SSC CPAs, P.A.

TEEN INTERLOCAL NO. 632

FINANCIAL STATEMENT WITH REGULATORY –
REQUIRED SUPPLEMENTARY INFORMATION
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

Table of Contents

	Page number
Independent Auditor's Report	1 – 3
STATEMENT 1	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)	4
Notes to the Financial Statement	5 – 7
SCHEDULE 1	
Summary of Expenditures – Actual and Budget (Regulatory Basis)	8
SCHEDULE 2	
Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)	
General Fund	9
Virtual Education Fund	10

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Independent Auditor's Report

To the Board of Directors
TEEN Interlocal No. 632
Hillsboro, Kansas

Report of the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of TEEN Interlocal No. 632, Hillsboro, Kansas, as of and for the year ended June 30, 2021 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the 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 2, the financial statement is prepared by TEEN Interlocal No. 632 to meet the requirements of the State of 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 2 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 TEEN Interlocal No. 632, 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 TEEN Interlocal No. 632, 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 2.

Other Matters
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget and individual fund schedules of regulatory basis receipts and expenditures - actual and budget (Schedules 1, and 2 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*. 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 2.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of TEEN Interlocal No. 632 as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated January 21, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 2.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas
December 15, 2021

TEEN INTERLOCAL No. 632

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)

For the Fiscal Year Ended June 30, 2021

STATEMENT 1

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund:						
General	$ 135,311	$ 250,915	$ 232,811	$ 153,415	$ -	$ 153,415
Special Purpose Fund:						
Virtual Education	135,243	205,175	174,884	165,534	-	165,534
TOTAL REPORTING ENTITY	$ 270,554	$ 456,090	$ 407,695	$ 318,949	$ -	$ 318,949

COMPOSITION OF CASH :	
Checking Account	$ 318,949

1. REPORTING ENTITY

TEEN Interlocal No. 632 (the Interlocal) is a consortium located in Marion and Dickinson Counties. The Interlocal has been established to enable five member districts to share resources for the mutual benefit of the students. The Interlocal is governed by a Board of Directors comprised of one board member from each of the five member districts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Interlocal 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 Interlocal to use the regulatory basis of accounting.

Fund Descriptions. The following types of funds comprise the financial activities of the Interlocal 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 Fund - Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

3. BUDGETARY INFORMATION

The Interlocal prepares an annual budget of receipts and expenditures that is required to be submitted to the Kansas State Department of Education on or before August 25th. The Interlocal does not levy a tax and thus is not subject to the Kansas Budget Law. The budget is prepared for internal use and to satisfy the requirement of the Kansas State Department of Education.

4. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Interlocal. The statute requires banks eligible to hold the Interlocal's funds have a main or branch bank in the county in which the Interlocal 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 Interlocal has no other policies that would further limit interest rate risk.

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

Concentration of credit risk. State statutes place no limit on the amount the Interlocal may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Interlocal had no investments as of June 30, 2021.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Interlocal's deposits may not be returned to it. State statutes require the Interlocal'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 Interlocal, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Interlocal has not designated a "peak period." All deposits were legally secured at June 30, 2021.

At June 30, 2021, the Interlocal's carrying amount of deposits was $318,949 and the bank balance was $334,094. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining $84,094 was collateralized with securities held by the pledging financial institution's agents in the Interlocal's name.

5. FIBER OPTIC LEASE

On April 17, 2020 the Interlocal extended a lease agreement with Eagle Communications in which the Interlocal shall provide four unused fiber optic cable strands to Eagle Communications. The lease renewal period began on July 1, 2020 and ends on June 30, 2021. Eagle Communication is to pay the Interlocal $5,622 per month. The Interlocal received $67,464 in the year ended June 30, 2021.

On April 22, 2021 the Interlocal extended the lease agreement with Eagle Communications for the period that begins on July 1, 2021 and ends on June 30, 2023.

6. RELATED PARTY TRANSACTIONS

The Interlocal reimburses the host district, USD 410 Durham-Hillsboro-Lehigh, for wages, payroll tax, and benefits of its executive director. The Interlocal also reimburses USD 410 for clerical and accounting services and for instruction by staff employed by USD 410. The total payments to USD 410 were $138,305 for the fiscal year ended June 30, 2021.

7. RISKS AND UNCERTAINTIES

As a result of significant disruption in the U.S. economy due to the outbreak of COVID-19 Coronavirus in 2020, uncertainties have arisen which are likely to negatively impact future operating results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time.

8. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

9. SUBSEQUENT EVENTS

The Interlocal's management has evaluated events and transactions occurring after June 30, 2021 through December 15, 2021. The aforementioned date represents the date the financial statement was available to be issued.

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

TEEN INTERLOCAL No. 632

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)

For the Year Ended June 30, 2021

SCHEDULE 1

Funds	Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund:					
General	$ 227,658	$ -	$ 227,658	$ 232,811	$ 5,153
Special Purpose Fund:					
Virtual Education	141,140	-	141,140	174,884	33,744

TEEN INTERLOCAL No. 632
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Assessments	$ 104,696	$ 106,763	$ 106,763	$ -
Receipts from Courses	37,150	38,680	35,000	3,680
Fiber Lease	73,086	67,464	67,464	-
E-Rate Funding	30,672	37,848	30,672	7,176
Interest on Idle Funds	2,347	-	250	(250)
Miscellaneous Income	396	160	100	60
Total Receipts	248,347	250,915	$ 240,249	$ 10,666
Expenditures				
General Administration	54,820	54,743	$ 58,370	$ (3,627)
Instructional	141,293	151,196	142,738	8,458
Instructional Support	44,562	12,872	12,550	322
Family and Communities Together	12,000	14,000	14,000	-
TEEN Inservice	5,994	-	-	-
Total Expenditures	258,669	232,811	$ 227,658	$ 5,153
Receipts Over (Under) Expenditures	(10,322)	18,104		
Unencumbered Cash, Beginning	145,633	135,311		
Unencumbered Cash, Ending	$ 135,311	$ 153,415		

TEEN INTERLOCAL No. 632
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Virtual Academy Assessments	$ 145,942	$ 205,175	$ 74,254	$ 130,921
Expenditures				
General Administration	43,251	43,373	$ 44,190	$ (817)
Instructional	26,473	51,511	16,200	35,311
Instructional Support	160	-	750	(750)
Other	200,104	80,000	80,000	-
Total Expenditures	269,988	174,884	$ 141,140	$ 33,744
Receipts Over (Under) Expenditures	(124,046)	30,291		
Unencumbered Cash, Beginning	259,289	135,243		
Unencumbered Cash, Ending	$ 135,243	$ 165,534		