UNIFIED SCHOOL DISTRICT NO. 232

DeSoto, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2021

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
TABLE OF CONTENTS
June 30, 2021

		Page
INDEPENDENT AUDITOR'S REPORT		1 - 3
FINANCIAL STATEMENT		
Summary Statement of Receipts, Expenditures And Unencumbered Cash	Statement 1	4 - 5
NOTES TO FINANCIAL STATEMENT		6 - 14
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION		
Summary of Expenditures - Actual and Budget	Schedule 1	16
Schedule of Receipts and Expenditures - Actual and Budget		
General Fund	Schedule 2	17
Supplemental General Fund	Schedule 2	18
Preschool-Aged At-Risk Fund	Schedule 2	19
At-Risk (K-12) Fund	Schedule 2	20
Bilingual Education Fund	Schedule 2	21
Capital Outlay Fund	Schedule 2	22
Driver Training Fund	Schedule 2	23
Food Service Fund	Schedule 2	24
Professional Development Fund	Schedule 2	25
Parent Education Fund	Schedule 2	26
Special Education Fund	Schedule 2	27
Cost of Living Fund	Schedule 2	28
Vocational Education Fund	Schedule 2	29
Gifts and Grants Fund	Schedule 2	30
KPERS Special Retirement Contribution Fund	Schedule 2	31
Special Assessment Fund	Schedule 2	32
Nonbudgeted Funds	Schedule 2	33
Bond and Interest Fund	Schedule 2	34
Capital Projects Fund	Schedule 2	35
Schedule of Receipts and Disbursements - Agency Funds	Schedule 3	36
Schedule of Receipts, Expenditures, and Unencumbered Cash - Activity Funds	Schedule 4	37
Schedule of Expenditures of Federal Awards		38
Notes to Schedule of Expenditures of Federal Awards		39
Schedule of Findings and Questioned Costs		40
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*		41 - 42
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance In Accordance With the Uniform Guidance		43 - 44

November 22, 2021

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
Unified School District No. 232
DeSoto, Kansas

Independent Auditor's Report

We have audited the accompanying fund summary statement of regulatory receipts, expenditures, and unencumbered cash - regulatory basis of the Unified School District No. 232 (the District) as of and for the year ended June 30, 2021 and the related notes to the financial statement which collectively comprise the District's basic financial statement as listed in the table of contents.

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 to meet the financial reporting requirements of the State of Kansas; 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 this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 the auditor's judgment, including 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 entity'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 to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1020 Commercial St., Suite A
Emporia, KS 66801

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the previous paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

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, 2021, 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.

Report on Regulatory-Required 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 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 receipts and disbursements - non-budgeted funds, summary of receipts and disbursements - agency funds, and schedule of regulatory basis receipts and expenditures - 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 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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance
Our audit was performed for the purpose of forming an opinion on the regulatory basis financial statement of the District, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the 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 financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021 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 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 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.

Additional Information
The basic financial statement for the year ended June 30, 2020 (not presented herein), was audited by other auditors whose report dated November 28, 2020, expressed an unmodified opinion on the financial statement. The 2020 financial statement and the other auditor's report are available in electronic form from the web site of the Kansas Department of Education at the following link https://datacentral.ksde.org. The report of the other auditors stated that the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2020 was subjected to the auditing procedures applied in the audit of the 2020 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 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in their opinion, was fairly stated in all material respects in relation to the financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2021

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS						
General Funds						
General	$ -	$ 46,001,435	$ 46,001,435	$ -	$ 3,990,939	$ 3,990,939
Supplemental General	597,237	15,244,251	15,279,564	561,924	2,148,655	2,710,579
Special Purpose Funds						
Preschool-Aged At-Risk	4,383	58,601	58,604	4,380	-	4,380
At-Risk (K-12)	123,762	2,613,032	2,613,032	123,762	-	123,762
Bilingual Education	21,534	421,775	421,774	21,535	-	21,535
Capital Outlay	18,178,932	6,878,913	6,673,636	18,384,209	1,151,690	19,535,899
Drivers Training	-	52,909	50,794	2,115	-	2,115
Food Service	481,243	2,890,549	2,771,828	599,964	1,958	601,922
Professional Development	116,818	38,414	38,264	116,968	710	117,678
Parent Education	15,698	158,711	158,711	15,698	14,675	30,373
Special Education	807,222	12,326,032	12,325,531	807,723	191	807,914
Cost of Living	74,688	2,179,217	2,190,554	63,351	-	63,351
Vocational Education	105,560	2,221,524	2,221,484	105,600	1,177	106,777
Gifts and Grants	27,449	136,843	16,538	147,754	-	147,754
KPERS Special Contribution	-	6,372,564	6,372,564	-	-	-
Special Assessment	255,819	35,574	126,521	164,872	-	164,872
Title I	-	156,508	156,508	-	-	-
Title II-A - Teacher Quality	10,389	93,058	97,995	5,452	-	5,452
Title III-A - English Acquisition	-	18,923	19,699	(776)	-	(776)
Title IV - Safe/Drug Free	-	15,904	15,904	-	-	-
ESSER	-	71,794	126,885	(55,091)	983	(54,108)
Contingency Reserve	2,800,000	-	-	2,800,000	-	2,800,000
Textbook Student Materials	358,207	1,670,603	549,708	1,479,102	19,917	1,499,019
Special Reserve	1,528,959	4,799,335	3,977,107	2,351,187	-	2,351,187
District Activities Fund	703,238	1,735,301	1,539,350	899,189	-	899,189

STATEMENT 1

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

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (CONTINUED)
Regulatory Basis
For the Year Ended June 30, 2021

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS						
Bond and Interest Fund						
Bond and Interest Fund	23,464,067	17,059,847	17,362,668	23,161,246	-	23,161,246
Capital Project Fund						
Capital Projects Fund	49,651,211	16,287,986	35,089,921	30,849,276	-	30,849,276
Total Reporting Entity (Excluding Agency Funds)	$ 99,326,416	$ 139,539,603	$ 156,256,579	$ 82,609,440	$ 7,330,895	$ 89,940,335

Composition of Cash	
Checking	$ (1,379,875)
CDARS	3,000,000
Kansas Municipal Investment Pool	88,636,117
Total Cash	$ 90,256,242
Less: Agency funds per Schedule 3	(315,907)
Total Reporting Entity (Excluding Agency Funds)	$ 89,940,335

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

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 232 (the District) is a municipal corporation governed by an elected seven member board. This financial statement include all the funds for which the District is considered to be financially accountable. The District has no related municipal entities.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United State of America

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

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

Regulatory Basis Fund Types

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

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

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

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

Capital Project Fund -- used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Agency Fund - used to report assets held by a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, student organization funds, etc.).

Budgetary Information

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

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

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

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

Title I	ESSER	District Activity
Title II-A Teacher Quality	Contingency Reserve	
Title III-A English Acquisition	Textbook Student Materials Revolving	
Title IV Safe/Drug Free	Special Reserve	

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

Note 2: Deposits and Investments

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

Investments. 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.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

Note 2: Deposits and Investments (Continued)

At June 30, 2021, the District had invested $88,636,117 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 10 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.

The following is a summary of the District's investments at June 30, 2021:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 2**
Kansas Municipal Investment Pool	$ 88,636,117	$ 88,636,117	$ -

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. The District's allocation of investments as of June 30, 2021, is as follows:

Investment Type	**Percent of Investment**
Kansas Municipal Investment Pool	100%

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, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $1,620,090 and the bank balance was $5,137,875. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $3,500,000 was covered by federal depository insurance and the remaining balance of $1,637,875 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a fair value of $1,300,000 and a $2,000,000 line of credit.

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

Note 3: Substance Receipt in Transit

The District received $2,615,945 in General State Aid and $539,916 in Supplemental General State Aid subsequent to June 30, 2021 and as required by K.S.A. 72-5135(d), these cash receipts were recorded as in-substance receipts in transit and included in the reporting for the year ended June 30, 2021.

Note 4: Compensated Absences

Vacation time off with pay is available to eligible employees who work a 260 day contract. Upon employment in an eligible position and continuing through 5 consecutive years of employment, the employee is entitled to 10 vacation days each year, accrued monthly.

Beginning on the anniversary of the 6th year of employment, the employee is entitled to 15 vacation days, accrued monthly. Vacation days are noncumulative to the next year.

The District grants all eligible employees short term leave at the rate of one day, equal to the hours worked per day, for every full month of service. In the event of termination or retirement, certified employees are compensated for unused short term leave at a rate of $40.00 per day. Classified employees, who give a two week notice of their resignation, are compensated for unused short term leave at a rate of $20.00 per day.

Note 5: Defined Benefit Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

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. Payments are 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 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.

Note 5: Defined Benefit Pension Plan (Continued)

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 $6,372,564 for the year ended June 30, 2021.

Net Pension Liability. At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $66,553,848. The net pension liability was measured as of June 30, 2020, 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 these financial statements.

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

Note 6: Risk Management

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

Note 7: Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statement of the District at June 30, 2021.

Note 8: Interfund Transfers

The District made the following operating transfers during fiscal year ended June 30, 2020. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General fund	Special Education	K.S.A. 72-5167	$ 9,382,820
Supplemental General	Preschool-Aged At-Risk	K.S.A. 72-5143	58,601
Supplemental General	At-Risk (K-12)	K.S.A. 72-5143	2,603,232
Supplemental General	Bilingual Education	K.S.A. 72-5143	421,775
Supplemental General	Driver Training	K.S.A. 72-5143	3,100
Supplemental General	Food Service	K.S.A. 72-5143	50
Supplemental General	Professional Development	K.S.A. 72-5143	35,604
Supplemental General	Parent Education	K.S.A. 72-5143	54,758
Supplemental General	Special Education	K.S.A. 72-5143	1,360,782
Supplemental General	Vocational Education	K.S.A. 72-5143	2,145,863
Supplemental General	Textbook Student Materials Revolving	K.S.A. 72-5143	1,000,000
	Total Transfers		$ 17,066,585

Note 9: Capital Project Authorizations

In May of 2018, the Board of the District approved construction of bond projects in the amount of $85,000,000 for the purpose of constructing, furnishing, and equipping all schools within the District, as well as athletic fields and other school facilities.

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures to Date	Project Authorization
2018 Bond Project	$ 73,495,845	$ 85,000,000

Note 10: Other Post-Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Note 11: Subsequent Events

The District evaluated subsequent events through November 22, 2021, the date the financial statement is available to be issued.

Note 12: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

Note 13: CRF and CARES Act Funding

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of $400 million. The District received CRF in the amount of $500,000 during fiscal year 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/.

Note 14: Long-Term Debt

Following is a summary of long-term debt transactions of the District for the year ended June 30, 2021:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
General Obligation Bonds									
Series 2009	4.14%	06/09/09	$ 25,000,000	9/1/2029	$ 2,415,000	$ -	$ 1,195,000	$ 1,220,000	$ 72,700
Series 2011-A	2.26%	12/29/11	20,010,000	9/1/2023	11,150,000	-	4,445,000	6,705,000	379,125
Series 2015-A	1.63%	01/28/15	26,950,000	9/1/2023	14,950,000	-	3,650,000	11,300,000	570,000
Series 2015-B	3.01%	06/18/15	53,415,000	9/1/2035	38,615,000	-	2,715,000	35,900,000	1,505,581
Series 2019-A	2.43%	06/20/19	48,780,000	9/1/2039	48,780,000	-	-	48,780,000	2,015,600
Series 2020-A	1.92%	06/18/20	35,000,000	9/1/2040	35,000,000	-	-	35,000,000	356,519
Series 2020-B	1.54%	06/18/20	18,605,000	9/1/2035	18,605,000	-	-	18,605,000	628,143
Series 2021	1.22%	06/03/21	15,000,000	9/1/2035	-	15,000,000	-	15,000,000	-
Total Long-Term Debt					$ 169,515,000	$ 15,000,000	$ 12,005,000	$ 172,510,000	$ 5,527,668

Note 14: Long-Term Debt (Continued)

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041	Total
Principal									
Series 2009	$ 1,220,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,220,000
Series 2011-A	2,375,000	1,745,000	2,585,000	-	-	-	-	-	6,705,000
Series 2015-A	4,040,000	4,385,000	2,875,000	-	-	-	-	-	11,300,000
Series 2015-B	3,815,000	4,115,000	4,970,000	1,860,000	1,705,000	8,545,000	10,890,000	-	35,900,000
Series 2019-A	-	935,000	1,025,000	2,930,000	3,325,000	18,225,000	11,640,000	10,700,000	48,780,000
Series 2020-A	-	-	-	1,610,000	1,655,000	9,060,000	10,500,000	12,175,000	35,000,000
Series 2020-B	475,000	200,000	200,000	1,225,000	1,275,000	7,000,000	8,230,000	-	18,605,000
Series 2021	-	2,500,000	2,500,000	620,000	645,000	3,635,000	4,215,000	885,000	15,000,000
	$ 11,925,000	$ 13,880,000	$ 14,155,000	$ 8,245,000	$ 8,605,000	$ 46,465,000	$ 45,475,000	$ 23,760,000	$ 172,510,000
Interest									
Series 2009	$ 24,400	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,400
Series 2011-A	188,313	138,300	51,700	-	-	-	-	-	378,313
Series 2015-A	377,750	167,125	28,750	-	-	-	-	-	573,625
Series 2015-B	1,342,331	1,144,081	916,956	767,131	698,931	2,631,719	1,002,455	-	8,503,604
Series 2019-A	2,015,600	1,992,225	1,943,225	1,844,350	1,687,975	5,652,025	2,546,050	654,000	18,335,450
Series 2020-A	893,800	893,800	893,800	869,650	820,675	3,315,800	1,894,725	656,132	10,238,382
Series 2020-B	500,175	490,050	484,050	462,675	425,175	1,520,250	452,775	-	4,335,150
Series 2021	356,431	428,788	328,788	266,388	241,088	788,836	239,561	7,744	2,657,624
	$ 5,698,800	$ 5,254,369	$ 4,647,269	$ 4,210,194	$ 3,873,844	$ 13,908,630	$ 6,135,566	$ 1,317,876	$ 45,046,548

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 47,239,641	$ (1,238,206)	$ -	$ 46,001,435	$ 46,001,435	$ -
Supplemental General	15,681,540	(401,976)	-	15,279,564	15,279,564	-
Special Purpose Funds						
Preschool-Aged At-Risk Fund	72,917	-	-	72,917	58,604	(14,313)
At-Risk (K-12) Fund	2,723,762	-	-	2,723,762	2,613,032	(110,730)
Bilingual Education Fund	451,535	-	-	451,535	421,774	(29,761)
Capital Outlay Fund	22,730,500	-	-	22,730,500	6,673,636	(16,056,864)
Driver Training Fund	56,250	-	-	56,250	50,794	(5,456)
Food Service Fund	4,660,370	-	-	4,660,370	2,771,828	(1,888,542)
Professional Development Fund	181,818	-	-	181,818	38,264	(143,554)
Parent Education Fund	184,151	-	-	184,151	158,711	(25,440)
Special Education Fund	13,106,652	-	-	13,106,652	12,325,531	(781,121)
Cost of Living Fund	2,244,810	-	-	2,244,810	2,190,554	(54,256)
Vocational Education Fund	2,345,560	-	-	2,345,560	2,221,484	(124,076)
Gifts and Grants Fund	179,949	-	-	179,949	16,538	(163,411)
Kansas Special Retirement Contribution Fund	7,274,499	-	-	7,274,499	6,372,564	(901,935)
Special Assessment Fund	205,000	-	-	205,000	126,521	(78,479)
Bond and Interest Fund						
Bond and Interest Fund	17,362,668	-	-	17,362,668	17,362,668	-
Total of all Funds	$ 136,701,622	$ (1,640,182)	$ -	$ 135,061,440	$ 114,683,502	$ (20,377,938)

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 46,001,435	$ 47,239,641	$ (1,238,206)
EXPENDITURES			
Instruction	$ 26,946,231	$ 28,585,313	$ (1,639,082)
Student support services	993,911	1,219,325	(225,414)
Instructional support staff	2,146,259	2,368,030	(221,771)
General administration	650,959	679,464	(28,505)
School administration	3,321,741	3,305,200	16,541
Central services	943,457	918,299	25,158
Operations and maintenance	1,616,057	1,660,000	(43,943)
Transfers out	9,382,820	8,504,010	878,810
Adjustment to comply with legal maximum	-	(1,238,206)	1,238,206
Total Expenditures	$ 46,001,435	$ 46,001,435	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem tax	$ 7,428,721	$ 7,783,800	$ (355,079)
Delinquent tax	32,084	24,674	7,410
County Sources			
Motor vehicle tax	911,268	812,279	98,989
Recreational tax	6,659	5,270	1,389
Commercial vehicle tax	29,442	30,977	(1,535)
State Sources			
State aid	6,836,077	7,015,921	(179,844)
Total Cash Receipts	$ 15,244,251	$ 15,672,921	$ (428,670)
EXPENDITURES			
Instruction	$ 1,771,106	$ 2,357,421	$ (586,315)
Student support services	725,468	747,667	(22,199)
Instructional support staff	105,353	206,000	(100,647)
General administration	498,772	450,000	48,772
Operations and maintenance	2,633,113	2,191,800	441,313
Student transportation	1,861,987	2,365,617	(503,630)
Transfers out	7,683,765	7,363,035	320,730
Adjustment to comply with legal maximum	-	(401,976)	401,976
Total Expenditures	$ 15,279,564	$ 15,279,564	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (35,313)		
UNENCUMBERED CASH - BEGINNING	597,237		
UNENCUMBERED CASH - ENDING	$ 561,924		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
PRESCHOOL-AGED AT-RISK FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 58,601	$ 68,535	$ (9,934)
EXPENDITURES			
Instruction	$ 58,604	$ 72,917	$ (14,313)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (3)		
UNENCUMBERED CASH - BEGINNING	4,383		
UNENCUMBERED CASH - ENDING	$ 4,380		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
AT RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Tuition	$ 9,800	$ -	$ 9,800
Other Sources			
Transfers in	2,603,232	2,600,000	3,232
Total Cash Receipts	$ 2,613,032	$ 2,600,000	$ 13,032
EXPENDITURES			
Instruction	$ 2,239,457	$ 2,329,030	$ (89,573)
Student support services	367,275	394,732	(27,457)
Student transportation	6,300	-	6,300
Total Expenditures	$ 2,613,032	$ 2,723,762	$ (110,730)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	123,762		
UNENCUMBERED CASH - ENDING	$ 123,762		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 421,775	$ 430,000	$ (8,225)
EXPENDITURES			
Instruction	$ 421,774	$ 451,535	$ (29,761)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1		
UNENCUMBERED CASH - BEGINNING	21,534		
UNENCUMBERED CASH - ENDING	$ 21,535		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem tax	$ 4,786,536	$ 4,828,500	$ (41,964)
Delinquent tax	20,727	15,492	5,235
Interest on idle fnds	2,468	5,000	(2,532)
Other	28,560	28,560	-
County Sources			
Motor vehicle tax	550,854	509,945	40,909
Recreational tax	4,066	3,309	757
Commercial vehicle tax	18,371	19,447	(1,076)
State Sources			
State aid	1,467,331	1,483,056	(15,725)
Total Cash Receipts	$ 6,878,913	$ 6,893,309	$ (14,396)
EXPENDITURES			
Instruction	$ 3,576,637	$ 6,200,000	$ (2,623,363)
Student support services	12,357	1,400,000	(1,387,643)
Operations and maintenance	3,084,642	15,130,500	(12,045,858)
Total Expenditures	$ 6,673,636	$ 22,730,500	$ (16,056,864)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 205,277		
UNENCUMBERED CASH - BEGINNING	18,178,932		
UNENCUMBERED CASH - ENDING	$ 18,384,209		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 42,975	$ 36,000	$ 6,975
State Sources			
State aid	6,834	20,250	(13,416)
Other Sources			
Transfers in	3,100	-	3,100
Total Cash Receipts	$ 52,909	$ 56,250	$ (3,341)
EXPENDITURES			
Instruction	$ 47,016	$ 50,030	$ (3,014)
Operations and maintenance	3,778	6,220	(2,442)
Total Expenditures	$ 50,794	$ 56,250	$ (5,456)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 2,115		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ 2,115		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Food service	$ 348,819	$ 3,184,550	$ (2,835,731)
Interest on idle fnds	13	-	13
State Sources			
State aid	31,433	43,000	(11,567)
Federal Sources			
Federal aid	2,510,234	1,335,378	1,174,856
Other Sources			
Transfers in	50	-	50
Total Cash Receipts	$ 2,890,549	$ 4,562,928	$ (1,672,379)
EXPENDITURES			
Food service	$ 2,771,828	$ 4,660,370	$ (1,888,542)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 118,721		
UNENCUMBERED CASH - BEGINNING	481,243		
UNENCUMBERED CASH - ENDING	$ 599,964		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 2,810	$ 15,000	$ (12,190)
Other Sources			
Transfers in	35,604	50,000	(14,396)
Total Cash Receipts	$ 38,414	$ 65,000	$ (26,586)
EXPENDITURES			
Instructional support staff	$ 38,264	$ 181,818	$ (143,554)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 150		
UNENCUMBERED CASH - BEGINNING	116,818		
UNENCUMBERED CASH - ENDING	$ 116,968		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 103,953	$ 103,953	$ -
Other Sources			
Transfers in	54,758	64,500	(9,742)
Total Cash Receipts	$ 158,711	$ 168,453	$ (9,742)
EXPENDITURES			
Student support services	$ 155,656	$ 182,151	$ (26,495)
Instructional support staff	3,055	2,000	1,055
Total Expenditures	$ 158,711	$ 184,151	$ (25,440)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	15,698		
UNENCUMBERED CASH - ENDING	$ 15,698		

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 118,906	$ 175,000	$ (56,094)
Federal Sources			
Federal aid	1,463,524	1,620,420	(156,896)
Other Sources			
Transfers in	10,743,602	10,504,010	239,592
Total Cash Receipts	$ 12,326,032	$ 12,299,430	$ 26,602
EXPENDITURES			
Instruction	$ 10,591,464	$ 11,104,694	$ (513,230)
Instructional support staff	370,831	371,000	(169)
General administration	269,202	270,958	(1,756)
Operations and maintenance	4,800	6,500	(1,700)
Student transportation	1,089,234	1,353,500	(264,266)
Total Expenditures	$ 12,325,531	$ 13,106,652	$ (781,121)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 501		
UNENCUMBERED CASH - BEGINNING	807,222		
UNENCUMBERED CASH - ENDING	$ 807,723		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
COST OF LIVING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem tax	$ 1,931,741	$ 33,532	$ 1,898,209
Delinquent tax	8,806	6280	2,526
County Sources			
Motor vehicle tax	229,505	206772	22,733
Recreational tax	1,683	1342	341
Commercial vehicle tax	7,482	7885	(403)
Total Cash Receipts	$ 2,179,217	$ 255,811	$ 1,923,406
EXPENDITURES			
Debt service	$ 2,190,554	$ 2,244,810	$ (54,256)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (11,337)		
UNENCUMBERED CASH - BEGINNING	74,688		
UNENCUMBERED CASH - ENDING	$ 63,351		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 75,661	$ 90,000	$ (14,339)
Other Sources			
Transfers in	2,145,863	2,150,000	(4,137)
Total Cash Receipts	$ 2,221,524	$ 2,240,000	$ (18,476)
EXPENDITURES			
Instruction	$ 2,221,484	$ 2,345,560	$ (124,076)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 40		
UNENCUMBERED CASH - BEGINNING	105,560		
UNENCUMBERED CASH - ENDING	$ 105,600		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 136,440	$ 150,000	$ (13,560)
Federal Sources			
Federal aid	403	2,500	(2,097)
Total Cash Receipts	$ 136,843	$ 152,500	$ (15,657)
EXPENDITURES			
Instruction	$ 2,109	$ 125,000	$ (122,891)
Instructional support staff	14,429	54,949	(40,520)
Total Expenditures	$ 16,538	$ 179,949	$ (163,411)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 120,305		
UNENCUMBERED CASH - BEGINNING	27,449		
UNENCUMBERED CASH - ENDING	$ 147,754		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 6,372,564	$ 7,274,499	$ (901,935)
EXPENDITURES			
KPERS payments	$ 6,372,564	$ 7,274,499	$ (901,935)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SPECIAL ASSESSMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem taxes	$ 12,229	$ 12,920	$ (691)
Delinquent taxes	918	730	188
County Sources			
Motor vehicle taxes	21,416	24,030	(2,614)
recreational taxes	169	155	14
Commercial vehicle taxes	842	916	(74)
Total Cash Receipts	$ 35,574	$ 38,751	$ (3,177)
EXPENDITURES			
Facility acquisition and construction	$ 126,521	$ 205,000	$ (78,479)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (90,947)		
UNENCUMBERED CASH - BEGINNING	255,819		
UNENCUMBERED CASH - ENDING	$ 164,872		

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
NONBUDGETED FUNDS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2021

	Title I	Title II-A Teacher Quality	Title III-A English Acquisition	Title IV Safe/Drug Free	ESSER	Contingency Reserve	Textbook Student Materials Revolving	Special Reserve
CASH RECEIPTS								
Local Sources								
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ 670,603	$ 4,799,335
Federal Sources								
Federal aid	156,508	93,058	18,923	15,904	71,794	-	-	-
Other Sources								
Transfers in	-	-	-	-	-	-	1,000,000	-
Total Cash Receipts	$ 156,508	$ 93,058	$ 18,923	$ 15,904	$ 71,794	$ -	$ 1,670,603	$ 4,799,335
EXPENDITURES								
Instruction	$ 156,508	$ 87,995	$ 19,699	$ 15,904	$ 126,885	$ -	$ 549,708	$ 3,977,107
Other supplemental service	-	10,000	-	-	-	-	-	-
Total Expenditures	$ 156,508	$ 97,995	$ 19,699	$ 15,904	$ 126,885	$ -	$ 549,708	$ 3,977,107
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ (4,937)	$ (776)	$ -	$ (55,091)	$ -	$ 1,120,895	$ 822,228
UNENCUMBERED CASH - BEGINNING	-	10,389	-	-	-	2,800,000	358,207	1,528,959
UNENCUMBERED CASH - ENDING	$ -	$ 5,452	$ (776)	$ -	$ (55,091)	$ 2,800,000	$ 1,479,102	$ 2,351,187

UNIFIED SCHOOL DISTRICT NO. 232
Emporia, Kansas
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem taxes	$ 10,903,545	$ 10,976,527	$ (72,982)
Delinquent tax	51,749	37,702	14,047
Interest on idle funds	1,002	5,000	(3,998)
County Sources			
Motor vehicle tax	1,346,651	1,241,191	105,460
Recreational vehicle tax	9,940	8,052	1,888
Commercial vehicle tax	44,755	47,334	(2,579)
State Sources			
State aid	4,585,017	4,587,221	(2,204)
Federal Sources			
Federal tax credit	117,188	117,188	-
Total Cash Receipts	$ 17,059,847	$ 17,020,215	$ 39,632
EXPENDITURES			
Debt service	$ 17,362,668	$ 17,362,668	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (302,821)		
UNENCUMBERED CASH - BEGINNING	23,464,067		
UNENCUMBERED CASH - ENDING	$ 23,161,246		

UNIFIED SCHOOL DISTRICT NO. 232
Emporia, Kansas
CAPITAL PROJECTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2021

CASH RECEIPTS	
Local Sources	
Interest on idle funds	$ 1,831
Other Sources	
Bond Proceeds	15,000,000
Bond Premium	1,286,155
Total Cash Receipts	$ 16,287,986
EXPENDITURES	
Facility acquisition and construction	$ 35,089,921
RECEIPTS OVER (UNDER) EXPENDITURES	(18,801,935)
UNENCUMBERED CASH - BEGINNING	49,651,211
UNENCUMBERED CASH - ENDING	$ 30,849,276

SCHEDULE 3

UNIFIED SCHOOL DISTRICT NO. 232
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2021

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
DeSoto High School	$ 209,490	$ 105,474	$ 236,553	$ 78,411
Mill Valley High School	129,223	57,248	71,574	114,897
Millcreek Middle School	14,165	52,983	44,335	22,813
Monticello Trails Middle School	50,030	21,482	26,014	45,498
Lexington Trails Middle School	22,983	15,639	24,897	13,725
Belmont Elementary School	5,314	3,700	5,156	3,858
Clear Creek Elementary School	13,238	500	9,005	4,733
Horizon Elementary School	1,379	756	230	1,905
Mize Elementary School	15,489	5,568	2,258	18,799
Prairie Ridge Elementary School	9,480	3,950	2,497	10,933
Riverview Elementary School	335	-	-	335
Total Agency Funds	$ 471,126	$ 267,300	$ 422,519	$ 315,907

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 232
DISTRICT ACTIVITIES FUND
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2021

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance Unencumbered Cash Balance
Gate Receipts							
DeSoto High School	$ 76,991	$ -	$ 167,828	$ 118,466	$ 126,353	$ -	$ 126,353
Mill Valley High School	73,285	-	256,772	215,566	114,491	-	114,491
Millcreek Middle School	228	-	1,374	248	1,354	-	1,354
Monticello Trails Middle School	3,010	-	2,463	562	4,911	-	4,911
Lexington Trails Middle School	3,723	-	2,118	1,210	4,631	-	4,631
Subtotal Gate Receipts	$ 157,237	$ -	$ 430,555	$ 336,052	$ 251,740	$ -	$ 251,740
School Projects							
DeSoto High School	$ 120,049	$ -	$ 307,468	$ 268,220	$ 159,297	$ -	$ 159,297
Mill Valley High School	146,482	-	415,574	381,253	180,803	-	180,803
Millcreek Middle School	4,815	-	75,442	77,720	2,537	-	2,537
Monticello Trails Middle School	122,692	-	133,761	117,324	139,129	-	139,129
Lexington Trails Middle School	10,599	-	67,567	43,543	34,623	-	34,623
Belmont Elementary School	35,786	-	63,163	75,813	23,136	-	23,136
Clear Creek Elementary School	11,815	-	50,852	49,063	13,604	-	13,604
Horizon Elementary School	20,546	-	25,952	29,119	17,379	-	17,379
Mize Elementary School	17,654	-	42,370	41,789	18,235	-	18,235
Prairie Ridge Elementary School	6,963	-	43,094	41,319	8,738	-	8,738
Riverview Elementary School	15,506	-	51,255	48,974	17,787	-	17,787
Starside Elementary School	33,094	-	28,248	29,161	32,181	-	32,181
Subtotal School Projects	$ 546,001	$ -	$ 1,304,746	$ 1,203,298	$ 647,449	$ -	$ 647,449
Total District Activity Funds	$ 703,238	$ -	$ 1,735,301	$ 1,539,350	$ 899,189	$ -	$ 899,189

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	DO232	$ 233,812
Summer Food Service Program for Children	10.559	DO232	2,276,422
Total Child Nutrition Cluster			$ 2,510,234
Total U.S. Department of Agriculture			$ 2,510,234
U.S. Department of the Treasury			
Passed through Kansas Office of Recovery/			
Johnson County, Kansas	21.019	DO232	$ 500,000
Total U.S. Department of the Treasury			$ 500,000
U.S. Department of Education			
Passed through Kansas Department of Education			
Special Education (IDEA) Cluster			
Special Education Grants to States	84.027	DO232	$ 1,219,307
Special Education Preschool Grants	84.173	DO232	18,788
Total Special Education (IDEA) Cluster)			$ 1,238,095
Title I - Grants to Local Educational Agencies	84.010	DO232	$ 156,508
Career and Technical Education - Basic Grants to States	84.048	DO232	70,661
English Language Acquisition State Grants	84.365	DO232	19,699
Supporting Effective Instruction State Grants	84.367	DO232	97,995
ESSA Student Support Academic Enrichment	84.424	DO232	15,904
COVID-19 - Emergency and Secondary Emergency Relief	84.425D	DO232	126,885
Total U.S. Department of Education			$ 1,725,747
U.S. Department of Health and Human Services			
Passed through Kansas Department of Education			
TANF - Early Learning Kansans	93.558	DO232	$ 403
Total U.S. Department of Health and Human Services			$ 403
TOTAL FEDERAL EXPENDITURES			$ 4,736,384

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

Note 1: Organization

Unified School District No. 232, DeSoto, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2: Basis of Presentation

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

Note 3: Local Government Contributions

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

Note 4: Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2021.

Note 5: Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2021.

Note 6: Sub-receipient Grants

No federal awards were passed through to subrecipients

Note 7: Pass-Through Numbers

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

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section I - Summary of Auditor's Results

Financial Statement

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

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	X No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	___ Yes	X No

Identification of major programs:

Name of Federal program	CFDA Number
Child Nutrition Cluster	10.555 and 10.559

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

Note:

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

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

VARNEY
& ASSOCIATES, CPAs, LLC

November 22, 2021

Board of Education
Unified School District No. 232
DeSoto, Kansas

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 232 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated November 22, 2021.

Internal Control Over Financial Reporting

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

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

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

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1020 Commercial St., Suite A
Emporia, KS 66801

Compliance and Other Matters

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

Purpose of this Report

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

November 22, 2021

Board of Education
Unified School District No. 232
DeSoto, Kansas

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance In Accordance With the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the compliance of Unified School District No. 232's (the District) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1020 Commercial St., Suite A
Emporia, KS 66801

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas