified	41,968	48,000	(6,032)
Employee Benefits			
Social Security & Medicare	2,530	3,500	(970)
Other Purchased Services	6,750	6,500	250
Total Student Support Services	<u>51,248</u>	<u>58,000</u>	<u>(6,752)</u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Instructional Support Staff			
Salaries			
Certified	\$ 57,615	\$ 55,000	\$ 2,615
Noncertified	29,093	31,000	(1,907)
Employee Benefits			
Social Security & Medicare	6,362	8,000	(1,638)
Supplies			
Books & Periodicals	2,871	3,000	(129)
Total Instructional Support Staff	<u>95,941</u>	<u>97,000</u>	<u>(1,059)</u>
General Administration			
Salaries			
Certified	89,799	90,000	(201)
Noncertified	79,125	57,500	21,625
Employee Benefits			
Insurance	1,258	1,100	158
Social Security & Medicare	15,557	14,000	1,557
Other	54,186	46,000	8,186
Purchased Professional & Technical Services	35,814	25,000	10,814
Other Purchased Services			
Communications	1,388	6,500	(5,112)
Other	1,409	1,600	(191)
Supplies	2,223	5,000	(2,777)
Other	14,537	12,000	2,537
Total General Administration	<u>295,296</u>	<u>258,700</u>	<u>36,596</u>
School Administration			
Salaries			
Certified	110,815	113,000	(2,185)
Noncertified	66,782	69,000	(2,218)
Employee Benefits			
Insurance	16,906	16,000	906
Social Security & Medicare	12,672	13,000	(328)
Other	13,332	10,500	2,832
Total School Administration	<u>220,507</u>	<u>221,500</u>	<u>(993)</u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Central Services			
Salaries			
Noncertified	\$ 33,907	\$ 35,000	\$ (1,093)
Total Central Services	33,907	35,000	(1,093)
Operations & Maintenance			
Salaries			
Noncertified	185,277	212,000	(26,723)
Employee Benefits			
Insurance	49,655	47,000	2,655
Social Security & Medicare	17,675	19,000	(1,325)
Other	12,701	9,500	3,201
Purchased Property Services			
Repair of Buildings	2,093	-	2,093
Other	15,479	20,000	(4,521)
Other Purchased Services			
Insurance	71,257	140,000	(68,743)
Supplies			
Energy			
Other	21,826	23,000	(1,174)
Miscellaneous	39,510	45,000	(5,490)
Total Operations & Maintenance	415,473	515,500	(100,027)
Operations & Maintenance (Transportation)			
Supplies			
Energy			
Other	897	1,500	(603)
Total Operations & Maintenance (Transportation)	897	1,500	(603)
Supervision			
Salaries			
Noncertified	105,876	120,000	(14,124)
Employee Benefits			
Insurance	5,598	4,500	1,098
Social Security & Medicare	10,706	11,461	(755)
Supplies	-	1,000	(1,000)
Other	5,336	5,000	336
Total Supervision	127,516	141,961	(14,445)

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Vehicle Operating Services			
Other Purchased Services			
Insurance	\$ 14,184	\$ 21,000	\$ (6,816)
Total Vehicle Operating Services	14,184	21,000	(6,816)
Vehicle & Maintenance Services			
Salaries			
Noncertified	4,575	10,000	(5,425)
Employee Benefits			
Insurance	7,392	6,500	892
Supplies	8,203	27,500	(19,297)
Total Vehicle & Maintenance Services	20,170	44,000	(23,830)
Outgoing Transfers			
At Risk (K-12) Fund	65,000	65,000	-
Parents As Teachers Fund	6,500	6,350	150
Special Education Fund	825,410	750,779	74,631
Career & Postsecondary Education Fund	27,056	20,000	7,056
Contingency Reserve Fund	2,675	-	2,675
Total Outgoing Transfers	926,641	842,129	84,512
Adjustment to Comply With Legal Max	-	(83,156)	83,156
Legal General Fund Budget	3,899,399	3,870,400	28,999
Adjustment for Qualifying Budget Credits			
Reimbursements	-	28,999	(28,999)
Total Expenditures	3,899,399	\$ 3,899,399	\$ -
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2020	-		
UNENCUMBERED CASH, June 30, 2021	\$ -		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax In Process	\$ 30,622	\$ 13,873	\$ 16,749
Current Tax	951,639	991,160	(39,521)
Delinquent Tax	16,121	14,615	1,506
Motor Vehicle Tax	64,301	43,604	20,697
Recreational Vehicle Tax	1,598	769	829
Commercial Vehicle Tax	4,677	2,741	1,936
Excise Tax	4	-	4
Reimbursements	131	-	131
Supplemental State Aid	247,585	249,810	(2,225)
Total Receipts	<u>1,316,678</u>	<u>\$ 1,316,572</u>	<u>\$ 106</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	146,000	\$ 195,000	\$ (49,000)
Employee Benefits			
Insurance	321,192	281,623	39,569
Purchased Professional & Technical Services	61,087	43,889	17,198
Total Instruction	<u>528,279</u>	<u>520,512</u>	<u>7,767</u>
Instructional Support Staff			
Salaries			
Certified	23,315	18,698	4,617
Employee Benefits			
Social Security & Medicare	1,542	1,290	252
Supplies			
Technology	6,348	2,342	4,006
Property	54,444	44,652	9,792
Total Instructional Support Staff	<u>85,649</u>	<u>66,982</u>	<u>18,667</u>
General Administration			
Purchased Professional & Technical Services	4,850	5,607	(757)
Total General Administration	<u>4,850</u>	<u>5,607</u>	<u>(757)</u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

SUPPLEMENTAL GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Operations & Maintenance			
Purchased Property Services			
Water & Sewer	\$ 21,381	\$ 19,690	\$ 1,691
Other	920	920	-
Supplies			
Energy			
Heating	37,218	16,275	20,943
Electricity	111,723	102,169	9,554
Property	6,821	8,776	(1,955)
Total Operations & Maintenance	178,063	147,830	30,233
Vehicle Operating Services			
Motor Fuel	34,733	29,922	4,811
Total Vehicle Operating Services	34,733	29,922	4,811
Outgoing Transfers			
At Risk (K-12) Fund	262,000	250,392	11,608
Bilingual Education Fund	912	1,000	(88)
Food Service Fund	10,430	58,612	(48,182)
Professional Development Fund	6,000	15,000	(9,000)
Special Education Fund	29,609	70,000	(40,391)
Career & Postsecondary Education Fund	162,000	148,243	13,757
Total Outgoing Transfers	470,951	543,247	(72,296)
Adjustment to Comply With Legal Max	-	(11,706)	11,706
Legal Supplemental General Fund Budget	1,302,525	1,302,394	131
Adjustment for Qualifying Budget Credits			
Reimbursements	-	131	(131)
Total Expenditures	1,302,525	\$ 1,302,525	\$ -
Receipts Over (Under) Expenditures	14,153		
UNENCUMBERED CASH, July 1, 2020	141,716		
UNENCUMBERED CASH, June 30, 2021	\$ 155,869		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-3

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

AT RISK (K-12) FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Local Grants	\$ 47,876	\$ 50,000	\$ (2,124)
Federal Aid	533	1,000	(467)
Incoming Transfers			
General Fund	65,000	65,000	-
Supplemental General Fund	262,000	250,392	11,608
	<u>375,409</u>	<u>\$ 366,392</u>	<u>\$ 9,017</u>
Total Receipts			
EXPENDITURES			
Instruction			
Salaries			
Certified	256,420	\$ 295,000	\$ (38,580)
Noncertified	57,200	52,000	5,200
Employee Benefits			
Social Security & Medicare	26,713	24,000	2,713
Other	341	300	41
Purchased Professional & Technical Services	215	800	(585)
Supplies			
General	388	10	378
Technology	6,057	-	6,057
Miscellaneous	986	-	986
Property	4,055	-	4,055
Instructional Support Staff			
Salaries			
Certified	12,542	2,585	9,957
Noncertified	4,334	1,936	2,398
Employee Benefits			
Social Security & Medicare	1,276	343	933
Central Services			
Salaries			
Noncertified	4,100	-	4,100
	<u>374,627</u>	<u>\$ 376,974</u>	<u>\$ (2,347)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	782		
UNENCUMBERED CASH, July 1, 2020	<u>16,546</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 17,328</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-4

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

BILINGUAL EDUCATION FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
RECEIPTS			
Incoming Transfer			
Supplemental General Fund	<u>\$ 912</u>	<u>\$ 1,000</u>	<u>\$ (88)</u>
EXPENDITURES			
Instruction			
Salaries			
Noncertified	<u> 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(88)		
UNENCUMBERED CASH, July 1, 2020	<u> 2,035</u>		
UNENCUMBERED CASH, June 30, 2021	<u><u>\$ 1,947</u></u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

CAPITAL OUTLAY FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 11,983	\$ 5,282	\$ 6,701
Current Tax	391,036	355,025	36,011
Delinquent Tax	5,802	5,717	85
Motor Vehicle Tax	23,431	17,149	6,282
Recreational Vehicle Tax	629	303	326
Commercial Vehicle Tax	-	1,077	(1,077)
Interest on Idle Funds	1,020	4,123	(3,103)
Other Revenue from Local Sources	9,676	-	9,676
	<u>443,577</u>	<u>\$ 388,676</u>	<u>\$ 54,901</u>
Total Receipts			
EXPENDITURES			
Instruction			
Supplies			
Technology			
Software	-	\$ 35,000	\$ (35,000)
Property	29,534	100,000	(70,466)
Operations & Maintenance			
Salaries			
Noncertified	55,000	55,000	-
Purchased Property Services			
Cleaning	-	10,000	(10,000)
Repairs & Maintenance	-	10,000	(10,000)
Repair of Buildings	48,162	55,000	(6,838)
Transportation			
Property	161,742	180,000	(18,258)
Vehicle & Maintenance Services			
Salaries			
Noncertified	45,000	45,000	-
Building Improvements			
Outside Contractors	82,087	75,000	7,087
	<u>421,525</u>	<u>\$ 565,000</u>	<u>\$ (143,475)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	22,052		
UNENCUMBERED CASH, July 1, 2020	<u>182,496</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 204,548</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-6

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

DRIVER TRAINING FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Other Revenue from Local Sources	\$ 2,254	\$ 1,500	\$ 754
State Safety Aid	<u>2,550</u>	<u>2,250</u>	<u>300</u>
Total Receipts	<u>4,804</u>	<u>\$ 3,750</u>	<u>\$ 1,054</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	5,000	\$ 10,000	\$ (5,000)
Noncertified	619	300	319
Employee Benefits			
Social Security & Medicare	430	500	(70)
Vehicle Operations & Maintenance Service			
Motor Fuel	<u>231</u>	<u>-</u>	<u>231</u>
Total Expenditures	<u>6,280</u>	<u>\$ 10,800</u>	<u>\$ (4,520)</u>
Receipts Over (Under) Expenditures	(1,476)		
UNENCUMBERED CASH, July 1, 2020	<u>16,353</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 14,877</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-7

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

FOOD SERVICE FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Student Receipts Breakfast & Lunch	\$ 33,148	\$ 88,943	\$ (55,795)
Milk	2,045	-	2,045
Adult Receipts	-	6,696	(6,696)
Miscellaneous	2,552	5,000	(2,448)
State Aid	3,463	2,346	1,117
Federal Aid			
Child Nutrition Program	-	179,070	(179,070)
Other Federal Aid	331,669	30,000	301,669
Incoming Transfer			
Supplemental General Fund	10,430	58,612	(48,182)
Total Receipts	<u>383,307</u>	<u>\$ 370,667</u>	<u>\$ 12,640</u>
EXPENDITURES			
Food Service Operation			
Salaries			
Noncertified	127,232	\$ 131,940	\$ (4,708)
Employee Benefits			
Insurance	36,458	28,786	7,672
Social Security & Medicare	9,199	9,048	151
Other	14,995	12,638	2,357
Supplies			
Food & Milk	168,255	153,865	14,390
Miscellaneous	7,930	3,346	4,584
Property	2,566	3,832	(1,266)
Other	2,309	3,466	(1,157)
Adjustment for Qualifying Budget Credits			
Federal Grants	-	22,023	(22,023)
Total Expenditures	<u>368,944</u>	<u>\$ 368,944</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	14,363		
UNENCUMBERED CASH, July 1, 2020	<u>47,708</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 62,071</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-8

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

PROFESSIONAL DEVELOPMENT FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Other Revenue From Local Sources	\$ -	\$ 1,000	\$ (1,000)
State Aid	218	5,250	(5,032)
Incoming Transfer			
Supplemental General Fund	6,000	15,000	(9,000)
	<u>6,218</u>	<u>\$ 21,250</u>	<u>\$ (15,032)</u>
Total Receipts			
EXPENDITURES			
Instructional Support Staff			
Salaries			
Certified	6,448	\$ 15,000	\$ (8,552)
Purchased Professional & Technical Services	1,745	7,000	(5,255)
Other Support Services			
Other	5,000	-	5,000
	<u>13,193</u>	<u>\$ 22,000</u>	<u>\$ (8,807)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(6,975)		
UNENCUMBERED CASH, July 1, 2020	<u>16,670</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 9,695</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-9

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

PARENTS AS TEACHERS FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Payments from Other School Districts	\$ 4,750	\$ 5,750	\$ (1,000)
State Aid	32,248	35,000	(2,752)
Incoming Transfer			
General Fund	6,500	6,350	150
	<u>43,498</u>	<u>\$ 47,100</u>	<u>\$ (3,602)</u>
Total Receipts			
EXPENDITURES			
Student Support Services			
Salaries			
Noncertified	32,211	\$ 33,100	\$ (889)
Employee Benefits			
Insurance	7,544	7,334	210
Social Security & Medicare	2,603	2,500	103
Other	28	33	(5)
Purchased Professional & Technical Services	2,315	6,130	(3,815)
Instructional Support Staff			
Other Purchased Services	-	7,000	(7,000)
Supplies	-	1,000	(1,000)
	<u>44,701</u>	<u>\$ 57,097</u>	<u>\$ (12,396)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(1,203)		
UNENCUMBERED CASH, July 1, 2020	<u>9,997</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 8,794</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-10

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

SPECIAL EDUCATION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Other Revenue from Local Sources	\$ 83,279	\$ 111,694	\$ (28,415)
Medicaid	12,740	-	12,740
Federal Aid	9,182	9,182	-
Incoming Transfers			
General Fund	825,410	750,779	74,631
Supplemental General Fund	29,609	70,000	(40,391)
Total Receipts	<u>960,220</u>	<u>\$ 941,655</u>	<u>\$ 18,565</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	56,416	\$ 55,734	\$ 682
Noncertified	21,336	34,051	(12,715)
Employee Benefits			
Social Security & Medicare	8,387	8,903	(516)
Purchased Professional & Technical Services	1,000	500	500
Other Purchased Services			
Payments to Interlocal/Coop			
Assessments	304,415	304,415	-
Flowthrough	520,410	524,399	(3,989)
Other	9,182	9,182	-
Supplies			
General	1,445	677	768
Miscellaneous	62	100	(38)
Other	270	1,054	(784)
Student Supportive Services			
Salaries			
Noncertified	1,615	1,714	(99)
Supervision			
Salaries			
Noncertified	30,162	33,463	(3,301)
Vehicle Operating Services			
Other Purchased Services			
Insurance	1,600	2,000	(400)
Supplies			
Motor Fuel	6,500	8,508	(2,008)
Total Expenditures	<u>962,800</u>	<u>\$ 984,700</u>	<u>\$ (21,900)</u>
Receipts Over (Under) Expenditures	(2,580)		
UNENCUMBERED CASH, July 1, 2020	<u>67,621</u>		
UNENCUMBERED CASH, June 30, 2021	<u>\$ 65,041</u>		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-11

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June, 30, 2021

CAREER & POSTSECONDARY EDUCATION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Student Activity Reimbursements	\$ 20,209	\$ -	\$ 20,209
Federal Aid	1,383	4,133	(2,750)
Incoming Transfers			
General Fund	27,056	20,000	7,056
Supplemental General Fund	162,000	148,243	13,757
Total Receipts	210,648	\$ 172,376	\$ 38,272
EXPENDITURES			
Instruction			
Salaries			
Certified	139,267	\$ 137,138	\$ 2,129
Employee Benefits			
Insurance	980	682	298
Social Security & Medicare	8,665	8,778	(113)
Supplies			
Miscellaneous	58	35	23
Property	43,162	35,000	8,162
Other	8,058	4,941	3,117
Adjustment for Qualifying Budget Credits			
Reimbursements	-	13,616	(13,616)
Total Expenditures	200,190	\$ 200,190	\$ -
Receipts Over (Under) Expenditures	10,458		
UNENCUMBERED CASH, July 1, 2020	7,760		
UNENCUMBERED CASH, June 30, 2021	\$ 18,218		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-12

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
KPERS	\$ 425,144	\$ 519,366	\$ (94,222)
EXPENDITURES			
Instruction			
Employee Benefits	255,624	\$ 312,276	\$ (56,652)
Student Support Services			
Employee Benefits	14,489	17,700	(3,211)
Instructional Support Staff			
Employee Benefits	27,196	26,550	646
General Administration			
Employee Benefits	21,733	26,550	(4,817)
School Administration			
Employee Benefits	36,223	44,250	(8,027)
Central Services			
Employee Benefits	14,489	17,700	(3,211)
Operations & Maintenance			
Employee Benefits	16,271	26,550	(10,279)
Student Transportation Services			
Employee Benefits	17,386	21,240	(3,854)
Food Services			
Employee Benefits	21,733	26,550	(4,817)
Total Expenditures	425,144	\$ 519,366	\$ (94,222)
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2020	-		
UNENCUMBERED CASH, June 30, 2021	\$ -		

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-13

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2021

CONTINGENCY RESERVE FUND

	<u>Actual</u>
RECEIPTS	
Incoming Transfer	
General Fund	<u>\$ 2,675</u>
EXPENDITURES	
Operations & Maintenance	
Supplies	
Energy	
Heating	<u>19,215</u>
Receipts Over (Under) Expenditures	(16,540)
UNENCUMBERED CASH, July 1, 2020	<u>16,540</u>
UNENCUMBERED CASH, June 30, 2021	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-14

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2021

TEXTBOOK RENTAL FUND

	<u>Actual</u>
RECEIPTS	
Rental Fees & Books	<u>\$ 19,479</u>
EXPENDITURES	
Instruction	
Supplies	
Textbooks	19,906
Repairing Textbooks	<u>100</u>
Total Expenditures	<u>20,006</u>
Receipts Over (Under) Expenditures	(527)
UNENCUMBERED CASH, July 1, 2020	<u>77,040</u>
UNENCUMBERED CASH, June 30, 2021	<u><u>\$ 76,513</u></u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-15

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

	GIFTS & GRANTS FUNDS				
	Miscellaneous Grants	Gifts & Grants	Total Gifts & Grants Funds	Budget*	Variance Over (Under)
RECEIPTS					
Contributions & Donations	\$ 2,996	\$ 14,042	\$ 17,038	\$ 100,000	\$ (82,962)
Federal Aid	36,103	-	36,103	-	36,103
Total Receipts	39,099	14,042	53,141	100,000	(46,859)
EXPENDITURES					
Instruction					
Purchased Professional & Technical Services	2,955	-	2,955	-	2,955
Supplies					
Technology	-	3,825	3,825	-	3,825
Student Support Services					
Purchased Professional & Technical Services	577	-	577	-	577
Supplies	-	3,586	3,586	116,575	(112,989)
Property	-	15,549	15,549	-	15,549
Total Expenditures	3,532	22,960	26,492	\$ 116,575	\$ (90,083)
Receipts Over (Under) Expenditures	35,567	(8,918)	26,649		
UNENCUMBERED CASH, July 1, 2020	(35,519)	16,575	(18,944)		
UNENCUMBERED CASH, June 30, 2021	\$ 48	\$ 7,657	\$ 7,705		

*Gifts & Grants Funds are not required by statute to be budgeted, this budget is for informational purposes only.

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-16

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2021

	FEDERAL FUNDS					Total Federal Funds	Budget*	Variance Over (Under)
	Title I	Title IIA	Title IVA	ESSER I CARES Act	SPARK			
RECEIPTS								
Federal Aid	\$ 87,108	\$ 14,710	\$ 13,619	\$ 41,298	\$ 277,779	\$ 434,514	\$ 423,811	\$ 10,703
EXPENDITURES								
Instruction								
Salaries								
Certified	43,355	-	9,894	17,892	-	71,141	43,347	27,794
Noncertified	33,935	13,585	3,725	-	-	51,245	44,937	6,308
Employee Benefits								
Social Security & Medicare	5,179	1,125	-	-	-	6,304	6,590	(286)
Other	834	-	-	-	-	834	578	256
Other Purchased Services								
Other	-	-	-	-	-	-	315,595	(315,595)
Supplies								
General	655	-	-	6,267	-	6,922	297	6,625
Technology	-	-	-	2,539	4,889	7,428	-	7,428
Property	-	-	-	32,492	266,390	298,882	-	298,882
Student Support Services								
Purchased Professional & Technical Service	-	-	-	-	-	-	10,367	(10,367)
School Administration								
Salaries								
Noncertified	3,150	-	-	-	-	3,150	2,100	1,050
Food Service Operation								
Salaries								
Noncertified	-	-	-	6,405	-	6,405	-	6,405
Total Expenditures	87,108	14,710	13,619	65,595	271,279	452,311	\$ 423,811	\$ 28,500
Receipts Over (Under) Expenditures	-	-	-	(24,297)	6,500	(17,797)		
UNENCUMBERED CASH, July 1, 2020	-	-	-	-	-	-		
UNENCUMBERED CASH, June 30, 2021	\$ -	\$ -	\$ -	\$ (24,297)	\$ 6,500	\$ (17,797) **		

*Federal funds are not required by statute to be budgeted, this budget is for informational purposes only.

** See Note 3, Cash Basis Exception

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-17

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2021

DISTRICT ACTIVITY FUNDS

	<u>Actual</u>
RECEIPTS	<u>\$ 99,165</u>
EXPENDITURES	<u>97,109</u>
Receipts Over (Under) Expenditures	2,056
UNENCUMBERED CASH, July 1, 2020	<u>49,105</u>
UNENCUMBERED CASH, June 30, 2021	<u><u>\$ 51,161</u></u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 2-18

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2021

SCHOLARSHIP FUND

	<u>Actual</u>
RECEIPTS	
Scholarship Donations	\$ 2,000
Interest on Idle Funds	<u>171</u>
Total Income	<u>2,171</u>
EXPENDITURES	
Scholarships	<u>2,800</u>
Receipts Over (Under) Expenditures	(629)
UNENCUMBERED CASH, July 1, 2020	<u>20,435</u>
UNENCUMBERED CASH, June 30, 2021	<u><u>\$ 19,806</u></u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 3

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For The Year Ended June 30, 2021

AGENCY FUNDS

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Unencumbered Cash Balance
Sales Tax	\$ 270	\$ 4,998	\$ 5,176	\$ 92
Student Activity Funds	72,390	122,443	102,924	91,909
Total	<u>\$ 72,660</u>	<u>\$ 127,441</u>	<u>\$ 108,100</u>	<u>\$ 92,001</u>

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 4

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For The Year Ended June 30, 2021

DISTRICT ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
High School							
Gate Receipts	\$ 4,779	\$ -	\$ 40,390	\$ 37,243	\$ 7,926	\$ -	\$ 7,926
Concessions	11,107	-	9,650	15,333	5,424	-	5,424
Other District Collections	2,037	-	40,166	38,494	3,709	-	3,709
Redmen Donations	-	-	1,131	-	1,131	-	1,131
Total High School	17,923	-	91,337	91,070	18,190	-	18,190
Elementary School							
Pride	17,823	-	7,621	4,795	20,649	-	20,649
Library	5,604	-	7	140	5,471	-	5,471
Reading is Fundamental	7,755	-	200	1,104	6,851	-	6,851
Total Elementary School	31,182	-	7,828	6,039	32,971	-	32,971
Total District Activity Funds	\$ 49,105	\$ -	\$ 99,165	\$ 97,109	\$ 51,161	\$ -	\$ 51,161

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 5

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For The Year Ended June 30, 2021

STUDENT ACTIVITY FUNDS

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Student Activity Funds				
SC Football	\$ 666	\$ 5,985	\$ 4,879	\$ 1,772
SC Dance Team	2,354	2,598	1,954	2,998
JH Cheerleaders	613	2,299	2,326	586
Flags (Color Guard)	131	-	-	131
Art Club	3,136	1,295	2,821	1,610
Band Club	1,894	-	706	1,188
Centrian Club	2,627	8,879	9,151	2,355
Chansonaires	14,685	5,200	4,024	15,861
Drama Club	7,036	1,426	2,072	6,390
FCCLA	4,581	27,744	25,917	6,408
FFA	17,103	49,155	29,254	37,004
I.M.P. Club	3,654	-	-	3,654
National Honor Society	321	1,114	525	910
S.A.F.E.	1,200	1,400	572	2,028
Spirit Squad	1,436	3,715	4,227	924
Student Council	1,653	1,803	1,725	1,731
JH Science Department	714	545	584	675
JH Builders Club	2,797	310	1,207	1,900
Special Education Training Club	529	-	-	529
Site Council	1,434	210	31	1,613
Class of 2020	257	-	257	-
Class of 2021	2,708	-	2,628	80
Class of 2022	670	7,665	7,629	706
Class of 2023	43	415	435	23
Class of 2024	104	325	-	429
Class of 2025	44	20	-	64
Class of 2026	-	340	-	340
Total Student Activity Funds	<u>\$ 72,390</u>	<u>\$ 122,443</u>	<u>\$ 102,924</u>	<u>\$ 91,909</u>

UNIFIED SCHOOL DISTRICT NO. 237
SINGLE AUDIT SECTION
FOR THE YEAR ENDED JUNE 30, 2021



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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*

March 21, 2022

Board of Education

Unified School District No. 237

Smith Center, Kansas 66967

We have audited, in accordance with the 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*, the financial statement of Unified School District No. 237, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Unified School District No. 237's basic financial statement and have issued our report thereon dated March 21, 2022. Our report on the financial statement disclosed that, as described in Note 1 to the financial statements, the Unified School District No. 237 prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unified School District No. 237'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 237's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 237's internal control.

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

Board of Education
Unified School District No. 237
March 21, 2022
Page Two

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2021-001, 2021-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 237's financial statements are 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 determination of financial statement amounts. 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*.

We also noted certain other matters that we reported to management of Unified School District No. 237 in a separate letter dated March 21, 2022.

Unified School District No. 237's Response to Findings

Unified School District No. 237's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 237's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
March 21, 2022



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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

March 21, 2022

Board of Education

Unified School District No. 237

Smith Center, Kansas 66967

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 237'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 Unified School District No. 237's major federal programs for the year ended June 30, 2021. Unified School District No. 237'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. 237's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 237'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 Unified School District No. 237's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 237 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Unified School District No. 237 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 Unified School District No. 237'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 Unified School District No. 237'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
March 21, 2022

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

Schedule 6

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ending June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub Recipients	Federal Unencumbered Cash July 1, 2020	Cash Receipts	Expenditures	Federal Unencumbered Cash June 30, 2021
U.S. Department of Education							
Passed through Kansas Department of Education (KSDE)							
Title I Grants to Local Educational Agencies	84.010	DO 237	\$ -	\$ -	\$ 87,108	\$ 87,108	\$ -
Supporting Effective Instruction State Grants	84.367A	DO 237	-	-	14,710	14,710	-
Student Support & Academic Enrichment Program	84.424A	DO 237	-	-	13,619	13,619	-
Career & Technical Education-Carl Perkins	84.048	DO 237	-	-	1,383	1,383	-
COVID-19 - Elementary & Secondary School Emergency Relief Fund	84.425D	DO 237	9,182	-	50,480	74,777	(24,297)
Direct Grant							
Small Rural School Achievement Program	84.358A	DO 237	-	(36,103)	36,103	-	-
Total U.S. Department of Education			9,182	(36,103)	203,403	191,597	(24,297)
U.S. Department of Agriculture							
Passed through Kansas Department of Education (KSDE)							
Child Nutrition Cluster							
National School Lunch Program	10.555	DO 237	-	-	85,084	85,084	-
Summer Food Service Program	10.559	DO 237	-	-	247,118	247,118	-
Total Child Nutrition Cluster			-	-	332,202	332,202	-
Total U.S. Department of Agriculture			-	-	332,202	332,202	-
U.S. Department of Treasury							
Passed through Kansas Department of Education (KSDE)							
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	-	5,508	4,889	619
Passed through Cloud County							
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	-	272,271	266,390	5,881
Total U.S. Department of Treasury			-	-	277,779	271,279	6,500
Total Expenditures of Federal Awards			\$ 9,182	\$ (36,103)	\$ 813,384	\$ 795,078	\$ (17,797)

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 237
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Unified School District No. 237, Smith Center, Kansas (the District), 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 position, 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 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on 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.

3. Indirect Cost Rate

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

4. Sub-recipients

No federal awards were passed-through to sub-recipients.

5. Local Government Contribution

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule.

6. Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

In accordance with Generally Accepted Accounting Principles

Adverse

In accordance with the regulatory basis of accounting described in Note 1

Unmodified

Internal control over financial reporting:

• Material weaknesses identified?

 Yes x No

Significant deficiencies identified?

 x Yes None reported

• Noncompliance material to financial statements noted?

 Yes x No

FEDERAL AWARDS

Internal control over major programs:

• Material weaknesses identified?

 Yes x No

• Significant deficiencies identified?

 Yes x None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR section 200.516 (a)?

 Yes x No

The programs tested as major programs were:

CFDA NUMBER

84.425D

NAME OF FEDERAL PROGRAM

COVID-19 – Elementary & Secondary School

Emergency Relief Fund

21.019

COVID-19 – Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and
type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes x No

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION 2 – FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

2021-001 Segregation of duties

Condition: The limited staff size does not provide for adequate segregating of duties.

Criteria: Segregation of duties should be maintained to strengthen internal control over accounting and compliance functions.

Effect: Lack of segregation of duties increases the risk of errors and noncompliance occurring and not being detected in a timely manner.

Cause: Because the entity is small, management does not feel it is feasible to hire more staff.

Recommendations: Duties of key financial and compliance personnel should be evaluated to determine if duties could be segregated.

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation. However, the size of the entity does not make it practical to have sufficient number of employees to achieve the optimum level of internal control.

2021-002 Financial Statement Preparation

Condition: Management does not have the qualifications and training necessary to prepare the financial statements, including the related footnote disclosures, in accordance with the reporting and formatting requirements of the Kansas Municipal Audit and Accounting Guide.

Criteria: Management must have controls over the preparation of the financial statements, including footnote disclosures, which would prevent or detect an omission/misstatement in the financial statements in accordance with the basis of accounting adopted.

Effect: The District lacks internal controls over the preparation of the financial statements, note disclosures, and regulatory required supplemental information. The control deficiency allows for omission/misstatements in the financial statements including footnotes that may not be prevented, detected, or corrected.

Cause: There are no procedures in place that require management to obtain the necessary qualifications and training. The Clerk for the District is new to the position and has not been able to attend training.

Recommendations: Management would need to attend training classes to educate on proper and complete preparation of the financial statements and footnote disclosures and to be aware of all of the current accounting standards by purchasing annual accounting subscriptions. We recommend that management continue to increase their knowledge of financial reporting.

UNIFIED SCHOOL DISTRICT NO. 237
Smith Center, Kansas

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION 2 – FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL (Cont.)

2021-002 Financial Statement Preparation (Cont.)

Views of Responsible Officials and Planned Corrective Actions: The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is best for the District to have its external auditors prepare the financial statements. The board does review the draft of the financial statements, including note disclosures, prior to approving.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

CFDA No. 84.425D and 21.019. No reportable findings or questioned costs for the year ended June 30, 2021.

SECTION 4 – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Not applicable.