

UNIFIED SCHOOL DISTRICT NO. 373

NEWTON, KANSAS

Financial Statement

For the Year Ended June 30, 2020

Unified School District No. 373

For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 373
Newton, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 373, Newton, Kansas (District), as of and for the year ended June 30, 2020, and the disclosures to the financial statement.

Management's Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *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.

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 Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2020, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2020, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2020 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds, and schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 2020 basic financial statement, but 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 2020 basic financial statement. The 2020 information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated November 21, 2019, which contained an unmodified opinion on the basic financial statement. The 2019 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 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2020 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2020 basic financial statement. Such 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 comparative information is fairly stated in all material respects in relation to the **2019** basic financial statement as a whole for the year ended June 30, 2019, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the basic financial statement. 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* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement of the District.

The schedule of expenditures of federal awards 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. Such 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Krudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
December 10, 2020

Unified School District No. 373

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2020

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds						
General	\$ -	23,570,714	23,570,714	-	47,047	47,047
Supplemental General	243,795	7,032,758	7,018,825	257,728	207,926	465,654
Special Purpose Funds						
Adult Basic Education	30,000	14,250	19,250	25,000	-	25,000
Bilingual Education	116,226	333,321	349,547	100,000	-	100,000
Virtual Education	58,413	16,660	40,192	34,881	-	34,881
Professional Development	286,411	225,834	312,245	200,000	-	200,000
At Risk (K-12)	250,000	4,275,116	4,275,116	250,000	-	250,000
At Risk (4 year old)	150,000	195,846	245,846	100,000	-	100,000
Capital Outlay	1,431,626	2,499,596	2,405,610	1,525,612	806,341	2,331,953
Driver Training	49,995	11,310	16,683	44,622	5,425	50,047
Food Service	402,381	1,625,783	1,632,691	395,473	2,008	397,481
Parent Education	40,582	128,900	135,094	34,388	500	34,888
Summer School	31,725	3,253	21,988	12,990	-	12,990
Special Education	948,641	5,477,023	5,497,737	927,927	7,397	935,324
Special Education Cooperative	577,558	8,663,616	8,629,630	611,544	56	611,600
Career and Postsecondary Education	341,891	1,388,413	1,474,636	255,668	7,111	262,779
KPERS Employer Contribution	-	4,086,471	4,086,471	-	-	-
Recreation Commission	94,438	1,210,936	1,226,000	79,374	-	79,374
Recreation Commission Employee Benefits	20,687	362,708	362,000	21,395	-	21,395
Contingency Reserve	1,300,000	-	295,893	1,004,107	-	1,004,107
Textbook and Material Revolving	354,650	232,492	417,226	169,916	18,907	188,823
Employer Fixed Charges	-	120,209	120,209	-	71,299	71,299
Federal and State Grant Programs	(27,816)	1,972,085	1,970,383	(26,114)	-	(26,114)
Bond and Interest Funds						
Bond and Interest	4,031,111	4,485,151	4,039,338	4,476,924	-	4,476,924
Bond Redemption	2,445	-	-	2,445	-	2,445
District Activity Funds						
Activity Gate Receipts	78,955	266,779	284,818	60,916	-	60,916
School Projects	31,895	56,438	71,256	17,077	-	17,077
Total Reporting Entity						
(Excluding Agency Funds)	\$ 10,845,609	68,255,662	68,519,398	10,581,873	1,174,017	11,755,890
Composition of Cash						
Midland National Bank						
Checking						\$ 130,537
Intrust Bank						
Checking						942,513
Municipal Investment Pool						11,138,474
Total Cash						12,211,524
Less Agency Funds (Schedule 3)						455,634
Total Reporting Entity (Excluding Agency Funds)						<u>\$ 11,755,890</u>

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

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Unified School District No. 373, Newton, Kansas, is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 373 (District), a municipality.

Regulatory Basis Fund Types

General 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.

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

Trust Fund – used to report assets held in trust for the benefit of the District (i.e., pension funds, investment trust funds, private purpose trust funds which benefit the District, scholarship funds, etc.).

Agency Fund – used to report assets held by the District in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.).

Activity Fund – under provisions of K.S.A. 72-1178, the Board of Education adopted a resolution relating to the school activity funds, which results in the activity funds being accounted for under policies and procedures of the Board. In this financial statement, school activity funds of the District are classified as special purpose funds.

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.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Funds, Special Purpose Funds (unless specifically exempted by statute), and the Bond and Interest Fund. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

Unified School District No. 373
 NOTES TO FINANCIAL STATEMENT
 June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Preparation of the budget for the succeeding fiscal year on or before August 1st.
- Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

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 such budget amendments for this year.

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 Agency Funds, Bond Redemption Fund, or the following Special Purpose Funds: Contingency Reserve, Textbook and Material Revolving, Employer Fixed Charges, Federal and State Grant Programs and District Activity Funds.

Spending in funds that 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.

Reimbursements

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 comparison, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

2. DEPOSITS AND INVESTMENTS

As of June 30, 2020, the District had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity (in Years) Less than 1	Rating U.S.
Kansas Municipal Investment Pool	\$ 9,878,580	<u>9,878,580</u>	N/A

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

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. The rating of the District's investments is noted above.

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. At June 30, 2020, the District held 100% of their investments in the Kansas Municipal Investment Pool.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2020.

At June 30, 2020, the District's carrying amount of deposits was \$1,073,050 and the bank balance was \$3,789,414. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$383,913 was covered by federal depository insurance, and \$3,405,501 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.

At June 30, 2020, the District had invested \$9,878,580 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Unified School District No. 373
 NOTES TO FINANCIAL STATEMENT
 June 30, 2020

3. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$1,259,894 subsequent to June 30, 2020, 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, 2020.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Management is not aware of any statutory violations occurring in the year ended June 30, 2020.

5. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2020, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
2007 Refunding & Improvement	4.0-5.0%	12/01/2007	\$31,855,000	09/01/2026	\$ 500,000	-	-	500,000	25,000
2012 Refunding	2.0%	12/01/2012	9,885,000	09/01/2026	8,895,000	-	150,000	8,745,000	176,400
2013 Refunding	2.0%	06/01/2013	9,845,000	09/01/2024	6,560,000	-	125,000	6,435,000	129,950
2014 Refunding	2.0-3.0%	12/01/2014	9,635,000	09/01/2022	8,095,000	-	145,000	7,950,000	206,788
2018 Refunding	4.0%	06/28/2018	5,000,000	09/01/2020	5,000,000	-	2,940,000	2,060,000	141,200
Total contractual indebtedness					<u>\$29,050,000</u>	<u>-</u>	<u>3,360,000</u>	<u>25,690,000</u>	<u>679,338</u>

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

	Year Ending June 30					2026 to 2027	Total
	2021	2022	2023	2024	2025		
General Obligation Bonds							
Principal	\$ 3,560,000	3,860,000	3,965,000	4,305,000	4,490,000	5,510,000	25,690,000
Interest	551,913	445,156	344,100	243,050	155,100	71,000	1,810,319
Total principal and interest	<u>\$ 4,111,913</u>	<u>4,305,156</u>	<u>4,309,100</u>	<u>4,548,050</u>	<u>4,645,100</u>	<u>5,581,000</u>	<u>27,500,319</u>

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

6. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	Bilingual Education	K.S.A. 72-5167	\$ 100,000
General	Virtual Education	K.S.A. 72-5167	16,660
General	Professional Development	K.S.A. 72-5167	67,005
General	At Risk (K-12)	K.S.A. 72-5167	2,946,253
General	At Risk (4 year old)	K.S.A. 72-5167	95,846
General	Special Education	K.S.A. 72-5167	3,238,963
General	Career and Postsecondary Education	K.S.A. 72-5167	1,045,136
General	Textbook and Material Revolving	K.S.A. 72-5167	44,490
Supplemental General	Adult Basic Education	K.S.A. 72-5143	14,250
Supplemental General	Bilingual Education	K.S.A. 72-5143	233,321
Supplemental General	Professional Development	K.S.A. 72-6478	150,000
Supplemental General	At Risk (K-12)	K.S.A. 72-5143	1,319,514
Supplemental General	At Risk (4 year old)	K.S.A. 72-5143	100,000
Supplemental General	Parent Education	K.S.A. 72-6478	30,000
Supplemental General	Special Education	K.S.A. 72-5143	2,170,781
Supplemental General	Career and Postsecondary Education	K.S.A. 72-5143	200,000
Supplemental General	Textbook and Material Revolving	K.S.A. 72-5143	9,480
Special Education	Special Education Cooperative	K.S.A. 72-978(h)	5,222,373

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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, 2020.

Other Post-Employment Benefits

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

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

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Compensated Absences

Classified employees on a 12-month contract who work at least 20 hours per week are credited with 9 days of sick leave after 60 days of continuous service. After the initial 60-day period, classified employees accrue sick leave monthly and may accumulate 130 days of total compensated leave.

Certified teaching staff is credited with 15 days of temporary chargeable leave (due to illness, bereavement, etc.) on the first day of their employment with the District. After the first year, the teacher receives 10 days of additional leave per year which may be accumulated to 120 days. No compensation is paid for unused leave upon termination.

Classified 12-month employees who work at least 20 hours per week receive 10 days of paid vacation per year during the first 5 years of service. The employee is credited with 5 days of paid vacation after the completion of 6 months of service, and then accrues 10/12 of a day's vacation for each month worked. After 5 years of service, the 12-month employee is credited with five additional days per year. Vacation time credited to an employee at July 1 of any year must be used by June 30 of the following year.

The District's liability for compensated absences at June 30, 2020, has not been recorded in this financial statement.

Early Retirement Pension Plan

The District provides an early retirement program for certain eligible employees. The plan defines those eligible as employees who are "currently employed in licensed employment or administrative employment with the District." Eligible retirees under this program may receive benefits for up to 12 years. Payments to retired employees under this plan for the years ended June 30, 2020 and 2019, were \$513,717 and \$582,785, respectively.

8. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Contributions

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

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

8. DEFINED BENEFIT PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.59% and 13.21% respectively, for the fiscal year ended June 30, 2019. The actuarially determined employer contribution rate and statutory contribution rate was 16.15% and 14.41% for the fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64.13 million for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July 2017 and appropriations for fiscal year 2018 were made for the State/School group at the statutory contribution rate of 12.01% for that year.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

2018 House Substitute for Senate Bill 109 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.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

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 \$4,086,471 for the year ended June 30, 2020.

Net Pension Liability

At June 30, 2020, the District's proportionate share of the collective net pension liability reported by KPERS was \$34,664,758. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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, 2019. 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.

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

9. RELATED PARTY TRANSACTIONS

The District is the taxing authority for the Newton Recreation Commission, which operates recreational programs within the District. During the fiscal year ended June 30, 2020, the District levied a total tax of 8.008 mills for the Recreation Commission and Recreation Commission Employee Benefits Funds, which in turn is appropriated to the Newton Recreation Commission for its operations.

10. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, not all grant expenditures have 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 District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards (KASB) Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The District pays an annual premium to the KASB for its workers' compensation insurance coverage. The agreement to participate provides that the KASB fund will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$300,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KASB management. The District records a liability for estimated additional contributions that may be incurred due to adjustments made by the KASB. The cost of this workers' compensation coverage is charged to District funds based on actual payroll expenditures.

The District continues to carry commercial insurance for all other risks of loss, including liability, property, inland marine, linebacker, cyber security, and fleet coverage. There have been no significant reductions in insurance coverage from 2019 to 2020, and there were no settlements that exceeded insurance coverage in the past three fiscal years.

During the ordinary course of its operations, the District is exposed to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that any current matters are not anticipated to have a material financial impact on the District.

11. SUBSEQUENT EVENTS

In recent months, the novel coronavirus "COVID-19" pandemic in the United States has resulted in school buildings being closed, activities canceled and the temporary closure of operating hours for the offices. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2020

11. SUBSEQUENT EVENTS (Continued)

and other impact to the District as of the date of this report, management believes that a material impact on the District's financial position and results of future operations is reasonably possible. The District has been awarded \$910,802 in Strengthening People and Revitalizing Kansas (SPARKS) funding, and an additional \$464,000 in Elementary and Secondary School Emergency Relief Funds. The District began tracking COVID-19 related expenditures during the fiscal year, with reimbursement received after year-end. The District has until September 2022 to spend these funds.

12. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through December 10, 2020, which is the date at which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 373
REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Unified School District No. 373
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2020

Funds	Certified Budget	Adjustment to to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUNDS						
General	\$ 23,387,505	(570,456)	753,665	23,570,714	23,570,714	-
Supplemental General	7,135,645	(116,820)	-	7,018,825	7,018,825	-
SPECIAL PURPOSE FUNDS						
Adult Basic Education	30,000	-	-	30,000	19,250	(10,750)
Bilingual Education	389,066	-	-	389,066	349,547	(39,519)
Virtual Education	148,990	-	-	148,990	40,192	(108,798)
Professional Development	339,900	-	-	339,900	312,245	(27,655)
At Risk (K-12)	4,553,984	-	-	4,553,984	4,275,116	(278,868)
At Risk (4 year old)	331,625	-	-	331,625	245,846	(85,779)
Capital Outlay	3,766,756	-	-	3,766,756	2,405,610	(1,361,146)
Driver Training	66,655	-	-	66,655	16,683	(49,972)
Food Service	2,225,930	-	-	2,225,930	1,632,691	(593,239)
Parent Education	170,400	-	-	170,400	135,094	(35,306)
Summer School	31,725	-	-	31,725	21,988	(9,737)
Special Education	5,653,973	-	-	5,653,973	5,497,737	(156,236)
Special Education Cooperative	9,195,833	-	-	9,195,833	8,629,630	(566,203)
Career and Postsecondary Education	1,633,803	-	-	1,633,803	1,474,636	(159,167)
KPERS Employer Contribution	4,483,994	-	-	4,483,994	4,086,471	(397,523)
Recreation Commission	1,226,000	-	-	1,226,000	1,226,000	-
Recreation Commission Employee Benefits	362,000	-	-	362,000	362,000	-
BOND AND INTEREST FUND	4,039,338	-	-	4,039,338	4,039,338	-

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
GENERAL				
RECEIPTS				
General state aid	\$ 18,689,824	19,678,086	20,245,660	(567,574)
Special education state aid	3,052,379	3,138,963	3,141,845	(2,882)
State aid reimbursements	74,970	140,204	-	140,204
Fees and other	876,851	611,986	-	611,986
Miscellaneous	5,833	1,475	-	1,475
Total Receipts	<u>22,699,857</u>	<u>23,570,714</u>	<u>23,387,505</u>	<u>183,209</u>
EXPENDITURES				
Instruction	8,546,024	8,604,627	9,466,644	(862,017)
Student support services	1,022,271	1,277,733	1,213,054	64,679
Instructional support staff	602,260	630,363	671,088	(40,725)
General administration	278,196	305,912	299,622	6,290
School administration	2,069,977	2,072,657	2,064,133	8,524
Other support services	24,549	118,499	61,760	56,739
Operations and maintenance	2,274,407	2,188,914	2,236,664	(47,750)
Student transportation	604,285	673,582	649,392	24,190
Community services	171,997	144,074	37,784	106,290
Transfer to				
Bilingual Education	11,504	100,000	-	100,000
Virtual Education	50,270	16,660	90,577	(73,917)
Professional Development	235,000	67,005	24,254	42,751
At Risk (K-12)	1,521,885	2,946,253	1,899,039	1,047,214
At Risk (4 year old)	298,951	95,846	181,625	(85,779)
Driver Training	-	-	5,350	(5,350)
Parent Education	35,000	-	32,495	(32,495)
Special Education	3,852,379	3,238,963	3,291,845	(52,882)
Career and Postsecondary Education	1,080,902	1,045,136	1,162,179	(117,043)
Textbook and Material Revolving	20,000	44,490	-	44,490
	<u>22,699,857</u>	<u>23,570,714</u>	<u>23,387,505</u>	<u>183,209</u>
Adjustment to comply with legal max	-	-	(570,456)	570,456
Legal General Fund budget	<u>22,699,857</u>	<u>23,570,714</u>	<u>22,817,049</u>	<u>753,665</u>
Adjustment for qualifying budget credits	-	-	753,665	(753,665)
Total Expenditures	<u>22,699,857</u>	<u>23,570,714</u>	<u>23,570,714</u>	<u>-</u>
Receipts over (under) expenditures	-	-	-	-
UNENCUMBERED CASH, beginning	-	-	-	-
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
SUPPLEMENTAL GENERAL				
RECEIPTS				
Tax in process	\$ 59,404	78,314	58,246	20,068
Current tax	2,268,949	2,237,102	2,042,294	194,808
Delinquent tax	84,500	48,093	48,433	(340)
Motor vehicle tax	340,539	330,913	332,335	(1,422)
State aid	4,212,711	4,338,336	4,410,542	(72,206)
Total receipts	<u>6,966,103</u>	<u>7,032,758</u>	<u>6,891,850</u>	<u>140,908</u>
EXPENDITURES				
Instruction	51,463	32,119	112,005	(79,886)
Student support services	15,036	1,000	15,000	(14,000)
Instructional support staff	428,380	425,261	447,234	(21,973)
General administration	253,512	487,466	273,181	214,285
Other support services	611,405	634,873	632,592	2,281
Operations and maintenance	1,348,276	1,210,760	1,613,139	(402,379)
Transfer to				
Adult Basic Education	19,250	14,250	-	14,250
Bilingual Education	362,400	233,321	272,840	(39,519)
Professional Development	-	150,000	-	150,000
At Risk (K-12)	2,263,355	1,319,514	2,404,945	(1,085,431)
At Risk (4 year old)	46,566	100,000	-	100,000
Parent Education	-	30,000	-	30,000
Special Education	1,193,977	2,170,781	1,364,709	806,072
Career and Postsecondary Education	330,625	200,000	-	200,000
Textbook and Material Revolving	-	9,480	-	9,480
	<u>6,924,245</u>	<u>7,018,825</u>	<u>7,135,645</u>	<u>(116,820)</u>
Adjustment to comply with legal max	-	-	(116,820)	116,820
Total expenditures	<u>6,924,245</u>	<u>7,018,825</u>	<u>7,018,825</u>	<u>-</u>
Receipts over (under) expenditures	41,858	13,933		
UNENCUMBERED CASH, beginning	<u>201,937</u>	<u>243,795</u>		
UNENCUMBERED CASH, ending	<u>\$ 243,795</u>	<u>257,728</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
ADULT BASIC EDUCATION				
RECEIPTS				
Transfer from				
Supplemental General	\$ 19,250	14,250	-	14,250
EXPENDITURES				
Instruction	19,250	19,250	30,000	(10,750)
Receipts over (under) expenditures	-	(5,000)		
UNENCUMBERED CASH, beginning	30,000	30,000		
UNENCUMBERED CASH, ending	\$ 30,000	25,000		
BILINGUAL EDUCATION				
RECEIPTS				
Transfer from				
General	\$ 11,504	100,000	-	100,000
Supplemental General	362,400	233,321	272,840	(39,519)
Total receipts	373,904	333,321	272,840	60,481
EXPENDITURES				
Instruction	377,678	349,547	389,066	(39,519)
Receipts over (under) expenditures	(3,774)	(16,226)		
UNENCUMBERED CASH, beginning	120,000	116,226		
UNENCUMBERED CASH, ending	\$ 116,226	100,000		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
VIRTUAL EDUCATION				
RECEIPTS				
Transfer from General	\$ 50,270	16,660	90,577	(73,917)
EXPENDITURES				
Instruction	27,991	39,492	147,490	(107,998)
General administration	103	300	-	300
Other	308	400	1,500	(1,100)
Total expenditures	28,402	40,192	148,990	(108,798)
Receipts over (under) expenditures	21,868	(23,532)		
UNENCUMBERED CASH, beginning	36,545	58,413		
UNENCUMBERED CASH, ending	\$ 58,413	34,881		
PROFESSIONAL DEVELOPMENT				
RECEIPTS				
State aid	\$ 10,288	8,829	29,235	(20,406)
Miscellaneous income	469	-	-	-
Transfer from				
General	235,000	67,005	24,254	42,751
Supplemental General	-	150,000	-	150,000
Total receipts	245,757	225,834	53,489	172,345
EXPENDITURES				
Instructional staff support				
Salaries and benefits	111,768	181,680	97,100	84,580
Consultants	70,117	63,115	100,000	(36,885)
School administration	7,071	13,088	32,000	(18,912)
Registration and travel	19,259	29,799	57,800	(28,001)
Supplies and other	27,884	24,563	53,000	(28,437)
Total expenditures	236,099	312,245	339,900	(27,655)
Receipts over (under) expenditures	9,658	(86,411)		
UNENCUMBERED CASH, beginning	276,753	286,411		
UNENCUMBERED CASH, ending	\$ 286,411	200,000		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
AT RISK (K-12)				
RECEIPTS				
Other	\$ 7,161	9,349	-	9,349
Transfer from				
General	1,521,885	2,946,253	1,899,039	1,047,214
Supplemental General	2,263,355	1,319,514	2,404,945	(1,085,431)
Total receipts	<u>3,792,401</u>	<u>4,275,116</u>	<u>4,303,984</u>	<u>(28,868)</u>
EXPENDITURES				
Instruction	3,788,869	4,096,830	4,378,245	(281,415)
Student support services	-	52,055	53,190	(1,135)
School administration	2,852	124,446	122,549	1,897
Student transportation services	680	1,785	-	1,785
Total expenditures	<u>3,792,401</u>	<u>4,275,116</u>	<u>4,553,984</u>	<u>(278,868)</u>
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	<u>250,000</u>	<u>250,000</u>		
UNENCUMBERED CASH, ending	<u>\$ 250,000</u>	<u>250,000</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
AT RISK (4 Year Old)				
RECEIPTS				
Transfer from				
General	\$ 298,951	95,846	181,625	(85,779)
Supplemental General	46,566	100,000	-	100,000
Total receipts	<u>345,517</u>	<u>195,846</u>	<u>181,625</u>	<u>14,221</u>
EXPENDITURES				
Instruction	201,626	181,871	231,389	(49,518)
Student support services	7,815	8,245	8,368	(123)
Instructional staff support	407	88	-	88
School administration	33,534	34,445	34,919	(474)
Student transportation	45,472	13,971	49,931	(35,960)
Other supplemental services	6,663	7,226	7,018	208
Total expenditures	<u>295,517</u>	<u>245,846</u>	<u>331,625</u>	<u>(85,779)</u>
Receipts over (under) expenditures	50,000	(50,000)		
UNENCUMBERED CASH, beginning	<u>100,000</u>	<u>150,000</u>		
UNENCUMBERED CASH, ending	<u>\$ 150,000</u>	<u>100,000</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CAPITAL OUTLAY				
RECEIPTS				
Tax in process	\$ 24,185	47,725	28,060	19,665
Current tax	1,241,157	1,282,814	1,232,291	50,523
Delinquent tax	40,683	24,295	26,417	(2,122)
Motor vehicle tax	166,659	156,039	154,219	1,820
Capital outlay state aid	692,545	788,114	794,143	(6,029)
Interest	239,198	152,413	100,000	52,413
Sale of assets and other	146,902	48,196	-	48,196
Total receipts	<u>2,551,329</u>	<u>2,499,596</u>	<u>2,335,130</u>	<u>164,466</u>
EXPENDITURES				
Instruction	648,532	419,764	1,225,000	(805,236)
Instructional support services	202,463	523,650	500,000	23,650
Student support services	7,200	7,200	25,000	(17,800)
School administration	30,805	5,314	110,700	(105,386)
General administration	2,521	-	-	-
Operations and maintenance	644,698	266,625	250,000	16,625
Other support services	197,107	188,909	250,000	(61,091)
Transportation	121,482	199,743	175,000	24,743
Grant expenses	19,784	23,000	16,381	6,619
Facilities acquisition and construction	582,623	771,405	1,214,675	(443,270)
Total expenditures	<u>2,457,215</u>	<u>2,405,610</u>	<u>3,766,756</u>	<u>(1,361,146)</u>
Receipts over (under) expenditures	94,114	93,986		
UNENCUMBERED CASH, beginning	<u>1,337,512</u>	<u>1,431,626</u>		
UNENCUMBERED CASH, ending	<u>\$ 1,431,626</u>	<u>1,525,612</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
DRIVER TRAINING				
RECEIPTS				
State aid	\$ 14,112	11,310	11,310	-
Fees and other	11,336	-	-	-
Transfer from General	-	-	5,350	(5,350)
Total receipts	<u>25,448</u>	<u>11,310</u>	<u>16,660</u>	<u>(5,350)</u>
EXPENDITURES				
Salaries and benefits	19,661	10,334	48,155	(37,821)
Supplies and other	3,795	71	5,000	(4,929)
Vehicle operations and maintenance	6,130	6,278	13,500	(7,222)
Total expenditures	<u>29,586</u>	<u>16,683</u>	<u>66,655</u>	<u>(49,972)</u>
Receipts over (under) expenditures	(4,138)	(5,373)		
UNENCUMBERED CASH, beginning	<u>54,133</u>	<u>49,995</u>		
UNENCUMBERED CASH, ending	<u>\$ 49,995</u>	<u>44,622</u>		
FOOD SERVICE				
RECEIPTS				
Meal sales	\$ 593,542	478,260	754,799	(276,539)
Federal aid	1,086,218	1,099,065	1,034,690	64,375
State aid	17,363	16,950	14,060	2,890
Other	38,249	31,508	20,000	11,508
Total receipts	<u>1,735,372</u>	<u>1,625,783</u>	<u>1,823,549</u>	<u>(197,766)</u>
EXPENDITURES				
Salaries and benefits	832,185	884,373	970,071	(85,698)
Food and supplies	713,365	612,337	879,559	(267,222)
Capital outlay and other	219,791	104,664	336,300	(231,636)
Operations and maintenance	38,875	31,317	40,000	(8,683)
Total expenditures	<u>1,804,216</u>	<u>1,632,691</u>	<u>2,225,930</u>	<u>(593,239)</u>
Receipts over (under) expenditures	(68,844)	(6,908)		
UNENCUMBERED CASH, beginning	<u>471,225</u>	<u>402,381</u>		
UNENCUMBERED CASH, ending	<u>\$ 402,381</u>	<u>395,473</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
PARENT EDUCATION				
RECEIPTS				
State aid	\$ 84,361	84,975	84,427	548
Other district contributions	13,556	13,925	12,896	1,029
Transfer from				
General	35,000	-	32,495	(32,495)
Supplemental General	-	30,000	-	30,000
Total receipts	<u>132,917</u>	<u>128,900</u>	<u>129,818</u>	<u>(918)</u>
EXPENDITURES				
Salaries and benefits	115,443	123,342	132,997	(9,655)
Supplies and travel	5,257	5,049	7,320	(2,271)
Other	-	-	25,733	(25,733)
Instructional staff support	9,341	4,703	2,350	2,353
Operations and maintenance	2,000	2,000	2,000	-
Total expenditures	<u>132,041</u>	<u>135,094</u>	<u>170,400</u>	<u>(35,306)</u>
Receipts over (under) expenditures	876	(6,194)		
UNENCUMBERED CASH, beginning	<u>39,706</u>	<u>40,582</u>		
UNENCUMBERED CASH, ending	<u>\$ 40,582</u>	<u>34,388</u>		
SUMMER SCHOOL				
RECEIPTS				
Student fees	\$ 10,215	3,253	-	3,253
EXPENDITURES				
Instruction	11,855	21,988	30,425	(8,437)
School administration	-	-	1,300	(1,300)
Total expenditures	<u>11,855</u>	<u>21,988</u>	<u>31,725</u>	<u>(9,737)</u>
Receipts over (under) expenditures	(1,640)	(18,735)		
UNENCUMBERED CASH, beginning	<u>33,365</u>	<u>31,725</u>		
UNENCUMBERED CASH, ending	<u>\$ 31,725</u>	<u>12,990</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
SPECIAL EDUCATION				
RECEIPTS				
Medicaid	\$ 67,333	67,279	70,000	(2,721)
Other	4,989	-	5,000	(5,000)
Transfer from				
General	3,852,379	3,238,963	3,291,845	(52,882)
Supplemental General	<u>1,193,977</u>	<u>2,170,781</u>	<u>1,364,709</u>	<u>806,072</u>
Total receipts	<u>5,118,678</u>	<u>5,477,023</u>	<u>4,731,554</u>	<u>745,469</u>
EXPENDITURES				
Transfer to				
Special Education Cooperative	4,930,567	5,222,373	5,150,255	72,118
Instruction	45,777	58,065	300,100	(242,035)
Transportation	<u>180,141</u>	<u>217,299</u>	<u>203,618</u>	<u>13,681</u>
Total expenditures	<u>5,156,485</u>	<u>5,497,737</u>	<u>5,653,973</u>	<u>(156,236)</u>
Receipts over (under) expenditures	(37,807)	(20,714)		
UNENCUMBERED CASH, beginning	<u>986,448</u>	<u>948,641</u>		
UNENCUMBERED CASH, ending	<u>\$ 948,641</u>	<u>927,927</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
SPECIAL EDUCATION COOPERATIVE				
RECEIPTS				
Title VI and other federal aid	\$ 1,211,600	1,182,036	1,223,240	(41,204)
Medicaid reimbursements	207,916	67,727	250,000	(182,273)
Transfer from Special Education	4,930,567	5,222,373	5,050,255	172,118
Other District contributions	2,007,476	2,167,118	2,062,780	104,338
Other income	31,281	24,362	32,000	(7,638)
Total receipts	<u>8,388,840</u>	<u>8,663,616</u>	<u>8,618,275</u>	<u>45,341</u>
EXPENDITURES				
Instruction	6,127,066	6,383,820	6,939,999	(556,179)
Student support services	1,606,298	1,809,201	1,810,012	(811)
Instructional staff support	23,744	16,567	14,500	2,067
General administration	349,303	357,484	366,777	(9,293)
School administration	22,090	22,535	22,045	490
Operation and maintenance	13,791	7,408	7,500	(92)
Student transportation	7,494	9,221	10,000	(779)
Other supplemental services	18,191	23,394	25,000	(1,606)
Total expenditures	<u>8,167,977</u>	<u>8,629,630</u>	<u>9,195,833</u>	<u>(566,203)</u>
Receipts over (under) expenditures	220,863	33,986		
UNENCUMBERED CASH, beginning	<u>356,695</u>	<u>577,558</u>		
UNENCUMBERED CASH, ending	<u>\$ 577,558</u>	<u>611,544</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CAREER AND POSTSECONDARY EDUCATION				
RECEIPTS				
Tuition	\$ 55,228	76,430	75,000	1,430
Federal vocational grant	40,236	48,369	46,733	1,636
Other	3,981	18,478	8,000	10,478
Transfer from				
General	1,080,902	1,045,136	1,162,179	(117,043)
Supplemental General	330,625	200,000	-	200,000
Total receipts	<u>1,510,972</u>	<u>1,388,413</u>	<u>1,291,912</u>	<u>96,501</u>
EXPENDITURES				
Instruction	1,278,590	1,263,674	1,397,264	(133,590)
Instructional staff support	49,609	65,401	69,936	(4,535)
Student support services	2,429	4,856	14,630	(9,774)
School administration	106,647	95,654	101,100	(5,446)
Operations and maintenance	34,043	36,778	43,000	(6,222)
Other support services	7,929	8,273	7,873	400
Total expenditures	<u>1,479,247</u>	<u>1,474,636</u>	<u>1,633,803</u>	<u>(159,167)</u>
Receipts over (under) expenditures	31,725	(86,223)		
UNENCUMBERED CASH, beginning	<u>310,166</u>	<u>341,891</u>		
UNENCUMBERED CASH, ending	<u>\$ 341,891</u>	<u>255,668</u>		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
KPERS EMPLOYER CONTRIBUTION				
RECEIPTS				
State aid	\$ 1,695,323	4,086,471	4,483,994	(397,523)
EXPENDITURES				
Instruction	1,118,914	2,663,970	2,923,210	(259,240)
Student support services	137,660	364,104	399,704	(35,600)
Instructional support services	71,712	139,349	152,757	(13,408)
General administration	27,464	93,580	102,743	(9,163)
School administration	118,673	288,505	316,526	(28,021)
Other supplemental services	33,737	87,859	96,205	(8,346)
Operations and maintenance	96,294	230,886	253,380	(22,494)
Student transportation services	37,297	92,354	101,534	(9,180)
Food service operations	45,265	105,840	116,014	(10,174)
Community service operations	8,307	20,024	21,921	(1,897)
Total expenditures	1,695,323	4,086,471	4,483,994	(397,523)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	\$ -	-		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
RECREATION COMMISSION				
RECEIPTS				
Tax in process	\$ 26,712	41,028	30,054	10,974
Current tax	1,187,269	986,366	935,373	50,993
Delinquent tax	38,506	23,445	25,336	(1,891)
Motor vehicle tax	159,274	160,097	159,461	636
Total receipts	1,411,761	1,210,936	1,150,224	60,712
EXPENDITURES				
Appropriation to Recreation Commission	1,368,000	1,226,000	1,226,000	-
Receipts over (under) expenditures	43,761	(15,064)		
UNENCUMBERED CASH, beginning	50,677	94,438		
UNENCUMBERED CASH, ending	\$ 94,438	79,374		
RECREATION COMMISSION EMPLOYEE BENEFITS				
RECEIPTS				
Tax in process	\$ 5,536	8,974	6,582	2,392
Current tax	260,587	314,405	298,152	16,253
Delinquent tax	8,698	5,162	5,561	(399)
Motor vehicle tax	35,103	34,167	33,904	263
Total receipts	309,924	362,708	344,199	18,509
EXPENDITURES				
Appropriation to Recreation Commission	300,000	362,000	362,000	-
Receipts over (under) expenditures	9,924	708		
UNENCUMBERED CASH, beginning	10,763	20,687		
UNENCUMBERED CASH, ending	\$ 20,687	21,395		

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	<u>2019</u>	<u>2020</u>
CONTINGENCY RESERVE		
RECEIPTS	\$ -	-
EXPENDITURES		
Instruction	-	294,195
School administration	-	1,698
Total expenditures	<u>-</u>	<u>295,893</u>
Receipts over (under) expenditures	-	(295,893)
UNENCUMBERED CASH, beginning	<u>1,300,000</u>	<u>1,300,000</u>
UNENCUMBERED CASH, ending	<u>\$ 1,300,000</u>	<u>1,004,107</u>
 TEXTBOOK AND MATERIAL REVOLVING		
RECEIPTS		
Fees and other	\$ 184,827	178,522
Transfer from		
General	20,000	44,490
Supplemental General	-	9,480
Total receipts	<u>204,827</u>	<u>232,492</u>
EXPENDITURES		
Instruction	<u>308,950</u>	<u>417,226</u>
Receipts over (under) expenditures	(104,123)	(184,734)
UNENCUMBERED CASH, beginning	<u>458,773</u>	<u>354,650</u>
UNENCUMBERED CASH, ending	<u>\$ 354,650</u>	<u>169,916</u>
 EMPLOYER FIXED CHARGES		
RECEIPTS	\$ 192,478	120,209
EXPENDITURES		
Workers Compensation Insurance	<u>192,478</u>	<u>120,209</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>-</u>	<u>-</u>
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>-</u>

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Total	Current Year							Total
		Title I	Title II Quality & Technology	Title III Eng. Lang. Acquisition	Title IV, A Student Support & Academic Enrichment	Head Start	After School Enhance	Elementary Secondary School Emergency Relief	
FEDERAL AND STATE GRANT PROGRAMS									
RECEIPTS									
Federal and state aid	\$ 1,793,527	607,249	77,345	20,204	20,223	1,168,147	8,973	69,944	1,972,085
Transfer from Title IV	20,000	-	-	-	-	-	-	-	-
Total receipts	<u>1,813,527</u>	<u>607,249</u>	<u>77,345</u>	<u>20,204</u>	<u>20,223</u>	<u>1,168,147</u>	<u>8,973</u>	<u>69,944</u>	<u>1,972,085</u>
EXPENDITURES									
Instruction	1,169,952	605,118	10,378	17,363	16,002	748,532	8,973	-	1,406,366
Student support services	151,340	-	-	-	-	154,041	-	-	154,041
Instructional support staff	184,854	913	91,836	2,392	-	4,076	-	1,964	101,181
School administration	94,231	-	-	-	-	93,344	-	2,829	96,173
Other support services	35,304	-	-	-	-	38,080	-	-	38,080
Operations and maintenance	19,979	-	-	-	-	-	-	8,068	8,068
Student transportation	104,122	-	-	-	-	65,691	-	-	65,691
Food service	45,477	-	-	-	-	40,818	-	-	40,818
Community service operations	-	-	-	-	-	-	-	59,965	59,965
Transfer to other funds	20,000	-	-	-	-	-	-	-	-
Total expenditures	<u>1,825,259</u>	<u>606,031</u>	<u>102,214</u>	<u>19,755</u>	<u>16,002</u>	<u>1,144,582</u>	<u>8,973</u>	<u>72,826</u>	<u>1,970,383</u>
Receipts over (under) expenditures	(11,732)	1,218	(24,869)	449	4,221	23,565	-	(2,882)	1,702
UNENCUMBERED CASH, beginning	(16,084)	(11,614)	12,988	-	(5,625)	(23,565)	-	-	(27,816)
UNENCUMBERED CASH, ending	<u>\$ (27,816)</u>	<u>(10,396)</u>	<u>(11,881)</u>	<u>449</u>	<u>(1,404)</u>	<u>-</u>	<u>-</u>	<u>(2,882)</u>	<u>(26,114)</u>

Unified School District No. 373

Bond and Interest Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
BOND AND INTEREST				
RECEIPTS				
Tax in process	\$ 39,463	62,984	46,120	16,864
Current tax	1,825,317	1,801,590	1,708,665	92,925
Delinquent tax	62,731	36,384	38,950	(2,566)
Motor vehicle tax	244,152	241,377	239,917	1,460
Interest	16,390	-	-	-
State aid	2,149,396	2,342,816	2,342,816	-
Other	6	-	-	-
Total receipts	<u>4,337,455</u>	<u>4,485,151</u>	<u>4,376,468</u>	<u>108,683</u>
EXPENDITURES				
Principal	3,190,000	3,360,000	3,360,000	-
Interest	865,463	679,338	679,338	-
Total expenditures	<u>4,055,463</u>	<u>4,039,338</u>	<u>4,039,338</u>	<u>-</u>
Receipts over (under) expenditures	281,992	445,813		
UNENCUMBERED CASH, beginning	<u>3,749,119</u>	<u>4,031,111</u>		
UNENCUMBERED CASH, ending	<u>\$ 4,031,111</u>	<u>4,476,924</u>		

Unified School District No. 373

Bond and Interest Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	<u>2019</u>	<u>2020</u>
BOND REDEMPTION		
RECEIPTS	\$ -	-
EXPENDITURES		
Cost of issuance	<u>15,890</u>	<u>-</u>
Receipts over (under) expenditures	(15,890)	-
UNENCUMBERED CASH, beginning	<u>18,335</u>	<u>2,445</u>
UNENCUMBERED CASH, ending	<u>\$ 2,445</u>	<u>2,445</u>

Unified School District No. 373

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended June 30, 2020

STUDENT ORGANIZATIONS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Newton High School				
Class of 2017	\$ 1,346	-	782	564
AD Food Club-Food 4 Life	3,133	-	241	2,892
Art Club	742	886	906	722
Auto Mechanics	28	73	-	101
Auto Mechanics VICA	3,053	82	426	2,709
Azteca	748	-	102	646
Azteca Dance Troupe	526	449	329	646
Broadcasting	440	-	-	440
Brothers & Sisters For Life	31	-	-	31
BTC Weld VICA	1,570	1,818	1,740	1,648
Business Professionals of America	2,314	4,138	1,919	4,533
BPA Printing-Railer Ink	257	-	-	257
BPA Train Stop Store	402	-	-	402
Cheerleaders Special	311	24,557	15,788	9,080
Chemistry/Physics	560	-	26	534
CTE Scholarships	500	-	-	500
Debate	333	2,990	2,186	1,137
D.E.C.A.	5,455	4,410	4,259	5,606
EPC Greenhouse	483	-	-	483
ELP Contests	148	124	98	174
F.C.A.	214	-	-	214
F.E.A.	131	-	-	131
F.F.A.	10,675	18,407	24,490	4,592
F.F.A. Vending	6,772	867	7,073	566
F.F.A. Ag Academy	-	9,301	6,093	3,208
F.C.C.L.A.	110	1,891	1,689	312
Forensics	3,716	1,203	2,333	2,586
French Club Honor Society	82	170	158	94
German Club	183	1,738	1,811	110
German Club Honor Society	-	40	40	-
G.S.A.	80	37	-	117
Hall of Fame	6,421	-	330	6,091
HIRE-Helping Individual Reach	45	-	-	45

Unified School District No. 373

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended June 30, 2020

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
STUDENT ORGANIZATIONS (Continued)				
SOSO-Student Owned Student	\$ 27	-	-	27
Hobby Club	323	-	-	323
H.O.S.A.	88	532	617	3
Job for Americas' Graduates	117	-	34	83
Jazz Club	1,815	1,586	1,000	2,401
Laser Works-Markit	2,588	3,525	3,478	2,635
Law Enforcement (LERO)	1,993	-	284	1,709
M & M Railer Embroidery	792	84	625	251
Model U.N.	74	-	-	74
Multi-Racial Students Racial Justice	1,028	338	-	1,366
National Honor Society	465	697	595	567
Nutrition Advisory Council	48	-	-	48
OFACS	4	-	-	4
Project Lead the Way	-	2,194	896	1,298
Railer Ambassadors	898	80	-	978
Railer Designs	105	-	-	105
Railiners Special	6,300	4,671	5,482	5,489
Railrooters/Do Crew Pep Club	1,568	-	90	1,478
Rotary Interact Club	1,113	-	-	1,113
SCABS	133	-	133	-
Scholars Bowl	835	3,304	2,093	2,046
Spanish Club	-	1,141	734	407
Spanish Club Honor Society	19	220	180	59
Student Council	5,879	8,526	7,137	7,268
Student Athlete Letter Jacket/PFP	94	-	-	94
Student Incentives/Rewards	406	1,085	1,384	107
Thespians	37	14,344	14,311	70
Tri-M Society	215	788	1,003	-
V.I.C.A. Machine	12	934	-	946
WE	334	1,418	929	823
We Can	353	158	215	296
Young Entrepreneurs of Kansas	407	-	-	407
Weight Room Equipment	170	-	-	170
	<u>79,049</u>	<u>118,806</u>	<u>114,039</u>	<u>83,816</u>

Unified School District No. 373

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended June 30, 2020

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
STUDENT ORGANIZATIONS (Continued)				
Santa Fe Middle School				
Book fair	\$ 39	929	929	39
Yearbook	1	1	-	2
Walmart grant	-	800	216	584
	<u>40</u>	<u>1,730</u>	<u>1,145</u>	<u>625</u>
Chisholm Middle School				
Book fair	13	513	513	13
Yearbook	970	3,516	2,909	1,577
Student Council	1,249	5,192	1,417	5,024
Social	602	100	-	702
	<u>2,834</u>	<u>9,321</u>	<u>4,839</u>	<u>7,316</u>
Total Student Organizations	<u>81,923</u>	<u>129,857</u>	<u>120,023</u>	<u>91,757</u>
High School Activity Sales Tax	-	16,977	16,977	-
Pension Trust	2,399	513,717	513,717	2,399
Gift Funds	<u>335,156</u>	<u>145,131</u>	<u>118,809</u>	<u>361,478</u>
Total Agency Funds	<u>\$ 419,478</u>	<u>805,682</u>	<u>769,526</u>	<u>455,634</u>

Unified School District No. 373

District Activity FundsSCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2020

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
ACTIVITY GATE RECEIPTS						
Newton High School	\$ 78,955	266,779	284,818	60,916	-	60,916
SCHOOL PROJECTS						
Santa Fe Middle School						
Miscellaneous	\$ 3,775	317	857	3,235	-	3,235
Chisholm Middle School						
Pencil Machine	396	6	134	268	-	268
Pride Squad	592	-	284	308	-	308
Concessions	4,576	2,223	4,870	1,929	-	1,929
Miscellaneous	510	353	330	533	-	533
Newton High School						
Fund Raising	1,664	5,102	5,795	971	-	971
Staff Issues	63	-	-	63	-	63
American Red Cross Donations	11	-	-	11	-	11
Art Booster	789	-	30	759	-	759
Band Booster	983	35	235	783	-	783
Drama Booster	808	-	808	-	-	-
Orchestra Booster	3,465	-	3,177	288	-	288
Vocal Booster	800	25	532	293	-	293
Concessions	7,966	38,052	41,274	4,744	-	4,744
Faculty Flower	177	495	304	368	-	368
FABC Supplemental	969	-	-	969	-	969
State Assessment	224	-	-	224	-	224
Milk Vending	4,727	7,254	5,292	6,689	-	6,689
Fine Arts Technology Special	237	-	-	237	-	237
Special Revolving Accounts	(837)	2,576	7,334	(5,595)	-	(5,595)
Total school projects	\$ 31,895	56,438	71,256	17,077	-	17,077

UNIFIED SCHOOL DISTRICT NO. 373
OTHER SUPPLEMENTARY INFORMATION
SINGLE AUDIT SECTION
FOR THE YEAR ENDED JUNE 30, 2020

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

Board of Education
Unified School District No. 373
Newton, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Unified School District No. 373, Newton, Kansas (District), as of and for the year ended June 30, 2020, and the disclosures to the financial statement, which collectively comprise the District's basic financial statement and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Krudsen, Monroe & Company, LLC

Certified Public Accountants

Newton, Kansas

December 10, 2020

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

Board of Education
Unified School District No. 373
Newton, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 373, Newton, Kansas' (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform

Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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.

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

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

Krudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
December 10, 2020

Unified School District No. 373
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	D0373	\$ 157,021
National School Lunch Program	10.555	D0373	674,601
Summer Food Service Program for Children	10.559	D0373	<u>267,443</u>
Total Child Nutrition Cluster			<u>1,099,065</u>
Total U.S. Department of Agriculture			<u>1,099,065</u>
<u>U.S. Department of Education</u>			
Passed through Kansas Department of Education			
Special Education Cluster (IDEA)			
Special Education, Grants to States, IDEA Part B	84.027	D0373	1,034,974
Special Education, Grants to States, Incentive Grant	84.027	D0373	<u>25,506</u>
Total for program			1,060,480
Special Education, Preschool Grants	84.173	D0373	<u>35,623</u>
Total Special Education Cluster (IDEA)			1,096,103
Career and Technical Education - Carl Perkins Vocational Education	84.048	D0373	49,457
Title I, Grants to Local Educational Agencies	84.010	D0373	606,031
Title II-A - Improving Teacher Quality	84.367	D0373	102,214
Title III - English Language Acquisition	84.365	D0373	19,755
Title IID - Tech Fund	84.424	D0373	16,002
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	D0373	72,826
Passed through Kansas Department of Health & Environment:			
Grants for Infant & Families	84.181	D0373	<u>85,933</u>
Total U.S. Department of Education			<u>2,048,321</u>
<u>U.S. Department of Health and Human Services</u>			
Head Start	93.600		1,144,582
Passed through Kansas Department of Education			
Temporary Assistance for Needy Families	93.558	D0373	<u>84,975</u>
Total U.S. Department of Health and Human Services			<u>1,229,557</u>
Total Expenditures of Federal Awards			<u>\$ 4,376,943</u>

The notes to the schedule of federal awards are an integral part of this schedule.

Unified School District No. 373

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 373, Newton, Kansas (District) under programs of the federal government for the year ended June 30, 2020. 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). 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 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.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting described in Note 1 to the District's financial statement. 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.

C. INDIRECT COST RATE

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

Unified School District No. 373
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified (Regulatory Basis) Adverse - GAAP
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> None reported
Noncompliance material to financial statement noted?	___ Yes	___ <u>X</u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> 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 200.516(a)?	___ Yes	___ <u>X</u> No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.600	Head Start
10.553, 10.555, 10.559	Child Nutrition Cluster

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

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs

There were no reportable findings.