# USD 420 - OSAGE CITY

Osage City, Kansas

## FINANCIAL STATEMENT

## WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

## INDEPENDENT AUDITOR'S REPORT

June 30, 2022

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

**USD 420 - OSAGE CITY**
Osage City, Kansas
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November 18, 2022

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
USD 420 - Osage City
Osage City, 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 420 - Osage City (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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. 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.

***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 statement as a whole.

***Other Reporting Required by Government Auditing Standards***
In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

**USD 420 - OSAGE CITY**
Osage City, 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 | $ - | $ - | $ 5,950,222 | $ 5,950,222 | $ - | $ 249,076 | $ 249,076 |
| Supplemental General | 41,600 | - | 1,792,186 | 1,812,944 | 20,842 | 433,380 | 454,222 |
| Special Purpose Funds | | | | | | | |
| Bilingual Education | 646 | - | 650 | 646 | 650 | - | 650 |
| Virtual Education | 839 | - | 22,000 | 18,100 | 4,739 | - | 4,739 |
| Capital Outlay | 777,594 | - | 452,942 | 454,260 | 776,276 | 331,900 | 1,108,176 |
| Driver Training | 5,000 | - | - | - | 5,000 | - | 5,000 |
| Food Service | 81,432 | - | 448,976 | 434,989 | 95,419 | 34 | 95,453 |
| Professional Development | 35,241 | - | 17,650 | 17,656 | 35,235 | 2,071 | 37,306 |
| Special Education | 490,184 | - | 1,491,984 | 1,441,984 | 540,184 | 26,656 | 566,840 |
| Career and Postsecondary Education | 85,020 | - | 77,866 | 77,866 | 85,020 | 3,200 | 88,220 |
| Gifts and Grants | (65) | - | 26,662 | 18,697 | 7,900 | 2,437 | 10,337 |
| KPERS Special Contribution | - | - | 639,404 | 639,404 | - | - | - |
| Preschool-Aged At-Risk | 17,471 | - | 27,000 | 24,971 | 19,500 | - | 19,500 |
| At-Risk (K-12) | 204,208 | - | 646,888 | 688,342 | 162,754 | 43,745 | 206,499 |
| District Activity Funds | 45,666 | - | 105,570 | 100,992 | 50,244 | - | 50,244 |
| Contingency Reserve Fund | 400,748 | - | - | - | 400,748 | - | 400,748 |
| Emergency Connectivity | - | - | 28,223 | 29,003 | (780) | 200 | (580) |
| ESSER II | 24,868 | - | 424,812 | 450,672 | (992) | - | (992) |
| ESSER III | - | - | - | 26,891 | (26,891) | 26,891 | - |
| Jones Fund Grant | 36,621 | - | 40,000 | 51,699 | 24,922 | - | 24,922 |
| KHDE CLIA Grant | - | - | 10,438 | 10,438 | - | - | - |
| Patterson Family Foundation | - | - | 7,390 | 7,390 | - | - | - |
| Technology Education | 12,184 | - | 2,991 | 11,939 | 3,236 | - | 3,236 |
| Textbook & Student Revolving | - | - | 30,000 | - | 30,000 | - | 30,000 |
| Title I | - | - | 146,232 | 139,814 | 6,418 | - | 6,418 |
| Title IIA - Teacher Quality | 1,371 | - | 26,841 | 24,810 | 3,402 | - | 3,402 |
| Title IV | - | - | 17,027 | 17,027 | - | 7,188 | 7,188 |
| Bond and Interest Fund | | | | | | | |
| Bond and Interest Fund | 729,425 | - | 790,624 | 612,876 | 907,173 | - | 907,173 |
| **Total Reporting Entity (Excluding Agency Funds)** | $ 2,990,053 | $ - | $ 13,224,578 | $ 13,063,632 | $ 3,150,999 | $ 1,126,778 | $ 4,277,777 |



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

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (CONTINUED)**
Regulatory Basis
For the Year Ended June 30, 2022

| | | |
|---|---|---|
| **Composition of Cash** | | |
| Checking Accounts | $ | 151,811 |
| Savings Accounts | | 4,181,589 |
| Petty Cash | | 350 |
| **Total Cash** | $ | 4,333,750 |
| Less: Agency funds per Schedule 3 | | (55,973) |
| **Total Reporting Entity (Excluding Agency Funds)** | $ | 4,277,777 |



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

**USD 420 - OSAGE CITY**
Osage City, Kansas
**NOTES TO FINANCIAL STATEMENT**
June 30, 2022

## Note 1: Summary of Significant Accounting Policies

### Financial Reporting Entity

USD 420 - Osage City (the District) is a municipal corporation governed by an elected seven member board. The District as an entity has been defined to include, on a combined basis, (a) the District (b) organizations for which the District is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting District's financial statement to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

### Fund Description

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

The following types of funds comprise the financial activities of the District:

**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.

**Bond and Interest Funds** -- Used to account for the accumulation of resources, including tax levies, transfer's from other funds and payment of general long-term debt.

**Agency Funds** - Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

### 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.

### Reimbursed Expenses

Expenditures in the amount of $12,421 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statement meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

## 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.

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 purpose funds:

| | | |
|---|---|---|
| Contingency Reserve | KHDE CLIA Grant | Jones fund Grant |
| Emergency Connectivity | Patterson Family Grant | Title I |
| ESSER II | Technology Education | District Activity Funds |
| ESSER III | Textbook & Student Revolving | Title IIA - Teacher Quality |
| Title IV | | |

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.

### Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

## 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 $4,333,750. The bank balance was $4,306,125. The bank balance was held by one bank resulting in a concentration of deposit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. The bank balance was fully covered by FDIC insurance of $250,000 and bank pledged securities with a fair market value of $5,022,957.

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: 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.

**Note 4: Pension Plans (Continued)**

**Defined Benefit Pension Plan (Continued)**

**Contributions (Continued):** 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 $639,404 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 $4,689,130. 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, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

**Note 5: Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**Note 6: Compensated Absences**

Vacation is provided to district office secretaries, building office secretaries, custodians, technical support and principals by using the Vacation Schedule that is on file at the District Office based on years of service. The Superintendent will receive twenty days of vacation. All employees receiving vacation time are encouraged to use it timely. Vacation days not used during the year are not carried forward to the next year.

Classified employees receive one day per month worked for sick leave. Sick leave can accumulate as long as the employee is employed by the District. Accumulated sick leave will only be paid when the employee reaches retirement age and retires, or upon completing ten (10) years of employment in the district and leaving the district, or upon the death of the employee, they will be paid one day's pay for each five days of accumulated sick leave up to a maximum of thirty (30) days. An employee can forfeit two days of accumulated sick leave for one day of personal leave. Maximum days that can be forfeited per year is six days.

Each employee receives two days per year for personal leave and each employee shall be granted (2) days of bereavement leave non-accumulative for faculty-staff members and their immediate family. An additional three (3) days will be granted in the death of the employee's immediate family members.

Certified employees receive 12 discretionary days per year, with unused days to accumulate. When an employee reaches retirement age and retires, or upon completing twenty (20) years of employment in the district and leaving the district, or upon the death of the employee, they will be paid one day's pay for each four days of accumulated discretionary leave up to a maximum of forty (40) days. Each employee may use up to five days of bereavement leave at the death of family members.

**Note 7: Stewardship, Compliance and Accountability**

We noted no violations of Kansas Statutes during the period under examination.

**Note 8: 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 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.

**Note 9: Interfund Transfers**

Interfund transfers were as follows:

| Fund From | Fund To | Authority | Amount |
|---|---|---|---|
| General | Capital Outlay | K.S.A. 72-6428 | $ 132,161 |
| General | Food Services | K.S.A. 72-6428 | 489 |
| General | Special Education | K.S.A. 72-6428 | 890,980 |
| General | At-Risk (K-12) | K.S.A. 72-6428 | 494,601 |
| General | Preschool-Aged At-Risk | K.S.A. 72-6428 | 7,500 |
| Supplemental | Bilingual Education | K.S.A. 72-6425 | 650 |
| Supplemental | Virtual Education | K.S.A. 72-6425 | 22,000 |
| Supplemental | Professional Development | K.S.A. 72-6425 | 17,650 |
| Supplemental | Special Education | K.S.A. 72-6425 | 571,391 |
| Supplemental | Career and Postsecondary Education | K.S.A. 72-6425 | 74,605 |
| Supplemental | Preschool-Aged At-Risk | K.S.A. 72-6425 | 19,500 |
| Supplemental | At-Risk (K-12) | K.S.A. 72-6425 | 152,287 |
| Supplemental | Textbook & Student Revolving | K.S.A. 72-6425 | 30,000 |
| | | **Total Transfers** | $ 2,413,814 |

**Note 10: Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statement.

**Note 11: In Substance Receipt in Transit**

The District received $318,104 subsequent to June 30, 2022 and as required by K.S.A 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

**Note 12: Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2022, the statutory limit for the district was $4,600,876 thus creating excess indebtedness of $831,624. The outstanding bond principal represents 16.5% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation.

**Note 13: Subsequent Events**

Subsequent events for management's review have been evaluated through November 18, 2022, the date of the Auditor's Report. The date in the prior sentence is the date the financial statement is available to be issued.

**Note 14: 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.

**Note 15: Long-Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2022 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** | | | | | | | | | |
| 2012A Issue | 2.00%-2.35% | 6/15/2012 | $ 3,055,000 | 9/1/2024 | $ 1,905,000 | $ - | $ 565,000 | $ 1,340,000 | $ 34,085 |
| 2012B Issue | 4.50% | 6/15/2012 | 4,092,500 | 9/1/2030 | 4,092,500 | - | - | 4,092,500 | 13,071 |
| **Total Long-Term Debt** | | | | | $ 5,997,500 | $ - | $ 565,000 | $ 5,432,500 | $ 47,156 |

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 - 2031 | Total |
|---|---|---|---|---|---|---|---|
| **Principal** | | | | | | | |
| General Obligation Bonds | $ 580,000 | $ 590,000 | $ 602,500 | $ 610,000 | $ 610,000 | $ 2,440,000 | $ 5,432,500 |
| **Interest** | | | | | | | |
| General Obligation Bonds | 23,065 | 10,485 | 1,998 | - | - | - | 35,548 |
| | $ 603,065 | $ 600,485 | $ 604,498 | $ 610,000 | $ 610,000 | $ 2,440,000 | $ 5,468,048 |

# REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

**USD 420 - OSAGE CITY**
Osage City, 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 | $ 6,043,147 | $ (105,346) | $ 12,421 | $ 5,950,222 | $ 5,950,222 | $ - |
| Supplemental General | 1,812,944 | - | - | 1,812,944 | 1,812,944 | - |
| Special Purpose Funds | | | | | | |
| Bilingual Education | 646 | - | - | 646 | 646 | - |
| Virtual Education | 22,839 | - | - | 22,839 | 18,100 | (4,739) |
| Capital Outlay | 1,194,510 | - | - | 1,194,510 | 454,260 | (740,250) |
| Driver Training | 13,600 | - | - | 13,600 | - | (13,600) |
| Food Service | 486,672 | - | - | 486,672 | 434,989 | (51,683) |
| Professional Development | 25,900 | - | - | 25,900 | 17,656 | (8,244) |
| Special Education | 2,009,949 | - | - | 2,009,949 | 1,441,984 | (567,965) |
| Career and Postsecondary Education | 87,159 | - | - | 87,159 | 77,866 | (9,293) |
| Gifts and Grants | 18,945 | - | - | 18,945 | 18,697 | (248) |
| KPERS Special Contribution | 740,655 | - | - | 740,655 | 639,404 | (101,251) |
| Preschool-Aged At-Risk | 32,983 | - | - | 32,983 | 24,971 | (8,012) |
| At-Risk (K-12) | 766,208 | - | - | 766,208 | 688,342 | (77,866) |
| Bond and Interest Fund | | | | | | |
| Bond and Interest | 784,968 | - | - | 784,968 | 612,876 | (172,092) |
| **Total of all Funds** | $ 14,041,125 | $ (105,346) | $ 12,421 | $ 13,948,200 | $ 12,192,957 | $ (1,755,243) |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**GENERAL FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| State aid/grants | $ 5,937,801 | $ 6,043,147 | $ (105,346) |
| Reimbursements | 12,421 | - | 12,421 |
| **Total Cash Receipts** | $ 5,950,222 | $ 6,043,147 | $ (92,925) |
| **EXPENDITURES** | | | |
| Instruction | $ 2,871,355 | $ 2,894,150 | $ (22,795) |
| Student support services | 120,026 | 126,687 | (6,661) |
| Instructional support staff | 126,272 | 161,003 | (34,731) |
| General administration | 177,956 | 150,729 | 27,227 |
| School administration | 439,718 | 424,947 | 14,771 |
| Operations and maintenance | 451,875 | 456,022 | (4,147) |
| Student transportation | 146,325 | 139,445 | 6,880 |
| Central support services | 90,964 | 87,799 | 3,165 |
| Operating transfers | 1,525,731 | 1,602,365 | (76,634) |
| Adjustment to comply with legal maximum | - | (105,346) | 105,346 |
| Adjustments for qualifying budget credits | - | 12,421 | (12,421) |
| **Total Expenditures** | $ 5,950,222 | $ 5,950,222 | $ - |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ - | | |
| **UNENCUMBERED CASH - BEGINNING** | - | | |
| **UNENCUMBERED CASH - ENDING** | $ - | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SUPPLEMENTAL GENERAL FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| **Taxes and Shared Revenue** | | | |
| Ad valorem property tax | $ 510,059 | $ 11,963 | $ 498,096 |
| Delinquent tax | 6,968 | 7,168 | (200) |
| Motor vehicle tax | 59,916 | 62,553 | (2,637) |
| RV tax | 752 | 1,134 | (382) |
| Commercial vehicle tax | - | 2,939 | (2,939) |
| State aid/grants | 1,214,491 | 1,214,491 | - |
| **Total Cash Receipts** | $ 1,792,186 | $ 1,300,248 | $ 491,938 |
| **EXPENDITURES** | | | |
| Instruction | $ 719,216 | $ 750,000 | $ (30,784) |
| Operations and maintenance | 202,619 | 355,553 | (152,934) |
| Operating transfers | 888,083 | 707,391 | 180,692 |
| Student Transportation | 3,026 | - | 3,026 |
| **Total Expenditures** | $ 1,812,944 | $ 1,812,944 | $ - |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ (20,758) | | |
| **UNENCUMBERED CASH - BEGINNING** | 41,600 | | |
| **UNENCUMBERED CASH - ENDING** | $ 20,842 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**BILINGUAL EDUCATION FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Operating transfers | $ 650 | $ - | $ 650 |
| **EXPENDITURES** | | | |
| Instruction | $ 646 | $ 646 | $ - |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 4 | | |
| **UNENCUMBERED CASH - BEGINNING** | 646 | | |
| **UNENCUMBERED CASH - ENDING** | $ 650 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**VIRTUAL EDUCATION FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Operating transfers | $ 22,000 | $ 22,000 | $ - |
| **EXPENDITURES** | | | |
| Instruction | $ 18,100 | $ 22,839 | $ (4,739) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 3,900 | | |
| **UNENCUMBERED CASH - BEGINNING** | 839 | | |
| **UNENCUMBERED CASH - ENDING** | $ 4,739 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**CAPITAL OUTLAY FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| **Taxes and Shared Revenue** | | | |
| Ad valorem property tax | $ 160,219 | $ 156,622 | $ 3,597 |
| Delinquent tax | 2,165 | 2,933 | (768) |
| Motor vehicle tax | 19,548 | 20,311 | (763) |
| RV tax | 224 | 369 | (145) |
| Commercial vehicle tax | 600 | 954 | (354) |
| State aid/grants | 107,956 | 108,449 | (493) |
| Interest income | 11,352 | 5,279 | 6,073 |
| Miscellaneous revenues | 18,717 | 16,490 | 2,227 |
| Operating transfers | 132,161 | 105,509 | 26,652 |
| **Total Cash Receipts** | $ 452,942 | $ 416,916 | $ 36,026 |
| **EXPENDITURES** | | | |
| Instruction | $ 290,202 | $ 607,542 | $ (317,340) |
| Operations and maintenance | 56,668 | 384,468 | (327,800) |
| Student transportation | 107,390 | 160,000 | (52,610) |
| Facility acquisition and construction services | - | 42,500 | (42,500) |
| **Total Expenditures** | $ 454,260 | $ 1,194,510 | $ (740,250) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ (1,318) | | |
| **UNENCUMBERED CASH - BEGINNING** | 777,594 | | |
| **UNENCUMBERED CASH - ENDING** | $ 776,276 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**DRIVER TRAINING FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| State aid/grants | $ - | $ 3,600 | $ (3,600) |
| Operating transfers | - | 5,000 | (5,000) |
| **Total Cash Receipts** | $ - | $ 8,600 | $ (8,600) |
| **EXPENDITURES** | | | |
| Instruction | $ - | $ 9,700 | $ (9,700) |
| Operations and maintenance | - | 3,900 | (3,900) |
| **Total Expenditures** | $ - | $ 13,600 | $ (13,600) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ - | | |
| **UNENCUMBERED CASH - BEGINNING** | 5,000 | | |
| **UNENCUMBERED CASH - ENDING** | $ 5,000 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**FOOD SERVICE FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Federal grants | $ 437,754 | $ 314,850 | $ 122,904 |
| State aid/grants | 488 | 2,340 | (1,852) |
| Charges for services | 9,708 | 88,050 | (78,342) |
| Miscellaneous revenues | 537 | - | 537 |
| Operating transfers | 489 | 12,421 | (11,932) |
| **Total Cash Receipts** | $ 448,976 | $ 417,661 | $ 31,315 |
| **EXPENDITURES** | | | |
| Operations and maintenance | $ 407 | $ 374 | $ 33.00 |
| Food service operations | 434,582 | 486,298 | (51,716) |
| **Total Expenditures** | $ 434,989 | $ 486,672 | $ (51,683) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 13,987 | | |
| **UNENCUMBERED CASH - BEGINNING** | 81,432 | | |
| **UNENCUMBERED CASH - ENDING** | $ 95,419 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**PROFESSIONAL DEVELOPMENT FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Operating transfers | $ 17,650 | $ - | $ 17,650 |
| **EXPENDITURES** | | | |
| Student support services | $ 17,656 | $ 25,900 | $ (8,244) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ (6) | | |
| **UNENCUMBERED CASH - BEGINNING** | 35,241 | | |
| **UNENCUMBERED CASH - ENDING** | $ 35,235 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SPECIAL EDUCATION FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Miscellaneous revenues | $ 29,613 | $ 23,018 | $ 6,595 |
| Operating transfers | 1,462,371 | 1,496,747 | (34,376) |
| **Total Cash Receipts** | $ 1,491,984 | $ 1,519,765 | $ (27,781) |
| **EXPENDITURES** | | | |
| Instruction | $ 1,429,094 | $ 1,957,910 | $ (528,816) |
| Operations and maintenance | - | 15,914 | (15,914) |
| Student transportation | 12,890 | 36,125 | (23,235) |
| **Total Expenditures** | $ 1,441,984 | $ 2,009,949 | $ (567,965) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 50,000 | | |
| **UNENCUMBERED CASH - BEGINNING** | 490,184 | | |
| **UNENCUMBERED CASH - ENDING** | $ 540,184 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**CAREER AND POSTSECONDARY EDUCATION FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Miscellaneous revenues | $ 3,261 | $ 2,139 | $ 1,122 |
| Operating transfers | 74,605 | - | 74,605 |
| **Total Cash Receipts** | $ 77,866 | $ 2,139 | $ 75,727 |
| **EXPENDITURES** | | | |
| Instruction | $ 50,722 | $ 62,910 | $ (12,188) |
| Student transportation | 27,144 | 24,249 | 2,895 |
| **Total Expenditures** | $ 77,866 | $ 87,159 | $ (9,293) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ - | | |
| **UNENCUMBERED CASH - BEGINNING** | 85,020 | | |
| **UNENCUMBERED CASH - ENDING** | $ 85,020 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**GIFTS AND GRANTS FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| State aid/grants | $ 17,938 | $ 19,010 | $ (1,072) |
| Miscellaneous revenues | 8,724 | - | 8,724 |
| **Total Cash Receipts** | $ 26,662 | $ 19,010 | $ 7,652 |
| **EXPENDITURES** | | | |
| Instruction | $ 18,697 | $ 18,945 | $ (248) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 7,965 | | |
| **UNENCUMBERED CASH - BEGINNING** | (65) | | |
| **UNENCUMBERED CASH - ENDING** | $ 7,900 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**KPERS SPECIAL RETIREMENT CONTRIBUTION FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| State aid/grants | $ 639,404 | $ 740,655 | $ (101,251) |
| **EXPENDITURES** | | | |
| Instruction | $ 458,815 | $ 518,459 | $ (59,644) |
| Student support services | 17,451 | 22,220 | (4,769) |
| Instructional support staff | 17,830 | 22,220 | (4,390) |
| General administration | 17,972 | 22,220 | (4,248) |
| School administration | 50,034 | 59,252 | (9,218) |
| Operations and maintenance | 37,486 | 44,439 | (6,953) |
| Student transportation | 10,609 | 14,813 | (4,204) |
| Central support services | 11,268 | 14,813 | (3,545) |
| Food service operations | 17,939 | 22,219 | (4,280) |
| **Total Expenditures** | $ 639,404 | $ 740,655 | $ (101,251) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ - | | |
| **UNENCUMBERED CASH - BEGINNING** | - | | |
| **UNENCUMBERED CASH - ENDING** | $ - | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**PRESCHOOL-AGED AT-RISK FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Operating transfers | $ 27,000 | $ 15,512 | $ 11,488 |
| **EXPENDITURES** | | | |
| Instruction | $ 24,971 | $ 32,983 | $ (8,012) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 2,029 | | |
| **UNENCUMBERED CASH - BEGINNING** | 17,471 | | |
| **UNENCUMBERED CASH - ENDING** | $ 19,500 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**AT-RISK (K-12) FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Operating transfers | $ 646,888 | $ 673,000 | $ (26,112) |
| **EXPENDITURES** | | | |
| Instruction | $ 688,342 | $ 766,208 | $ (77,866) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ (41,454) | | |
| **UNENCUMBERED CASH - BEGINNING** | 204,208 | | |
| **UNENCUMBERED CASH - ENDING** | $ 162,754 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**BOND AND INTEREST FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended June 30, 2022

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| **Taxes and Shared Revenue** | | | |
| Ad valorem property tax | $ 292,858 | $ 285,692 | $ 7,166 |
| Delinquent tax | 3,945 | 5,264 | (1,319) |
| Motor vehicle tax | 38,839 | 42,349 | (3,510) |
| RV tax | 467 | 734 | (267) |
| State aid/grants | 454,515 | 389,873 | 64,642 |
| **Other Financing Sources** | | | |
| Federal tax credit | - | 184,163 | (184,163) |
| **Total Cash Receipts** | $ 790,624 | $ 908,075 | $ (117,451) |
| **EXPENDITURES** | | | |
| Debt service | $ 612,876 | $ 784,968 | $ (172,092) |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ 177,748 | | |
| **UNENCUMBERED CASH - BEGINNING** | 729,425 | | |
| **UNENCUMBERED CASH - ENDING** | $ 907,173 | | |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SCHEDULE OF RECEIPTS AND EXPENDITURES**
Regulatory Basis
**NON-BUDGETED FUNDS**
For the Year Ended June 30, 2022

| | Contingency Reserve | Emergency Connectivity | ESSER II | ESSER III | Jones Fund Grant | KHDE CLIA Grant | Patterson Family Grant |
|---|---|---|---|---|---|---|---|
| **CASH RECEIPTS** | | | | | | | |
| Local sources - other | $ - | $ - | $ - | $ - | $ - | $ - | $ 7,390 |
| Federal grants | - | - | 424,812 | - | 40,000 | - | - |
| State Source - State aid | - | 28,223 | - | - | - | - | - |
| Federal Sources - Federal aid | - | - | - | - | - | 10,438 | - |
| Operating transfers | - | - | - | - | - | - | - |
| **Total Cash Receipts** | $ - | $ 28,223 | $ 424,812 | $ - | $ 40,000 | $ 10,438 | $ 7,390 |
| **EXPENDITURES** | | | | | | | |
| Instruction | $ - | $ 29,003 | $ 450,672 | $ 26,891 | $ 51,580 | $ 10,438 | $ - |
| Instructional support staff | - | - | - | - | - | - | - |
| Operations and maintenance | - | - | - | - | - | - | 7,390 |
| Student transportation | - | - | - | - | 119 | - | - |
| **Total Expenditures** | $ - | $ 29,003 | $ 450,672 | $ 26,891 | $ 51,699 | $ 10,438 | $ 7,390 |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ - | $ (780) | $ (25,860) | $ (26,891) | $ (11,699) | $ - | $ - |
| **UNENCUMBERED CASH - BEGINNING** | 400,748 | - | 24,868 | - | 36,621 | - | - |
| **UNENCUMBERED CASH - ENDING** | $ 400,748 | $ (780) | $ (992) | $ (26,891) | $ 24,922 | $ - | $ - |

(continued)

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SCHEDULE OF RECEIPTS AND EXPENDITURES**
Regulatory Basis
**NON-BUDGETED FUNDS (CONTINUED)**
For the Year Ended June 30, 2022

| | Technology Education | Textbook & Student Revolving | Title I | Title II-A Teacher Quality | Title IV |
|---|---|---|---|---|---|
| **CASH RECEIPTS** | | | | | |
| Local sources - other | $ 2,991 | $ - | $ - | $ - | $ - |
| Federal grants | - | - | 146,232 | 26,841 | 17,027 |
| State Source - State aid | - | - | - | - | - |
| Federal Sources - Federal aid | - | - | - | - | - |
| Operating transfers | - | 30,000 | - | - | - |
| **Total Cash Receipts** | $ 2,991 | $ 30,000 | $ 146,232 | $ 26,841 | $ 17,027 |
| **EXPENDITURES** | | | | | |
| Instruction | $ 11,939 | $ - | $ 128,225 | $ 1,534 | $ 17,027 |
| Instructional support staff | - | - | 11,589 | 23,276 | - |
| Operations and maintenance | - | - | - | - | - |
| Student transportation | - | - | - | - | - |
| **Total Expenditures** | $ 11,939 | $ - | $ 139,814 | $ 24,810 | $ 17,027 |
| **RECEIPTS OVER (UNDER) EXPENDITURES** | $ (8,948) | $ 30,000 | $ 6,418 | $ 2,031 | $ - |
| **UNENCUMBERED CASH - BEGINNING** | 12,184 | - | - | 1,371 | - |
| **UNENCUMBERED CASH - ENDING** | $ 3,236 | $ 30,000 | $ 6,418 | $ 3,402 | $ - |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**AGENCY FUNDS**
**SUMMARY OF RECEIPTS AND DISBURSEMENTS**
Regulatory Basis
For the Year Ended June 30, 2022

| | Balance July 1, 2021 | Cash Receipts | Cash Disbursements | Balance June 30, 2022 |
|---|---|---|---|---|
| **Gamble Scholarship** | $ 1,690 | $ - | $ 500 | $ 1,190 |
| **Davies Memorial** | 3,020 | - | 300 | 2,720 |
| **High School** | | | | |
| Alumni Gifts | 206 | - | 206 | - |
| Class of 2021 | 500 | - | 500 | - |
| Class of 2022 | 2,358 | 210 | 1,185 | 1,383 |
| Class of 2023 | 1,771 | 19,920 | 21,162 | 529 |
| Class of 2024 | 10 | 20 | 10 | 20 |
| Class of 2025 | - | 10 | - | 10 |
| Art Club | 2,048 | 142 | 322 | 1,868 |
| Drama Club | 410 | - | 52 | 358 |
| School Play | 1,726 | 2,075 | 277 | 3,524 |
| Fellowship of Christian Athletes | 3,442 | 1,450 | 452 | 4,440 |
| O Club | 3,105 | 1,400 | 2,350 | 2,155 |
| HS Chorus | 4 | 500 | 252 | 252 |
| Student Council | 686 | 719 | 743 | 662 |
| Stuco Vending | 706 | 5,903 | 5,189 | 1,420 |
| Band instrument | - | 3,335 | 3,335 | - |
| Band Fund | 1,743 | 558 | 512 | 1,789 |
| National Forensic League | 436 | 242 | 295 | 383 |
| Scholars Bowl | 3 | - | - | 3 |
| Entrepreneurship | 25 | - | - | 25 |
| Spanish Club | 271 | 142 | 229 | 184 |
| National Honor Society | 168 | - | 106 | 62 |
| Key Club | 809 | - | - | 809 |
| FBLA | 938 | 3,115 | 448 | 3,605 |
| Cheerleaders | 687 | 6,514 | 6,683 | 518 |
| Pep Club | 258 | - | - | 258 |
| Dance Club | 2,291 | 8,381 | 10,352 | 320 |
| Indian Elite | 220 | 1,135 | 1,001 | 354 |
| Treble Tones | 317 | 304 | 476 | 145 |
| Nila Meyer | 2,240 | - | - | 2,240 |
| Sales Tax | 115 | - | (52) | 167 |
| **Middle School** | | | | |
| Student Council | 7,329 | 18,831 | 17,922 | 8,238 |
| Middleschool Cheerleaders | 632 | 2,126 | 2,348 | 410 |
| Builders' Club | 7,263 | 3,425 | 1,504 | 9,184 |
| Sales Tax | - | 3,550 | 3,550 | - |
| **Elementary School** | | | | |
| Student Council | 4,648 | 7,257 | 5,157 | 6,748 |
| **Total Agency Funds** | $ 52,075 | $ 91,264 | $ 87,366 | $ 55,973 |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**DISTRICT ACTIVITY FUNDS**
**SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**
Regulatory Basis
For the Year Ended June 30, 2022

| | Balance July 1, 2021 | Cash Receipts | Cash Disbursements | Ending Unencumbered Cash | Add Encumbrances and Accounts Payable | Balance June 30, 2022 |
|---|---|---|---|---|---|---|
| **Gate Receipts** | | | | | | |
| **Elementary School** | | | | | | |
| Kids choir | $ 50 | $ - | $ - | $ 50 | $ - | $ 50 |
| **Middle School** | | | | | | |
| Athletics | 17,244 | 20,676 | 20,362 | 17,558 | - | 17,558 |
| **High School** | | | | | | |
| Athletics | 12,290 | 28,945 | 34,384 | 6,851 | - | 6,851 |
| OC football | 1,032 | 17,678 | 12,492 | 6,218 | - | 6,218 |
| **Subtotal Gate Receipts** | $ 30,616 | $ 67,299 | $ 67,238 | $ 30,677 | $ - | $ 30,677 |
| **School Projects** | | | | | | |
| **High School** | | | | | | |
| Color guard | $ 473 | $ 200 | $ 174 | $ 499 | $ - | $ 499 |
| Biology Trip Fund | - | 19,033 | 16,155 | 2,878 | - | 2,878 |
| Industrial technology | - | 2,964 | 2,964 | - | - | - |
| Weightlifting fund | 279 | - | 209 | 70 | - | 70 |
| Baseball | 3,362 | 5,007 | 3,396 | 4,973 | - | 4,973 |
| Softball | 106 | 2,228 | 826 | 1,508 | - | 1,508 |
| Volleyball | 1,469 | 631 | 311 | 1,789 | - | 1,789 |
| Track | 2,161 | 767 | 1,152 | 1,776 | - | 1,776 |
| Robotics | 1,183 | - | - | 1,183 | - | 1,183 |
| Horticulture | 1,041 | - | 1,041 | - | - | - |
| Junior Class equipment | 710 | 500 | - | 1,210 | - | 1,210 |
| High School yearbook | 1,504 | 6,182 | 6,198 | 1,488 | - | 1,488 |
| ACCC fee fund | 1,803 | 201 | 1,000 | 1,004 | - | 1,004 |
| **Middle School** | | | | | | |
| Middle School yearbook | 924 | 237 | - | 1,161 | - | 1,161 |
| **Elementary School** | | | | | | |
| K-Kids | 35 | 321 | 328 | 28 | - | 28 |
| **Subtotal School Projects** | $ 15,050 | $ 38,271 | $ 33,754 | $ 19,567 | $ - | $ 19,567 |
| **Total District Activity Funds** | $ 45,666 | $ 105,570 | $ 100,992 | $ 50,244 | $ - | $ 50,244 |

November 18, 2022

Board of Education
USD 420 - Osage City
Osage City, 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 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 420 - Osage City (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 November 18, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**Purpose of this Report**

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

November 18, 2022

Board of Education
USD 420 - Osage City
Osage City, Kansas

**Independent Auditor's Report on Compliance for Each Major Program and 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 420 - Osage City (the District) compliance 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 audit 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 each major federal program have 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 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 Uniform Guidance. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
For the Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program Title | Federal AL Number | Pass-Through Entity Identifying Number | Expenditures |
|---|---|---|---|
| **U.S. Department of Agriculture** | | | |
| Passed through Kansas Department of Education | | | |
| Child Nutrition Cluster | | | |
| School Breakfast | 10.553 | DO420 | $ 64,417 |
| National School Lunch Program | 10.555 | DO420 | 350,185 |
| Summer Food Service Program for Children | 10.559 | DO420 | 19,533 |
| Total Child Nutrition Cluster | | | $ 434,135 |
| COVID-19 Coronavirus | 10.649 | DO420 | 614 |
| **Total U.S. Department of Agriculture** | | | $ 434,749 |
| **U.S. Department of Education** | | | |
| Passed through Kansas Department of Education | | | |
| Title I - Grants to Local Educational Agencies | 84.010 | DO420 | $ 139,814 |
| Career and Technical Education - Basic Grants to States | 84.048 | DO420 | 2,275 |
| Supporting Effective Instruction State Grants | 84.367 | DO420 | 24,810 |
| ESSA Student Support Academic Enrichment | 84.424 | DO420 | 17,027 |
| COVID-19 - Emergency and Secondary Emergency Relief | 84.425D | DO420 | 477,563 |
| **Total U.S. Department of Education** | | | $ 661,489 |
| **U.S. Department of Health and Human Services** | | | |
| Passed through Kansas Department of Education | | | |
| Youth Risk Behavior Survey | 93.079 | DO420 | $ 267 |
| KDHE K-12 COVID Testing Grant | 93.323 | DO420 | 10,438 |
| Kansas Preschool Pilot (TANF) | 93.558 | DO420 | 8,433 |
| **Total U.S. Department of Health and Human Services** | | | $ 19,138 |
| **TOTAL FEDERAL EXPENDITURES** | | | $ 1,115,376 |

**USD 420 - OSAGE CITY**
Osage City, Kansas
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
June 30, 2022

**Note 1: Organization**

Unified School District No. 420, Osage City, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**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

**Note 7: Pass-Through Numbers**

Pass-through numbers have not been assigned to pass-through grants on the Schedule of Expenditures of Federal Awards.

**USD 420 - OSAGE CITY**
Osage City, Kansas
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
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 |
|---|---|
| Emergency and Secondary Emergency Relief | 84.425D |

| | | |
|---|---|---|
| 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.