UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

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

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Unified School District No. 102, as of and for the year ended June 30, 2023, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 102, as of June 30, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Unified School District No. 102, as of June 30, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No.102 as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated April 6, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2023 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 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, 2022, on the basis of accounting described in Note A.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024, on our consideration of Unified School District No. 102's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 102's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

March 5, 2024

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended June 30, 2023

Fund	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances	Receipts
General funds:			
General	$ 639	$ -	$ 5,586,724
Supplemental general	84,199	4,797	1,700,721
Total general funds	84,838	4,797	7,287,445
Special purpose funds:			
Preschool-aged at-risk	73	-	84,521
At-risk (K-12)	4,458	-	662,628
Bilingual	2,914	-	314,815
Capital outlay	117,220	-	413,837
Driver training	28,526	-	9,418
Food service	81,624	-	406,497
Special education	17,792	-	784,289
Career and postsecondary education	58	-	167,362
KPERS special retirement contribution	-	-	660,805
Gifts and grants	571,107	-	471,093
ESSER II	(6,713)	-	6,713
ESSER III	(215,898)	-	446,881
KS K-12 stay positive test negative	(23,559)	-	105,991
Contingency reserve	155,298	-	-
Textbook and student materials revolving	61,461	-	47,542
Title I	352	-	94,781
Migrant education	(3,067)	-	39,825
Title II A	-	-	15,249
REAP	-	-	7,900
District activity funds	59,873	-	168,620
Total special purpose funds	851,519	-	4,908,767
Bond and interest fund:			
Bond and interest	438,193	-	366,895
Capital project fund:			
Capital improvement	3,227	-	-
Total reporting entity (excluding agency funds)	$ 1,377,777	$ 4,797	$ 12,563,107

Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
$ 5,587,363	$ -	$ 39,095	$ 39,095
1,666,219	123,498	-	123,498
7,253,582	123,498	39,095	162,593
60,595	23,999	-	23,999
485,748	181,338	-	181,338
289,901	27,828	-	27,828
315,637	215,420	7,244	222,664
8,581	29,363	-	29,363
354,078	134,043	-	134,043
739,609	62,472	-	62,472
131,064	36,356	-	36,356
660,805	-	-	-
413,930	628,270	241,899	870,169
-	-	-	-
261,552	(30,569)	-	(30,569)
102,927	(20,495)	-	(20,495)
-	155,298	-	155,298
83,853	25,150	-	25,150
95,133	-	-	-
36,758	-	-	-
15,249	-	-	-
7,900	-	-	-
165,486	63,007	-	63,007
4,228,806	1,531,480	249,143	1,780,623
382,750	422,338	-	422,338
3,227	-	-	-
$ 11,868,365	$ 2,077,316	$ 288,238	$ 2,365,554

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended June 30, 2023

	Ending cash balance
Composition of cash balance:	
Activity funds - checking	$ 20,814
Activity funds - money market	96,909
Money market checking	1,502,547
Certificates of deposit	800,000
Flex spending	18,250
Total cash and investments	2,438,520
Agency funds	(72,966)
Total reporting entity (excluding agency funds)	$ 2,365,554

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

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

NOTES TO THE FINANCIAL STATEMENT

June 30, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Municipal Financial Reporting Entity

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

2. Basis of Presentation - Fund Accounting

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

   The following types of funds comprise the financial activities of the District for the year ended June 30, 2023:

   REGULATORY BASIS FUND TYPES

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

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

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

4. Budgetary Information

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

a. Preparation of the budget for the succeeding fiscal year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did hold a revenue neutral rate hearing for this year.

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. The following budget was amended in the current year:

Fund	Original budget	Amended budget
General	$ 5,571,446	$ 5,592,284

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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 receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the capital project and agency funds and the following special purpose funds:

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

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

B. COMPLIANCE WITH KANSAS STATUTES

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

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

C. DEPOSITS AND INVESTMENTS

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

C. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2023.

At June 30, 2023, the District's carrying amount of deposits was $2,438,520 and the bank balance was $2,952,257. Of the bank balance, $250,000 was covered by federal depository insurance and $2,702,257 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

D. LONG-TERM DEBT

Changes in long-term liabilities for the year ended June 30, 2023, were as follows:

Issue	Balance beginning of year	Additions/ net change	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
School building bonds - Series 2020					
Issued July 7, 2020					
In the amount of $3,820,000					
At interest rate of 3.00%					
Maturing September 1, 2032	$3,565,000	$ -	$ 280,000	$3,285,000	$ 102,750
Finance leases:					
Telephone security system					
Issued October 10, 2020					
In the amount of $294,754					
At interest rate of 2.26%					
Maturing October 1, 2030	254,493	-	27,479	227,014	5,597
HVAC					
Issued February 19, 2021					
In the amount of $525,000					
At interest rate of 1.88%					
Maturing October 1, 2030	448,887	-	49,181	399,706	8,209
Total capital leases	703,380	-	76,660	626,720	13,806
Total contractual indebtedness	$4,268,380	$ -	$ 356,660	$3,911,720	$ 116,556

D. LONG-TERM DEBT (CONTINUED)

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

	Principal due	Interest due	Total due
2024	$ 285,000	$ 94,275	$ 379,275
2025	295,000	85,575	380,575
2026	305,000	76,575	381,575
2027	315,000	67,275	382,275
2028	325,000	57,675	382,675
2029-2033	1,760,000	135,450	1,895,450
Total	$ 3,285,000	$ 516,825	$ 3,801,825

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

	Principal due	Interest due	Total due
2024	$ 78,213	$ 12,253	$ 90,466
2025	79,798	10,667	90,465
2026	81,416	9,050	90,466
2027	83,067	7,399	90,466
2028	84,751	5,715	90,466
2029-2031	219,475	6,690	226,165
Total	$ 626,720	$ 51,774	$ 678,494

E. OPERATING LEASES

The District has entered into operating lease agreements for copier rentals. Rental payments for the current year totaled $34,841. The operating lease agreements expire at various dates through the year 2027.

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

2024	$ 31,188
2025	31,188
2022	30,248
2027	26,004
	$ 118,628

F. CAPITAL PROJECTS

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

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
CHS Classroom Remodel	$ 87,831	$ 49,029	$ 38,802
Telephone Security Upgrades	294,754	294,754	-
Total	$ 382,585	$ 343,783	$ 38,802

G. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Amount	Regulatory authority
General	Preschool-aged at-risk	$ 4,611	K.S.A. 72-5167
General	At-risk (K-12)	518,000	K.S.A. 72-5167
General	Bilingual	26,815	K.S.A. 72-5167
General	Capital outlay	3,741	K.S.A. 72-5167
General	Special education	500,881	K.S.A. 72-5167
Total General		1,054,048	
Supplemental general	Preschool-aged at-risk	71,000	K.S.A. 72-5143
Supplemental general	At-risk (K-12)	144,628	K.S.A. 72-5143
Supplemental general	Bilingual	288,000	K.S.A. 72-5143
Supplemental general	Special education	260,000	K.S.A. 72-5143
Supplemental general	Career and postsecondary education	163,000	K.S.A. 72-5143
Supplemental general	Textbook and student materials revolving	25,000	K.S.A. 72-5143
Total Supplemental general		951,628	
Total transfers		$2,005,676	

H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

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

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

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the year ended June 30, 2023.

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

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

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

I. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

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

I. DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for fiscal years 2022 and 2023. Fiscal year 2022 was recertified from 14.09% to 13.33% and fiscal year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in fiscal years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in fiscal year 2017 and fiscal year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS School unfunded actuarial liability. In fiscal year 2022, $600 million was transferred to KPERS. In fiscal year 2023, Senate Bill 421 authorizes two additional transfers which total $271 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 $660,805 for the year ended June 30, 2023.

Net Pension Liability

At June 30, 2023, the District's proportionate share of the collective net pension liability reported by KPERS was $6,760,987. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

J. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded insurance coverage in any of the past three years.

K. CONTINGENCIES

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

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 5, 2024, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023

Fund	Certified budget	Adjustment to comply with legal maximum budget	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General funds:					
General	$ 5,592,284	$ (4,846)	$ 5,587,438	$ 5,587,363	$ 75
Supplemental general	1,666,219	-	1,666,219	1,666,219	-
Special purpose funds:					
Preschool-aged at-risk	60,595	-	60,595	60,595	-
At-risk (K-12)	485,748	-	485,748	485,748	-
Bilingual	389,194	-	389,194	289,901	99,293
Capital outlay	395,369	-	395,369	315,637	79,732
Driver training	10,072	-	10,072	8,581	1,491
Food service	447,406	-	447,406	354,078	93,328
Special education	739,609	-	739,609	739,609	-
Career and postsecondary education	133,833	-	133,833	131,064	2,769
KPERS special retirement contribution	723,317	-	723,317	660,805	62,512
Bond and interest fund:					
Bond and interest	392,750	-	392,750	382,750	10,000
Total	$ 11,036,396	$ (4,846)	$ 11,031,550	$ 10,682,350	$ 349,200

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
State sources:				
Equalization aid	$ 5,011,526	$ 5,115,843	$ 5,104,669	$ 11,174
Special education aid	499,144	470,881	487,615	(16,734)
Total receipts	5,510,670	5,586,724	$ 5,592,284	$ (5,560)
Expenditures:				
Instruction	2,861,015	2,871,689	$ 2,718,094	$ (153,595)
Student support services	116,520	121,496	61,020	(60,476)
Instructional support staff	126,601	135,075	118,810	(16,265)
General administration	306,220	317,339	305,962	(11,377)
School administration	370,055	367,062	371,511	4,449
Operations and maintenance	481,980	467,022	514,564	47,542
Student transportation services	250,271	252,776	263,566	10,790
Architectural and engineering services	-	856	-	(856)
Transfers to other funds	999,946	1,054,048	1,238,757	184,709
Adjustment to comply with legal maximum budget	-	-	(4,846)	(4,846)
Total expenditures	5,512,608	5,587,363	$ 5,587,438	$ 75
Receipts over (under) expenditures	(1,938)	(639)		
Unencumbered cash, beginning of year	1,938	639		
Prior year canceled encumbrances	639	-		
Unencumbered cash, end of year	$ 639	$ -		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SUPPLEMENTAL GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	$ 21,240	$ 16,899	$ 12,691	$ 4,208
Current tax	957,931	981,667	924,152	57,515
Delinquent tax	12,996	10,631	7,428	3,203
Motor vehicle tax	100,409	103,839	105,996	(2,157)
Recreational vehicle tax	2,410	2,176	2,520	(344)
State aid	611,143	585,509	585,509	-
Total receipts	1,706,129	1,700,721	$ 1,638,296	$ 62,425
Expenditures:				
Instruction	489,607	484,220	$ 186,900	$ (297,320)
Operations and maintenance	340,078	230,371	357,298	126,927
Transfers to other funds	849,742	951,628	1,122,021	170,393
Total expenditures	1,679,427	1,666,219	$ 1,666,219	$ -
Receipts over (under) expenditures	26,702	34,502		
Unencumbered cash, beginning of year	57,497	84,199		
Prior year canceled encumbrances	-	4,797		
Unencumbered cash, end of year	$ 84,199	$ 123,498		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

PRESCHOOL-AGED AT-RISK FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Tuition	$ 16,440	$ 8,910	$ 17,896	$ (8,986)
Transfers:				
General	14,500	4,611	10,520	(5,909)
Supplemental general	47,307	71,000	35,164	35,836
Total receipts	78,247	84,521	$ 63,580	$ 20,941
Expenditures:				
Instruction	78,247	60,595	$ 60,595	$ -
Receipts over (under) expenditures	-	23,926		
Unencumbered cash, beginning of year	73	73		
Unencumbered cash, end of year	$ 73	$ 23,999		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

AT-RISK (K-12) FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Transfers:				
General	$ 387,304	$ 518,000	$ 433,717	$ 84,283
Supplemental general	118,568	144,628	402,561	(257,933)
Total receipts	505,872	662,628	$ 836,278	$ (173,650)
Expenditures:				
Instruction	489,161	472,804	$ 473,692	$ 888
Student support services	12,654	12,944	12,056	(888)
Total expenditures	501,815	485,748	$ 485,748	$ -
Receipts over (under) expenditures	4,057	176,880		
Unencumbered cash, beginning of year	401	4,458		
Unencumbered cash, end of year	$ 4,458	$ 181,338		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

BILINGUAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Transfers:				
General	$ 76,000	$ 26,815	$ 75,000	$ (48,185)
Supplemental general	348,481	288,000	312,654	(24,654)
Total receipts	424,481	314,815	$ 387,654	$ (72,839)
Expenditures:				
Instruction	423,443	289,901	$ 389,194	$ 99,293
Receipts over (under) expenditures	1,038	24,914		
Unencumbered cash, beginning of year	1,876	2,914		
Unencumbered cash, end of year	$ 2,914	$ 27,828		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	$ 5,846	$ 4,624	$ 2,206	$ 2,418
Current tax	262,245	268,654	252,923	15,731
Delinquent tax	3,155	2,864	2,033	831
Motor vehicle tax	28,849	28,505	29,122	(617)
Recreational vehicle tax	699	603	692	(89)
Interest	-	27,316	-	27,316
State aid	48,356	54,887	55,587	(700)
Other	12,286	22,643	-	22,643
Transfers:				
General	-	3,741	150,000	(146,259)
Total receipts	361,436	413,837	$ 492,563	$ (78,726)
Expenditures:				
Instruction	41,361	39,523	$ 35,214	$ (4,309)
Instructional support staff	5,610	-	4,689	4,689
Operations and maintenance	263,908	185,648	265,000	79,352
Facility acquisition and construction services	37,295	-	-	-
Debt service:				
Principal	75,137	76,660	75,137	(1,523)
Interest	15,329	13,806	15,329	1,523
Total expenditures	438,640	315,637	$ 395,369	$ 79,732
Receipts over (under) expenditures	(77,204)	98,200		
Unencumbered cash, beginning of year	194,424	117,220		
Unencumbered cash, end of year	$ 117,220	$ 215,420		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Charges for services	$ 4,862	$ 4,658	$ 4,853	$ (195)
State aid	3,050	4,760	5,400	(640)
Total receipts	7,912	9,418	$ 10,253	$ (835)
Expenditures:				
Instruction	8,255	7,929	$ 8,413	$ 484
Operations and maintenance	898	652	1,659	1,007
Total expenditures	9,153	8,581	$ 10,072	$ 1,491
Receipts over (under) expenditures	(1,241)	837		
Unencumbered cash, beginning of year	29,767	28,526		
Unencumbered cash, end of year	$ 28,526	$ 29,363		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Federal aid	$ 444,873	$ 256,205	$ 219,205	$ 37,000
State aid	3,383	3,280	3,206	74
Charges for services	8,461	147,012	153,824	(6,812)
Interest	1,831	-	-	-
Transfers:				
General	9,880	-	-	-
Supplemental general	107,803	-	-	-
Total receipts	576,231	406,497	$ 376,235	$ 30,262
Expenditures:				
Food service operations	535,000	354,078	$ 447,406	$ 93,328
Receipts over (under) expenditures	41,231	52,419		
Unencumbered cash, beginning of year	40,393	81,624		
Unencumbered cash, end of year	$ 81,624	$ 134,043		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Federal aid	$ 17,696	$ 13,248	$ -	$ 13,248
Other	5,312	10,160	-	10,160
Transfers:				
General	499,144	500,881	476,000	24,881
Supplemental general	110,000	260,000	257,010	2,990
Total receipts	632,152	784,289	$ 733,010	$ 51,279
Expenditures:				
Instruction	762,374	727,758	$ 739,609	$ 11,851
Student transportation services	10,104	11,851	-	(11,851)
Total expenditures	772,478	739,609	$ 739,609	$ -
Receipts over (under) expenditures	(140,326)	44,680		
Unencumbered cash, beginning of year	158,103	17,792		
Prior year canceled encumbrances	15	-		
Unencumbered cash, end of year	$ 17,792	$ 62,472		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

CAREER AND POSTSECONDARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Federal aid	$ -	$ 310	$ -	$ 310
State aid	-	4,052	29	4,023
Transfers:				
General	13,118	-	18,520	(18,520)
Supplemental general	117,583	163,000	114,632	48,368
Total receipts	130,701	167,362	$ 133,181	$ 34,181
Expenditures:				
Instruction	130,812	131,064	$ 133,833	$ 2,769
Receipts over (under) expenditures	(111)	36,298		
Unencumbered cash, beginning of year	169	58		
Unencumbered cash, end of year	$ 58	$ 36,356		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
State aid	$ 695,498	$ 660,805	$ 723,317	$ (62,512)
Expenditures:				
Instruction	487,024	468,603	$ 506,505	$ 37,902
Student support services	20,636	27,605	21,460	(6,145)
Instructional support staff	20,392	14,941	21,208	6,267
General administration	26,051	28,355	27,093	(1,262)
School administration	53,100	45,625	55,224	9,599
Operations and maintenance	36,983	46,568	38,462	(8,106)
Student transportation services	24,423	19,642	25,400	5,758
Food service operations	26,889	9,466	27,965	18,499
Total expenditures	695,498	660,805	$ 723,317	$ 62,512
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	$ -	$ -		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended June 30, 2023

	Gifts and grants	ESSER II	ESSER III	KS K-12 stay positive test negative
Receipts:				
Donations	$ 318	$ -	$ -	$ -
Windfarm	459,119	-	-	-
Fees	-	-	-	-
Federal aid	-	6,713	446,881	105,991
State aid	11,656	-	-	-
Transfer from supplemental general	-	-	-	-
Total receipts	471,093	6,713	446,881	105,991
Expenditures:				
Instruction	325,158	-	179,123	3,234
Student support services	-	-	56,841	39,994
General administration	941	-	-	-
School administration	-	-	-	59,699
Operations and maintenance	87,831	-	25,588	-
Total expenditures	413,930	-	261,552	102,927
Receipts over (under) expenditures	57,163	6,713	185,329	3,064
Unencumbered cash (deficit), beginning of year	571,107	(6,713)	(215,898)	(23,559)
Unencumbered cash (deficit), end of year	$ 628,270	$ -	$ (30,569)	$ (20,495)

See Independent Auditor's Report.

Contingency reserve	Textbook and student materials revolving	Title I	Migrant education	Title II A	REAP	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 318
-	-	-	-	-	-	459,119
-	22,542	-	-	-	-	22,542
-	-	94,781	39,825	15,249	7,900	717,340
-	-	-	-	-	-	11,656
-	25,000	-	-	-	-	25,000
-	47,542	94,781	39,825	15,249	7,900	1,235,975
-	83,853	95,133	32,552	15,249	7,900	742,202
-	-	-	-	-	-	96,835
-	-	-	-	-	-	941
-	-	-	4,206	-	-	63,905
-	-	-	-	-	-	113,419
-	83,853	95,133	36,758	15,249	7,900	1,017,302
-	(36,311)	(352)	3,067	-	-	218,673
155,298	61,461	352	(3,067)	-	-	538,981
$ 155,298	$ 25,150	$ -	$ -	$ -	$ -	$ 757,654

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	$ 4,318	$ 3,978	$ 2,930	$ 1,048
Current tax	225,807	260,896	246,039	14,857
Delinquent tax	3,741	2,610	1,746	864
Motor vehicle tax	29,337	22,373	23,674	(1,301)
Recreational vehicle tax	726	488	563	(75)
State aid	65,840	76,550	76,550	-
Total receipts	329,769	366,895	$ 351,502	$ 15,393
Expenditures:				
Debt service:				
Principal	255,000	280,000	$ 280,000	$ -
Interest	110,775	102,750	102,750	-
Bond fees	-	-	10,000	10,000
Total expenditures	365,775	382,750	$ 392,750	$ 10,000
Receipts over (under) expenditures	(36,006)	(15,855)		
Unencumbered cash, beginning of year	474,199	438,193		
Unencumbered cash, end of year	$ 438,193	$ 422,338		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022	2023
Receipts:		
Lease proceeds	$ -	$ -
Expenditures:		
Facility acquisition and construction services	146,885	3,227
Receipts over (under) expenditures	(146,885)	(3,227)
Unencumbered cash, beginning of year	150,112	3,227
Unencumbered cash, end of year	$ 3,227	$ -

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended June 30, 2023

Fund	Beginning unencumbered cash balance	Receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
Gate receipts:						
High school:						
Athletics	$ 6,584	$ 51,104	$ 54,030	$ 3,658	$ -	$ 3,658
Athletic student	17,328	44,402	33,007	28,723	-	28,723
Total gate receipts	23,912	95,506	87,037	32,381	-	32,381
School projects:						
High school:						
Annual	-	5,689	5,689	-	-	-
Concession stand	5,470	45,583	48,358	2,695	-	2,695
Crime stopper's program	500	-	-	500	-	500
Ind. tech. building	4,985	2,318	687	6,616	-	6,616
Miscellaneous	-	3,371	3,371	-	-	-
Shop	-	696	696	-	-	-
Grade school:						
Library	1,986	4,775	4,823	1,938	-	1,938
Mexican fiesta	565	-	-	565	-	565
Student	6,505	10,594	12,321	4,778	-	4,778
Box tops	958	88	723	323	-	323
Carnival	12,954	-	1,040	11,914	-	11,914
Bluejay buddies	2,038	-	741	1,297	-	1,297
Total school projects	35,961	73,114	78,449	30,626	-	30,626
Total district activity funds	$ 59,873	$ 168,620	$ 165,486	$ 63,007	$ -	$ 63,007

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended June 30, 2023

Fund	Beginning cash balance	Receipts	Disbursements	Ending cash balance
Student activity funds:				
High school:				
Band	$ 1,691	$ 7,669	$ 4,717	$ 4,643
Blue jay ink	4,713	5,522	5,788	4,447
Blue jay printing	182	-	-	182
Cheerleaders	121	26,394	22,333	4,182
Chess club	302	-	-	302
Coffee bar	-	230	230	-
Educational fund	1,877	3,620	3,928	1,569
Entrepreneurship	188	1,058	34	1,212
Class of 2027	161	496	142	515
Class of 2026	827	1,308	205	1,930
Class of 2025	2,324	1,884	622	3,586
Class of 2024	1,643	8,861	8,049	2,455
Class of 2023	3,238	2,274	5,512	-
FCCLA	3,748	273	1,805	2,216
FFA	14,709	15,204	21,800	8,113
Forensics	215	3,583	2,250	1,548
Gifted	290	-	-	290
HS KAYS	2,735	2,740	5,475	-
JH KAYS	354	275	629	-
JH pep club & cheerleaders	3,100	8,584	8,750	2,934
Library	1,273	14	50	1,237
Musical	1,936	5,900	3,012	4,824
National Honor Society	2,349	3,965	6,314	-
SADD	897	700	167	1,430
Scholars bowl	503	500	320	683
School/community garden	872	-	49	823
Student council	2,351	10,098	11,766	683
Tech ed	405	-	-	405
TSA	1,729	-	-	1,729
Weight club	2,778	-	-	2,778
Subtotal high school	57,511	111,152	113,947	54,716
District agency funds:				
Flex spending	17,744	22,598	22,092	18,250
Total agency funds	$ 75,255	$ 133,750	$ 136,039	$ 72,966

See Independent Auditor's Report.

APPENDICES

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 102, Cimarron, Kansas as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Unified School District No. 102's basic financial statement and have issued our report thereon dated March 5, 2024. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the District has prepared this financial statement on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 102's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 102's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

March 5, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unified School District No. 102's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District No. 102 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be report in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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

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

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

Kennedy McKee & Company LLP

March 5, 2024

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
U.S. Department of Agriculture							
Passed through Kansas Department of Education:							
School Breakfast Program	10.553	D0102	$ -	$ -	$ 44,007	$ 44,007	$ -
National School Lunch Program	10.555	D0102	-	-	193,231	193,231	-
Summer Food Service Program for Children	10.559	D0102	-	-	18,967	18,967	-
			-	-	256,205	256,205	-
U.S. Department of Education							
Direct award:							
Rural Education Achievement Program	84.358B	N/A	-	-	7,900	7,900	-
Passed through Kansas Department of Education:							
Title I Program	84.010A	D0102	352	-	80,725	81,077	-
Migrant Education Program	84.011A	D0102	(3,067)	-	39,825	36,758	-
2022 Reserve Fund	84.048A	D0102	-	-	310	310	-
Student Support and Academic Enrichment	84.424A	D0102	-	-	14,056	14,056	-
Title II A - Improving Teacher Quality	84.367A	D0102	-	-	15,249	15,249	-
COVID-19 - Elementary and Secondary Emergency Relief SPED	84.425D	D0102	-	-	13,248	13,248	-
COVID-19 - Elementary and Secondary Emergency Relief	84.425D	D0102	(6,713)	-	6,713	-	-
COVID-19 - Elementary and Secondary Emergency Relief	84.425U	D0102	(215,898)	-	446,881	261,552	(30,569)
			(225,326)	-	624,907	430,150	(30,569)

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2023

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
U.S. Department of Health and Human Services							
Passed through Kansas Department of Health and Environment:							
Passed through Kansas Department of Education:							
Youth Risk Behavior Survey	93.079	D0102	$ -	$ -	$ 75	$ 75	$ -
COVID-19 - Epidemiology and Laboratory Capacity for Infections Diseases	93.323	D0102	(23,559)	-	105,991	102,927	(20,495)
			(23,559)	-	106,066	103,002	(20,495)
Total federal assistance			$ (248,885)	$ -	$ 987,178	$ 789,357	$ (51,064)

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

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 102 under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

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

C. INDIRECT COST RATE

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

D. AWARDS PASSED THROUGH TO SUBRECIPIENTS

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

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Unified School District No. 102 was prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statement of Unified School District No. 102 which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. One significant deficiency relating to the audit of internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were reported.

5. The auditor's report on compliance for the major federal award programs for Unified School District No. 102 expresses an unmodified opinion on all major federal programs.

6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.

7. The programs tested as major programs included:

Child Nutrition Cluster	CFDA 10.553, 10.555, and 10.559
COVD-19 - Elementary and Secondary School Emergency Relief Fund	CFDA 84.425D and 84.425U

8. The threshold for distinguishing Type A and B programs was $750,000.

9. Unified School District No. 102 did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

U.S. DEPARTMENT OF EDUCATION
SIGNIFICANT DEFICIENCY

2023-001: Education and Secondary School Emergency Relief Fund – CFDA No. 84.425D and No. 84.425U
Grant Period: Year Ended June 30, 2023

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

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

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

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

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

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

Cimarron-Ensign Unified School District #102
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2023

FINANCIAL STATEMENT AUDIT

None noted.

MAJOR FEDERAL AWARD PROGRAMS

U.S. DEPARTMENT OF EDUCATION
SIGNIFICANT DEFICIENCY

2022-001: Education and Secondary School Emergency Relief Fund – CFDA #84.425D and #84.425U
Grant period: Year Ended June 30, 2022

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

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

Current Status: We noted in the current year a comprehensive listing on equipment and real property was maintained.

U.S. DEPARTMENT OF EDUCATION
SIGNIFICANT DEFICIENCY

2022-002: Education and Secondary School Emergency Relief Fund – CFDA #84.425D and #84.425U
Grant Period: Year Ended June 30, 2022

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

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

Current Status: We noted additional contracts entered into during the year which also did not meet the standards set out by Uniform Guidance for wage rate requirements. See finding 2023-001.

U.S. DEPARTMENT OF AGRICULTURE
SIGNIFICANT DEFICIENCY

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

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

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

Current Status: Per review of the summary sheets for November and February we noted counts matched the reimbursement requests.

Respectively,

Michael Waters
Superintendent