UNIFIED SCHOOL DISTRICT NO. 373

NEWTON, KANSAS

Financial Statement

For the Year Ended June 30, 2021

Unified School District No. 373

For the Year Ended June 30, 2021

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Knudsen Monroe & Company LLC

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 373
Newton, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 373, Newton, Kansas (District), as of and for the year ended June 30, 2021, and the related disclosures to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters
Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated December 10, 2020, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2021 basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
December 14, 2021

Unified School District No. 373

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

June 30, 2021

Funds	Unencumbered Cash Balance	Receipts	Expenditures	Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
General Funds						
General	$ -	23,820,855	23,820,855	-	37,255	37,255
Supplemental General	257,728	7,070,727	6,992,635	335,820	-	335,820
Special Purpose Funds						
Adult Basic Education	25,000	19,250	19,250	25,000	-	25,000
Bilingual Education	100,000	310,372	310,372	100,000	-	100,000
Virtual Education	34,881	35,082	34,963	35,000	-	35,000
Professional Development	200,000	80,000	162,663	117,337	-	117,337
At Risk (K-12)	250,000	4,444,283	4,444,283	250,000	-	250,000
At Risk (4 year old)	100,000	243,579	243,579	100,000	-	100,000
Capital Outlay	1,525,612	3,556,646	3,829,587	1,252,671	2,243,705	3,496,376
Driver Training	44,622	-	-	44,622	-	44,622
Food Service	395,473	1,405,217	1,308,895	491,795	-	491,795
Parent Education	34,388	125,054	126,658	32,784	-	32,784
Summer School	12,990	9,895	13,407	9,478	-	9,478
Special Education	927,927	5,449,665	5,752,852	624,740	-	624,740
Special Education Cooperative	611,544	9,061,673	8,152,551	1,520,666	19	1,520,685
Career and Postsecondary Education	255,668	1,531,259	1,532,852	254,075	23,314	277,389
KPERS Employer Contribution	-	3,846,576	3,846,576	-	-	-
Recreation Commission	79,374	1,234,394	1,237,000	76,768	-	76,768
Recreation Commission Employee Benefits	21,395	386,027	385,000	22,422	-	22,422
Contingency Reserve	1,004,107	20,126	155,837	868,396	105,919	974,315
Textbook and Material Revolving	169,916	209,847	161,583	218,180	927	219,107
Employer Fixed Charges	-	148,877	-	148,877	71,299	220,176
Federal and State Grant Programs						
Head Start	-	1,157,184	1,157,184	-	-	-
Title I	(10,396)	605,747	608,312	(12,961)	1,853	(11,108)
Supporting Effective Instruction	(11,881)	156,071	128,974	15,216	-	15,216
English Language Acquisition	449	16,737	14,022	3,164	-	3,164
Student Support & Academic Enrichment	(1,404)	35,953	34,549	-	-	-
After School Enhancement	-	11,255	11,255	-	-	-
Elementary Secondary School Emergency Relief	(2,882)	274,478	293,482	(21,886)	-	(21,886)
Strengthening People and Revitalizing Kansas	-	895,144	895,144	-	-	-
Bond and Interest Funds						
Bond and Interest	4,476,924	4,540,309	4,111,912	4,905,321	-	4,905,321
Bond Redemption	2,445	-	2,445	-	-	-
District Activity Funds						
Activity Gate Receipts	60,916	228,711	228,989	60,638	-	60,638
School Projects	17,077	42,001	51,366	7,712	-	7,712
Total Reporting Entity						
(Excluding Agency Funds)	$ 10,581,873	70,972,994	70,069,032	11,485,835	2,484,291	13,970,126

Composition of Cash	
Union State Bank	
Checking	$ 124,429
Intrust Bank	
Checking	1,219,497
Municipal Investment Pool	13,124,054
Total Cash	14,467,980
Less Agency Funds (Schedule 3)	497,854
Total Reporting Entity (Excluding Agency Funds)	$ 13,970,126

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Unified School District No. 373, Newton, Kansas, is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 373 (District), a municipality.

Regulatory Basis Fund Types

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

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

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

Trust Fund – used to report assets held in trust for the benefit of the District (i.e., pension funds, investment trust funds, private purpose trust funds which benefit the District, scholarship funds, etc.).

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

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

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

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

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

Budgetary Information

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

A legal operating budget is not required for Agency Funds, Bond Redemption Fund, or the following Special Purpose Funds: Contingency Reserve, Textbook and Material Revolving, Employer Fixed Charges, Federal and State Grant Programs and District Activities.

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

Reimbursements

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

2. DEPOSITS AND INVESTMENTS

As of June 30, 2021, the District had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity (in Years) Less than 1	Rating U.S.
Kansas Municipal Investment Pool	$ 11,522,655	11,522,655	N/A

2. DEPOSITS AND INVESTMENTS (Continued)

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. The rating of the District's investments is noted above.

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. At June 30, 2021, the District held 100% of their investments in the Kansas Municipal Investment Pool.

Custodial Credit Risk - Deposits

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

At June 30, 2021, the District's carrying amount of deposits was $1,343,926 and the bank balance was $4,215,555. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $382,377 was covered by federal depository insurance, and $3,833,178 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.

At June 30, 2021, the District had invested $11,522,655 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The District does not purchase products or services offered by Kansas industries for the blind and severely disabled, which is a violation of K.S.A. 75-3317 through 75-3322.

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $1,601,424 subsequent to June 30, 2021, and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

5. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
2007 Refunding & Improvement	4.0-5.0%	12/01/2007	$31,855,000	09/01/2026	$ 500,000	-	500,000	-	12,500
2012 Refunding	2.0%	12/01/2012	9,885,000	09/01/2026	8,745,000	-	160,000	8,585,000	173,300
2013 Refunding	2.0%	06/01/2013	9,845,000	09/01/2024	6,435,000	-	125,000	6,310,000	127,450
2014 Refunding	2.0-3.0%	12/01/2014	9,635,000	09/01/2022	7,950,000	-	715,000	7,235,000	197,462
2018 Refunding	4.0%	06/28/2018	5,000,000	09/01/2020	2,060,000	-	2,060,000	-	41,200
Total contractual indebtedness					$25,690,000	-	3,560,000	22,130,000	551,912

Current maturities of long-term debt and interest for the next six years through maturity are as follows:

	Year Ending June 30						
General Obligation Bonds	2022	2023	2024	2025	2026	2027	Total
Principal	$ 3,860,000	3,965,000	4,305,000	4,490,000	4,715,000	795,000	22,130,000
Interest	445,156	344,100	243,050	155,100	63,050	7,950	1,258,406
Total principal and interest	$ 4,305,156	4,309,100	4,548,050	4,645,100	4,778,050	802,950	23,388,406

6. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	Adult Basic Education	K.S.A. 72-5167	$ 19,250
General	Bilingual Education	K.S.A. 72-5167	142,332
General	Virtual Education	K.S.A. 72-5167	35,082
General	Professional Development	K.S.A. 72-5167	75,000
General	At Risk (K-12)	K.S.A. 72-5167	498,290
General	At Risk (4 year old)	K.S.A. 72-5167	243,579
General	Parent Education	K.S.A. 72-5167	20,000
General	Special Education	K.S.A. 72-5167	5,315,177
General	Career and Postsecondary Education	K.S.A. 72-5167	1,199,489
General	Textbook and Material Revolving	K.S.A. 72-5167	42,941
Supplemental General	Bilingual Education	K.S.A. 72-5143	168,040
Supplemental General	At Risk (K-12)	K.S.A. 72-5143	3,937,051
Supplemental General	Special Education	K.S.A. 72-5143	34,081
Supplemental General	Career and Postsecondary Education	K.S.A. 72-5143	275,092
Special Education	Special Education Cooperative	K.S.A. 72-978(h)	5,430,421

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

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

Other Post-Employment Benefits

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

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

Compensated Absences

Classified employees on a 12-month contract who work at least 20 hours per week are credited with 9 days of sick leave after 60 days of continuous service. After the initial 60-day period, classified employees accrue sick leave monthly and may accumulate 130 days of total compensated leave.

Certified teaching staff is credited with 15 days of temporary chargeable leave (due to illness, bereavement, etc.) on the first day of their employment with the District. After the first year, the teacher receives 10 days of additional leave per year which may be accumulated to 120 days. No compensation is paid for unused leave upon termination.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Classified 12-month employees who work at least 20 hours per week receive 10 days of paid vacation per year during the first 5 years of service. The employee is credited with 5 days of paid vacation after the completion of 6 months of service, and then accrues 10/12 of a day's vacation for each month worked. After 5 years of service, the 12-month employee is credited with five additional days per year. Vacation time credited to an employee at July 1 of any year must be used by June 30 of the following year.

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

Early Retirement Pension Plan

The District provides an early retirement program for certain eligible employees. The plan defines those eligible as employees who are "currently employed in licensed employment or administrative employment with the District." Eligible retirees under this program may receive benefits for up to 12 years. Payments to retired employees under this plan for the years ended June 30, 2021 and 2020, were $609,859 and $513,717, respectively.

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

Contributions

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

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

8. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $3,846,576 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 $40,904,646. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

9. RELATED PARTY TRANSACTIONS

The District is the taxing authority for the Newton Recreation Commission, which operates recreational programs within the District. During the fiscal year ended June 30, 2021, the District levied a total tax of 8.208 mills for the Recreation Commission and Recreation Commission Employee Benefits Funds, which in turn is appropriated to the Newton Recreation Commission for its operations.

10. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, not all grant expenditures

10. CLAIMS AND JUDGMENTS (Continued)

have 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.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards (KASB) Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The District pays an annual premium to the KASB for its workers' compensation insurance coverage. The agreement to participate provides that the KASB fund will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $300,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KASB management. The District records a liability for estimated additional contributions that may be incurred due to adjustments made by the KASB. The cost of this workers' compensation coverage is charged to District funds based on actual payroll expenditures.

The District continues to carry commercial insurance for all other risks of loss, including liability, property, inland marine, linebacker, cyber security, and fleet coverage. There have been no significant reductions in insurance coverage from 2020 to 2021, and there were no settlements that exceeded insurance coverage in the past three fiscal years.

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

11. CORONAVIRUS PANDEMIC

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

12. NATURAL GAS PRICE SPIKE DUE TO EXTREME COLD IN FEBRUARY 2021

During February 2021 North America experienced an extreme weather event that brought record low temperatures. The February cost of natural gas spiked resulting in billings greatly in excess of what the District budgeted. The District, in response to the increased natural gas prices, joined a coalition of school districts across Kansas seeking a solution to the excessively high gas billings. The coalition engaged legal counsel to assist in these efforts.

13. CRF AND CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of $400 million. The District received CRF in the amount of $895,144 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, and the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/.

14. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through December 14, 2021, which is the date at which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 373

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

Unified School District No. 373

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to 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	$ 24,112,878	(941,292)	649,269	23,820,855	23,820,855	-
Supplemental General	7,254,243	(261,608)	-	6,992,635	6,992,635	-
SPECIAL PURPOSE FUNDS						
Adult Basic Education	40,000	-	-	40,000	19,250	(20,750)
Bilingual Education	404,653	-	-	404,653	310,372	(94,281)
Virtual Education	149,061	-	-	149,061	34,963	(114,098)
Professional Development	275,000	-	-	275,000	162,663	(112,337)
At Risk (K-12)	4,444,283	-	-	4,444,283	4,444,283	-
At Risk (4 year old)	362,236	-	-	362,236	243,579	(118,657)
Capital Outlay	3,844,732	-	-	3,844,732	3,829,587	(15,145)
Driver Training	66,500	-	-	66,500	-	(66,500)
Food Service	2,271,669	-	-	2,271,669	1,308,895	(962,774)
Parent Education	171,711	-	-	171,711	126,658	(45,053)
Summer School	52,990	-	-	52,990	13,407	(39,583)
Special Education	5,789,732	-	-	5,789,732	5,752,852	(36,880)
Special Education Cooperative	9,563,336	-	-	9,563,336	8,152,551	(1,410,785)
Career and Postsecondary Education	1,706,015	-	-	1,706,015	1,532,852	(173,163)
KPERS Employer Contribution	4,545,790	-	-	4,545,790	3,846,576	(699,214)
Recreation Commission	1,237,000	-	-	1,237,000	1,237,000	-
Recreation Commission Employee Benefits	385,000	-	-	385,000	385,000	-
BOND AND INTEREST FUND	4,111,912	-	-	4,111,912	4,111,912	-

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
GENERAL				
RECEIPTS				
General state aid	$ 19,678,086	19,974,881	20,883,262	(908,381)
Special education state aid	3,138,963	3,196,705	3,229,616	(32,911)
State aid reimbursements	140,204	124,208	-	124,208
Fees and other	611,986	518,217	-	518,217
Miscellaneous	1,475	6,844	-	6,844
Total Receipts	23,570,714	23,820,855	24,112,878	(292,023)
EXPENDITURES				
Instruction	8,604,627	8,802,215	10,050,995	(1,248,780)
Student support services	1,277,733	1,357,437	1,311,228	46,209
Instructional support staff	630,363	588,669	654,016	(65,347)
General administration	305,912	273,475	304,830	(31,355)
School administration	2,072,657	2,207,554	2,215,887	(8,333)
Other support services	118,499	55,337	63,850	(8,513)
Operations and maintenance	2,188,914	2,255,507	2,187,823	67,684
Student transportation	673,582	561,956	664,578	(102,622)
Community services	144,074	127,565	38,000	89,565
Transfer to				
Adult Basic Education	-	19,250	-	19,250
Bilingual Education	100,000	142,332	-	142,332
Virtual Education	16,660	35,082	64,180	(29,098)
Professional Development	67,005	75,000	52,500	22,500
At Risk (K-12)	2,946,253	498,290	248,290	250,000
At Risk (4 year old)	95,846	243,579	162,236	81,343
Driver Training	-	-	14,379	(14,379)
Parent Education	-	20,000	30,000	(10,000)
Summer School	-	-	30,000	(30,000)
Special Education	3,238,963	5,315,177	4,786,806	528,371
Career and Postsecondary Education	1,045,136	1,199,489	1,233,280	(33,791)
Textbook and Material Revolving	44,490	42,941	-	42,941
	23,570,714	23,820,855	24,112,878	(292,023)
Adjustment to comply with legal max	-	-	(941,292)	941,292
Legal General Fund budget	23,570,714	23,820,855	23,171,586	649,269
Adjustment for qualifying budget credits	-	-	649,269	(649,269)
Total Expenditures	23,570,714	23,820,855	23,820,855	-
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SUPPLEMENTAL GENERAL				
RECEIPTS				
Tax in process	$ 78,314	67,878	32,583	35,295
Current tax	2,237,102	2,206,219	2,343,149	(136,930)
Delinquent tax	48,093	47,663	47,451	212
Motor vehicle tax	330,913	328,922	303,349	25,573
State aid	4,338,336	4,420,045	4,585,407	(165,362)
Total receipts	7,032,758	7,070,727	7,311,939	(241,212)
EXPENDITURES				
Instruction	32,119	69,521	242,979	(173,458)
Student support services	1,000	3,297	15,000	(11,703)
Instructional support staff	425,261	429,319	436,256	(6,937)
General administration	487,466	283,099	283,400	(301)
Other support services	634,873	621,971	652,060	(30,089)
Operations and maintenance	1,210,760	1,171,164	1,513,902	(342,738)
Transfer to				
Adult Basic Education	14,250	-	15,000	(15,000)
Bilingual Education	233,321	168,040	254,653	(86,613)
Professional Development	150,000	-	-	-
At Risk (K-12)	1,319,514	3,937,051	3,840,993	96,058
At Risk (4 year old)	100,000	-	-	-
Parent Education	30,000	-	-	-
Special Education	2,170,781	34,081	-	34,081
Career and Postsecondary Education	200,000	275,092	-	275,092
Textbook and Material Revolving	9,480	-	-	-
	7,018,825	6,992,635	7,254,243	(261,608)
Adjustment to comply with legal max	-	-	(261,608)	261,608
Total expenditures	7,018,825	6,992,635	6,992,635	-
Receipts over (under) expenditures	13,933	78,092		
UNENCUMBERED CASH, beginning	243,795	257,728		
UNENCUMBERED CASH, ending	$ 257,728	335,820		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
ADULT BASIC EDUCATION				
RECEIPTS				
Transfer from				
General	$ -	19,250	-	19,250
Supplemental General	14,250	-	15,000	(15,000)
Total receipts	14,250	19,250	15,000	4,250
EXPENDITURES				
Instruction	19,250	19,250	40,000	(20,750)
Receipts over (under) expenditures	(5,000)	-		
UNENCUMBERED CASH, beginning	30,000	25,000		
UNENCUMBERED CASH, ending	$ 25,000	25,000		
BILINGUAL EDUCATION				
RECEIPTS				
Interest on idle funds	$ -	-	50,000	(50,000)
Transfer from				
General	100,000	142,332	-	142,332
Supplemental General	233,321	168,040	254,653	(86,613)
Total receipts	333,321	310,372	304,653	5,719
EXPENDITURES				
Instruction	349,547	310,372	404,653	(94,281)
Receipts over (under) expenditures	(16,226)	-		
UNENCUMBERED CASH, beginning	116,226	100,000		
UNENCUMBERED CASH, ending	$ 100,000	100,000		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
VIRTUAL EDUCATION				
RECEIPTS				
Miscellaneous income	$ -	-	50,000	(50,000)
Transfer from General	16,660	35,082	64,180	(29,098)
Total receipts	16,660	35,082	114,180	(79,098)
EXPENDITURES				
Instruction	39,492	34,963	148,061	(113,098)
General administration	300	-	500	(500)
Other	400	-	500	(500)
Total expenditures	40,192	34,963	149,061	(114,098)
Receipts over (under) expenditures	(23,532)	119		
UNENCUMBERED CASH, beginning	58,413	34,881		
UNENCUMBERED CASH, ending	$ 34,881	35,000		
PROFESSIONAL DEVELOPMENT				
RECEIPTS				
State aid	$ 8,829	5,000	22,500	(17,500)
Transfer from				
General	67,005	75,000	52,500	22,500
Supplemental General	150,000	-	-	-
Total receipts	225,834	80,000	75,000	5,000
EXPENDITURES				
Instructional staff support				
Salaries and benefits	181,680	57,096	118,000	(60,904)
Consultants	63,115	41,598	42,700	(1,102)
School administration	13,088	11,740	34,000	(22,260)
Registration and travel	29,799	27,704	52,800	(25,096)
Supplies and other	24,563	24,525	27,500	(2,975)
Total expenditures	312,245	162,663	275,000	(112,337)
Receipts over (under) expenditures	(86,411)	(82,663)		
UNENCUMBERED CASH, beginning	286,411	200,000		
UNENCUMBERED CASH, ending	$ 200,000	117,337		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
AT RISK (K-12)				
RECEIPTS				
Interest on idle funds	$ -	-	100,000	(100,000)
Other	9,349	8,942	5,000	3,942
Transfer from				
General	2,946,253	498,290	248,290	250,000
Supplemental General	1,319,514	3,937,051	3,840,993	96,058
Total receipts	4,275,116	4,444,283	4,194,283	250,000
EXPENDITURES				
Instruction	4,096,830	4,200,532	4,262,589	(62,057)
Student support services	52,055	111,413	52,889	58,524
School administration	124,446	129,144	126,605	2,539
Student transportation services	1,785	3,194	2,200	994
Total expenditures	4,275,116	4,444,283	4,444,283	-
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	250,000	250,000		
UNENCUMBERED CASH, ending	$ 250,000	250,000		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
AT RISK (4 Year Old)				
RECEIPTS				
Interest on idle funds	$ -	-	100,000	(100,000)
Transfer from				
General	95,846	243,579	162,236	81,343
Supplemental General	100,000	-	-	-
Total receipts	195,846	243,579	262,236	(18,657)
EXPENDITURES				
Instruction	181,871	171,995	292,596	(120,601)
Student support services	8,245	8,401	8,525	(124)
Instructional staff support	88	53	-	53
School administration	34,445	34,694	35,895	(1,201)
Student transportation	13,971	21,226	17,600	3,626
Other supplemental services	7,226	7,210	7,620	(410)
Total expenditures	245,846	243,579	362,236	(118,657)
Receipts over (under) expenditures	(50,000)	-		
UNENCUMBERED CASH, beginning	150,000	100,000		
UNENCUMBERED CASH, ending	$ 100,000	100,000		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
CAPITAL OUTLAY				
RECEIPTS				
Tax in process	$ 47,725	40,788	20,038	20,750
Current tax	1,282,814	1,305,999	1,256,894	49,105
Delinquent tax	24,295	26,163	27,412	(1,249)
Motor vehicle tax	156,039	182,955	168,743	14,212
Capital outlay state aid	788,114	790,364	796,033	(5,669)
Interest	152,413	1,683	50,000	(48,317)
Sale of assets and other	48,196	1,208,694	-	1,208,694
Total receipts	2,499,596	3,556,646	2,319,120	1,237,526
EXPENDITURES				
Instruction	419,764	508,070	1,519,732	(1,011,662)
Instructional support services	523,650	173,408	500,000	(326,592)
Student support services	7,200	-	25,000	(25,000)
School administration	5,314	160,249	125,000	35,249
Operations and maintenance	266,625	125,577	300,000	(174,423)
Other support services	188,909	202,833	250,000	(47,167)
Transportation	199,743	127,328	175,000	(47,672)
Grant expenses	23,000	-	-	-
Facilities acquisition and construction	771,405	2,532,122	950,000	1,582,122
Total expenditures	2,405,610	3,829,587	3,844,732	(15,145)
Receipts over (under) expenditures	93,986	(272,941)		
UNENCUMBERED CASH, beginning	1,431,626	1,525,612		
UNENCUMBERED CASH, ending	$ 1,525,612	1,252,671		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
DRIVER TRAINING				
RECEIPTS				
State aid	$ 11,310	-	7,500	(7,500)
Transfer from General	-	-	14,379	(14,379)
Total receipts	11,310	-	21,879	(21,879)
EXPENDITURES				
Salaries and benefits	10,334	-	49,500	(49,500)
Supplies and other	71	-	4,000	(4,000)
Vehicle operations and maintenance	6,278	-	13,000	(13,000)
Total expenditures	16,683	-	66,500	(66,500)
Receipts over (under) expenditures	(5,373)	-		
UNENCUMBERED CASH, beginning	49,995	44,622		
UNENCUMBERED CASH, ending	$ 44,622	44,622		
FOOD SERVICE				
RECEIPTS				
Meal sales	$ 478,260	63,467	777,536	(714,069)
Federal aid	1,099,065	1,296,998	1,064,479	232,519
State aid	16,950	13,667	14,181	(514)
Other	31,508	31,085	20,000	11,085
Total receipts	1,625,783	1,405,217	1,876,196	(470,979)
EXPENDITURES				
Salaries and benefits	884,373	773,964	955,390	(181,426)
Food and supplies	612,337	442,623	944,379	(501,756)
Capital outlay and other	104,664	68,506	331,900	(263,394)
Operations and maintenance	31,317	23,802	40,000	(16,198)
Total expenditures	1,632,691	1,308,895	2,271,669	(962,774)
Receipts over (under) expenditures	(6,908)	96,322		
UNENCUMBERED CASH, beginning	402,381	395,473		
UNENCUMBERED CASH, ending	$ 395,473	491,795		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
PARENT EDUCATION				
RECEIPTS				
State aid	$ 84,975	84,427	84,427	-
Other district contributions	13,925	20,627	22,896	(2,269)
Transfer from				
General	-	20,000	30,000	(10,000)
Supplemental General	30,000	-	-	-
Total receipts	128,900	125,054	137,323	(12,269)
EXPENDITURES				
Salaries and benefits	123,342	118,994	129,992	(10,998)
Supplies and travel	5,049	3,424	2,835	589
Other	-	-	30,884	(30,884)
Instructional staff support	4,703	1,740	6,000	(4,260)
Operations and maintenance	2,000	2,500	2,000	500
Total expenditures	135,094	126,658	171,711	(45,053)
Receipts over (under) expenditures	(6,194)	(1,604)		
UNENCUMBERED CASH, beginning	40,582	34,388		
UNENCUMBERED CASH, ending	$ 34,388	32,784		
SUMMER SCHOOL				
RECEIPTS				
Student fees	$ 3,253	9,895	10,000	(105)
Transfer from General	-	-	30,000	(30,000)
Total receipts	3,253	9,895	40,000	(30,105)
EXPENDITURES				
Instruction	21,988	13,407	51,390	(37,983)
School administration	-	-	1,600	(1,600)
Total expenditures	21,988	13,407	52,990	(39,583)
Receipts over (under) expenditures	(18,735)	(3,512)		
UNENCUMBERED CASH, beginning	31,725	12,990		
UNENCUMBERED CASH, ending	$ 12,990	9,478		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SPECIAL EDUCATION				
RECEIPTS				
Medicaid	$ 67,279	100,407	70,000	30,407
Other	-	-	5,000	(5,000)
Transfer from				
General	3,238,963	5,315,177	4,786,806	528,371
Supplemental General	2,170,781	34,081	-	34,081
Total receipts	5,477,023	5,449,665	4,861,806	587,859
EXPENDITURES				
Transfer to				
Special Education Cooperative	5,222,373	5,430,421	5,255,032	175,389
Instruction	58,065	146,600	300,000	(153,400)
Student transportation services	13,681	1,794	8,040	(6,246)
Operations and maintenance	159,638	138,157	190,000	(51,843)
Other transportation services	43,980	35,880	36,660	(780)
Total expenditures	5,497,737	5,752,852	5,789,732	(36,880)
Receipts over (under) expenditures	(20,714)	(303,187)		
UNENCUMBERED CASH, beginning	948,641	927,927		
UNENCUMBERED CASH, ending	$ 927,927	624,740		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SPECIAL EDUCATION COOPERATIVE				
RECEIPTS				
Federal aid	$ 1,182,036	1,077,791	1,323,523	(245,732)
Federal aid - ESSER I	-	11,151	-	11,151
Medicaid reimbursements	67,727	340,119	250,000	90,119
Transfer from Special Education	5,222,373	5,430,421	5,255,032	175,389
Other District contributions	2,167,118	2,181,451	2,146,422	35,029
Other income	24,362	20,740	32,000	(11,260)
Total receipts	8,663,616	9,061,673	9,006,977	54,696
EXPENDITURES				
Instruction	6,383,820	6,142,024	7,197,798	(1,055,774)
Student support services	1,809,201	1,560,881	1,909,220	(348,339)
Instructional staff support	16,567	28,328	27,339	989
General administration	357,484	329,579	363,852	(34,273)
School administration	22,535	21,051	22,627	(1,576)
Operation and maintenance	7,408	16,286	7,500	8,786
Student transportation	9,221	29,402	10,000	19,402
Other supplemental services	23,394	25,000	25,000	-
Total expenditures	8,629,630	8,152,551	9,563,336	(1,410,785)
Receipts over (under) expenditures	33,986	909,122		
UNENCUMBERED CASH, beginning	577,558	611,544		
UNENCUMBERED CASH, ending	$ 611,544	1,520,666		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
CAREER AND POSTSECONDARY EDUCATION				
RECEIPTS				
Tuition	$ 76,430	28,507	75,000	(46,493)
Federal vocational grant	48,369	22,604	32,067	(9,463)
Other	18,478	5,567	110,000	(104,433)
Transfer from				
General	1,045,136	1,199,489	1,233,280	(33,791)
Supplemental General	200,000	275,092	-	275,092
Total receipts	1,388,413	1,531,259	1,450,347	80,912
EXPENDITURES				
Instruction	1,263,674	1,348,664	1,477,574	(128,910)
Instructional staff support	65,401	41,996	67,401	(25,405)
Student support services	4,856	860	10,000	(9,140)
School administration	95,654	100,107	99,760	347
Operations and maintenance	36,778	32,946	43,000	(10,054)
Other support services	8,273	8,279	8,280	(1)
Total expenditures	1,474,636	1,532,852	1,706,015	(173,163)
Receipts over (under) expenditures	(86,223)	(1,593)		
UNENCUMBERED CASH, beginning	341,891	255,668		
UNENCUMBERED CASH, ending	$ 255,668	254,075		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
KPERS EMPLOYER CONTRIBUTION				
RECEIPTS				
State aid	$ 4,086,471	3,846,576	4,545,790	(699,214)
EXPENDITURES				
Instruction	2,663,970	2,504,121	2,959,250	(455,129)
Student support services	364,104	367,348	434,266	(66,918)
Instructional support services	139,349	128,091	151,234	(23,143)
General administration	93,580	87,317	103,308	(15,991)
School administration	288,505	275,415	325,627	(50,212)
Other supplemental services	87,859	81,163	115,392	(34,229)
Operations and maintenance	230,886	196,175	232,033	(35,858)
Student transportation services	92,354	89,241	105,344	(16,103)
Food service operations	105,840	101,165	119,336	(18,171)
Community service operations	20,024	16,540	-	16,540
Total expenditures	4,086,471	3,846,576	4,545,790	(699,214)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	$ -	-		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECREATION COMMISSION				
RECEIPTS				
Tax in process	$ 41,028	29,906	14,427	15,479
Current tax	986,366	1,019,590	974,568	45,022
Delinquent tax	23,445	22,343	20,921	1,422
Motor vehicle tax	160,097	162,555	150,418	12,137
Total receipts	1,210,936	1,234,394	1,160,334	74,060
EXPENDITURES				
Appropriation to Recreation Commission	1,226,000	1,237,000	1,237,000	-
Receipts over (under) expenditures	(15,064)	(2,606)		
UNENCUMBERED CASH, beginning	94,438	79,374		
UNENCUMBERED CASH, ending	$ 79,374	76,768		
RECREATION COMMISSION EMPLOYEE BENEFITS				
RECEIPTS				
Tax in process	$ 8,974	9,548	4,495	5,053
Current tax	314,405	329,706	315,071	14,635
Delinquent tax	5,162	6,038	6,669	(631)
Motor vehicle tax	34,167	40,735	37,399	3,336
Total receipts	362,708	386,027	363,634	22,393
EXPENDITURES				
Appropriation to Recreation Commission	362,000	385,000	385,000	-
Receipts over (under) expenditures	708	1,027		
UNENCUMBERED CASH, beginning	20,687	21,395		
UNENCUMBERED CASH, ending	$ 21,395	22,422		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
CONTINGENCY RESERVE		
RECEIPTS		
Other income	$ -	20,126
EXPENDITURES		
Instruction	294,195	18,884
School administration	1,698	31,035
Operations and maintenance	-	105,918
Total expenditures	295,893	155,837
Receipts over (under) expenditures	(295,893)	(135,711)
UNENCUMBERED CASH, beginning	1,300,000	1,004,107
UNENCUMBERED CASH, ending	$ 1,004,107	868,396
TEXTBOOK AND MATERIAL REVOLVING		
RECEIPTS		
Fees and other	$ 178,522	166,906
Transfer from		
General	44,490	42,941
Supplemental General	9,480	-
Total receipts	232,492	209,847
EXPENDITURES		
Instruction	417,226	161,583
Receipts over (under) expenditures	(184,734)	48,264
UNENCUMBERED CASH, beginning	354,650	169,916
UNENCUMBERED CASH, ending	$ 169,916	218,180
EMPLOYER FIXED CHARGES		
RECEIPTS	$ 120,209	148,877
EXPENDITURES		
Workers Compensation Insurance	120,209	-
Receipts over (under) expenditures	-	148,877
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	148,877

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANT PROGRAMS		
HEAD START		
RECEIPTS		
Federal aid	$ 1,168,147	1,157,184
EXPENDITURES		
Instruction	748,532	707,432
Student support services	154,041	165,912
Instructional support	4,076	3,770
School administration	93,344	96,154
Other support services	38,080	37,975
Student transportation	65,691	108,191
Food service	40,818	37,750
Total expenditures	1,144,582	1,157,184
Receipts over (under) expenditures	23,565	-
UNENCUMBERED CASH, beginning	(23,565)	-
UNENCUMBERED CASH, ending	$ -	-
TITLE I		
RECEIPTS		
Federal aid	$ 607,249	605,747
EXPENDITURES		
Instruction	605,118	579,154
Instructional support	913	29,158
Total expenditures	606,031	608,312
Receipts over (under) expenditures	1,218	(2,565)
UNENCUMBERED CASH, beginning	(11,614)	(10,396)
UNENCUMBERED CASH, ending	$ (10,396)	(12,961)

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANT PROGRAMS		
SUPPORTING EFFECTIVE INSTRUCTION		
RECEIPTS		
Federal aid	$ 77,345	136,620
Transfer from Title IV	-	19,451
Total receipts	77,345	156,071
EXPENDITURES		
Instruction	10,378	67,750
Instructional support	91,836	61,224
Total expenditures	102,214	128,974
Receipts over (under) expenditures	(24,869)	27,097
UNENCUMBERED CASH, beginning	12,988	(11,881)
UNENCUMBERED CASH, ending	$ (11,881)	15,216
ENGLISH LANGUAGE ACQUISITION		
RECEIPTS		
Federal aid	$ 20,204	16,737
EXPENDITURES		
Instruction	17,363	14,022
Instructional support	2,392	-
Total expenditures	19,755	14,022
Receipts over (under) expenditures	449	2,715
UNENCUMBERED CASH, beginning	-	449
UNENCUMBERED CASH, ending	$ 449	3,164

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANT PROGRAMS		
STUDENT SUPPORT & ACADEMIC ENRICHMENT		
RECEIPTS		
Federal aid	$ 20,223	35,953
EXPENDITURES		
Instruction	16,002	15,098
Transfer to Supporting Effective Instruction	-	19,451
Total expenditures	16,002	34,549
Receipts over (under) expenditures	4,221	1,404
UNENCUMBERED CASH, beginning	(5,625)	(1,404)
UNENCUMBERED CASH, ending	$ (1,404)	-
AFTER SCHOOL ENHANCEMENT		
RECEIPTS		
State aid	$ 8,973	11,255
EXPENDITURES		
Instruction	8,973	11,255
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
FEDERAL AND STATE GRANT PROGRAMS		
ELEMENTARY SECONDARY SCHOOL EMERGENCY RELIEF		
RECEIPTS		
Federal aid	$ 69,944	274,478
EXPENDITURES		
Instruction	-	93,864
Student support services	-	1,489
Instructional support	1,964	77
General administration	2,829	7,966
School administration	-	1,885
Operations and maintenance	8,068	147,578
Food service	59,965	40,623
Total expenditures	72,826	293,482
Receipts over (under) expenditures	(2,882)	(19,004)
UNENCUMBERED CASH, beginning	-	(2,882)
UNENCUMBERED CASH, ending	$ (2,882)	(21,886)
STRENGTHENING PEOPLE AND REVITALIZING KANSAS		
RECEIPTS		
Federal aid	$ -	895,144
EXPENDITURES		
Instruction	-	92,700
Instructional support	-	110,745
Operations and maintenance	-	691,699
Total expenditures	-	895,144
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	$ -	-

Unified School District No. 373

Bond and Interest Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
BOND AND INTEREST				
RECEIPTS				
Tax in process	$ 62,984	54,668	26,035	28,633
Current tax	1,801,590	1,837,128	1,756,092	81,036
Delinquent tax	36,384	37,636	38,212	(576)
Motor vehicle tax	241,377	264,642	244,108	20,534
State aid	2,342,816	2,343,790	2,343,790	-
Transfer from Bond Issuance	-	2,445	-	2,445
Total receipts	4,485,151	4,540,309	4,408,237	132,072
EXPENDITURES				
Principal	3,360,000	3,560,000	3,560,000	-
Interest	679,338	551,912	551,912	-
Total expenditures	4,039,338	4,111,912	4,111,912	-
Receipts over (under) expenditures	445,813	428,397		
UNENCUMBERED CASH, beginning	4,031,111	4,476,924		
UNENCUMBERED CASH, ending	$ 4,476,924	4,905,321		

Unified School District No. 373

Bond and Interest Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

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

	2020	2021
BOND REDEMPTION		
RECEIPTS	$ -	-
EXPENDITURES		
Redemption payments of 2007 bonds	-	-
Underwriter's discount	-	-
Transfer to Bond and Interest	-	2,445
Total expenditures	-	2,445
Receipts over (under) expenditures	-	(2,445)
UNENCUMBERED CASH, beginning	2,445	2,445
UNENCUMBERED CASH, ending	$ 2,445	-

Unified School District No. 373

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended June 30, 2021

STUDENT ORGANIZATIONS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Newton High School				
Class of 2017	$ 564	7,050	6,144	1,470
AD Food Club-Food 4 Life	2,892	241	-	3,133
Art Club	722	1,321	1,360	683
Auto Mechanics	101	-	-	101
Auto Mechanics VICA	2,709	334	249	2,794
Azteca	646	-	344	302
Azteca Dance Troupe	646	128	50	724
Broadcasting	440	-	-	440
Brothers & Sisters For Life	31	-	-	31
BTC Weld VICA	1,648	800	854	1,594
Business Professionals of America	4,533	1,023	2,045	3,511
BPA Printing-Railer Ink	257	10	-	267
BPA Train Stop Store	402	-	-	402
Cheerleaders Special	9,080	16,831	21,716	4,195
Chemistry/Physics	534	-	45	489
CTE Scholarships	500	-	-	500
Debate	1,137	4,540	2,948	2,729
E Sports	-	199	-	199
D.E.C.A.	5,606	1,121	739	5,988
EPC Greenhouse	483	-	-	483
ELP Contests	174	-	-	174
F.C.A.	214	-	-	214
F.E.A.	131	-	-	131
F.F.A.	4,592	34,195	23,958	14,829
F.F.A. Vending	566	41	-	607
F.F.A. Ag Academy	3,208	987	1,623	2,572
F.C.C.L.A.	312	422	665	69
Forensics	2,586	744	3,330	-
French Club Honor Society	94	18	112	-
German Club	110	139	188	61
German Club Honor Society	-	344	233	111
G.S.A.	117	-	-	117
Hall of Fame	6,091	-	-	6,091
HIRE-Helping Individual Reach	45	-	-	45

Unified School District No. 373

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
STUDENT ORGANIZATIONS (Continued)				
SOSO-Student Owned Student	$ 27	-	-	27
Hobby Club	323	-	-	323
H.O.S.A.	3	772	762	13
Job for Americas' Graduates	83	-	50	33
Jazz Club	2,401	316	800	1,917
Laser Works-Markit	2,635	198	449	2,384
Law Enforcement (LERO)	1,709	-	-	1,709
M & M Railer Embroidery	251	564	537	278
Model U.N.	74	-	-	74
Multi-Racial Students Racial Justice	1,366	-	-	1,366
National Honor Society	567	2,628	1,565	1,630
Nutrition Advisory Council	48	-	-	48
OFACS	4	-	-	4
Project Lead the Way	1,298	1,320	58	2,560
Railer Ambassadors	978	-	-	978
Railer Designs	105	-	-	105
Railiners Special	5,489	14,670	17,960	2,199
Railrooters/Do Crew Pep Club	1,478	-	50	1,428
Rotary Interact Club	1,113	-	-	1,113
SCABS	-	326	326	-
Scholars Bowl	2,046	1,206	1,606	1,646
Spanish Club	407	-	116	291
Spanish Club Honor Society	59	215	363	(89)
Student Council	7,268	4,543	4,350	7,461
Student Athlete Letter Jacket/PFP	94	-	-	94
Student Incentives/Rewards	107	-	107	-
Thespians	70	2,852	1,492	1,430
Tri-M Society	-	785	785	-
V.I.C.A. Machine	946	195	59	1,082
WE	823	382	844	361
We Can	296	-	-	296
Young Entrepreneurs of Kansas	407	-	-	407
Weight Room Equipment	170	-	-	170
	83,816	101,460	98,882	86,394

Unified School District No. 373

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
STUDENT ORGANIZATIONS (Continued)				
Santa Fe Middle School				
Book fair	$ 39	-	-	39
Yearbook	2	-	-	2
Walmart grant	584	-	-	584
	625	-	-	625
Chisholm Middle School				
Book fair	13	-	-	13
Yearbook	1,576	3,381	2,382	2,575
Student Council	5,024	-	755	4,269
Social	702	212	714	200
	7,315	3,593	3,851	7,057
Total Student Organizations	91,756	105,053	102,733	94,076
High School Activity Sales Tax	-	12,089	12,089	-
Pension Trust	2,399	609,859	608,718	3,540
Gift Funds	361,478	144,379	105,619	400,238
Total Agency Funds	$ 455,633	871,380	829,159	497,854

Unified School District No. 373

District Activity Funds

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2021

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
ACTIVITY GATE RECEIPTS						
Newton High School	$ 60,916	228,711	228,989	60,638	-	60,638
SCHOOL PROJECTS						
Santa Fe Middle School						
Miscellaneous	$ 3,235	53	-	3,288	-	3,288
Chisholm Middle School						
Pencil Machine	268	-	-	268	-	268
Pride Squad	308	-	-	308	-	308
Concessions	1,929	993	1,675	1,247	-	1,247
Miscellaneous	533	1,500	1,829	204	-	204
Newton High School						
Fund Raising	971	3,552	4,416	107	-	107
Staff Issues	63	4,498	4,561	-	-	-
American Red Cross Donations	11	-	-	11	-	11
Art Booster	759	600	419	940	-	940
Band Booster	783	600	-	1,383	-	1,383
Drama Booster	-	600	-	600	-	600
Orchestra Booster	288	600	-	888	-	888
Vocal Booster	293	600	-	893	-	893
Concessions	4,744	16,219	19,459	1,504	-	1,504
Faculty Flower	368	95	276	187	-	187
FABC Supplemental	969	-	-	969	-	969
State Assessment	224	-	-	224	-	224
Milk Vending	6,689	-	3,101	3,588	-	3,588
Vocal Vending	-	3,205	3,204	1	-	1
Wrestling Vending	-	1,357	711	646	-	646
Fine Arts Technology Special	237	-	-	237	-	237
Special Revolving Accounts	(5,595)	7,529	11,715	(9,781)	-	(9,781)
Total school projects	$ 17,077	42,001	51,366	7,712	-	7,712

UNIFIED SCHOOL DISTRICT NO. 373

OTHER SUPPLEMENTARY INFORMATION

SINGLE AUDIT SECTION

FOR THE YEAR ENDED JUNE 30, 2021

Knudsen Monroe & Company LLC

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

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

Board of Education
Unified School District No. 373
Newton, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Unified School District No. 373, Newton, Kansas (District), as of and for the year ended June 30, 2021, and the disclosures to the financial statement, which collectively comprise the District's basic financial statement and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Knudsen, Monroe & Company, LLC.

Certified Public Accountants
Newton, Kansas
December 14, 2021

Knudsen Monroe & Company LLC

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

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

Board of Education
Unified School District No. 373
Newton, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 373, Newton, Kansas' (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
December 14, 2021

Unified School District No. 373

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
COVID-19 National School Lunch Program	10.555	D0373	$ 65,344
COVID-19 Summer Food Service Program for Children	10.559	D0373	1,231,654
Total Child Nutrition Cluster			1,296,998
Total U.S. Department of Agriculture			**1,296,998**
U.S. Department of Education			
Passed through Kansas Department of Education			
Special Education Cluster (IDEA)			
Special Education, Grants to States, IDEA Part B	84.027	D0373	884,570
Special Education, Preschool Grants	84.173	D0373	35,720
Total Special Education Cluster (IDEA)			920,290
Career and Technical Education - Carl Perkins Vocational Education	84.048	D0373	30,316
Title I, Grants to Local Educational Agencies	84.010	D0373	608,312
Supporting Effective Instruction	84.367	D0373	128,974
English Language Acquisition	84.365	D0373	14,022
Student Support Academic Enrichment	84.424A	D0373	34,549
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	D0373	293,482
Passed through Kansas Department of Health & Environment:			
Grants for Infant & Families	84.181	D0373	102,810
Total U.S. Department of Education			**2,132,755**
U.S. Department of the Treasury			
Passed through State of Kansas and Harvey County			
COVID-19 Coronavirus Relief Fund	21.019	None provided	895,144
Total U.S. Department of the Treasury			**895,144**
U.S. Department of Health and Human Services			
Head Start	93.600		1,157,184
Total U.S. Department of Health and Human Services			**1,157,184**
Total Expenditures of Federal Awards			**$ 5,482,081**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Unified School District No. 373

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 373, Newton, Kansas (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. INDIRECT COST RATE

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

Unified School District No. 373

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse - GAAP	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statement noted?	____ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X 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 200.516(a)?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster (IDEA)
21.019	COVID-19 Coronavirus Relief Fund

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

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings.