

UNIFIED SCHOOL DISTRICT NO. 107

Mankato, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2022

MAPES & MILLER
Certified Public Accountants
Phillipsburg, Kansas

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas
June 30, 2022

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Janet Higer - Clerk

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UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

For the Year Ended June 30, 2022

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UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 107
Mankato, Kansas 66956

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 107, Mankato, Kansas, a Municipality, 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 Unified School District No. 107, Mankato, Kansas 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 Unified School District No. 107, Mankato, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Unified School District No. 107, Mankato, 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.

Matter Giving Rise to 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 Unified School District No. 107, Mankato, 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 reasonable determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the presentation 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 the Unified School District No. 107, Mankato, 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.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional 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. 107, Mankato, 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. 107, Mankato, 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, summary of regulatory basis receipts and disbursements – agency funds, schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds, and schedule of regulatory basis receipts and disbursements – student activity funds (Schedules 1, 2, 3, 4, and 5 as listed in the table of contents) are presented for 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*. 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statement of Unified School District No. 107, Mankato, Kansas. 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*, are presented for purposes of additional analysis and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole on the basis of accounting described in Note 1.

Board of Education
Unified School District No. 107
February 13, 2023
Page Four

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023 on our consideration of the Unified School District No. 107'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 Unified School District No. 107'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 Unified School District No. 107's internal control over financial reporting and compliance.

Respectfully submitted,
Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
February 13, 2023

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For The Year Ended June 30, 2022

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General Fund	\$ -	\$ -	\$ 3,408,245	\$ 3,408,245	\$ -	\$ 178,758	\$ 178,758
Supplemental General Fund	80,957	10	1,021,702	1,028,900	73,769	31,089	104,858
Special Purpose Funds							
Preschool-Aged At Risk Fund	47,134	-	66,611	73,744	40,001	6,187	46,188
At Risk Fund (K-12)	72,766	-	707,097	670,567	109,296	82,201	191,497
Capital Outlay Fund	2,193,082	-	363,205	513,879	2,042,408	51,405	2,093,813
Driver Training Fund	13,041	-	5,866	13,409	5,498	-	5,498
Food Service Fund	34,311	-	337,842	279,449	92,704	-	92,704
Professional Development Fund	2,750	-	4,426	3,176	4,000	100	4,100
Summer School Fund	1,236	-	5,000	-	6,236	-	6,236
Special Education Fund	104,058	-	813,089	743,670	173,477	-	173,477
Career & Postsecondary Education Fund	58,713	-	170,847	179,558	50,002	32,769	82,771
Gifts & Grants Fund	3,481	-	6,150	3,011	6,620	2,500	9,120
KPERs Special Retirement Contribution Fund	-	-	335,905	335,905	-	-	-
Contingency Reserve Fund	261,598	-	82,000	53,202	290,396	-	290,396
Textbook & Student Material Revolving Fund	10,565	94	23,320	28,976	5,003	154	5,157
District Activity Funds	18,481	-	43,730	41,951	20,260	-	20,260
Federal Funds	(32,423)	-	229,157	698,884	(502,150) *	89,102	(413,048)
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,869,750</u>	<u>\$ 104</u>	<u>\$ 7,624,192</u>	<u>\$ 8,076,526</u>	<u>\$ 2,417,520</u>	<u>\$ 474,265</u>	<u>\$ 2,891,785</u>

* See Note 3 Cash Basis Exception

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

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Statement 1
(Cont.)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For The Year Ended June 30, 2022

COMPOSITION OF CASH

Cash on Hand	\$ 30
Central National Bank	
Checking	250
State Exchange Bank	
NOW Account	2,939,746
Checking Account	<u>1,300</u>
Total Cash	2,941,326
Agency Funds per Schedule 3	<u>(49,541)</u>
Total Reporting Entity (Excluding Agency Funds)	<u><u>\$ 2,891,785</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

NOTES TO THE FINANCIAL STATEMENT
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Unified School District No. 107, Mankato, Kansas is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 107, a Municipality.

B. REGULATORY BASIS FUND TYPES

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 in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities for the District for the year ended June 30, 2022.

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 regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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

**C. REGULATORY BASIS OF ACCOUNTING AND DEPARTURE FROM ACCOUNTING
PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

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

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

D. 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), Bond and Interest Funds, and Business 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 on or before August 5th of the proposed budget and notice of public hearing on the budget.
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 municipality held a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The District had one budget amendment for the year ended June 30, 2022 in the General Fund.

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 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:

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

2. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Compliance With Kansas Statutes

A. The District is not aware of any non-compliance with Kansas statutes.

3. CASH BASIS EXCEPTION

Kansas municipalities are subject to the cash basis law as stated in Kansas Statute 10-1113. The federal funds have a negative unencumbered cash balance at June 30, 2022, which is allowable under K.S.A. 12-1664. These funds will be reimbursed in the following fiscal year from federal grant programs as follows:

Federal Fund	Unencumbered	Grant Award
	Cash	Available for Drawdown
Title I	(16,093)	16,093
ELC	(327,280)	340,825
ESSER II	(43,091)	183,696
ESSER III	(115,860)	638,147

4. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds 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 not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured on June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was \$2,941,296 and the bank balance was \$3,110,060. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance \$250,750 was covered by federal depository insurance, and the remaining \$2,859,310 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

5. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Preschool-Aged At Risk Fund	K.S.A. 72-5167	\$ 20,000
General Fund	At Risk Fund (K-12)	K.S.A. 72-5167	332,070
General Fund	Food Service Fund	K.S.A. 72-5167	19,376
General Fund	Professional Development Fund	K.S.A. 72-5167	4,000
General Fund	Summer School Fund	K.S.A. 72-5167	5,000
General Fund	Special Education Fund	K.S.A. 72-5167	588,034
General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5167	25,000
General Fund	Contingency Reserve Fund	K.S.A. 72-5167	28,798
Supplemental General Fund	Preschool-Aged At Risk Fund	K.S.A. 72-5143	46,611
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-5143	375,027
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	426
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	203,789
Supplemental General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5143	139,590
Supplemental General Fund	Textbook & Student Material Revolving Fund	K.S.A. 72-5143	23,320

6. 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 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

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

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

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

The State of Kansas is required to contribute the statutory required employer's share, except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$335,905 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 \$2,518,684. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) 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 these financial statements.

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.

(b) Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2022.

(c) Compensated Absences

Vacation and Sick Leave

The District has formal sick leave, vacation, bereavement leave and personal leave policies. Certified and classified employees receive ten days of sick leave each year and can accumulate a maximum of seventy-five sick leave days. Sick leave is not paid upon termination of employment. Certified and Classified employees receive five bereavement days each year. Certified employees and any classified staff that is not on a twelve month contract also receives four personal days each year. Any classified employee that is on a twelve month contract can earn vacation leave based on their hours worked. Classified employees with up to seven years of service can earn up to eight days of vacation leave and may accumulate a maximum of eighty hours; and after seven years of service, a classified employee may earn up to ten days of vacation leave and may accumulate up to 120 hours of accrued pay.

8. RISK MANAGEMENT

The District participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

The Unified School District No. 107 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks.

During the year ended June 30, 2022, the District did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

9. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$157,113 subsequent to June 30, 2022 and as required by K.S.A. 72-5135(d) the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

10. 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. Future potential impacts may include a decrease in certain revenues, reduced customer traffic and the temporary closure of operating hours of our offices.

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.

11. SUBSEQUENT EVENTS

The District has evaluated events subsequent to year end through the date of this report, and does not believe any events through the date of this report have occurred which effect the financial statement as presented.

UNIFIED SCHOOL DISTRICT NO. 107
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2022

FUNDS	Certified Budget	Adjustment to Comply with Legal Max Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds						
General Fund	\$ 3,393,497	\$ (46,390)	\$ 61,138	\$ 3,408,245	\$ 3,408,245	\$ -
Supplemental General Fund	1,028,900	-	-	1,028,900	1,028,900	-
Special Revenue Funds						
Preschool-Aged At Risk Fund	124,996	-	-	124,996	73,744	(51,252)
At Risk Fund (K-12)	670,567	-	-	670,567	670,567	-
Capital Outlay Fund	2,535,563	-	-	2,535,563	513,879	(2,021,684)
Driver Training Fund	20,362	-	-	20,362	13,409	(6,953)
Food Service Fund	282,619	-	-	282,619	279,449	(3,170)
Professional Development Fund	10,570	-	-	10,570	3,176	(7,394)
Summer School Fund	1,236	-	-	1,236	-	(1,236)
Special Education Fund	851,781	-	-	851,781	743,670	(108,111)
Career & Postsecondary Education Fund	268,388	-	-	268,388	179,558	(88,830)
KPERs Special Retirement Contribution Fund	367,593	-	-	367,593	335,905	(31,688)

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

GENERAL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
State Aid	\$ 2,952,511	\$ 2,954,067	\$ (1,556)
Special Education State Aid	394,596	439,430	(44,834)
Reimbursements	57,978	-	57,978
State Aid Reimbursements	3,160	-	3,160
Total Receipts	<u>3,408,245</u>	<u>\$ 3,393,497</u>	<u>\$ 14,748</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	731,936	\$ 525,576	\$ 206,360
Noncertified	49,941	282,035	(232,094)
Employee Benefits			
Insurance	231,153	18,560	212,593
Social Security & Medicare	58,938	72,738	(13,800)
Other	12,076	9,287	2,789
Purchased Professional & Technical Services	766	450	316
Other Purchased Services			
Tuition			
Tuition/Other LEA's Outside the State	51,000	52,000	(1,000)
Other	2,756	200	2,556
Supplies			
General	14,439	83,000	(68,561)
Textbooks	-	8,117	(8,117)
Technology	1,170	11,438	(10,268)
Miscellaneous	-	3,100	(3,100)
Property	3,215	-	3,215
Other	12,633	11,500	1,133
Total Instruction	<u>1,170,023</u>	<u>1,078,001</u>	<u>92,022</u>
Student Support Services			
Purchased Professional & Technical Services	1,600	62,237	(60,637)
Supplies	413	2,500	(2,087)
Other	276	-	276
Total Student Support Services	<u>2,289</u>	<u>64,737</u>	<u>(62,448)</u>

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Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

GENERAL FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Instructional Support Staff			
Salaries			
Noncertified	\$ 17,933	\$ 30,514	\$ (12,581)
Employee Benefits			
Insurance	4,932	7,960	(3,028)
Social Security & Medicare	1,346	2,322	(976)
Other	16	30	(14)
Purchased Professional & Technical Services	39	2,521	(2,482)
Other Purchased Services	717	332	385
Supplies			
Books & Periodicals	1,283	1,000	283
Miscellaneous	30	13,648	(13,618)
Other	380	267	113
Total Instructional Support Staff	26,676	58,594	(31,918)
General Administration			
Salaries			
Certified	97,740	100,000	(2,260)
Noncertified	33,609	42,287	(8,678)
Employee Benefits			
Insurance	14,088	15,457	(1,369)
Social Security & Medicare	9,240	9,550	(310)
Other	113	118	(5)
Purchased Professional & Technical Services	8,596	-	8,596
Other Purchased Services			
Insurance	103,394	87,534	15,860
Communications	4,084	2,000	2,084
Other	15,965	22,190	(6,225)
Supplies	13,381	5,397	7,984
Property	76	400	(324)
Other	10,018	10,000	18
Total General Administration	310,304	294,933	15,371
School Administration			
Salaries			
Certified	138,837	142,500	(3,663)
Noncertified	56,850	69,785	(12,935)
Employee Benefits			
Insurance	14,387	31,425	(17,038)
Social Security & Medicare	14,854	16,798	(1,944)
Other	182	206	(24)
Other Purchased Services			
Communications	5,301	3,500	1,801
Supplies	4,959	11,000	(6,041)
Total School Administration	235,370	275,214	(39,844)

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

GENERAL FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Central Services			
Salaries			
Noncertified	\$ 33,579	\$ 37,528	\$ (3,949)
Employee Benefits			
Social Security & Medicare	2,507	2,871	(364)
Other	31	35	(4)
Other	190	-	190
Total Central Services	36,307	40,434	(4,127)
Operations & Maintenance			
Salaries			
Noncertified	111,693	141,158	(29,465)
Employee Benefits			
Insurance	18,386	24,256	(5,870)
Social Security & Medicare	8,410	10,658	(2,248)
Other	101	130	(29)
Purchased Property Services			
Water/Sewer	12,014	16,508	(4,494)
Repairs & Maintenance	139,118	130,768	8,350
Repair of Buildings	-	14,001	(14,001)
Other	-	1,500	(1,500)
Supplies			
General	2	200	(198)
Energy			
Heating	25,768	23,903	1,865
Electricity	62,646	67,000	(4,354)
Other	651	-	651
Total Operations & Maintenance	378,789	430,082	(51,293)
Supervision			
Employee Benefits			
Insurance	7,655	8,415	(760)
Other	128	200	(72)
Total Supervision	7,783	8,615	(832)

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Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

GENERAL FUND			
	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Vehicle Operating Services			
Salaries			
Noncertified	\$ 93,174	\$ 71,483	\$ 21,691
Employee Benefits			
Insurance	39,940	41,566	(1,626)
Social Security	6,866	5,468	1,398
Other	85	75	10
Other Purchased Services			
Mileage in Lieu of Trans	72	-	72
Motor Fuel	52,744	41,851	10,893
Total Vehicle Operating Services	192,881	160,443	32,438
Vehicle & Maintenance Services			
Salaries			
Noncertified	-	38,160	(38,160)
Employee Benefits			
Insurance	-	7,903	(7,903)
Social Security	-	2,920	(2,920)
Other	-	40	(40)
Purchased Professional & Technical Services	1,058	650	408
Other Purchased Services	2,294	500	1,794
Supplies	22,187	18,568	3,619
Other	6	-	6
Total Vehicle & Maintenance Services	25,545	68,741	(43,196)
Outgoing Transfers			
Preschool-Aged At Risk Fund	20,000	45,000	(25,000)
At Risk Fund (K-12)	332,070	331,773	297
Food Service Fund	19,376	-	19,376
Professional Development Fund	4,000	2,500	1,500
Summer School Fund	5,000	-	5,000
Special Education Fund	588,034	439,430	148,604
Career & Postsecondary Education Fund	25,000	60,000	(35,000)
Textbook & Student Material Revolving Fund	-	35,000	(35,000)
Contingency Reserve Fund	28,798	-	28,798
Total Outgoing Transfers	1,022,278	913,703	108,575

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Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

GENERAL FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Adjustment to Comply With Legal Max	\$ -	\$ (46,390)	\$ 46,390
Legal General Fund Budget	3,408,245	3,347,107	61,138
Adjustment for Qualifying Budget Credits			
Reimbursements	-	61,138	(61,138)
Total Expenditures	3,408,245	\$ 3,408,245	\$ -
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2021	-		
UNENCUMBERED CASH, June 30, 2022	\$ -		

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Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax In Process	\$ 40,000	\$ 45,207	\$ (5,207)
Current Tax	916,229	962,571	(46,342)
Delinquent Tax	8,147	4,696	3,451
Motor Vehicle Tax	52,972	53,193	(221)
Recreational Vehicle Tax	1,567	1,433	134
Commercial Vehicle Tax	2,787	2,760	27
Total Receipts	<u>1,021,702</u>	<u>\$ 1,069,860</u>	<u>\$ (48,158)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	82,683	\$ 77,253	\$ 5,430
Employee Benefits			
Insurance	23,963	12,931	11,032
Social Security & Medicare	6,249	5,480	769
Other	77	600	(523)
Supplies			
General	8,430	5,492	2,938
Technology	220	2,156	(1,936)
Miscellaneous	17,159	-	17,159
Other	16,683	3,341	13,342
Total Instruction	<u>155,464</u>	<u>107,253</u>	<u>48,211</u>
Student Support Services			
Salaries			
Certified	63	-	63
Total Student Support Services	<u>63</u>	<u>-</u>	<u>63</u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

SUPPLEMENTAL GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Instructional Support Staff			
Purchased Professional & Technical Services	\$ 66,111	\$ 74,154	\$ (8,043)
Total Instructional Support Staff	66,111	74,154	(8,043)
General Administration			
Salaries			
Certified	5,144	7,500	(2,356)
Employee Benefits			
Insurance	354	1,000	(646)
Social Security & Medicare	354	367	(13)
Other	4	1,800	(1,796)
Supplies	-	450	(450)
Purchased Professional & Technical Services	4,541	-	4,541
Other	-	5,387	(5,387)
Total General Administration	10,397	16,504	(6,107)
School Administration			
Salaries			
Certified	7,092	7,548	(456)
Employee Benefits			
Social Security & Medicare	538	579	(41)
Other	7	17	(10)
Total School Administration	7,637	8,144	(507)
Operations & Maintenance			
Purchased Professional & Technical Services	98	-	98
Purchased Property Services			
Repairs & Maintenance	367	27,479	(27,112)
Total Operations & Maintenance	465	27,479	(27,014)
Community Services Operations	-	748	(748)
Total Community Services Operations	-	748	(748)

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

SUPPLEMENTAL GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Outgoing Transfers			
Preschool-Aged At Risk Fund	\$ 46,611	\$ 32,861	\$ 13,750
At Risk Fund (K-12)	375,027	288,144	86,883
Professional Development Fund	426	5,300	(4,874)
Special Education Fund	203,789	320,000	(116,211)
Career & Postsecondary Education Fund	139,590	148,313	(8,723)
Textbook & Student Material Revolving Fund	23,320	-	23,320
Total Outgoing Transfers	788,763	794,618	(5,855)
Adjustment to Comply with Legal Max	-	-	-
Total Expenditures	1,028,900	\$ 1,028,900	\$ -
Receipts Over (Under) Expenditures	(7,198)		
UNENCUMBERED CASH, July 1, 2021	80,957		
Prior Year Cancelled Encumbrance	10		
UNENCUMBERED CASH, June 30, 2022	\$ 73,769		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-3

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

PRESCHOOL-AGED AT RISK FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Incoming Transfers			
General Fund	\$ 20,000	\$ 45,000	\$ (25,000)
Supplemental General Fund	46,611	32,861	13,750
Total Receipts	66,611	<u>\$ 77,861</u>	<u>\$ (11,250)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	30,885	\$ 52,000	\$ (21,115)
Noncertified	17,573	26,000	(8,427)
Employee Benefits			
Insurance	11,516	14,611	(3,095)
Social Security & Medicare	3,329	6,340	(3,011)
Other	40	70	(30)
Supplies			
General	-	500	(500)
Technology	-	2,000	(2,000)
Property	-	2,500	(2,500)
Student Transportation Services			
Salaries			
Noncertified	9,671	19,450	(9,779)
Employee Benefits	730	1,500	(770)
Other	-	25	(25)
Total Expenditures	73,744	<u>\$ 124,996</u>	<u>\$ (51,252)</u>
Receipts Over (Under) Expenditures	(7,133)		
UNENCUMBERED CASH, July 1, 2021	47,134		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 40,001</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-4

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

AT RISK FUND (K-12)			
	Actual	Budget	Variance Over (Under)
RECEIPTS			
Incoming Transfers			
General Fund	\$ 332,070	\$ 309,655	\$ 22,415
Supplemental General Fund	375,027	288,144	86,883
Total Receipts	<u>707,097</u>	<u>\$ 597,799</u>	<u>\$ 109,298</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	472,098	\$ 487,790	\$ (15,692)
Noncertified	119,732	14,928	104,804
Employee Benefits			
Insurance	33,214	65,790	(32,576)
Social Security & Medicare	44,970	14,926	30,044
Other	553	200	353
Purchased Professional & Technical Services	-	10,000	(10,000)
Supplies			
General	-	30,000	(30,000)
Other	-	6,500	(6,500)
Student Support Services			
Purchased Professional & Technical Services	-	3,000	(3,000)
Supplies	-	10,000	(10,000)
Property	-	2,500	(2,500)
Operations & Maintenance			
Repairs & Maintenance	-	13,648	(13,648)
Student Transportation Services			
Salaries			
Noncertified	<u>-</u>	<u>11,285</u>	<u>(11,285)</u>
Total Expenditures	<u>670,567</u>	<u>\$ 670,567</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	36,530		
UNENCUMBERED CASH, July 1, 2021	<u>72,766</u>		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 109,296</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

CAPITAL OUTLAY FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 7,654	\$ 8,351	\$ (697)
Current Tax	286,173	270,612	15,561
Delinquent Tax	1,075	898	177
Motor Vehicle Tax	8,056	10,170	(2,114)
Recreational Vehicle Tax	247	274	(27)
Commercial Vehicle Tax	481	527	(46)
Interest on Idle Funds	15,835	-	15,835
Other Revenue from Local Sources	43,684	-	43,684
Total Receipts	<u>363,205</u>	<u>\$ 290,832</u>	<u>\$ 72,373</u>
EXPENDITURES			
Instruction			
Property	-	\$ 15,000	\$ (15,000)
Student Support Services			
Property	11,438	10,000	1,438
Instructional Support Staff			
Property	14,848	15,000	(152)
Central Services			
Property	945	-	945
Operations & Maintenance			
Salaries			
Noncertified	90,695	-	90,695
Employee Benefits			
Insurance	14,734	-	14,734
Social Security & Medicare	6,941	-	6,941
Other	88	-	88
Purchased Property Services			
Repair of Buildings	3,243	6,000	(2,757)
Transportation			
Property	243,114	160,000	83,114
Other Support Services			
Property	-	6,000	(6,000)
Land Acquisition	65,934	2,000,000	(1,934,066)
Architectural & Engineering Services	-	55,000	(55,000)
Site Improvement	-	225,563	(225,563)
Building Improvement			
Outside Contractors	61,105	35,000	26,105
Other	794	8,000	(7,206)
Total Expenditures	<u>513,879</u>	<u>\$ 2,535,563</u>	<u>\$ (2,021,684)</u>
Receipts Over (Under) Expenditures	(150,674)		
UNENCUMBERED CASH, July 1, 2021	<u>2,193,082</u>		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 2,042,408</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-6

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

DRIVER TRAINING FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Other Revenue from Local Sources	\$ 3,304	\$ 6,000	\$ (2,696)
State Safety Aid	2,562	1,320	1,242
Total Receipts	<u>5,866</u>	<u>\$ 7,320</u>	<u>\$ (1,454)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	12,394	\$ 7,300	\$ 5,094
Employee Benefits			
Social Security & Medicare	954	560	394
Other	13	5	8
Supplies			
General	48	60	(12)
Miscellaneous	-	11,603	(11,603)
Operations & Maintenance			
Supplies			
Motor Fuel - Not School Bus	-	834	(834)
Total Expenditures	<u>13,409</u>	<u>\$ 20,362</u>	<u>\$ (6,953)</u>
Receipts Over (Under) Expenditures	(7,543)		
UNENCUMBERED CASH, July 1, 2021	<u>13,041</u>		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 5,498</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-7

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

FOOD SERVICE FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Student Lunch	\$ 36	\$ -	\$ 36
Milk	6,967	-	6,967
Adult Meals	1,019	1,860	(841)
Other Revenue from Local Sources	65	-	65
State Aid	2,140	1,920	220
Federal Aid	308,239	275,855	32,384
Incoming Transfer			
General Fund	19,376	-	19,376
	<u>337,842</u>	<u>\$ 279,635</u>	<u>\$ 58,207</u>
Total Receipts			
EXPENDITURES			
Operations & Maintenance			
Supplies			
General	-	\$ 39,000	\$ (39,000)
Food Service Operation			
Salaries			
Noncertified	81,121	75,500	5,621
Employee Benefits			
Insurance	28,053	32,750	(4,697)
Social Security & Medicare	6,060	6,200	(140)
Other	225	800	(575)
Supplies			
Food & Milk	129,101	101,934	27,167
Miscellaneous	1,236	500	736
Property	32,823	25,000	7,823
Other	830	935	(105)
	<u>279,449</u>	<u>\$ 282,619</u>	<u>\$ (3,170)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	58,393		
UNENCUMBERED CASH, July 1, 2021	<u>34,311</u>		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 92,704</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-8

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

PROFESSIONAL DEVELOPMENT FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Incoming Transfers			
General Fund	\$ 4,000	\$ 2,500	\$ 1,500
Supplemental General Fund	426	5,200	(4,774)
Total Receipts	4,426	\$ 7,700	\$ (3,274)
EXPENDITURES			
Instructional Support Staff			
Purchased Professional & Technical Services	1,329	\$ 6,000	\$ (4,671)
Other Purchased Services	1,477	3,000	(1,523)
Other	370	1,570	(1,200)
Total Expenditures	3,176	\$ 10,570	\$ (7,394)
Receipts Over (Under) Expenditures	1,250		
UNENCUMBERED CASH, July 1, 2021	2,750		
UNENCUMBERED CASH, June 30, 2022	\$ 4,000		

UNIFIED SCHOOL DISTRICT NO. 107

Mankato, Kansas

Schedule 2-9

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

For The Year Ended June 30, 2022

SUMMER SCHOOL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Incoming Transfer			
General Fund	\$ 5,000	\$ -	\$ 5,000
EXPENDITURES			
Instruction			
Salaries			
Certified	-	\$ 1,236	\$ (1,236)
Receipts Over (Under) Expenditures	5,000		
UNENCUMBERED CASH, July 1, 2021	1,236		
UNENCUMBERED CASH, June 30, 2022	\$ 6,236		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-10

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

SPECIAL EDUCATION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Medicaid	\$ 12,553	\$ -	\$ 12,553
Federal Aid	8,713	-	8,713
Incoming Transfers			
General Fund	588,034	439,430	148,604
Supplemental General Fund	<u>203,789</u>	<u>320,000</u>	<u>(116,211)</u>
Total Receipts	<u>813,089</u>	<u>\$ 759,430</u>	<u>\$ 53,659</u>
EXPENDITURES			
Instruction			
Employee Benefits			
Insurance	20,699	\$ -	\$ 20,699
Other Purchased Services			
Payment to Special Education Coop	692,319	799,237	(106,918)
Supplies			
General	-	1,000	(1,000)
Vehicle Operating Services			
Salaries			
Noncertified	23,432	22,000	1,432
Employee Benefits			
Insurance	1,217	21,466	(20,249)
Social Security & Medicare	1,761	3,993	(2,232)
Other	22	-	22
Supplies			
Motor Fuel	3,964	3,835	129
Miscellaneous	<u>256</u>	<u>250</u>	<u>6</u>
Total Expenditures	<u>743,670</u>	<u>\$ 851,781</u>	<u>\$ (108,111)</u>
Receipts Over (Under) Expenditures	69,419		
UNENCUMBERED CASH, July 1, 2021	<u>104,058</u>		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 173,477</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-11

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

CAREER & POSTSECONDARY EDUCATION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Other Revenue from Local Sources	\$ 6,257	\$ 2,000	\$ 4,257
Incoming Transfers			
General Fund	25,000	60,000	(35,000)
Supplemental General Fund	<u>139,590</u>	<u>148,313</u>	<u>(8,723)</u>
Total Receipts	<u>170,847</u>	<u>\$ 210,313</u>	<u>\$ (39,466)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	128,039	\$ 175,683	\$ (47,644)
Employee Benefits			
Insurance	24,108	27,543	(3,435)
Social Security & Medicare	9,719	13,500	(3,781)
Other	168	162	6
Purchased Professional & Technical Services	-	5,000	(5,000)
Other Purchased Services			
Payment to Vocational Education Coop	245	3,000	(2,755)
Supplies			
General	14,142	15,000	(858)
Textbooks	-	2,000	(2,000)
Miscellaneous	715	5,500	(4,785)
Property	-	3,000	(3,000)
Other	147	-	147
Instructional Support Staff			
Other Purchased Services	2,275	3,000	(725)
School Administration			
Property	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>
Total Expenditures	<u>179,558</u>	<u>\$ 268,388</u>	<u>\$ (88,830)</u>
Receipts Over (Under) Expenditures	(8,711)		
UNENCUMBERED CASH, July 1, 2021	<u>58,713</u>		
UNENCUMBERED CASH, June 30, 2022	<u>\$ 50,002</u>		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-12

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

GIFTS & GRANTS FUND

	Actual	Budget**	Variance Over (Under)
RECEIPTS			
Contributions & Donations	\$ 6,150	\$ -	\$ 6,150
EXPENDITURES			
Instruction			
Supplies	3,011	\$ 3,481	\$ (470)
Total Expenditures	3,011	\$ 3,481	\$ (470)
Receipts Over (Under) Expenditures	3,139		
UNENCUMBERED CASH, July 1, 2021	3,481		
UNENCUMBERED CASH, June 30, 2022	\$ 6,620		

** The Gifts and Grants Fund is not required by statute to be budgeted. This budget is for informational purposes only.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-13

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
KPERS	\$ 335,905	\$ 367,593	\$ (31,688)
EXPENDITURES			
Instruction			
Employee Benefits	204,902	\$ 224,232	\$ (19,330)
Student Support Services			
Employee Benefits	6,718	7,352	(634)
Instructional Support Staff			
Employee Benefits	10,077	11,028	(951)
General Administration			
Employee Benefits	23,513	25,731	(2,218)
School Administration			
Employee Benefits	36,950	40,435	(3,485)
Operations & Maintenance			
Employee Benefits	26,873	29,407	(2,534)
Student Transportation Services			
Employee Benefits	13,436	14,704	(1,268)
Food Service			
Employee Benefits	13,436	14,704	(1,268)
Total Expenditures	335,905	\$ 367,593	\$ (31,688)
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2021	-		
UNENCUMBERED CASH, June 30, 2022	\$ -		

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-14

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2022

CONTINGENCY RESERVE FUND

	<u>Actual</u>
RECEIPTS	
Incoming Transfer	
General Operating Fund	<u>\$ 28,798</u>
EXPENDITURES	<u>-</u>
Receipts Over (Under) Expenditures	28,798
UNENCUMBERED CASH, July 1, 2021	<u>261,598</u>
UNENCUMBERED CASH, June 30, 2022	<u><u>\$ 290,396</u></u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-15

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2022

TEXTBOOK & STUDENT MATERIAL REVOLVING FUND

	<u>Actual</u>
RECEIPTS	
Incoming Transfer	
Supplemental General Fund	<u>\$ 23,320</u>
EXPENDITURES	
Instruction	
Supplies	
Textbooks	15,838
Workbooks	706
Other Materials & Supplies	<u>12,432</u>
Total Expenditures	<u>28,976</u>
Receipts Over (Under) Expenditures	(5,656)
UNENCUMBERED CASH, July 1, 2021	10,565
Prior Year Cancelled Encumbrance	<u>94</u>
UNENCUMBERED CASH, June 30, 2022	<u><u>\$ 5,003</u></u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-16

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For The Year Ended June 30, 2022

DISTRICT ACTIVITY FUNDS

	<u>Actual</u>
RECEIPTS	<u>\$ 43,730</u>
EXPENDITURES	<u>41,951</u>
Receipts Over (Under) Expenditures	1,779
UNENCUMBERED CASH, July 1, 2021	<u>18,481</u>
UNENCUMBERED CASH, June 30, 2022	<u><u>\$ 20,260</u></u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-17
Page 1 of 2

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

	FEDERAL FUNDS								
	Small Rural Schools Achievement Grant Fund	Title I Fund	Title II A Fund	Title IV Fund	ELC Fund	ESSER II Fund	ESSER III Fund	Total Federal Funds	Variance Over (Under)
								Budget**	
RECEIPTS									
Federal Aid	\$ 8,244	\$ 71,583	\$ 18,425	\$ 18,858	\$ -	\$ 112,047	\$ -	\$ 229,157	\$ (842,534)
EXPENDITURES									
Instruction									
Salaries									
Certified	-	70,410	10,500	2,420	-	75,702	673	159,705	\$ (140,295)
Noncertified	-	-	-	-	-	3,991	-	3,991	(59,791)
Employee Benefits									
Insurance	-	11,840	-	-	-	7,306	-	19,146	19,146
Social Security & Medicare	-	5,361	803	59	-	6,029	51	12,303	12,303
Other	-	65	10	1	-	74	1	151	(125,335)
Purchased Property Services	-	-	-	-	-	-	-	-	(150,000)
Other Purchased Services	-	-	6,423	1,305	-	15,997	-	23,725	23,725
Supplies									
General	8,244	-	-	15,073	946	4,366	-	28,629	(221,371)
Textbooks	-	-	-	-	-	-	37,734	37,734	37,734
Technology	-	-	-	-	-	4,644	61,085	65,729	65,729
Property	-	-	-	-	-	-	16,316	16,316	16,316
Student Support Services									
Salaries									
Noncertified	-	-	-	-	-	-	-	150,000	(150,000)
Purchased Professional & Technical Services	-	-	-	-	4,973	-	-	4,973	4,973
Supplies	-	-	-	-	5,027	-	-	5,027	5,027

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 2-17
Page 2 of 2

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For The Year Ended June 30, 2022

FEDERAL FUNDS (Cont.)

	Small Rural Schools Achievement Grant Fund	Title I Fund	Title II A Fund	Title IV Fund	ELC Fund	ESSER II Fund	ESSER III Fund	Total Federal Funds	Budget**	Variance Over (Under)
EXPENDITURES (Cont.)										
Instructional Support Staff										
Other Purchased Services	\$ -	\$ -	\$ 515	\$ -	\$ -	\$ -	\$ -	\$ 515	\$ -	\$ 515
Operations & Maintenance										
Property	-	-	-	-	316,334	-	-	316,334	-	316,334
Vehicle Operating Services										
Salaries										
Noncertified	-	-	-	-	-	4,275	-	4,275	-	4,275
Employee Benefits										
Social Security & Medicare	-	-	-	-	-	327	-	327	-	327
Other	-	-	-	-	-	4	-	4	-	4
Total Expenditures	<u>8,244</u>	<u>87,676</u>	<u>18,251</u>	<u>18,858</u>	<u>327,280</u>	<u>122,715</u>	<u>115,860</u>	<u>698,884</u>	<u>\$ 889,268</u>	<u>\$ (200,384)</u>
Receipts Over (Under) Expenditures	-	(16,093)	174	-	(327,280)	(10,668)	(115,860)	(469,727)		
UNENCUMBERED CASH, July 1, 2021	-	-	-	-	-	(32,423)	-	(32,423)		
UNENCUMBERED CASH, June 30, 2022	<u>\$ -</u>	<u>\$ (16,093)</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ (327,280)</u>	<u>\$ (43,091)</u>	<u>\$ (115,860)</u>	<u>\$ (502,150) *</u>		

* See Note 3 Cash Basis Exception

** Federal funds are not required by statute to be budgeted. This budget is for informational purposes only.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 3

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For The Year Ended June 30, 2022

AGENCY FUNDS

<u>Fund</u>	<u>Beginning Balance 7/1/2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2022</u>
Student Activity Funds	\$ 57,167	\$ 79,008	\$ 86,634	\$ 49,541
Sales Tax	-	1,289	1,289	-
Total	<u>\$ 57,167</u>	<u>\$ 80,297</u>	<u>\$ 87,923</u>	<u>\$ 49,541</u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 4

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For The Year Ended June 30, 2022

DISTRICT ACTIVITY FUNDS

Fund	Beginning Unencumbered Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Balance
Junior/Senior High School							
Athletics	\$ 8,618	\$ -	\$ 30,666	\$ 29,388	\$ 9,896	\$ -	\$ 9,896
Concessions	3,517	-	-	-	3,517	-	3,517
Drama	3,656	-	3,164	2,417	4,403	-	4,403
EOY Technology	1,240	-	1,387	1,304	1,323	-	1,323
Total Junior/Senior High School	17,031	-	35,217	33,109	19,139	-	19,139
Grade School							
General Activities	1,450	-	8,513	8,842	1,121	-	1,121
Total District Activity Funds	<u>\$ 18,481</u>	<u>\$ -</u>	<u>\$ 43,730</u>	<u>\$ 41,951</u>	<u>\$ 20,260</u>	<u>\$ -</u>	<u>\$ 20,260</u>

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 5

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
For The Year Ended June 30, 2022

STUDENT ACTIVITY FUNDS

Fund	Beginning Balance 7/1/2021	Receipts	Disbursements	Ending Balance 6/30/2022
JUNIOR/SENIOR HIGH SCHOOL				
Class of 2020	\$ 143	\$ -	\$ 143	\$ -
Class of 2021	1,744	-	1,744	-
Class of 2022	1,267	362	1,629	-
Class of 2023	2,020	5,979	6,862	1,137
Class of 2024	786	340	-	1,126
Class of 2025	248	396	-	644
Class of 2026	406	543	-	949
Class of 2027	-	421	-	421
FFA	17,804	22,472	24,390	15,886
Student Council	6,048	1,276	2,153	5,171
National Honor Society	243	701	391	553
Family Career Community Leaders	212	-	-	212
Annual	430	-	-	430
Cheerleaders	1,835	300	1,294	841
Entrepreneurship - Ag Metals	1,313	20	-	1,333
Scholar's Bowl	990	772	725	1,037
Future Business Leaders of America	6,800	35,323	36,960	5,163
Broadcasting	893	-	-	893
Instrumental Music	5,912	5,270	5,431	5,751
Middle School Student Council	4,549	123	278	4,394
Junior High Cheerleaders	1,721	-	-	1,721
Middle School Scholars Bowl	1,194	485	371	1,308
Dance Team	609	4,225	4,263	571
Total Student Activity Funds	\$ 57,167	\$ 79,008	\$ 86,634	\$ 49,541

UNIFIED SCHOOL DISTRICT NO. 107
SINGLE AUDIT SECTION
FOR THE YEAR ENDED JUNE 30, 2022



MAPES & MILLER LLP

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

February 13, 2023

Board of Education
Unified School District No. 107
Mankato, Kansas 66956

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Unified School District No. 107, 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. 107's basic financial statement and have issued our report thereon dated February 13, 2023. Our report on the financial statement disclosed that, as described in Note 1 to the financial statements, the Unified School District No. 107 prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unified School District No. 107's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 107's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 107'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 entity's financial statements 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.

Board of Education
Unified School District No. 107
February 13, 2023
Page Two

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2022-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 107's financial statements are 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 statements. 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*.

We also noted certain other matters that we reported to management of Unified School District No. 107 in a separate letter dated February 13, 2023.

Unified School District No. 107's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Unified School District No. 107's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Unified School District No. 107's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Respectfully submitted,

Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
February 13, 2023



MAPES & MILLER LLP

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

February 13, 2023

Board of Education
Unified School District No. 107
Mankato, Kansas 66956

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Unified School District No. 107's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Unified School District No. 107's major federal programs for the year ended June 30, 2022. The Unified School District No. 107's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Unified School District No. 107 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.

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

We are required to be independent of the Unified School District No. 107 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Unified School District No. 107's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Unified School District No. 107's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Unified School District No. 107's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Unified School District No. 107's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Unified School District No. 107's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Unified School District No. 107's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 107's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-2. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District No. 107's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District No. 107's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-1, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District No. 107's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District No. 107's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Education
Unified School District No. 107
February 13, 2023
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
February 13, 2023

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ending June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cash Receipts	Expenditures
<u>U.S. Department of Education</u>				
Passed through Kansas Department of Education (KSDE)				
Title I Grants to Local Educational Agencies	84.010	DO 107	\$ 71,583	\$ 87,676
Supporting Effective Instruction State Grants	84.367	DO 107	23,100	22,926
Student Support & Academic Enrichment Program	84.424	DO 107	14,183	14,183
COVID-19 - Education Stabilization Fund				
Elementary & Secondary School Emergency Relief Fund	84.425D	DO 107	8,713	-
Elementary & Secondary School Emergency Relief Fund	84.425D	DO 107	112,047	122,715
American Rescue Plan - ESSER	84.425U	DO 107	-	115,860
Direct Grant				
Small Rural School Achievement Program	84.358	DO 107	8,244	8,244
Total U.S. Department of Education			237,870	371,604
<u>U.S. Department of Agriculture</u>				
Passed through Kansas Department of Education (KSDE)				
Child Nutrition Cluster				
School Breakfast Program	10.553	DO 107	39,113	39,113
National School Lunch Program	10.555	DO 107	222,130	183,112
COVID-19 - National School Lunch Program	10.555	DO 107	1,591	1,591
Summer Food Service Program	10.559	DO 107	11,968	11,968
Total Child Nutrition Cluster			274,802	235,784
Child Nutrition Discretionary Grants	10.579	DO 107	32,823	32,823
COVID-19 Pandemic EBT Administrative Cost	10.649	DO 107	614	614
Total U.S. Department of Agriculture			308,239	269,221
<u>U.S. Department of Health & Human Services</u>				
Passed through Kansas Department of Education (KSDE)				
COVID-19 Epidemiology & Laboratory Capacity for Infectious Diseases(ELC)	93.323	DO 107	-	327,698
Total Kansas Department of Health & Human Services			-	327,698
Total Expenditures of Federal Awards			\$ 546,109	\$ 968,523

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 107
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Unified School District No. 107, Mankato, Kansas (the District), under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

4. Sub-recipients

No federal awards were passed-through to sub-recipients.

5. Local Government Contribution

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.

6. Contingencies

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2022

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

In accordance with Generally Accepted Accounting Principles Adverse

In accordance with the regulatory basis of accounting described in Note 1 Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes x No
- Significant deficiencies identified? x Yes None reported
- Noncompliance material to financial statements noted? Yes x No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes x No
- Significant deficiencies identified? Yes x None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR section 200.516 (a)? Yes x No

The programs tested as major programs were:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
84.425	Education Stabilization Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Disease (ELC)

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes x No

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SECTION 2 – FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

2022-001 Segregation of duties

Condition: The limited staff size does not provide for adequate segregating of duties.

Criteria: Segregation of duties should be maintained to strengthen internal control over accounting and compliance functions.

Effect: Lack of segregation of duties increases the risk of errors and noncompliance occurring and not being detected in a timely manner.

Cause: Because the entity is small, management does not feel it is feasible to hire more staff.

Recommendations: Duties of key financial and compliance personnel should be evaluated to determine if duties could be segregated.

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation. However, the size of the entity does not make it practical to have sufficient number of employees to achieve the optimum level of internal control.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

CFDA No. 93.323. No reportable findings or questioned costs for the year ended June 30, 2022.

CFDA No. 84.425 Education Stabilization Fund – American Rescue Plan – Elementary & Secondary School Emergency Relief Fund (ARP ESSER)

2022-002 – Reporting

Criteria: The District is required to report on all ARP ESSER expenditures on a quarterly basis to the Kansas Department of Education in order to drawdown ESSER funds.

Condition: Expenditures in the District's general ledger were not reconciled with the expenditures reported in the June 30, 2022 quarterly report for ARP ESSER.

UNIFIED SCHOOL DISTRICT NO. 107
Mankato, Kansas

Schedule 7
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2022

U.S. DEPARTMENT OF EDUCATION (Cont.)

Cause: There are no controls in place for preparing and reviewing the quarterly reports and reconciling them to the general ledger.

Effect: Because of failure to require review and reconciliation of the expenditures, the District's June 30, 2022 quarterly report did not show any ARP ESSER expenditures while the general ledger showed \$115,860 for fiscal year 2022. The September 30, 2022 report was also reviewed and showed expenditures to date of only \$94,926 while the general ledger showed expenditures to date of \$188,129.

Recommendation: Review controls should be established for the ARP ESSER report requirements to ensure compliance.

Views of Responsible Officials: The District agrees with the finding and the recommended procedures will be implemented.

SECTION 4 – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Not applicable.