

**UNIFIED SCHOOL DISTRICT NO. 407  
RUSSELL, KANSAS**

**FINANCIAL STATEMENT  
JUNE 30, 2022**



**UNIFIED SCHOOL DISTRICT NO. 407**  
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**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

**Board of Education  
Unified School District No. 407  
Russell, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 407, Russell, Kansas**, as of and for the year ended **June 30, 2022**, and the related notes to the financial statement.

### **Adverse and Unmodified Opinions**

#### *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 407, Russell, Kansas**, 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 **Unified School District No. 407, Russell, Kansas**, as of **June 30, 2022**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### **Basis for Adverse and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Unified School District No. 407, Russell, Kansas** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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*Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*

As discussed in Note 1 of the financial statement, the financial statement is prepared by **Unified School District No. 407, Russell, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 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 the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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 **Unified School District No. 407, Russell, Kansas'** 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.

**Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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- 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 **Unified School District No. 407, Russell, Kansas'** 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 **Unified School District No. 407, Russell, Kansas'** 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, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements, district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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

**Board of Education  
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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 **Unified School District No. 407, Russell, Kansas**, as of and for the year ended June 30, 2021, and have issued our report thereon dated January 5, 2022, 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 web site 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, 2021 (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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 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 or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2021, on the basis of accounting described in Note 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of **Unified School District No. 407, Russell, Kansas**' 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 **Unified School District No. 407, Russell, Kansas**' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Unified School District No. 407, Russell, Kansas**' internal control over financial reporting and compliance.

**BFR CPA, LLC**

BFR CPA, LLC  
March 2, 2023

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 0	\$ 0	\$ 7,034,810	\$ 7,034,810	\$ 0	\$ 52,541	\$ 52,541
Special Purpose Funds							
Supplemental General	55,835	660	2,367,679	2,336,980	87,194	21,679	108,873
At Risk (K-12)	17,693	0	1,192,656	1,210,349	0	37,765	37,765
Bilingual Education	1,424	0	2,143	0	3,567	0	3,567
Capital Outlay	842,686	790	1,259,588	824,595	1,278,469	250,122	1,528,591
Driver Training	21,221	0	9,083	6,273	24,031	0	24,031
Food Service	176,751	0	635,744	729,855	82,640	1,361	84,001
Professional Development	25,981	0	0	6,592	19,389	175	19,564
Special Education	299,311	150	1,500,200	1,504,817	294,844	2,375	297,219
Career and Postsecondary Education	4,047	0	399,229	366,702	36,574	0	36,574
KPERs Special Retirement							
Contribution	0	0	940,099	940,099	0	0	0
Federal Funds	(80,561)	0	1,246,463	2,164,371	(998,469)	414,637	(583,832)
Gifts and Grants	43,323	41	35,168	39,327	39,205	4,976	44,181
Special Reserve	1,294,197	0	2,049	293,077	1,003,169	0	1,003,169
Contingency Reserve	495,890	536	0	21,873	474,553	0	474,553
Textbook & Student Material							
Revolving	47,659	0	55,534	40,219	62,974	1,371	64,345
District Activity Funds	232,392	0	298,870	253,763	277,499	0	277,499
	<u>\$ 3,477,849</u>	<u>\$ 2,177</u>	<u>\$ 16,979,315</u>	<u>\$ 17,773,702</u>	<u>\$ 2,685,639</u>	<u>\$ 787,002</u>	<u>\$ 3,472,641</u>

Composition of Cash:

Checking Accounts	\$ 1,066,446
Certificate of Deposit	6,252
Money Market Accounts	<u>2,431,466</u>
	3,504,164
Agency Funds	<u>(31,523)</u>
	<u>\$ 3,472,641</u>

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



**UNIFIED SCHOOL DISTRICT NO. 407**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 1 - Summary of Significant Accounting Policies:**

Financial Reporting Entity

Unified School District No. 407 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Russell, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

**KMAAG Regulatory Basis of Presentation Fund Definitions:**

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

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

Agency Funds-funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.)

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

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

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



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NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2022**

**Budget and Tax Cycle**

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. Although directory rather than mandatory, 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 calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no amendments for the year ended June 30, 2022.

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

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

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds	Gifts and Grants Fund
Special Reserve Fund	Contingency Reserve Fund
Textbook & Student Material Revolving Fund	District Activity Funds

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

**UNIFIED SCHOOL DISTRICT NO. 407**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 2 - In Substance Receipt in Transit:**

The District received \$337,655 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 3 - 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](http://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.

**UNIFIED SCHOOL DISTRICT NO. 407**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

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 \$940,099 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 \$7,288,154. 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](http://www.kpers.org) or can be obtained as described above.

**Note 4 - Postemployment 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 the 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.

**Termination Benefits**

A teacher is eligible for early retirement if such teacher is:

1. Currently a full-time employee of the school district;
2. has at least ten (10) years of eligible service with KPERS and with the school district;  
and
3. either qualified under applicable KPERS rules and regulations for full KPERS retirement benefits without reduction or not less than fifty-five (55) years and not more than sixty-four (64) years of age on September 1 of the school year in which the teacher submits application for early retirement benefits. Changes in KPERS retirement law will necessitate changes.

**UNIFIED SCHOOL DISTRICT NO. 407**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

A teacher taking early retirement benefits shall have the option to maintain health insurance coverage through the school district's health insurance program by agreeing to pay their own monthly premium amounts.

Any teacher wishing to retire early before the normal retirement age of 65, will receive compensation as follows:

1. A benefit of \$9,000 will be paid for retirement at age sixty-two (62) or less. The teacher may receive the \$9,000 in three (3) annual payments consisting of \$5,000 the first year, \$2,500 the second year, and \$1,500 the third year; in two annual payments of \$4,500 each; or in one (1) lump sum payment of \$9,000.
2. A benefit of \$7,500 will be paid for retirement at age sixty-three (63). The teacher may receive the \$7,500 in two (2) annual payments of \$3,750 each; or in one (1) lump sum payment of \$7,500.
3. A benefit of \$5,000 will be paid for retirement at age sixty-four (64). If retiring at age sixty-four (64), the teacher must take the \$5,000 in one (1) lump sum payment.

An eligible teacher who takes early retirement which is subject to KPERS reduction will be entitled to receive annually from the school district a sum of money, i.e., early retirement benefits, equal to the difference between the benefit the teacher would receive, through KPERS, if the teacher was at normal retirement age as defined by KPERS. The reduction (difference) will be calculated by the KPERS Board. This benefit will expire when the teacher reaches age 65. The estimated liability as of June 30, 2022, for employees eligible for early retirement was \$67,074.

At June 30, 2022, two employees took early retirement.

**Note 5 - Contingencies:**

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**UNIFIED SCHOOL DISTRICT NO. 407**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 6 - Deposits:**

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

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

*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 be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was \$3,504,164 and the bank balance was \$4,516,582. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining \$3,766,582 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

**Note 7 - Interfund Transactions:**

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

Transfer from:	Transfer to:					Total
	At Risk (K-12)	Bilingual Education	Food Service	Special Education	Career and Postsecondary Education	
General Fund	\$ 812,667	\$ 0	\$ 13,780	\$ 1,086,933	\$ 167,000	\$ 2,080,380
Supplemental General Fund	379,989	2,143	0	302,500	230,000	914,632
	<u>\$ 1,192,656</u>	<u>\$ 2,143</u>	<u>\$ 13,780</u>	<u>\$ 1,389,433</u>	<u>\$ 397,000</u>	<u>\$ 2,995,012</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2022**

**Note 8 - Compensated Absences:**

Sick Leave

In recognition of service rendered and accumulated sick leave which was unused, the separability pay shall be paid to any qualifying teacher, administrator, or classified employee under the following conditions:

Reduction in Force and Voluntary Separation

A teacher with ten or more years continuous employment shall be paid a stipend calculated as a percentage of the teacher's current daily rate of pay times the number of days accumulated, unused sick leave. The percentage used in the calculation shall equal the number of years of completed service not to exceed 20%.

Retirement

Any teacher with ten or more years continuous employment and is retiring through KPERS shall be paid a stipend calculated as a percentage of the teacher's current daily rate of pay times the number of days accumulated, unused sick leave. The percentage used in the calculation shall equal the number of years completed service, not to exceed 35%.

All separation stipends shall be subject to payroll taxes and will not apply to those whose employment is terminated for cause.

The District has employees eligible for separability pay who have accumulated a total of 1,897 unused sick leave days as of and for the year ended June 30, 2022. The estimated liability for unused sick leave at June 30, 2022, is \$75,900 of which \$50,379 is attributable to fifteen employees with twenty or more years of service who are eligible for retirement.

**Note 9- Reimbursed Expenditures:**

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

**Note 10 - Subsequent Events:**

The District has evaluated subsequent events through March 2, 2023, the date which the financial statement was available to be issued.

**REGULATORY REQUIRED  
SUPPLEMENTARY INFORMATION**



**UNIFIED SCHOOL DISTRICT NO. 407**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	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)
General Fund	\$ 7,291,476	\$ (263,065)	\$ 6,399	\$ 7,034,810	\$ 7,034,810	\$ 0
Special Purpose Funds						
Supplemental General	2,406,115	(69,135)	0	2,336,980	2,336,980	0
At Risk (K-12)	1,217,789	0	0	1,217,789	1,210,349	(7,440)
Bilingual Education	10,417	0	0	10,417	0	(10,417)
Capital Outlay	1,850,000	0	0	1,850,000	824,595	(1,025,405)
Driver Training	25,000	0	0	25,000	6,273	(18,727)
Food Service	825,000	0	0	825,000	729,855	(95,145)
Professional Development	25,000	0	0	25,000	6,592	(18,408)
Special Education	1,748,000	0	0	1,748,000	1,504,817	(243,183)
Career and Postsecondary Education	368,204	0	0	368,204	366,702	(1,502)
KPERS Special Retirement						
Contribution	1,043,425	0	0	1,043,425	940,099	(103,326)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2,164,371	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	39,327	XXXXXXXXXX
Special Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	293,077	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	21,873	XXXXXXXXXX
Textbook & Student Material						
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	40,219	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	253,763	XXXXXXXXXX
	<u>\$ 16,810,426</u>	<u>\$ (332,200)</u>	<u>\$ 6,399</u>	<u>\$ 16,484,625</u>	<u>\$ 17,773,702</u>	<u>\$ (1,523,553)</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 5,663	\$ 6,399	\$ 0	\$ 6,399
State Sources	<u>7,002,449</u>	<u>7,028,411</u>	<u>7,291,476</u>	<u>(263,065)</u>
	<u>7,008,112</u>	<u>7,034,810</u>	<u>\$ 7,291,476</u>	<u>\$ (256,666)</u>
Expenditures				
Instruction	3,402,834	3,010,319	\$ 3,416,719	\$ (406,400)
Student Support Services	154,545	105,219	137,000	(31,781)
Instructional Support Staff	72,264	76,794	68,000	8,794
General Administration	230,770	248,929	179,064	69,865
School Administration	454,492	517,003	437,000	80,003
Central Services	293,732	287,455	260,000	27,455
Operations & Maintenance	804,316	667,746	706,000	(38,254)
Student Transportation Services	131,952	40,965	107,833	(66,868)
Transfers	1,463,207	2,080,380	1,979,860	100,520
Adjustment to Comply with Legal Max	0	0	(263,065)	263,065
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>6,399</u>	<u>(6,399)</u>
	<u>7,008,112</u>	<u>7,034,810</u>	<u>\$ 7,034,810</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 1,215,125	\$ 1,288,809	\$ 1,074,853	\$ 213,956
County Sources	156,881	148,051	141,628	6,423
State Sources	879,616	930,819	958,356	(27,537)
	<u>2,251,622</u>	<u>2,367,679</u>	<u>\$ 2,174,837</u>	<u>\$ 192,842</u>
Expenditures				
Instruction	352,897	426,220	\$ 652,943	\$ (226,723)
Student Support Services	20,149	23,587	280,793	(257,206)
Instructional Support Staff	5,299	1,292	8,000	(6,708)
General Administration	208,747	223,355	220,313	3,042
School Administration	58,162	73,254	42,000	31,254
Central Services	114,365	71,648	80,000	(8,352)
Operations & Maintenance	253,986	397,392	408,923	(11,531)
Student Transportation Services	41,621	205,600	20,000	185,600
Transfers	1,273,032	914,632	693,143	221,489
Adjustment to Comply with Legal Max	<u>0</u>	<u>0</u>	<u>(69,135)</u>	<u>69,135</u>
	<u>2,328,258</u>	<u>2,336,980</u>	<u>\$ 2,336,980</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(76,636)	30,699		
Unencumbered Cash, Beginning	129,322	55,835		
Prior Year Canceled Encumbrances	<u>3,149</u>	<u>660</u>		
Unencumbered Cash, Ending	<u>\$ 55,835</u>	<u>\$ 87,194</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>At Risk (K-12) Fund</u>	<u>Current Year</u>			<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers	<u>\$ 1,041,180</u>	<u>\$ 1,192,656</u>	<u>\$ 1,217,789</u>	<u>\$ (25,133)</u>
	<u>1,041,180</u>	<u>1,192,656</u>	<u>\$ 1,217,789</u>	<u>\$ (25,133)</u>
Expenditures				
Instruction	664,936	850,719	\$ 655,342	\$ 195,377
Student Support Services	199,568	283,084	197,000	86,084
Instructional Support Staff	1,075	11,270	64,780	(53,510)
School Administration	182,222	65,276	166,207	(100,931)
Operations & Maintenance	0	0	89,460	(89,460)
Other Support Services	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>(45,000)</u>
	<u>1,047,801</u>	<u>1,210,349</u>	<u>\$ 1,217,789</u>	<u>\$ (7,440)</u>
Receipts Over (Under) Expenditures	(6,621)	(17,693)		
Unencumbered Cash, Beginning	24,314	17,693		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 17,693</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Bilingual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers	\$ 1,424	\$ 2,143	\$ 8,643	\$ (6,500)
	<u>1,424</u>	<u>2,143</u>	<u>\$ 8,643</u>	<u>\$ (6,500)</u>
Expenditures				
Instructional Support Staff	0	0	\$ 10,417	\$ (10,417)
	<u>0</u>	<u>0</u>	<u>\$ 10,417</u>	<u>\$ (10,417)</u>
Receipts Over (Under) Expenditures	1,424	2,143		
Unencumbered Cash, Beginning	0	1,424		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,424</u>	<u>\$ 3,567</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Capital Outlay Fund</u>	<u>Current Year</u>		<u>Variance -</u> <u>Over (Under)</u>
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Cash Receipts			
Local Sources	\$ 540,496	\$ 1,028,983      \$ 459,917	\$ 569,066
County Sources	63,815	63,635      60,766	2,869
State Sources	114,377	166,970      169,765	(2,795)
Transfers	95,426	0      76,708	(76,708)
	<u>814,114</u>	<u>1,259,588</u> <u>\$ 767,156</u>	<u>\$ 492,432</u>
Expenditures			
Instruction	96,060	114,315      \$ 50,000	\$ 64,315
Student Support Services	11,394	0      0	0
General Administration	0	280      0	280
School Administration	15,333	0      50,000	(50,000)
Central Services	94,928	2,812      0	2,812
Operations & Maintenance	515,407	707,188      1,750,000	(1,042,812)
Transportation	82,399	0      0	0
	<u>815,521</u>	<u>824,595</u> <u>\$ 1,850,000</u>	<u>\$ (1,025,405)</u>
Receipts Over (Under) Expenditures	(1,407)	434,993	
Unencumbered Cash, Beginning	836,802	842,686	
Prior Year Canceled Encumbrances	<u>7,291</u>	<u>790</u>	
Unencumbered Cash, Ending	<u>\$ 842,686</u>	<u>\$ 1,278,469</u>	

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 7,440	\$ 5,301	\$ 0	\$ 5,301
State Sources	2,652	3,782	3,840	(58)
	<u>10,092</u>	<u>9,083</u>	<u>\$ 3,840</u>	<u>\$ 5,243</u>
Expenditures				
Instruction	<u>14,178</u>	<u>6,273</u>	<u>\$ 25,000</u>	<u>\$ (18,727)</u>
	<u>14,178</u>	<u>6,273</u>	<u>\$ 25,000</u>	<u>\$ (18,727)</u>
Receipts Over (Under) Expenditures	(4,086)	2,810		
Unencumbered Cash, Beginning	25,307	21,221		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 21,221</u>	<u>\$ 24,031</u>		



**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Food Service Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 23,325	\$ 21,061	\$ 19,231	\$ 1,830
State Sources	5,867	3,697	3,562	135
Federal Sources	612,711	597,206	629,132	(31,926)
Transfers	70,000	13,780	0	13,780
	<u>711,903</u>	<u>635,744</u>	<u>\$ 651,925</u>	<u>\$ (16,181)</u>
Expenditures				
Operations & Maintenance	6,785	23,005	\$ 0	\$ 23,005
Food Service Operation	648,033	706,850	825,000	(118,150)
	<u>654,818</u>	<u>729,855</u>	<u>\$ 825,000</u>	<u>\$ (95,145)</u>
Receipts Over (Under) Expenditures	57,085	(94,111)		
Unencumbered Cash, Beginning	119,666	176,751		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 176,751</u>	<u>\$ 82,640</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Professional Development Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
State Sources	\$ 1,485	\$ 0	\$ 0	\$ 0
	<u>1,485</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instructional Support Staff	24,648	6,592	\$ 25,000	\$ (18,408)
Central Services	<u>470</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>25,118</u>	<u>6,592</u>	<u>\$ 25,000</u>	<u>\$ (18,408)</u>
Receipts Over (Under) Expenditures	(23,633)	(6,592)		
Unencumbered Cash, Beginning	49,614	25,981		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 25,981</u>	<u>\$ 19,389</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>Special Education Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 17,244	\$ 43,563	\$ 0	\$ 43,563
Federal Sources	68,840	67,204	268,839	(201,635)
Transfers	<u>1,260,209</u>	<u>1,389,433</u>	<u>1,125,863</u>	<u>263,570</u>
	<u>1,346,293</u>	<u>1,500,200</u>	<u>\$ 1,394,702</u>	<u>\$ 105,498</u>
Expenditures				
Instruction	912,100	926,653	\$ 1,274,000	\$ (347,347)
Student Support Services	402,445	392,897	321,000	71,897
School Administration	171,175	185,267	153,000	32,267
Student Transportation	<u>33</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,485,753</u>	<u>1,504,817</u>	<u>\$ 1,748,000</u>	<u>\$ (243,183)</u>
Receipts Over (Under) Expenditures	(139,460)	(4,617)		
Unencumbered Cash, Beginning	438,607	299,311		
Prior Year Canceled Encumbrances	<u>164</u>	<u>150</u>		
Unencumbered Cash, Ending	<u>\$ 299,311</u>	<u>\$ 294,844</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

Career and Postsecondary Education Fund	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 0	\$ 120,000	\$ (120,000)
Federal Sources	585	2,229	0	2,229
Transfers	268,000	397,000	244,000	153,000
	<u>268,585</u>	<u>399,229</u>	<u>\$ 364,000</u>	<u>\$ 35,229</u>
Expenditures				
Instruction	304,631	366,702	\$ 368,204	\$ (1,502)
	<u>304,631</u>	<u>366,702</u>	<u>\$ 368,204</u>	<u>\$ (1,502)</u>
Receipts Over (Under) Expenditures	(36,046)	32,527		
Unencumbered Cash, Beginning	39,937	4,047		
Prior Year Canceled Encumbrances	<u>156</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 4,047</u>	<u>\$ 36,574</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH 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)**

<u>KPERS Special Retirement</u> <u>Contribution Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
State Sources	\$ 894,875	\$ 940,099	\$ 1,043,425	\$ (103,326)
	<u>894,875</u>	<u>940,099</u>	<u>\$ 1,043,425</u>	<u>\$ (103,326)</u>
Expenditures				
Instruction	590,993	620,861	\$ 664,129	\$ (43,268)
Student Support Services	61,997	65,132	72,331	(7,199)
Instructional Support Staff	5,591	5,873	5,891	(18)
General Administration	41,291	43,378	65,478	(22,100)
School Administration	69,932	73,466	71,157	2,309
Central Services	20,166	21,185	34,568	(13,383)
Operations & Maintenance	56,972	59,850	58,675	1,175
Student Transportation Services	15,175	15,941	32,432	(16,491)
Food Service Operation	32,758	34,413	38,764	(4,351)
	<u>894,875</u>	<u>940,099</u>	<u>\$ 1,043,425</u>	<u>\$ (103,326)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

<u>Federal Funds</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	<u>\$ 891,499</u>	<u>\$ 1,246,463</u>
	<u>891,499</u>	<u>1,246,463</u>
Expenditures		
Instruction	653,807	588,535
Student Support Services	10,470	37,126
Instructional Support Staff	48,703	66,444
General Administration	6,631	13,248
School Administration	7,383	13,759
Central Services	3,139	0
Operations & Maintenance	15,337	1,443,816
Student Transportation Serv	3,652	1,443
Food Service	<u>8,566</u>	<u>0</u>
	<u>757,688</u>	<u>2,164,371</u>
Receipts Over (Under) Expenditures	133,811	(917,908)
Unencumbered Cash, Beginning	(214,372)	(80,561)
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ (80,561)</u>	<u>\$ (998,469)</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 28,161	\$ 35,168
	<u>28,161</u>	<u>35,168</u>
Expenditures		
Instruction	<u>30,913</u>	<u>39,327</u>
	<u>30,913</u>	<u>39,327</u>
Receipts Over (Under) Expenditures	(2,752)	(4,159)
Unencumbered Cash, Beginning	45,639	43,323
Prior Year Canceled Encumbrances	<u>436</u>	<u>41</u>
Unencumbered Cash, Ending	<u>\$ 43,323</u>	<u>\$ 39,205</u>



**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

Special Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 2,033	\$ 2,049
	<u>2,033</u>	<u>2,049</u>
Expenditures		
Health Care Services	<u>0</u>	<u>293,077</u>
	<u>0</u>	<u>293,077</u>
Receipts Over (Under) Expenditures	2,033	(291,028)
Unencumbered Cash, Beginning	1,292,164	1,294,197
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,294,197</u>	<u>\$ 1,003,169</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
General Administration	0	9,550
Central Services	68,482	0
Operations & Maintenance	200,000	12,323
Student Transportation Serv	159,320	0
	<u>427,802</u>	<u>21,873</u>
Receipts Over (Under) Expenditures	(427,802)	(21,873)
Unencumbered Cash, Beginning	923,692	495,890
Prior Year Canceled Encumbrances	<u>0</u>	<u>536</u>
Unencumbered Cash, Ending	<u>\$ 495,890</u>	<u>\$ 474,553</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)**

Textbook & Student Material Revolving Fund			
		Prior Year Actual	Current Year Actual
Cash Receipts			
Local Sources		\$ 52,385	\$ 55,534
		<u>52,385</u>	<u>55,534</u>
Expenditures			
Instruction		86,295	40,219
		<u>86,295</u>	<u>40,219</u>
Receipts Over (Under) Expenditures		(33,910)	15,315
Unencumbered Cash, Beginning		81,569	47,659
Prior Year Canceled Encumbrances		<u>0</u>	<u>0</u>
Unencumbered Cash, Ending		<u>\$ 47,659</u>	<u>\$ 62,974</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**AGENCY FUNDS**  
**SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>Russell High School</b>				
Library Fund	\$ 144	\$ 0	\$ 0	\$ 144
Athletic Training Fund	283	0	0	283
Art Classes Fund	490	658	839	309
Band Account Fund	218	281	489	10
Scholars' Bowl Fund	1,472	0	323	1,149
Spanish Account Fund	1	0	0	1
Rusty WMS Memorial Fund	3,253	0	1,097	2,156
SADD Fund	145	0	0	145
Kay Club Fund	269	0	0	269
Letterman's Club Fund	82	0	0	82
Open-1 Fund	372	825	638	559
Explorers Club Fund	818	0	0	818
Counselor's Acc't Fund	292	0	0	292
Student Council Fund	4,889	2,338	1,581	5,646
Vocal Music Fund	1,151	915	561	1,505
Key Club	533	0	0	533
e-Sports Club Fund	82	0	0	82
FACS Fund	155	1,495	1,264	386
RHS Class of 2025	2,292	880	2,472	700
RHS Class of 2024	380	480	167	693
RHS Class of 2023	579	5,931	5,321	1,189
RHS Class of 2026	2,241	1,385	1,302	2,324
	<u>20,141</u>	<u>15,188</u>	<u>16,054</u>	<u>19,275</u>
<b>Ruppenthal Middle School</b>				
Bronco Pride	3,197	310	427	3,080
STUCO	1,395	1,184	694	1,885
	<u>4,592</u>	<u>1,494</u>	<u>1,121</u>	<u>4,965</u>
<b>Other</b>				
Payroll Clearing	50,937	21,500	65,154	7,283
	<u>50,937</u>	<u>21,500</u>	<u>65,154</u>	<u>7,283</u>
<b>Total Agency Funds</b>	<u>\$ 75,670</u>	<u>\$ 38,182</u>	<u>\$ 82,329</u>	<u>\$ 31,523</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**DISTRICT ACTIVITY FUNDS**  
**SCHEDULE OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning	Prior Year			Ending	Add		
	Unencumbered	Canceled	Cash Receipts	Expenditures	Unencumbered	Encumbrances	and Accounts	Ending Cash
	Cash Balance	Encumbrances			Cash Balance	Payable		Balance
Russell High School								
Athletics Fund Bal	\$ 10,332	\$ 0	\$ 19,695	\$ 11,155	\$ 18,872	\$ 0	\$ 18,872	
Athletics Clothing Fund	706	0	275	596	385	0	385	
Gate Receipts Fund	6,942	0	22,180	18,920	10,202	0	10,202	
Tournaments Fund	5,004	0	21,777	18,186	8,595	0	8,595	
Entry Fees Fund	1,423	0	4,590	4,318	1,695	0	1,695	
Football Fund	3,506	0	22,438	21,435	4,509	0	4,509	
Volleyball Fund	800	0	5,848	4,067	2,581	0	2,581	
Girls Tennis Fund	2,100	0	0	0	2,100	0	2,100	
Cross Country Fund	894	0	446	219	1,121	0	1,121	
Girls Golf Fund	2,738	0	657	1,535	1,860	0	1,860	
Boys Basketball Fund	6,058	0	4,182	8,073	2,167	0	2,167	
Girls Basketball Fund	3,520	0	2,658	669	5,509	0	5,509	
Wrestling Fund	2,948	0	1,312	2,424	1,836	0	1,836	
Boys and Girls Track Fund	9,693	0	1,675	2,560	8,808	0	8,808	
Baseball Fund	3,041	0	4,130	4,919	2,252	0	2,252	
Softball Fund	1,147	0	2,412	1,448	2,111	0	2,111	
Boys Tennis Fund	2,726	0	0	0	2,726	0	2,726	
Boys Golf Fund	298	0	931	1,080	149	0	149	
Drama Club Fund	349	0	0	0	349	0	349	
Faculty Fund	84	0	530	583	31	0	31	
Nat'l BSNS Honor Society Fund	1,085	0	190	351	924	0	924	
Electric Car Fund	494	0	0	0	494	0	494	
Power Lifting Fund	1,527	0	769	678	1,618	0	1,618	
	67,415	0	116,695	103,216	80,894	0	80,894	

**UNIFIED SCHOOL DISTRICT NO. 407**  
**DISTRICT ACTIVITY FUNDS**  
**SCHEDULE OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Russell High School (Continued)							
Bronco Media Fund	906	0	0	204	702	0	702
RHS Bronco Store Fund	416	0	0	0	416	0	416
FB Meals, T-shirts, Ins. Fund	47	0	0	0	47	0	47
Bldg Fund	2,884	0	2,784	2,810	2,858	0	2,858
Scholarship Fund	13,674	0	3,490	11,800	5,364	0	5,364
Natural Helper Fund	46	0	0	0	46	0	46
School Pictures (Class of '54) Fund	569	0	0	0	569	0	569
S A F E Fund	1,222	0	0	0	1,222	0	1,222
All School Play Fund	4,310	0	5,430	5,069	4,671	0	4,671
Cheerleaders Fund	1,200	0	6,363	6,812	751	0	751
Dance Fund	497	0	8,520	7,262	1,755	0	1,755
Spirit Clinic Fund	126	0	0	126	0	0	0
Concessions Fund	10,567	0	26,593	19,045	18,115	0	18,115
Regional Music Fund	25	0	0	0	25	0	25
Project Management Fund	1,268	0	0	0	1,268	0	1,268
Theater - ITS Fund	100	0	0	0	100	0	100
FFA Fund	6,564	0	36,135	36,242	6,457	0	6,457
Holocaust Class Fund	5	0	1,948	1,953	0	0	0
Woodshop Fund	3,523	0	7,327	3,107	7,743	0	7,743
VOC Ag Fund	3,483	0	2,161	1,020	4,624	0	4,624
Yearbook/Journalism Fund	1,673	0	6,074	4,527	3,220	0	3,220
RHS Honor Society	26	0	450	465	11	0	11
FCCLA	0	0	183	0	183	0	183
Touchstone Fund (Russell Wear)	453	0	0	0	453	0	453
	<u>120,999</u>	<u>0</u>	<u>224,153</u>	<u>203,658</u>	<u>141,494</u>	<u>0</u>	<u>141,494</u>

**UNIFIED SCHOOL DISTRICT NO. 407  
DISTRICT ACTIVITY FUNDS  
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning	Prior Year	Cash Receipts	Expenditures	Ending	Add	Ending Cash
	Unencumbered	Canceled			Unencumbered	Encumbrances	
	Cash Balance	Encumbrances			Cash Balance	and Accounts Payable	Balance
Ruppenthal Middle School							
Library Fund	441	0	775	901	315	0	315
Building Fund	2,734	0	88	0	2,822	0	2,822
Weight Room Fund	180	0	0	0	180	0	180
Classroom Instructional Fund	440	0	0	15	425	0	425
Ala Carte Fund	48	0	0	0	48	0	48
Kitchen Fund	148	0	0	0	148	0	148
Box Tops Fund	676	0	29	0	705	0	705
Art Fund	3,282	0	2,274	1,469	4,087	0	4,087
Bsns and Computer Ed Fund	953	0	0	0	953	0	953
Music Fund	5,711	0	0	673	5,038	0	5,038
Technology Fund	6,139	0	960	764	6,335	0	6,335
Technology in the Classroom Fund	0	0	4,274	4,274	0	0	0
FACS Fund	2,416	0	750	1,262	1,904	0	1,904
Math(Online) Enrichmnt Prgm Fund	100	0	0	0	100	0	100
Yearbook Fund	10	0	75	0	85	0	85
Gifts Fund	4,437	0	2,652	2,674	4,415	0	4,415
Band Gifts Fund	1,170	0	0	0	1,170	0	1,170
McDonald's Grant Fund	51	0	0	60	(9)	0	(9)
MTSS Fund	598	0	120	0	718	0	718
Counts After School Prgm Fund	4,068	0	0	1,265	2,803	0	2,803
	33,602	0	11,997	13,357	32,242	0	32,242



**UNIFIED SCHOOL DISTRICT NO. 407**  
**DISTRICT ACTIVITY FUNDS**  
**SCHEDULE OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Ruppenthal Middle School (Continued)							
Field Trips Fund	174	0	383	420	137	0	137
Bronco Brigade Fund	148	0	0	0	148	0	148
Builders Club Fund	130	0	0	0	130	0	130
Musicfest Fund	526	0	0	0	526	0	526
Owls Fund	2,643	0	0	0	2,643	0	2,643
Principal's Adv. Council Fund	1,176	0	138	512	802	0	802
Quiz Bowl Fund	2,419	0	0	525	1,894	0	1,894
Science Olympiad Fund	1,211	0	79	208	1,082	0	1,082
Student Activity Fund	4,573	0	1,034	233	5,374	0	5,374
Athletics-AD Fund	12,537	0	21,758	9,034	25,261	0	25,261
Boys Basketball Fund	2,008	0	15	0	2,023	0	2,023
Girls Basketball Fund	169	0	135	0	304	0	304
Cheerleading Fund	2,348	0	150	162	2,336	0	2,336
Football Fund	4,326	0	15	1,101	3,240	0	3,240
Track Fund	2,004	0	60	250	1,814	0	1,814
Volleyball Fund	1,350	0	507	1,020	837	0	837
Wrestling Fund	2,988	0	40	0	3,028	0	3,028
Concessions Fund	1,584	0	2,794	2,925	1,453	0	1,453
Gates and Receipts Fund	3,506	0	6,872	5,647	4,731	0	4,731
	<u>79,422</u>	<u>0</u>	<u>45,977</u>	<u>35,394</u>	<u>90,005</u>	<u>0</u>	<u>90,005</u>

**UNIFIED SCHOOL DISTRICT NO. 407**  
**DISTRICT ACTIVITY FUNDS**  
**SCHEDULE OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Bickerdyke Elementary							
Pictures	2,214	0	263	840	1,637	0	1,637
Library	997	0	2,632	2,136	1,493	0	1,493
B. Bunch	(110)	0	580	470	0	0	0
OWLS	996	0	1,500	102	2,394	0	2,394
Donations/Grants	5,930	0	10,472	2,116	14,286	0	14,286
	<u>10,027</u>	<u>0</u>	<u>15,447</u>	<u>5,664</u>	<u>19,810</u>	<u>0</u>	<u>19,810</u>
Simpson Elementary							
Pictures - Simpson	2,142	0	105	162	2,085	0	2,085
School Supplies	207	0	0	0	207	0	207
Building Fund	1,182	0	0	492	690	0	690
Donations/Grants	9,067	0	12,166	7,275	13,958	0	13,958
Tutoring Supplies	944	0	0	0	944	0	944
Library - Simpson	875	0	188	518	545	0	545
Art Fund	99	0	0	0	99	0	99
School Activities	277	0	0	0	277	0	277
	<u>14,793</u>	<u>0</u>	<u>12,459</u>	<u>8,447</u>	<u>18,805</u>	<u>0</u>	<u>18,805</u>
Scholarships	<u>7,151</u>	<u>0</u>	<u>834</u>	<u>600</u>	<u>7,385</u>	<u>0</u>	<u>7,385</u>
	<u>7,151</u>	<u>0</u>	<u>834</u>	<u>600</u>	<u>7,385</u>	<u>0</u>	<u>7,385</u>
Total District Activity Funds	<u>\$ 232,392</u>	<u>\$ 0</u>	<u>\$ 298,870</u>	<u>\$ 253,763</u>	<u>\$ 277,499</u>	<u>\$ 0</u>	<u>\$ 277,499</u>

## **FEDERAL AWARD INFORMATION**



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

**Board of Education  
Unified School District No. 407  
Russell, Kansas**

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 **Unified School District No. 407, Russell, Kansas**, as of and for the year ended **June 30, 2022**, and the related notes to the financial statement, which collectively comprise **Unified School District No. 407, Russell, Kansas'** basic financial statement, and have issued our report thereon dated March 2, 2023. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered **Unified School District No. 407, Russell, Kansas'** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 407, Russell, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 407, Russell, Kansas'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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.

**Board of Education  
Unified School District No. 407**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Unified School District No. 407, Russell, Kansas**' financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

**BFR CPA, LLC**

BFR CPA, LLC  
March 2, 2023



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

**Board of Education  
Unified School District No. 407  
Russell, Kansas**

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited **Unified School District No. 407, Russell, Kansas'** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 407, Russell, Kansas'** major federal programs for the year ended **June 30, 2022**. **Unified School District No. 407, Russell, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Unified School District No. 407, Russell, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended **June 30, 2022**.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of **Unified School District No. 407, Russell, Kansas** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Unified School District No. 407, Russell, Kansas'** compliance with the compliance requirements referred to above.

**Board of Education  
Unified School District No. 407**

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **Unified School District No. 407, Russell, Kansas'** major federal programs.

**Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **Unified School District No. 407, Russell, Kansas'** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Unified School District No. 407, Russell, Kansas'** compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Unified School District No. 407, Russell, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Unified School District No. 407, Russell, Kansas'** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 407, Russell, Kansas'** internal control over compliance. Accordingly, no such opinion is expressed.

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

**Board of Education  
Unified School District No. 407**

**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a major 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 major 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 major 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weakness or significant deficiencies in internal control over compliance may exist that were not identified.

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

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**BFR CPA, LLC**

BFR CPA, LLC  
March 2, 2023



**UNIFIED SCHOOL DISTRICT NO. 407**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Grant Title	Assistance Listing Number	Program Amount	Unencumbered Cash 7/1/2021	Receipts	Expenditures	Unencumbered Cash 6/30/2022
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
School Breakfast Program	10.553	\$ 91,104	\$ 0	\$ 91,104	\$ 91,104	\$ 0
National School Lunch Program	10.555	399,395	0	399,395	399,395	0
Summer Food Service Program for Children	10.559	106,093	0	106,093	106,093	0
		<u>596,592</u>	<u>0</u>	<u>596,592</u>	<u>596,592</u>	<u>0</u>
State Pandemic Electronic Benefit Transfer Administrative Costs Grants	10.649	614	0	614	614	0
		<u>597,206</u>	<u>0</u>	<u>597,206</u>	<u>597,206</u>	<u>0</u>
Department of Education						
Special Education Cluster (IDEA)-Cluster						
Special Education - Grants to States	84.027	266,035	(3,240)	269,275	266,035	0
Special Education - Preschool Grants	84.173	8,750	0	8,750	8,750	0
		<u>274,785</u>	<u>(3,240)</u>	<u>278,025</u>	<u>274,785</u>	<u>0</u>
Title I Grants to Local Educational Agencies	84.010	189,475	(257)	179,086	189,475	(10,646)
Career and Technical Education - Basic Grants to States	84.048	2,229	0	2,229	2,229	0
Twenty-First Century Community Learning Centers	84.287	90,979	0	54,582	90,979	(36,397)
Supporting Effective Instruction State Grant	84.367	37,575	(9,495)	40,637	37,575	(6,433)
Student Support and Academic Enrichment Program	84.424	18,793	(5,315)	22,531	18,793	(1,577)
COVID-19 Education Stabilization Fund	84.425D	1,529,203	(62,254)	657,371	1,529,203	(934,086)
		<u>1,868,254</u>	<u>(77,321)</u>	<u>956,436</u>	<u>1,868,254</u>	<u>(989,139)</u>
Department of Health and Human Services						
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	23,561	0	14,231	23,561	(9,330)
<u>(Passes Through Kansas Department of SRS)</u>						
Department of Health and Human Services						
Medicaid Cluster-Cluster						
Medical Assistance Program	93.778	67,204	0	67,204	67,204	0
Total Federal Awards		<u>\$ 2,831,010</u>	<u>\$ (80,561)</u>	<u>\$ 1,913,102</u>	<u>\$ 2,831,010</u>	<u>\$ (998,469)</u>

The accompanying notes are an integral part of this schedule.

**UNIFIED SCHOOL DISTRICT NO. 407  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 407, Russell, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2 - Indirect Cost Rate:**

The District has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

**UNIFIED SCHOOL DISTRICT NO. 407  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Unified School District No. 407, Russell, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Unified School District No. 407, Russell, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **Unified School District No. 407, Russell, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Unified School District No. 407, Russell, Kansas**.
7. The program tested as a major program was:  
  
COVID-19 Education Stabilization Fund                      84.425D
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Unified School District No. 407, Russell, Kansas**, was determined not to be a low-risk auditee.

**UNIFIED SCHOOL DISTRICT NO. 407  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

There are no prior audit findings.