USD 306 SOUTHEAST OF SALINE

Gypsum, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2022

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
TABLE OF CONTENTS
June 30, 2022

		Page
INDEPENDENT AUDITOR'S REPORT		1 - 3
FINANCIAL STATEMENT		
Summary Statement Of Receipts, Expenditures And Unencumbered Cash	Statement 1	4
NOTES TO FINANCIAL STATEMENT		5-12
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION		
Summary of Expenditures - Actual and Budget	Schedule 1	14
Schedule of Receipts and Expenditures - Actual and Budget		
General Fund	Schedule 2	15
Supplemental General Fund	Schedule 2	16
At-Risk (K-12) Fund	Schedule 2	17
Capital Outlay Fund	Schedule 2	18
Driver Training Fund	Schedule 2	19
Food Service Fund	Schedule 2	20
Parent Education Fund	Schedule 2	21
Professional Development Fund	Schedule 2	22
Special Education Fund	Schedule 2	23
Vocational Education Fund	Schedule 2	24
KPERS Special Retirement Contribution Fund	Schedule 2	25
Bond and Interest	Schedule 2	26
Schedule of Receipts and Expenditures - Non-Budgeted Funds	Schedule 2	27
Summary of Receipts and Disbursements - Agency Funds	Schedule 3	28
Schedule of Receipts, Expenditures, and Unencumbered Cash - District Activity Funds	Schedule 4	29
OTHER SUPPLEMENTARY INFORMATION		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*		30-31
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with The Uniform Guidance		32-33
Schedule of Expenditures and Federal Awards		34
Notes to Schedule of Expenditures and Federal Awards		35
Schedule of Findings and Questioned Costs		36

VARNEY
& ASSOCIATES, CPAs, LLC

January 4, 2023

Board of Education
USD 306 - Southeast of Saline
Gypsum, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of USD 306 - Southeast of Saline (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2022, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG)described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), KMAAG and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed 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 KMAAG, 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.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 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, that raise substantial doubt about the District'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.

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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 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, we:

- Exercise professional judgment 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 the District'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, that raise substantial doubt about the District'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 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, schedule of regulatory basis receipts and expenditures-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 required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. 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 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, 2021 (not presented herein), and have issued our report thereon dated November 1, 2021, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2022, on the basis of accounting described in Note 1.

Other Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the District's basic financial statement. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2023, 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

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ -	$ 6,014,541	$ 6,014,541	$ -	$ 42,087	$ 42,087
Supplemental General	55,000	-	1,665,270	1,481,963	238,307	-	238,307
Special Purpose Funds							
Budgeted							
At-Risk (K-12)	-	-	310,212	310,212	-	14,032	14,032
Capital Outlay	1,695,540	17,517	531,424	542,960	1,701,521	276,376	1,977,897
Driver Training	21,204	-	10,862	11,917	20,149	-	20,149
Food Service	135,478	-	667,068	605,363	197,183	302	197,485
Parent Education	53,568	-	57,424	59,772	51,220	121	51,341
Professional Development	49,633	-	16,657	16,290	50,000	3,273	53,273
Special Education	679,289	-	1,240,396	1,216,208	703,477	-	703,477
Vocational Education	-	-	282,047	282,047	-	-	-
KPERS Special Retirement Contribution	-	-	684,605	684,605	-	-	-
Non-Budgeted							
Textbook Rental	111,322	1,798	90,684	127,748	76,056	8,035	84,091
Contingency Reserve	647,232	-	-	-	647,232	-	647,232
Esser II	(77,884)	-	191,176	113,292	-	-	-
Esser III	-	-	-	152,145	(152,145)	23,655	(128,490)
Title I - Low Income	-	-	56,761	56,761	-	-	-
Title II-A Improve Teacher Quality	-	-	27,114	8,626	18,488	-	18,488
Gifts and Grants	59,041	-	92,827	123,396	28,472	6,133	34,605
Carl Perkins Fund	-	-	3,360	3,360	-	-	-
District activity funds	22,096	-	102,231	109,825	14,502	-	14,502
Capital Project Funds							
School Improvement Fund (2018 Bond Issue)	234,435	465	644	13,464	222,080	-	222,080
Bond and Interest Fund	561,330	-	586,893	547,500	600,723	-	600,723
Total Reporting Entity (Excluding Agency Funds)	$ 4,247,284	$ 19,780	$ 12,632,196	$ 12,481,995	$ 4,417,265	$ 374,014	$ 4,791,279
Composition of Cash							
Checking accounts							$ 1,092,957
Certificates of deposit							3,941,964
Total Cash							$ 5,034,921
Less: Agency funds per Schedule 3							(243,642)
Total Reporting Entity (Excluding Agency Funds)							$ 4,791,279

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2022

Note 1: Summary of Significant Accounting Policies

USD #306 Southeast of Saline (the District), is a municipal corporation governed by an elected seven member Board. The financial statement includes the District only.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds. 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 District could have the following types of funds:

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

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

Agency Fund -- used to report assets held by the District in a purely custodial capacity.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United State 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 of application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Use of Estimates

The preparation of a financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Budgetary Information

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

1. Preparation of the budget for the succeeding twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the District 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 statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue 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 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment to Comply with Legal Max - Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the "Legal Max" budget. The State Board of Education calculates the "Legal Max" budget using enrollment figures. The District's budgeted expenditures are limited to the lower of the published budget or the "Legal Max" budget.

Adjustment for Qualifying Budget Credits - Districts may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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

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

Carl Perkins Grant	Title I - Low Income
Contingency Reserve	Title II-A Improve Teacher Quality
Gifts and Grants	ESSER II
Textbook Rental	ESSER III

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

Note 3: Deposits and Investments

K.S.A. 9-1401 established 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 or depository risk.

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

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

Custodial credit risk -- deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. K.S.A. 9-1402 and 9-1405 require the District's deposits in a financial institution 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, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2022.

At June 30, 2022, the carrying amount of the District's cash and certificates was $5,042,845. The bank balance was $5,557,356. The bank balance was held by two banks resulting in a concentration of deposit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $500,000 was secured by FDIC insurance and the remaining balance was collateralized by bank pledged securities with a fair market value of $1,973,274 and a letter of credit of $3,500,000.

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.

Note 4: In-Substance Payments

The District received $263,990 subsequent to June 30, 2022 and as required by K.S.A. 72-5135(d), the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

Note 5: Interfund Transfers

The District made the following operating transfers during the year. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General	At-Risk (K-12)	K.S.A. 72-5167	$ 240,000
General	Special Education	K.S.A. 72-5167	687,993
General	Vocational Education	K.S.A. 72-5167	149,500
General	Textbooks	K.S.A. 72-5167	414
Supplemental	Professional Development	K.S.A. 72-5143	16,657
Supplemental	At-Risk (K-12)	K.S.A. 72-5143	70,212
Supplemental	Special Education	K.S.A. 72-5143	535,467
Supplemental	Vocational Education	K.S.A. 72-5143	132,547
Supplemental	Parent Education Program	K.S.A. 72-5143	20,000
Supplemental	Textbooks	K.S.A. 72-5143	45,641
	Total Transfers		$ 1,898,431

Note 6: 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. There is no cost to the District under this program.

Compensated Absences

Employees shall be given 80 hours of discretionary leave per year, regardless of the number of years employed. Should employment end mid-contract, days will be prorated at 11 days per month for nine-month employees and determined accordingly for certified employees on extended contracts. Any unused discretionary days may accumulate as sick leave days for each employee.

The first ten days of leave for any employee per year will be deducted from the current year discretionary days. After all discretionary days have been used, an employee may then use their accumulated sick leave days for the following reasons: Employees own illness, death and illness of spouse, children, siblings, parents, in-laws, grandparents, grandchildren, aunts, and uncles, special appeal to the administration for approval (leave for death and illness of friends of the employee). 1/186 of the teacher's salary will be deducted for absences exceeding the teacher's available leave. The leave policy shall apply to maternity cases. Sick leave days can be accumulated up to 80 days. A year-end balance exceeding 80 days will be paid out at a rate of $50 per day.

Note 6: Other Long-Term Obligations from Operations (Continued)

Faithful Service

Only certified staff that elected to stay on the old early retirement program and all classified staff of the District are eligible to earn faithful service benefits once the employee has 20 or more years of service with the District. Eligible employees earn benefits equal to one day for each year of service, determined by the formula in effect. The benefit is paid to the employee in the year of retirement. The District has computed the unfunded accumulated faithful service costs as of June 30, 2022 to be $25,058.88.

Retirement Benefits

The District provides an early retirement program for certain eligible employees. These are only certified staff who stayed on the old early retirement program. Those eligible under this program may receive benefits for up to 5 years.

Payments to retired employees under this plan were $4,250 for the year ended June 30, 2022. The total estimated maximum commitment for retirement benefits is $478,832.56 as of June 30, 2022.

403(b) Plan

In addition to KPERS, the District also sponsors an Employer Matching 403(b) Plan. Certified staff, administrators, and "professional employees" are eligible for this plan. Eligible employees on staff prior to September 1, 2010 have the option to remain on the early retirement plan, noted above, or participating in the 403(b) matching plan. All new staff hired after September 1, 2010 will be placed on the matching plan. For certified staff the District will contribute $25 per month even if the employee does not make a contribution. If the employee contributes $75, the District will contribute $75. For classified staff, the District will not contribute any money unless the employee makes a contribution. The maximum amount the employer will match a classified staff is $25. The District will only increase the contribution if the employee contributes the maximum amount. The employee can select investment options among those provided within the plan. Loans and withdrawals are not allowed from the plan while employed with the District. Upon separation from the District, loans are not allowed, but withdrawals are allowed, which are subject to the vesting schedule and current 403(b) regulations. The amount the District contributed to the plan for year ended June 30, 2022 was $106,745.77.

Note 7: Long-Term Debt

Changes in long-term debt for the District for the year were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
General Obligation Bonds									
Series 2018	2.70%	6/1/2018	$ 5,620,000	9/1/2030	$ 4,930,000	$ -	$ 395,000	$ 4,535,000	$ 152,500
Capital Leases									
Energy Equipment	0.00%	04/22/2009	990,932	01/15/2022	55,729	-	55,729	-	750
Total Long-Term Debt					$ 4,985,729	$ -	$ 450,729	$ 4,535,000	$ 153,250

Current Maturities of long-term debt and interest for the next five years and in five year increments through the maturity are as follows:

	2023	2024	2025	2026	2027	2028-2032	Total
Principal							
General Obligation - Bonds	$ 415,000	$ 440,000	$ 465,000	$ 480,000	$ 505,000	$ 2,230,000	$ 4,535,000
Interest							
General Obligation - Bonds	136,300	119,200	103,425	89,250	74,475	137,100	659,750
	$ 551,300	$ 559,200	$ 568,425	$ 569,250	$ 579,475	$ 2,367,100	$ 5,194,750

Note 8: Pension Plans

Defined Benefit Pension Plan

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

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

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

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

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS 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 $684,605 for the year ended June 30, 2022.

Net Pension Liability: At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $5,127,061. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Note 9: Claims and Judgements

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, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, if any, will not have a material effect on the individual governmental funds or the overall financial position of the District.

During the ordinary course of its operation the District is a party to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have material impact on 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 purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2021 to 2022, and there were no settlements that exceeded insurance coverage in the past three years.

Note 10: Exception to Cash Basis Law for Certain Funds

Generally, school districts are required by K.S.A. 10-1113 to limit fund expenditures to the available monies in that fund. However, K.S.A 12-1663 provides an exception for those funds which are to be financed by Federal government sources and other grants and gifts. This exception allows these funds to expend in excess of currently available resources with the expectation that the District will be reimbursed for qualifying grant expenditures.

The following funds had a deficit balance of unencumbered cash as of June 30, 2022: Elementary and Secondary School Emergency Relief. This fund is financed by Federal and State governmental agencies and are expecting reimbursement of qualifying grant expenditures.

Note 11: Subsequent Events

The District evaluated subsequent events through January 4, 2023, the date the financial statement is available to be issued.

Note 12: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022.

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

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 5,948,384	$ (88,002)	$ 154,159	$ 6,014,541	$ 6,014,541	$ -
Supplemental General	1,620,000	-	-	1,620,000	1,481,963	(138,037)
Special Purpose Funds						
At-Risk (K-12)	373,565	-	-	373,565	310,212	(63,353)
Capital Outlay	2,006,025	-	-	2,006,025	542,960	(1,463,065)
Driver Training	25,404	-	-	25,404	11,917	(13,487)
Food Service	675,185	-	-	675,185	605,363	(69,822)
Parent Education	90,604	-	-	90,604	59,772	(30,832)
Professional Development	49,632	-	-	49,632	16,290	(33,342)
Special Education	1,554,500	-	-	1,554,500	1,216,208	(338,292)
Vocational Education	255,420	-	-	255,420	282,047	26,627
KPERS Special Retirement Contribution	750,524	-	-	750,524	684,605	(65,919)
Bond and Interest	547,500	-	-	547,500	547,500	-
Total of all Funds	$ 13,896,743	$ (88,002)	$ 154,159	$ 13,962,900	$ 11,773,378	$ (2,189,522)

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Reimbursed expenditures	$ 183,671	$ 154,159	$ -	$ 154,159
State Sources				
General state aid	4,975,823	5,859,735	5,185,747	673,988
Special education aid	713,711	-	762,637	(762,637)
Mineral tax	242	647	-	647
Total Cash Receipts	$ 5,873,447	$ 6,014,541	$ 5,948,384	$ 66,157
EXPENDITURES				
Instruction	$ 2,740,412	$ 2,978,522	$ 2,792,299	$ 186,223
Student support services	210,950	160,243	213,800	(53,557)
Instructional support staff	39,026	26,153	31,020	(4,867)
General administration	348,018	379,169	356,400	22,769
School administration	324,060	315,245	338,300	(23,055)
Central services	150,564	141,122	142,100	(978)
Operations and maintenance	482,867	418,796	480,300	(61,504)
Student transportation	448,250	454,014	490,100	(36,086)
Food service	76,411	63,370	-	63,370
Transfers to other funds	1,052,889	1,077,907	1,104,065	(26,158)
Adjustment to comply with legal maximum	-	-	(88,002)	88,002
Legal general fund budget and expenditures	$ 5,873,447	$ 6,014,541	$ 5,860,382	$ 154,159
Adjustments for qualifying budget credits	-	-	154,159	(154,159)
Total Expenditures	$ 5,873,447	$ 6,014,541	$ 6,014,541	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 1,213,369	$ 1,236,456	$ 43,743	$ 1,192,713
Delinquent taxes	11,512	31,023	19,076	11,947
County Sources				
Motor vehicle taxes	118,544	121,031	102,122	18,909
Recreational vehicle taxes	3,055	3,142	2,896	246
Commercial vehicle tax	-	-	9,922	(9,922)
State Sources				
Supplemental state aid	258,928	273,618	273,618	-
Total Cash Receipts	$ 1,605,408	$ 1,665,270	$ 451,377	$ 1,213,893
EXPENDITURES				
Instruction	$ 537,153	$ 448,490	$ 745,500	$ (297,010)
School administration	33,153	28,980	-	28,980
Operations and maintenance	169,529	183,969	200,000	(16,031)
Transfers to other funds	882,594	820,524	674,500	146,024
Total Expenditures	$ 1,622,429	$ 1,481,963	$ 1,620,000	$ (138,037)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (17,021)	$ 183,307		
UNENCUMBERED CASH - BEGINNING	72,019	55,000		
UNENCUMBERED CASH - ENDING	$ 54,998	$ 238,307		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
AT RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 238,947	$ 310,212	$ 373,565	$ (63,353)
EXPENDITURES				
Instruction	$ 144,623	$ 174,889	$ 278,600	$ (103,711)
Student support services	94,324	135,323	94,965	40,358
Total Expenditures	$ 238,947	$ 310,212	$ 373,565	$ (63,353)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 445,850	$ 452,348	$ 435,570	$ 16,778
Delinquent taxes	5,076	12,817	6,982	5,835
Interest on idle funds	10,367	16,517	-	16,517
Other	18,315	-	-	-
County Sources				
Motor vehicle taxes	53,916	48,477	42,234	6,243
Recreational vehicle taxes	1,396	1,265	1,198	67
Commercial vehicle tax	-	-	4,103	(4,103)
Federal Sources				
Other federal aid	20,000	-	-	-
Total Cash Receipts	$ 554,920	$ 531,424	$ 490,087	$ 41,337
EXPENDITURES				
Instruction	$ 756	$ 48,796	$ 170,000	$ (121,204)
Student support services	19,765	-	20,000	(20,000)
Instructional support staff	397	-	10,000	(10,000)
School administration	3,375	-	20,000	(20,000)
Central Services	2,970	95,021	80,000	15,021
Operations and maintenance	182,295	99,203	921,025	(821,822)
Student transportation	20,682	268,113	200,000	68,113
Facility acquisition and construction	40,530	31,827	585,000	(553,173)
Total Expenditures	$ 270,770	$ 542,960	$ 2,006,025	$ (1,463,065)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 284,150	$ (11,536)		
UNENCUMBERED CASH - BEGINNING	1,411,390	1,695,540		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	17,517		
UNENCUMBERED CASH - ENDING	$ 1,695,540	$ 1,701,521		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Other	$ 5,244	$ 6,226	$ -	$ 6,226
State Sources				
State safety aid	3,978	4,636	4,200	436
Total Cash Receipts	$ 9,222	$ 10,862	$ 4,200	$ 6,662
EXPENDITURES				
Instruction	$ 8,340	$ 11,866	$ 14,100	$ (2,234)
Student support services	-	-	5,000	(5,000)
Operations and maintenance	-	51	6,304	(6,253)
Total Expenditures	$ 8,340	$ 11,917	$ 25,404	$ (13,487)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 882	$ (1,055)		
UNENCUMBERED CASH - BEGINNING	20,322	21,204		
UNENCUMBERED CASH - ENDING	21,204	$ 20,149		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Interest	$ 331	$ 813	$ -	$ 813
Food service sales	21,230	23,679	-	23,679
Other	17,387	6,003	-	6,003
State Sources				
School food assistance	5,590	4,318	3,086	1,232
Federal Sources				
Child nutrition programs	494,512	632,255	496,622	135,633
Other Sources				
Transfers from other funds	55,000	-	40,000	(40,000)
Total Cash Receipts	$ 594,050	$ 667,068	$ 539,708	$ 127,360
EXPENDITURES				
Operations and maintenance	$ 16,453	$ 24,496	$ 30,000	$ (5,504)
Food service	542,119	580,867	645,185	(64,318)
Total Expenditures	$ 558,572	$ 605,363	$ 675,185	$ (69,822)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 35,478	$ 61,705		
UNENCUMBERED CASH - BEGINNING	100,000	135,478		
UNENCUMBERED CASH - ENDING	135,478	$ 197,183		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Other	$ 100	$ -	$ 100	$ (100)
State Sources				
Parent education aid	37,495	37,424	36,937	487
Other Sources				
Transfers from other funds	20,000	20,000	-	20,000
Total Cash Receipts	$ 57,595	$ 57,424	$ 37,037	$ 20,387
EXPENDITURES				
Student support services	$ 58,018	$ 58,647	$ 84,504	$ (25,857)
Instructional support staff	-	1,125	6,100	(4,975)
Total Expenditures	$ 58,018	$ 59,772	$ 90,604	$ (30,832)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (423)	$ (2,348)		
UNENCUMBERED CASH - BEGINNING	53,991	53,568		
UNENCUMBERED CASH - ENDING	$ 53,568	$ 51,220		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
State Sources				
State aid	$ 537	$ -	$ -	$ -
Federal Sources				
Federal aid	450	-	-	-
Other Sources				
Transfers from other funds	6,647	16,657	-	16,657
Total Cash Receipts	$ 7,634	$ 16,657	$ -	$ 16,657
EXPENDITURES				
Instructional support staff	$ 7,028	$ 14,939	$ 48,500	$ (33,561)
Other support services	153	1,351	1,132	219
Total Expenditures	$ 7,181	$ 16,290	$ 49,632	$ (33,342)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 453	$ 367		
UNENCUMBERED CASH - BEGINNING	49,180	49,633		
UNENCUMBERED CASH - ENDING	$ 49,633	$ 50,000		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Federal Sources				
Other Sources	$ 11,304	$ 16,936	$ -	$ 16,936
Other Sources				
Transfers from other funds	1,227,711	1,223,460	1,165,000	58,460
Total Cash Receipts	$ 1,239,015	$ 1,240,396	$ 1,165,000	$ 75,396
EXPENDITURES				
Instruction	$ 1,209,644	$ 1,183,348	$ 1,280,000	$ (96,652)
Instructional support staff	-	-	50,000	(50,000)
Student transportation	29,086	32,860	124,500	(91,640)
Other Support Services	-	-	100,000	(100,000)
Total Expenditures	$ 1,238,730	$ 1,216,208	$ 1,554,500	$ (338,292)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 285	$ 24,188		
UNENCUMBERED CASH - BEGINNING	679,004	679,289		
UNENCUMBERED CASH - ENDING	$ 679,289	$ 703,477		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 255,000	$ 282,047	$ 255,000	$ 27,047
EXPENDITURES				
Instruction	$ 251,872	$ 282,047	$ 240,400	$ 41,647
Other support services	3,548	-	15,020	(15,020)
Total Expenditures	$ 255,420	$ 282,047	$ 255,420	$ 26,627
RECEIPTS OVER (UNDER) EXPENDITURES	$ (420)	$ -		
UNENCUMBERED CASH - BEGINNING	420	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
CASH RECEIPTS				
State Sources				
State Aid	$ 637,658	$ 684,605	$ 750,524	$ (65,919)
EXPENDITURES				
Instruction	$ 411,172	$ 445,617	$ 488,524	$ (42,907)
Student support services	38,953	41,048	45,000	(3,952)
Instructional support staff	14,407	15,507	17,000	(1,493)
General administration	25,969	27,365	30,000	(2,635)
School administration	38,953	41,048	45,000	(3,952)
Central services	17,313	18,243	20,000	(1,757)
Operations and maintenance	34,625	36,487	40,000	(3,513)
Student transportation	34,625	36,487	40,000	(3,513)
Food service	21,641	22,803	25,000	(2,197)
Total Expenditures	$ 637,658	$ 684,605	$ 750,524	$ (65,919)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
BOND AND INTEREST
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022
With Comparative Actual Totals For The Prior Year Ended June 30, 2021

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 511,189	$ 520,644	$ 501,363	$ 19,281
Delinquent taxes	4,738	10,101	8,019	2,082
Interest on idle funds	530	1,171	-	1,171
County Sources				
Motor vehicle taxes	52,111	53,581	46,070	7,511
Recreational vehicle taxes	1,334	1,396	1,306	90
Commercial vehicle taxes	-	-	4,476	(4,476)
Total Cash Receipts	$ 569,902	$ 586,893	$ 561,234	$ 25,659
EXPENDITURES				
Debt Service	$ 542,900	$ 547,500	$ 547,500	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 27,002	$ 39,393		
UNENCUMBERED CASH - BEGINNING	534,328	561,330		
UNENCUMBERED CASH - ENDING	$ 561,330	$ 600,723		

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS
For the Year Ended June 30, 2022

	Carl Perkins Grant	Contingency Reserve	Esser II	Gifts & Grants	School Improvement (2018 Bond Issue)	ESSER III	Textbook Rental	Title I Low Income	Title II-A Improve Teacher Quality
RECEIPTS									
Local Sources									
Interest On Idle Funds	$ -	$ -	$ -	$ -	$ 644	$ -	$ -	$ -	$ -
Other	-	-	-	22,811	-	-	44,629	-	-
Federal Sources									
Federal Aid	3,360	-	191,176	12,105.00	-	-	-	56,761	27,114
State Sources									
State Aid	-	-	-	57,911	-	-	-	-	-
Other Sources									
Transfers from other funds	-	-	-	-	-	-	46,055	-	-
Total Receipts	$ 3,360	$ -	$ 191,176	$ 92,827	$ 644	$ -	$ 90,684	$ 56,761	$ 27,114
EXPENDITURES									
Instruction	$ 3,360	$ -	$ 89,671	$ -	$ -	139,784	$ 117,643	$ 56,761	$ 711
Support									
Student support services	-	-	202	81,164	-	-	-	-	-
Instructional support staff	-	-	16,454	-	-	9,366	10,105	-	7,915
School administration	-	-	-	27,754	-	-	-	-	-
Central services	-	-	2,686	-	-	2,995	-	-	-
Operations and maintenance	-	-	947	-	-	-	-	-	-
Student transportation	-	-	2,333	-	-	-	-	-	-
Other support services	-	-	-	14,478	-	-	-	-	-
Food service	-	-	999	-	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	13,464	-	-	-	-
Total Expenditures	$ 3,360	$ -	$ 113,292	$ 123,396	$ 13,464	$ 152,145	$ 127,748	$ 56,761	$ 8,626
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -	$ 77,884	$ (30,569)	$ (12,820)	$ (152,145)	$ (37,064)	$ -	$ 18,488
UNENCUMBERED CASH - BEGINNING	-	647,232	(77,884)	59,041	234,435	-	111,322	-	-
PRIOR YEAR CANCELLED ENCUMBRANCES	-	-	-	-	465	-	1,798	-	-
UNENCUMBERED CASH - ENDING	$ -	$ 647,232	$ -	$ 28,472	$ 222,080	$ (152,145)	$ 76,056	$ -	$ 18,488

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended June 30, 2022

	Balance June 30, 2021	Cash Receipts	Cash Disbursements	Balance June 30, 2022
Student Organization Funds				
Elementary School				
Student body activities	$ 14,966	$ 22,387	$ 16,242	$ 21,111
Library	516	-	-	516
Junior-Senior High School				
Fee and user charges	-	55,436	55,337	99
Clubs and organizations	182,691	266,570	237,951	211,310
Classes	11,603	4,714	5,362	10,955
Bank charges and miscellaneous	(260)	4,676	4,765	(349)
Total Agency Funds	$ 209,516	$ 353,783	$ 319,657	$ 243,642

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Balance June 30, 2021	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash	Add Encumbrances and Accounts Payable	Balance June 30, 2022
Junior-Senior High School						
Athletics	$ 8,611	$ 68,830	$ 73,524	$ 3,917	$ -	$ 3,917
Co-Curricular groups	11,371	8,184	10,110	9,445	-	9,445
Concessions	1,290	14,725	15,730	285	-	285
Sales tax	824	10,492	10,461	855	-	855
Total District Activity Funds	$ 22,096	$ 102,231	$ 109,825	$ 14,502	$ -	$ 14,502

VARNEY
& ASSOCIATES, CPAs, LLC

January 4, 2023

Board of Education
USD 306 - Southeast of Saline
Gypsum, Kansas

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

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 USD 306 - Southeast of Saline (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated January 4, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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.

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

January 4, 2023

Board of Education
USD 306 - Southeast of Saline
Gypsum, Kansas

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with The Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the compliance of USD 306 - Southeast of Saline (the District), with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 each of its major federal programs for the year ended June 30, 2022.

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

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

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

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
DISTRICT ACTIVITY FUNDS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

	Assistance Number	Pass-Thru Entity Identifying Number	Federal Award Expenditures	Subrecipient Expenditures
U.S. Department of Agriculture				
Passed through Kansas Department of Education				
Child Nutrition Cluster				
School Breakfast	10.553	D0306	$ 122,373	$ -
COVID-19 - National School Lunch Program	10.555	D0306	430,099	-
Summer Food Service Program for Children	10.559	D0306	55,022	-
Cash for Commodities	10.559	D0306	24,147	-
Subtotal Child Nutrition Cluster			$ 631,641	$ -
COVID-19 Coronavirus	10.649	D0306	$ 614	$ -
Total U.S. Department of Agriculture			$ 632,255	$ -
U.S. Department of Education				
Passed through Kansas Department of Education				
Title I Low Income	84.010	D0306	$ 56,761	$ -
Early Childhood Aid	84.367	D0306	6,769	-
Supporting Effective Instruction	84.424A	D0306	1,857	-
COVID-19 - Emergency and Secondary School Emergency Relief	84.425D	D0306	282,373	-
Total U.S. Department of Education			$ 347,760	$ -
U.S. Department of Human and Health Services				
Passed through Kansas Department of Education				
K-12 Stay Positive	93.323	D0306	$ 12,105	$ -
U.S. Department of Corporation for National and Community Service				
Passed through Kansas Department of Education				
AmeriCorps State Commissions Support Grant	94.003	D0306	$ 280	$ -
TOTAL FEDERAL ASSISTANCE			$ 992,400	$ -

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

Note 1: Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of USD 306 - Southeast of Saline, Gypsum, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statement.

Note 2: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. The District elected not to use the 10% de minimis indirect cost rate.

Note 3: Local Government Contributions

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

Note 4: Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2022.

Note 5: Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2022.

Note 6: Sub-recipient Grants

No federal awards were passed through to subrecipients.

USD 306 - SOUTHEAST OF SALINE
Gypsum, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	X None
Reportable conditions identified not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statement noted?	___ Yes	X None

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	X No
Reportable conditions identified 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	___ Yes	X No

Identification of major programs:

Name of Federal program	CFDA Number
Child Nutrition Cluster	10.553, 10.555, 10.559

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

Note:

Beginning with the year ended June 30, 2016, the criteria for determination of low-risk auditee status was changed by the U.S. Office of Management and Budget (OMB). Specifically, the regulatory basis of accounting prescribed by the State of Kansas does not meet the criteria established by OMB in the Uniform Grant Guidance (UGG). The District continues, however, to meet each of the other criteria for low-risk auditee status.

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.