

UNIFIED SCHOOL DISTRICT NO. 112

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended June 30, 2021

UNIFIED SCHOOL DISTRICT NO. 112
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For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 112
Holyrood, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 112, as of and for the year ended June 30, 2021 and the related notes 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.

Auditors' 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 *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 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 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 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 entity'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, the financial statement is prepared by **Unified School District No. 112** 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 matters 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 **Unified School District No. 112** as of June 30, 2021, 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 **Unified School District No. 112** 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds, 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 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **Unified School District No. 112** as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated October 12, 2020, which contained an unmodified opinion on the basic financial statement. The 2020 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 <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 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 2020 basic financial statement. The 2020 comparative information was 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of **Unified School District No. 112'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 **Unified School District No. 112's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Unified School District No. 112's** internal control over financial reporting and compliance.



ADAMSBROWN, LLC

Certified Public Accountants
Great Bend, Kansas

December 14, 2021

UNIFIED SCHOOL DISTRICT NO. 112
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General Fund	\$ -	-	5,905,183	5,905,183	-	2,307	2,307
Supplemental General Fund	122,123	-	1,472,443	1,473,460	121,106	25,523	146,629
Special Purpose Funds							
Capital Outlay Fund	586,399	-	914,226	999,585	501,040	37,755	538,795
Driver Training Fund	16,826	-	4,534	4,945	16,415	-	16,415
Food Service Fund	50,342	-	334,958	321,971	63,329	-	63,329
Professional Development Fund	14,094	-	12,659	11,767	14,986	175	15,161
Special Education Fund	141,433	-	866,900	867,937	140,396	-	140,396
Vocational Education Fund	15,958	-	210,000	209,212	16,746	3,063	19,809
Recreation Commission Fund	3,486	-	46,562	46,500	3,548	-	3,548
KPERs Special Retirement Contribution Fund	-	-	495,051	495,051	-	-	-
At-Risk (K-12) Fund	13,248	-	308,000	305,737	15,511	-	15,511
At-Risk (4-Year Old) Fund	15,231	-	88,000	86,723	16,508	-	16,508
Virtual Education Fund	12,000	-	1,645,198	1,495,185	162,013	1,572	163,585
Contingency Reserve Fund	120,008	-	-	13,535	106,473	13,535	120,008
Textbook Rental Fund	45,086	-	10,233	53,473	1,846	6,763	8,609
Title I Fund	-	-	79,002	79,002	-	-	-
Title II Fund	-	-	16,582	16,582	-	-	-
Title IV Fund	-	-	13,215	13,215	-	-	-
Federal Funds Fund	-	-	290,411	290,411	-	-	-
ESSERF II Fund	-	-	21,800	40,307	(18,507)	8,250	(10,257)
REAP Grant Fund	-	-	40,791	40,791	-	-	-
Special Gift Fund	6,461	-	13	3,537	2,937	-	2,937
District Activity Funds	45,480	-	67,164	74,177	38,467	-	38,467
Bond and Interest Fund							
Bond and Interest Fund	115,624	-	401	-	116,025	-	116,025
Trust Fund							
Scholarship Fund	63	-	-	-	63	-	63
Total Primary Government (Excluding Agency Funds)	<u>\$ 1,323,862</u>	<u>-</u>	<u>12,843,326</u>	<u>12,848,286</u>	<u>1,318,902</u>	<u>98,943</u>	<u>1,417,845</u>
Composition of Cash							
Checking Accounts						\$	1,396,556
Money Market Accounts							16,328
Certificates of Deposit							100,146
Total Cash							1,513,030
Agency Funds per Schedule 3							(95,185)
Total Primary Government (Excluding Agency Funds)							<u>\$ 1,417,845</u>

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

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 112 has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the District and/or its constituents.

Recreation Commission

Claflin Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body, but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. Unaudited financial statements can be obtained by contacting the recreation commission's office.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2021.

Regulatory Basis Fund Types

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.

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

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

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

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.

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

NOTE 2 – BUDGETARY INFORMATION

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments for this year for the General Fund and Virtual Education Fund.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which 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 budgeted

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds and the following special purpose funds: Contingency Reserve Fund, Textbook Rental Fund, Title I Fund, Title II Fund, Title IV Fund, Federal Funds Fund, ESSERF II Fund, REAP Grant Fund, and District Activity Funds.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Unified School District No. 112 follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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

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

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were not legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was \$1,513,030 and the bank balance was \$1,552,587. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$654,283 was covered by federal depository insurance and \$898,304 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. The District had no investments at June 30, 2021.

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 112 received \$703,177 subsequent to June 30, 2021 and as required by K.S.A. 72-5135, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 112's** interfund transfers and regulatory authority for the year ended June 30, 2021 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-5167	\$ 669,883
General Fund	Textbook Rental Fund	K.S.A. 72-5167	1,000
General Fund	At-Risk (4-Year Old) Fund	K.S.A. 72-5167	68,000
General Fund	At-Risk (K-12) Fund	K.S.A. 72-5167	178,000
General Fund	Vocational Education Fund	K.S.A. 72-5167	120,000
General Fund	Virtual Education Fund	K.S.A. 72-5167	1,644,500
General Fund	Capital Outlay Fund	K.S.A. 72-5167	3,000
General Fund	Food Service Fund	K.S.A. 72-5167	15,000
General Fund	Professional Development Fund	K.S.A. 72-5167	10,000
Supplemental General Fund	At-Risk (4-Year Old) Fund	K.S.A. 72-5143	20,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	181,092
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-5143	90,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	130,000

NOTE 6 – LITIGATION

Unified School District No. 112 is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the District.

NOTE 7 – RISK MANAGEMENT

Unified School District No. 112 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 districts in the State to participate in Kansas Association of School Boards Risk Management Services, a public entity risk pool currently operating as a common risk management and insurance program for 111 participating members.

The District pays an annual premium to Kansas Association of School Boards Risk Management Services for its workers' compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Risk Management Services will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Risk Management Services management.

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

The District carries commercial insurance for all other risks of loss, including property, general liability, inland marine, crime, automobile, umbrella, linebacker and cybersolutions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

Unified School District No. 112 participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – DEFERRED COMPENSATION PLAN

Unified School District No. 112 sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

Unified School District No. 112 participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 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, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021.

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Notes to Financial Statement

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. Payment is scheduled to be made in a series of twenty annual payments of \$19.4 million starting in fiscal year 2020.

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$495,051 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 \$5,448,832. 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, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Unified School District No. 112** 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.

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, 2021.

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

NOTE 12 – COMPENSATED ABSENCES

Vacation

Unified School District No. 112's policy regarding vacation is that full-time employees will receive vacation at the rate of 10 days per year. Twelve month contracted employees will receive vacation equal to the percentage of their employment. Employees who have completed 15 work years in the district or 15 combined years (combining years employed with USD 112 and years employed with a predecessor district, USD 354 or USD 328 prior to consolidation) receive 3 additional days of vacation per year. Vacation is non-accumulative. However, if an employee wants to carry over any unused vacation, it must be used by July 31st of the following fiscal year, with the approval of the building principal and/or Superintendent by June 30th. The Superintendent receives 22 days of vacation each year. He is able to carry over his current year vacation until December 31st. If not used by December 31st, the vacation is forfeited.

Newly hired classified employees hired for 12-month positions will accrue one day of vacation per month through the first year of employment and until the beginning of the first full fiscal year after being hired up to 10 days. Upon completion of the first year and at the beginning of the next fiscal year (July 1) the employee will receive 10 days of vacation per year. Part-time and temporary employees are not eligible for vacation. Employees terminating employment before June 30th of the respective fiscal year will be paid for unused vacation at their applicable hourly rate.

Sick Leave

Classified and certified employees are allowed annual sick leave of 10 days per year. Any unused sick leave may be carried over at the end of the year, but accumulated sick leave is limited to a maximum of 80 days for all District employees. Accumulated sick leave is not paid out if an employee terminates employment or retires.

The District will compensate classified employees at the rate of \$60 per day and certified employees at a rate of \$70 per day for unused sick leave in excess of 70 days, with the payment being made to the employees in their final check of the fiscal year, prior to June 30th. The number of sick leave days available to the employee will then be reduced by the number of days bought back. The days available for buy back will never exceed 10 days (the maximum 80 accumulated days less a maximum buy back of 10 days for those days in excess of 70).

Personal Leave

Classified and certified employees are granted three days per year for personal leave. Personal leave days are non-accumulative and must be used by June 30th. The District will compensate employees at the rate of \$60 per day for classified employees and \$70 per day for certified employees for unused personal leave, with the payment being made to the employees in their final check of the fiscal year, prior to June 30th.

Comp Time

Full-time employees (custodians and district office personnel) may elect to earn compensatory time instead of overtime for hours worked outside their contract hours. Compensatory hours shall be computed at the same rate as overtime. All compensatory hours must be taken by June 30th of each calendar year. The maximum number of compensatory hours which may be accumulated at any time in a calendar year is 45, after which, the hours must be used or turned in as overtime.

NOTE 13 – RISKS AND UNCERTAINTIES

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

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022.

NOTE 14 – 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 \$267,906 during 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

NOTE 15 – LONG-TERM DEBT

Unified School District No. 112 has the following types of long-term debt.

Lease Obligations

The District has entered into a lease agreement for equipment. The lease contains a fiscal funding clause.

UNIFIED SCHOOL DISTRICT NO. 112

Notes to Financial Statement

June 30, 2021

Changes in long-term liabilities for the District for the year ended June 30, 2021, were as follows:

	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
Capital Lease									
HVAC System Lease	2.69%	10/30/2017	\$ 820,952	10/30/2027	\$ <u>673,701</u>	<u>-</u>	<u>(103,987)</u>	<u>569,714</u>	<u>17,195</u>

Current maturities of long-term debt and interest for the next seven years are as follows:

	YEAR						
	2022	2023	2024	2025	2026	2027-2028	Total
Principal	\$ 79,407	81,543	83,706	85,984	88,301	150,773	569,714
Interest	15,325	13,189	11,026	8,748	6,431	5,673	60,392
Total Principal and Interest	\$ <u>94,732</u>	<u>94,732</u>	<u>94,732</u>	<u>94,732</u>	<u>94,732</u>	<u>156,446</u>	<u>630,106</u>

UNIFIED SCHOOL DISTRICT NO. 112

Regulatory-Required Supplementary Information

UNIFIED SCHOOL DISTRICT NO. 112
Summary of Expenditures - Actual and Budget
Regulatory Basis
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 Fund	\$ 5,912,283	(15,070)	7,970	5,905,183	5,905,183	-
Supplemental General Fund	1,466,150	-	7,310	1,473,460	1,473,460	-
Special Purpose Funds						
Capital Outlay Fund	1,200,000	-	-	1,200,000	999,585	(200,415)
Driver Training Fund	6,900	-	-	6,900	4,945	(1,955)
Food Service Fund	357,800	-	-	357,800	321,971	(35,829)
Professional Development Fund	24,200	-	-	24,200	11,767	(12,433)
Special Education Fund	921,100	-	-	921,100	867,937	(53,163)
Vocational Education Fund	220,100	-	-	220,100	209,212	(10,888)
Recreation Commission Fund	46,500	-	-	46,500	46,500	-
KPERs Special Retirement Contribution Fund	571,304	-	-	571,304	495,051	(76,253)
At-Risk (K-12) Fund	338,000	-	-	338,000	305,737	(32,263)
At-Risk (4-Year Old) Fund	90,100	-	-	90,100	86,723	(3,377)
Virtual Education Fund	1,624,856	-	-	1,624,856	1,495,185	(129,671)
Special Gift Fund	20,000	-	-	20,000	3,537	(16,463)
Bond and Interest Fund						
Bond and Interest Fund	115,624	-	-	115,624	-	(115,624)

UNIFIED SCHOOL DISTRICT NO. 112

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Revenues				
Mineral Severance Tax	\$ 16,277	5,534	14,000	(8,466)
Equalization Aid	3,651,460	5,375,388	5,341,095	34,293
State Aid	532,320	516,291	557,188	(40,897)
State Aid - Other	1,448	-	-	-
Fees	7,471	7,970	-	7,970
Total Receipts	4,208,976	5,905,183	5,912,283	(7,100)
Expenditures				
Instruction	1,909,893	1,987,871	1,936,739	51,132
Student Support Services	204,389	212,236	212,004	232
Instructional Support Services	67,779	69,471	70,511	(1,040)
General Administration	262,195	286,124	273,900	12,224
School Administration	395,115	400,117	412,300	(12,183)
Operations and Maintenance	33,267	34,140	52,000	(17,860)
Student Transportation Services	188,188	205,841	195,400	10,441
Transfers Out	1,148,150	2,709,383	2,759,429	(50,046)
Adjustment to Comply with Legal Max	-	-	(15,070)	15,070
Legal General Fund Budget	4,208,976	5,905,183	5,897,213	7,970
(a) Adjustment for Qualifying Budget Credits	-	-	7,970	(7,970)
Total Expenditures and Legal General Fund Budget	4,208,976	5,905,183	5,905,183	-
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		
(a) Adjustment for Qualifying Budget Credits				
Fees Over Amount Budgeted			\$ 7,970	

UNIFIED SCHOOL DISTRICT NO. 112
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	(Under)
Receipts				
Taxes and Shared Revenues				
Taxes	\$ 1,431,546	1,465,133	1,509,133	(44,000)
Other Local Sources				
Fees	5,280	7,310	-	7,310
Total Receipts	1,436,826	1,472,443	1,509,133	(36,690)
Expenditures				
Instruction	377,670	433,283	386,450	46,833
Student Support Services	112,312	112,769	110,700	2,069
Instructional Support Services	11,443	20,539	35,000	(14,461)
General Administration	46,107	50,368	49,000	1,368
School Administration	32,153	32,999	33,000	(1)
Operations and Maintenance	314,348	319,707	316,400	3,307
Student Transportation Services	70,949	76,279	91,000	(14,721)
Other Supplemental Services	9,238	6,424	4,600	1,824
Transfers Out	473,529	421,092	440,000	(18,908)
Legal Supplemental General Fund Budget	1,447,749	1,473,460	1,466,150	7,310
(a) Adjustment for Qualifying Budget Credits	-	-	7,310	(7,310)
Total Expenditures	1,447,749	1,473,460	1,473,460	-
Receipts Over (Under) Expenditures	(10,923)	(1,017)		
Unencumbered Cash - Beginning	133,046	122,123		
Unencumbered Cash - Ending	\$ 122,123	121,106		
(a) Adjustment for Qualifying Budget Credits				
Fees Over Amount Budgeted			\$ 7,310	

UNIFIED SCHOOL DISTRICT NO. 112

Capital Outlay Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Taxes	\$ 872,690	848,398	791,465	56,933
Intergovernmental Revenues				
Federal Aid	5,682	-	-	-
Other Local Sources				
Miscellaneous Revenue	18,140	30,746	15,000	15,746
Refunds and Reimbursements	128,008	1,739	-	1,739
Sale of Assets	-	26,450	-	26,450
Interest on Idle Funds	11,999	3,893	10,500	(6,607)
Transfers In	-	3,000	-	3,000
Total Receipts	<u>1,036,519</u>	<u>914,226</u>	<u>816,965</u>	<u>97,261</u>
Expenditures				
Instruction	109,780	102,731	200,000	(97,269)
Support Services	-	-	50,000	(50,000)
School Administration	13,478	7,863	5,000	2,863
General Administration	6,194	12,344	20,000	(7,656)
Operations and Maintenance	376,332	404,120	484,000	(79,880)
Transportation	173,264	175,978	225,000	(49,022)
Other Supplemental Services	1,083	-	30,000	(30,000)
Facility Acquisition and Construction	186,033	175,367	89,000	86,367
Debt Service	94,732	121,182	97,000	24,182
Total Expenditures	<u>960,896</u>	<u>999,585</u>	<u>1,200,000</u>	<u>(200,415)</u>
Receipts Over (Under) Expenditures	75,623	(85,359)		
Unencumbered Cash - Beginning	<u>510,776</u>	<u>586,399</u>		
Unencumbered Cash - Ending	\$ <u><u>586,399</u></u>	<u><u>501,040</u></u>		

UNIFIED SCHOOL DISTRICT NO. 112
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Intergovernmental Revenues				
State Aid	\$ 3,380	1,734	1,500	234
Other Local Sources				
Student Fees	1,904	2,800	2,500	300
Total Receipts	5,284	4,534	4,000	534
Expenditures				
Instruction	4,142	4,945	6,250	(1,305)
Vehicle Operating Services	32	-	650	(650)
Total Expenditures	4,174	4,945	6,900	(1,955)
Receipts Over (Under) Expenditures	1,110	(411)		
Unencumbered Cash - Beginning	15,716	16,826		
Unencumbered Cash - Ending	\$ 16,826	16,415		

UNIFIED SCHOOL DISTRICT NO. 112

Food Service Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Intergovernmental Revenues				
State Aid	\$ 3,123	3,044	2,359	685
Federal Aid	178,621	298,644	161,655	136,989
Other Local Sources				
Receipts - Students	79,071	12,337	96,027	(83,690)
Receipts - Adults	7,472	5,933	21,107	(15,174)
Transfers In	30,000	15,000	50,000	(35,000)
Total Receipts	298,287	334,958	<u>331,148</u>	<u>3,810</u>
Expenditures				
Food Service Operation	285,945	321,971	<u>357,800</u>	<u>(35,829)</u>
Receipts Over (Under) Expenditures	12,342	12,987		
Unencumbered Cash - Beginning	38,000	50,342		
Unencumbered Cash - Ending	\$ <u>50,342</u>	<u>63,329</u>		

UNIFIED SCHOOL DISTRICT NO. 112
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Intergovernmental Revenues				
State Aid	\$ 2,480	2,659	3,750	1,091
Other Local Sources				
Transfers In	18,000	10,000	23,000	(13,000)
Total Receipts	20,480	12,659	<u>26,750</u>	<u>(11,909)</u>
Expenditures				
Instructional Support Services	16,657	11,767	<u>24,200</u>	<u>(12,433)</u>
Receipts Over (Under) Expenditures	3,823	892		
Unencumbered Cash - Beginning	10,271	14,094		
Unencumbered Cash - Ending	\$ <u>14,094</u>	<u>14,986</u>		

UNIFIED SCHOOL DISTRICT NO. 112
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Other Local Sources				
Miscellaneous Revenue	\$ 4,685	8,381	4,100	4,281
Transfers In	847,320	850,975	845,000	5,975
Federal Sources				
Federal Aid - CARES	-	7,544	7,544	-
Total Receipts	<u>852,005</u>	<u>866,900</u>	<u>856,644</u>	<u>10,256</u>
Expenditures				
Instruction	758,359	798,333	832,544	(34,211)
Vehicle Operating Services	<u>83,904</u>	<u>69,604</u>	<u>88,556</u>	<u>(18,952)</u>
Total Expenditures	<u>842,263</u>	<u>867,937</u>	<u>921,100</u>	<u>(53,163)</u>
Receipts Over (Under) Expenditures	9,742	(1,037)		
Unencumbered Cash - Beginning	<u>131,691</u>	<u>141,433</u>		
Unencumbered Cash - Ending	\$ <u>141,433</u>	<u>140,396</u>		

UNIFIED SCHOOL DISTRICT NO. 112**Vocational Education Fund**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Other Local Sources				
Transfers In	\$ 219,000	210,000	<u>224,113</u>	<u>(14,113)</u>
Expenditures				
Instruction	<u>212,541</u>	<u>209,212</u>	<u>220,100</u>	<u>(10,888)</u>
Receipts Over (Under) Expenditures	6,459	788		
Unencumbered Cash - Beginning	<u>9,499</u>	<u>15,958</u>		
Unencumbered Cash - Ending	\$ <u>15,958</u>	<u>16,746</u>		

UNIFIED SCHOOL DISTRICT NO. 112
Recreation Commission Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Taxes	\$ 51,648	46,562	<u>43,481</u>	<u>3,081</u>
Expenditures				
Community Service Operations	<u>52,000</u>	<u>46,500</u>	<u>46,500</u>	<u>-</u>
Receipts Over (Under) Expenditures	(352)	62		
Unencumbered Cash - Beginning	<u>3,838</u>	<u>3,486</u>		
Unencumbered Cash - Ending	\$ <u>3,486</u>	<u>3,548</u>		

UNIFIED SCHOOL DISTRICT NO. 112
KPERS Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Revenues				
State Aid	\$ 528,251	495,051	571,304	(76,253)
Expenditures				
Instruction	337,953	316,698	360,545	(43,847)
Student Support Services	32,835	29,346	36,835	(7,489)
Instructional Support Services	6,714	6,157	9,123	(2,966)
General Administration	28,773	27,645	32,525	(4,880)
School Administration	50,402	46,693	55,471	(8,778)
Operations and Maintenance	29,136	30,589	31,792	(1,203)
Student Transportation Services	23,428	21,755	24,855	(3,100)
Other Supplemental Services	-	362	-	362
Food Service Operation	19,010	15,806	20,158	(4,352)
Total Expenditures	528,251	495,051	571,304	(76,253)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

UNIFIED SCHOOL DISTRICT NO. 112
At-Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Other Local Sources				
Transfers In	\$ 335,000	308,000	<u>330,000</u>	<u>(22,000)</u>
Expenditures				
Instruction	<u>329,020</u>	<u>305,737</u>	<u>338,000</u>	<u>(32,263)</u>
Receipts Over (Under) Expenditures	5,980	2,263		
Unencumbered Cash - Beginning	<u>7,268</u>	<u>13,248</u>		
Unencumbered Cash - Ending	\$ <u>13,248</u>	<u>15,511</u>		

UNIFIED SCHOOL DISTRICT NO. 112
At-Risk (4-Year Old) Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Receipts				
Other Local Sources				
Transfers In	\$ 92,000	88,000	<u>95,000</u>	<u>(7,000)</u>
Expenditures				
Instruction	84,754	86,723	<u>90,100</u>	<u>(3,377)</u>
Receipts Over (Under) Expenditures	7,246	1,277		
Unencumbered Cash - Beginning	7,985	15,231		
Unencumbered Cash - Ending	\$ <u>15,231</u>	<u>16,508</u>		

UNIFIED SCHOOL DISTRICT NO. 112

Virtual Education Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Other Local Sources				
Transfers In	\$ 71,000	1,644,500	1,632,316	12,184
Miscellaneous	-	698	-	698
Total Receipts	71,000	1,645,198	1,632,316	12,882
Expenditures				
Instruction	66,692	1,494,258	1,624,856	(130,598)
School Administration	-	927	-	927
Total Expenditures	66,692	1,495,185	1,624,856	(129,671)
Receipts Over (Under) Expenditures	4,308	150,013		
Unencumbered Cash - Beginning	7,692	12,000		
Unencumbered Cash - Ending	\$ 12,000	162,013		

UNIFIED SCHOOL DISTRICT NO. 112
Contingency Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures		
Operations and Maintenance	-	13,535
Receipts Over (Under) Expenditures	-	(13,535)
Unencumbered Cash - Beginning	120,008	120,008
Unencumbered Cash - Ending	\$ 120,008	106,473

UNIFIED SCHOOL DISTRICT NO. 112
Textbook Rental Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Other Local Sources		
Book Rental Fees	\$ 9,585	9,233
Transfers In	9,359	1,000
Total Receipts	18,944	10,233
Expenditures		
Instruction	-	53,473
Receipts Over (Under) Expenditures	18,944	(43,240)
Unencumbered Cash - Beginning	26,142	45,086
Unencumbered Cash - Ending	\$ 45,086	1,846

UNIFIED SCHOOL DISTRICT NO. 112
Title I Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 70,122	79,002
Expenditures		
Instruction	70,122	79,002
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 112
Title II Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 16,929	16,582
Expenditures		
Instruction	16,929	16,582
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 112
Title IV Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 12,671	13,215
Expenditures		
Instruction	12,671	13,215
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 112
Federal Funds Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 35,767	290,411
Expenditures		
Instruction	-	138,940
Student Support Services	8,843	4,981
General Administration	-	176
School Administration	-	4,202
Operations and Maintenance	6,646	60,503
Vehicle Operating Services	-	3,684
Food Service Operation	20,278	4,301
Facility Acquisition and Construction Services	-	73,624
Total Expenditures	35,767	290,411
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 112
ESSERF II Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ -	21,800
Expenditures		
Instruction	-	32,489
Student Support Services	-	1,009
Instructional Support Services	-	290
Vehicle Operating Services	-	378
Food Service Operation	-	6,141
Total Expenditures	-	40,307
Receipts Over (Under) Expenditures	-	(18,507)
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	(18,507)

UNIFIED SCHOOL DISTRICT NO. 112
REAP Grant Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 29,992	40,791
Expenditures		
Instruction	29,992	40,791
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 112

Special Gift Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over Budget
Receipts				
Intergovernmental Revenues				
State Aid	\$ 8,827	13	-	8,827
Other Revenue Sources				
Contributions & Donations	-	-	7,000	(6,987)
Miscellaneous	-	-	10,000	(10,000)
Total Receipts	8,827	13	17,000	(8,160)
Expenditures				
Grant Expenditures	8,598	3,537	20,000	(16,463)
Receipts Over (Under) Expenditures	229	(3,524)		
Unencumbered Cash - Beginning	6,232	6,461		
Unencumbered Cash - Ending	\$ 6,461	2,937		

UNIFIED SCHOOL DISTRICT NO. 112**Bond and Interest Fund**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2021

(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Taxes	\$ 2,746	401	-	401
Expenditures				
Contractual	-	-	115,624	(115,624)
Receipts Over (Under) Expenditures	2,746	401		
Unencumbered Cash - Beginning	112,878	115,624		
Unencumbered Cash - Ending	\$ 115,624	116,025		

UNIFIED SCHOOL DISTRICT NO. 112
Scholarship Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2021
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	63	63
Unencumbered Cash - Ending	\$ 63	63

UNIFIED SCHOOL DISTRICT NO. 112
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Central Plains Jr/Sr High School				
Band	\$ 6,673	140	475	6,338
FCCLA	3,588	1	-	3,589
FFA	7,742	434	1,074	7,102
Class of 2020	2,841	40	2,881	-
Class of 2021	4,717	1	4,251	467
Class of 2022	4,138	1,547	2,038	3,647
Class of 2023	296	1,379	-	1,675
Class of 2024	-	248	-	248
NHS	539	-	108	431
Renaissance	1,465	1,151	912	1,704
Oilers & Company	974	8,111	6,651	2,434
CPHS Engraving	577	400	-	977
O-Club	10,778	14,034	8,141	16,671
High School Cheerleaders	1,906	20,261	18,120	4,047
Junior High Cheerleaders	545	412	307	650
STUCO - Senior High School	637	313	131	819
Yearbook	2,754	4,980	6,718	1,016
Junior High Leadership	-	986	328	658
Scholar's Bowl	276	-	125	151
Total Central Plains Jr/Sr High School	50,446	54,438	52,260	52,624
Wilson High School				
High School Cheerleaders	64	111	118	57
Junior High Cheerleaders	375	-	-	375
Art Club	70	-	70	-
Band	1,057	-	-	1,057
Class of 2017	68	-	68	-
Class of 2018	119	-	119	-
Class of 2019	212	-	-	212
Class of 2020	3,959	-	3,681	278
Class of 2021	4,076	-	3,976	100
Class of 2022	1,485	1,234	1,422	1,297
Class of 2023	1,360	-	77	1,283
Class of 2024	623	-	161	462
Class of 2025	159	627	100	686
Dramatic Arts Club	770	-	-	770
FACS	-	1,574	617	957
FFA	8,536	7,106	6,290	9,352
FFA Welding	-	620	134	486
Forensics	9	-	9	-
LLC Local Funds	448	280	698	30
Musical	1,248	-	-	1,248
NHS	523	33	422	134
Science Club	1,160	-	-	1,160
Student Council	3,585	567	892	3,260
Robotics	201	-	-	201
Yearbook	14,649	3,045	-	17,694
Total Wilson High School	\$ 44,756	15,197	18,854	41,099

UNIFIED SCHOOL DISTRICT NO. 112
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Central Plains Elementary School				
Holyrood Lions Club	\$ 1,261	-	87	1,174
Sales Tax Clearing Fund	11	4,347	4,070	288
Total	\$ 96,474	73,982	75,271	95,185

UNIFIED SCHOOL DISTRICT NO. 112
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Central Plains Jr/Sr High School							
Athletics	\$ 8,953	-	28,587	35,096	2,444	-	2,444
Play	3,684	-	1	362	3,323	-	3,323
Total Central Plains Jr/Sr High School	12,637	-	28,588	35,458	5,767	-	5,767
Wilson High School							
Athletics	4,822	-	7,982	10,960	1,844	-	1,844
Total Gate Receipts	17,459	-	36,570	46,418	7,611	-	7,611
School Projects							
Central Plains Jr/Sr High School							
Concessions	11,696	-	24,447	24,329	11,814	-	11,814
Wilson High School							
Concessions	223	-	-	-	223	-	223
Library	780	-	1,054	23	1,811	-	1,811
Dragon Account	6,516	-	3,771	1,622	8,665	-	8,665
Pencil Income	79	-	7	-	86	-	86
Total Wilson High School	7,598	-	4,832	1,645	10,785	-	10,785
Central Plains Elementary School							
Elementary Activities	4,418	-	1,315	1,785	3,948	-	3,948
Carnival Fund	4,309	-	-	-	4,309	-	4,309
Total Central Plains Elementary School	8,727	-	1,315	1,785	8,257	-	8,257
Total School Projects	28,021	-	30,594	27,759	30,856	-	30,856
Total District Activity Funds	\$ 45,480	-	67,164	74,177	38,467	-	38,467

UNIFIED SCHOOL DISTRICT NO. 112

Single Audit Information

**INDEPENDENT AUDITORS' 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**

To the Board of Education
Unified School District No. 112
Holyrood, Kansas

We have audited, in accordance with the 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, the financial statement of **Unified School District No. 112**, as of and for the year ended June 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated December 14, 2021. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Unified School District No. 112'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 112's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 112's** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2021-001) that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 112'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*.

Unified School District No. 112's Response to Findings

Unified School District No. 112's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Unified School District No. 112's** response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Adams Brown, LLC". The signature is written in a cursive, flowing style.

ADAMSBROWN, LLC

Certified Public Accountants

Great Bend, Kansas

December 14, 2021

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

To the Board of Education
Unified School District No. 112
Holyrood, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Unified School District No. 112's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 112's** major federal programs for the year ended June 30, 2021. **Unified School District No. 112's** major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Unified School District No. 112'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 *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 **Unified School District No. 112'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 **Unified School District No. 112's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Unified School District No. 112** 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.

Report on Internal Control Over Compliance

Management of **Unified School District No. 112** 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 **Unified School District No. 112'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 **Unified School District No. 112'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 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.



ADAMSBROWN, LLC

Certified Public Accountants

Great Bend, Kansas

December 14, 2021

UNIFIED SCHOOL DISTRICT NO. 112
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 79,002
Small Rural School Achievement (SRSA) Program	84.358	N/A	46,932
Supporting Effective Instruction State Grants	84.367	N/A	16,582
Student Support and Academic Enrichment Program	84.424	N/A	13,215
COVID-19 Funds - Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	<u>70,356</u>
Total U.S. Department of Education			<u>226,087</u>
U.S. Department of Agriculture			
Passed Through State Department of Education			
Child Nutrition Cluster			
COVID-19 Funds - National School Lunch Program	10.555	N/A	4,174
Summer Food Service Program for Children	10.559	N/A	<u>288,329</u>
Total U.S. Department of Agriculture			<u>292,503</u>
U.S. Department of the Treasury			
Passed Through Ellsworth County			
COVID-19 Funds - Coronavirus Relief Fund	21.019	N/A	<u>267,906</u>
Total Expenditures of Federal Awards			\$ <u>786,496</u>

Note - There were no awards made to subrecipients for the year ended June 30, 2021.

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 112
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 112**, and is presented on the basis of accounting that demonstrates compliance with the regulatory basis of accounting of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented 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* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 – OTHER EXPENDITURES

The District did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended June 30, 2021.

UNIFIED SCHOOL DISTRICT NO. 112
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statement was prepared in accordance with a special purpose framework that is not in compliance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | | | |
|---|----------------------|-----|----------------------|---------------|
| • Material weakness identified? | _____ | Yes | _____ <u>X</u> _____ | No |
| • Significant deficiency identified? | _____ <u>X</u> _____ | Yes | _____ | None reported |
| • Noncompliance material to financial statements noted? | _____ | Yes | _____ <u>X</u> _____ | No |

FEDERAL AWARDS

Internal control over major programs:

- | | | | | |
|--------------------------------------|-------|-----|----------------------|---------------|
| • Material weakness identified? | _____ | Yes | _____ <u>X</u> _____ | No |
| • Significant deficiency identified? | _____ | Yes | _____ <u>X</u> _____ | None reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?

_____ Yes _____ X _____ No

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes _____ X _____ No

UNIFIED SCHOOL DISTRICT NO. 112
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2021-001

Criteria or specific requirement

Internal controls should be in place to ensure that employees do not have overlapping duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Context

We determined, through inquiry and documentation of the District's internal controls, that there is a failure to properly segregate duties for the financial reporting process.

Cause

The District is unable to hire additional personnel due to its size.

Effect

Management may not become aware of problems or irregularities in a timely manner.

Recommendation

Procedures should be established and implemented to segregate duties in the receipts, expenditures, payroll and accounts payable cycles to strengthen internal controls. Also, involvement of the Board can mitigate the risk of errors or fraud. The Board should remain involved in the financial affairs of the District to provide oversight and independent review functions.

Views of responsible officials

See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

USD #112 Central Plains

Claffin, Holyrood, Wilson

600 S. Main P.O. Box 168 Holyrood, Kansas 67450

Phone: 785/252-3695 FAX: 785/252-3697 www.usd112.org

Greg Clark, Superintendent

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2020-001

Condition

Proper segregation of duties does not exist in the accounting system.

Corrective Actions

The District implements segregation of duties wherever possible, given its size.

Status

Repeat Finding. See 2021-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No single audit for the year ended June 30, 2020.