

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE REPORTS
YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 102
Cimarron, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Unified School District No. 102, 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 A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 A, the financial statement is prepared by Unified School District No. 102 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 102 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 balances of Unified School District No. 102 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 A.

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 (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures, schedule of regulatory basis receipts, expenditures and unencumbered cash – district activity funds, and summary of regulatory basis receipts and disbursements – agency 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*. The schedule of expenditures of federal awards is presented for additional analysis as required by the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 A.

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. 102 as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated November 6, 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 website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for the 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 A.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of Unified School District No. 102'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. 102'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. 102's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

March 3, 2022

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended June 30, 2021

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances	Receipts
General funds:			
General	\$ 2,556	\$ 1,938	\$ 5,480,701
Supplemental general	1,533	-	1,713,602
Total general funds	4,089	1,938	7,194,303
Special purpose funds:			
Preschool-aged at-risk	915	-	85,790
At-risk (K-12)	10,037	377	484,000
Bilingual	18,933	-	412,984
Capital outlay	378,660	-	549,292
Driver training	40,568	-	10,568
Food service	92,053	-	464,150
Special education	309,332	19	560,485
Career and postsecondary education	19,349	-	110,900
KPERS special retirement contribution	-	-	670,396
Migrant family literacy	9	-	-
ESSER grant	-	-	72,589
SPARKS	-	-	306,998
Contingency reserve	207,461	-	-
Textbook and student materials revolving	120,000	475	25,694
Title I	183	-	96,715
Migrant education	-	-	44,141
Title II A	-	-	12,207
Title III A	-	-	10,630
REAP	(51,110)	16,810	43,995
Gifts and grants	1,210,617	-	430,200
Migrant education summer school	-	-	-
District activity funds	57,174	-	102,203
Total special purpose funds	2,414,181	17,681	4,493,937
Bond and interest fund:			
Bond and interest	519,787	-	368,300
Capital project fund:			
Capital improvement	-	-	819,754
Total reporting entity (excluding agency funds)	\$ 2,938,057	\$ 19,619	\$ 12,876,294

Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
\$ 5,483,257	\$ 1,938	\$ 40,720	\$ 42,658
1,657,638	57,497	8,474	65,971
7,140,895	59,435	49,194	108,629
86,632	73	-	73
494,013	401	-	401
430,041	1,876	1,037	2,913
733,528	194,424	230,655	425,079
21,369	29,767	-	29,767
515,810	40,393	91	40,484
711,733	158,103	2,380	160,483
130,080	169	2,658	2,827
670,396	-	-	-
9	-	-	-
72,589	-	-	-
306,998	-	-	-
52,163	155,298	-	155,298
87,408	58,761	-	58,761
96,898	-	420	420
44,141	-	343	343
12,207	-	-	-
10,630	-	-	-
36,440	(26,745)	26,745	-
428,617	1,212,200	46,001	1,258,201
13,591	(13,591)	-	(13,591)
107,534	51,843	-	51,843
5,062,827	1,862,972	310,330	2,173,302
413,888	474,199	-	474,199
669,642	150,112	15,332	165,444
\$ 13,287,252	\$ 2,546,718	\$ 374,856	\$ 2,921,574

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended June 30, 2021

	<u>Ending cash balance</u>
Composition of cash balance:	
Activity funds - checking	\$ 22,331
Activity funds - money market	97,185
Money market checking	1,876,722
Certificates of deposit	800,000
Flex spending	15,655
Escrow account	<u>193,008</u>
Total cash and investments	3,004,901
Agency funds	<u>(83,327)</u>
Total reporting entity (excluding agency funds)	<u><u>\$ 2,921,574</u></u>

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

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NOTES TO THE FINANCIAL STATEMENT

June 30, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the District's financial statement. The financial statement, schedules, and notes are representations of the District's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

Unified School District No. 102 is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District No. 102 (the Municipality). The District has no related municipal entities.

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

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

Bond and Interest fund - used to account for the accumulation of resources (including tax levies, transfers from other funds, etc.) 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 the acquisition or construction of major capital facilities or equipment.

Agency funds - used to report assets held by the municipal reporting entity in a purely custodial capacity (student organization funds).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

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

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

4. Budgetary Information

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

- a. Preparation of the budget for the succeeding fiscal 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 ten 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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

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

- Federal grant funds
- Contingency reserve
- Textbook and student materials revolving
- Gifts and grants
- 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.

5. In-Substance Receipt in Transit

The District received \$351,677 subsequent to June 30, 2021 and as required by K.S.A. 72-5135 and 72-5145 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, the State Department of Education, and legal representatives of the District.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. Although certain special purpose grant funds overspent their cash balances, according to K.S.A. 12-1664, the District is not prohibited from financing the federal share of a local program from current funds, if available.

C. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds to 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.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

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

At June 30, 2021, the District's carrying amount of deposits was \$3,004,901 and the bank balance was \$3,208,320. Of the bank balance, \$443,008 was covered by federal depository insurance and \$2,765,312 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

D. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
School building bonds - Series 2012-A					
Issued June 1, 2012					
In the amount of \$5,300,000					
At interest rate of 2.00-3.375%					
Maturing September 1, 2032	\$4,335,000	\$ -	\$4,335,000	\$ -	\$ 63,408
School building bonds - Series 2020					
Issued July 7, 2020					
In the amount of \$3,820,000					
At interest rate of 3.00%					
Maturing September 1, 2032	-	3,820,000	-	3,820,000	74,490
Total general obligation bonds	4,335,000	3,820,000	4,335,000	3,820,000	137,898
Capital leases:					
Telephone security system					
Issued October 10, 2020					
In the amount of \$294,754					
At interest rate of 2.26%					
Maturing October 1, 2030	-	294,754	13,392	281,362	3,146
HVAC					
Issued February 19, 2021					
In the amount of \$525,000					
At interest rate of 1.88%					
Maturing October 1, 2030	-	525,000	27,845	497,155	850
Total capital leases	-	819,754	41,237	778,517	3,996
Total contractual indebtedness	\$4,335,000	\$4,639,754	\$4,376,237	\$4,598,517	\$ 141,894

D. 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:

	Principal due	Interest due	Total due
2022	\$ 255,000	\$ 110,775	\$ 365,775
2023	280,000	102,750	382,750
2024	285,000	94,275	379,275
2025	295,000	85,575	380,575
2026	305,000	76,575	381,575
2027-2031	1,660,000	238,050	1,898,050
2032-2033	<u>740,000</u>	<u>22,350</u>	<u>762,350</u>
Total	<u>\$ 3,820,000</u>	<u>\$ 730,350</u>	<u>\$ 4,550,350</u>

Current maturity of capital leases and interest for the next five years and in five-year increments through maturity are as follows:

	Principal due	Interest due	Total due
2022	\$ 75,137	\$ 15,329	\$ 90,466
2023	76,660	13,806	90,466
2024	78,213	12,253	90,466
2025	79,798	10,667	90,465
2026	81,416	9,050	90,466
2027-2031	<u>387,293</u>	<u>19,804</u>	<u>407,097</u>
Total	<u>\$ 778,517</u>	<u>\$ 80,909</u>	<u>\$ 859,426</u>

E. DEFEASED DEBT

Series 2020 Refunding Bonds

On July 7, 2020, the District issued \$3,820,000 in general obligation refunding bonds with interest rates of 3.00% to advance refund \$4,080,000 of outstanding 2012-A Series bonds with interest rates ranging from 2.250% to 3.375%. The net proceeds of \$3,738,517 (after payments of \$43,283 in issuance costs and \$38,200 for underwriter's discount) plus an additional \$341,483 of reoffering premiums were paid to the Treasurer of the State of Kansas to call the 2012-A Series bonds. As a result, the refunded portion of the 2012-A Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt footnote.

The District advance refunded the 2012-A Series bonds to reduce its total debt service payments over the next 13 years by \$322,305 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$287,320.

F. OPERATING LEASES

The District has entered into operating lease agreements for copier rentals. Rental payments for the current year totaled \$30,373. The operating lease agreements expire at various dates through the year 2026.

F. OPERATING LEASES (CONTINUED)

The following is an annual schedule of future minimum rental payments under the operating leases:

2022	\$ 22,385
2023	2,820
2024	2,820
2025	2,820
2026	1,880
	<u>\$ 32,725</u>

G. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
Grade School Parking Lot	\$ 432,499	\$ 432,499	\$ -
Shop Classroom Addition	37,124	37,124	-
Bleachers, Restrooms and Concession Stand	769,324	66,488	702,836
HVAC Upgrades	818,814	461,309	357,505
Telephone Security Upgrades	294,754	208,334	86,420
CES Classroom Renovations	125,685	97,073	28,612
Concrete Repairs	18,297	-	18,297
Roof Repairs	32,182	-	32,182
Total	<u>\$ 2,528,679</u>	<u>\$ 1,302,827</u>	<u>\$ 1,225,852</u>

H. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Amount	Regulatory authority
General	Preschool-aged at-risk	\$ 12,400	K.S.A. 72-5167
General	At-risk (K-12)	74,767	K.S.A. 72-5167
General	Capital outlay	175,408	K.S.A. 72-5167
General	Special education	543,290	K.S.A. 72-5167
General	Career and postsecondary education	28,600	K.S.A. 72-5167
Total General		<u>834,465</u>	
Supplemental general	Preschool-aged at-risk	62,500	K.S.A. 72-5143
Supplemental general	At-risk (K-12)	409,233	K.S.A. 72-5143
Supplemental general	Bilingual	412,984	K.S.A. 72-5143
Supplemental general	Special education	3,792	K.S.A. 72-5143
Supplemental general	Career and postsecondary education	81,000	K.S.A. 72-5143
Total Supplemental general		<u>969,509</u>	
Total transfers		<u>\$1,803,974</u>	

I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

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

Section 125 Plan. The District offers a Section 125 flexible benefit plan to all eligible employees. It is used for health insurance premiums, other medical costs, and childcare costs. The plan is administered by an independent company.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the year ended June 30, 2021.

Compensated Absences. The District's policies regarding vacation and sick pay permit full-time classified employees to earn up to 10 days of vacation at the close of the first year and 10 days after each subsequent year of service up to six years. After six years of service, 15 days are earned. After eleven years of service, 20 days are earned. Anniversary dates for vacation purposes are July 1st to correspond with the fiscal year of the District. Vacation time is prorated for new employees who do not complete a full fiscal year of employment on a July 1 through June 30 cycle.

At the beginning of the school year all employees are given a day of sick leave for each month of employment plus one. Sick leave may be accumulated to a total of 70 days. Classified employees who have more than 70 sick days at the beginning of the school year shall be reimbursed at a rate of \$20 per day for sick days over 70. In the event of retirement (55 years or older – minimum 15 years in District) or disability of a certified employee, the District will pay for unused sick leave up to a maximum of 50 days in the amount of one-half of a substitute's daily rate at the time of reimbursement. In the event of death, the payment will be made to the beneficiary or beneficiaries as designated by KPERS. The District will pay unused sick leave up to a maximum of 25 days in the case of retirement (no age requirement – minimum 7 years in District) or disability in the amount of one-half of a substitute's daily rate at the time of reimbursement. In the event of death, the payment will be made to the beneficiary or beneficiaries as designated by KPERS.

The District has a sick leave bank for classified and certified employees that each employee may contribute one day each year and the Board of Education will match the days contributed to the bank. A committee made up of certified employees and the Superintendent shall decide upon the distribution of days. Each year the bank begins with a zero balance of sick days.

J. DEFINED BENEFIT PENSION PLAN

General Information about the 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, 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 per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of \$194 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 \$670,396 for the year ended June 30, 2021.

J. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was \$7,155,646. 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.

K. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded insurance coverage in any of the past three years.

L. RELATED PARTIES

For the year ending June 30, 2021, the District paid Davis Electric \$176,726 for services and repairs. One of the District's Board members is the CEO of Davis Electric.

M. CORONAVIRUS (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 result of operations. The District 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.

N. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and 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 effect on this financial statement.

O. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 3, 2022, and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note M above.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2021

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General	\$ 5,748,716	\$ (265,459)	\$ 5,483,257	\$ 5,483,257	\$ -
Supplemental general	1,739,386	(81,748)	1,657,638	1,657,638	-
Special purpose funds:					
Preschool-aged at-risk	88,915	-	88,915	86,632	2,283
At-risk (K-12)	500,037	-	500,037	494,013	6,024
Bilingual	443,933	-	443,933	430,041	13,892
Capital outlay	796,300	-	796,300	733,528	62,772
Driver training	39,900	-	39,900	21,369	18,531
Food service	516,500	-	516,500	515,810	690
Special education	717,676	-	717,676	711,733	5,943
Career and postsecondary education	148,600	-	148,600	130,080	18,520
KPERS special retirement contribution	749,929	-	749,929	670,396	79,533
Bond and interest fund:					
Bond and interest	442,898	-	442,898	413,888	29,010
Total	\$ 11,932,790	\$ (347,207)	\$ 11,585,583	\$ 11,348,385	\$ 237,198

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		<u>2021</u>		Variance
	<u>2020</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
State sources:				
Equalization aid	\$ 4,889,431	\$ 4,937,411	\$ 5,215,280	\$ (277,869)
Special education aid	482,471	543,290	533,436	9,854
State aid reimbursement	1,805	-	-	-
Total receipts	<u>5,373,707</u>	<u>5,480,701</u>	<u>\$ 5,748,716</u>	<u>\$ (268,015)</u>
Expenditures:				
Instruction	2,991,877	2,859,010	\$ 3,200,232	\$ 341,222
Student support services	155,974	146,669	106,516	(40,153)
Instructional support staff	119,550	128,596	123,136	(5,460)
General administration	272,406	296,513	265,488	(31,025)
School administration	389,818	419,215	403,004	(16,211)
Operations and maintenance	657,772	576,723	629,956	53,233
Student transportation services	216,289	210,921	222,310	11,389
Architectural and engineering services	42,846	11,145	-	(11,145)
Transfers to other funds	527,280	834,465	798,074	(36,391)
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(265,459)</u>	<u>(265,459)</u>
Total expenditures	<u>5,373,812</u>	<u>5,483,257</u>	<u>\$ 5,483,257</u>	<u>\$ -</u>
Receipts over (under) expenditures	(105)	(2,556)		
Unencumbered cash, beginning of year	105	2,556		
Prior year canceled encumbrances	<u>2,556</u>	<u>1,938</u>		
Unencumbered cash, end of year	<u>\$ 2,556</u>	<u>\$ 1,938</u>		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 69,744	\$ 29,907	\$ 27,527	\$ 2,380
Current tax	857,023	952,529	895,936	56,593
Delinquent tax	6,865	9,407	9,064	343
Motor vehicle tax	95,623	100,155	94,208	5,947
Recreational vehicle tax	2,076	2,642	2,035	607
State aid	606,190	618,962	649,487	(30,525)
Other	2,403	-	-	-
Transfers:				
Contingency reserve	10,000	-	70,000	(70,000)
Total receipts	<u>1,649,924</u>	<u>1,713,602</u>	<u>\$ 1,748,257</u>	<u>\$ (34,655)</u>
Expenditures:				
Instruction	80,512	466,311	\$ 255,000	\$ (211,311)
Operations and maintenance	196,404	221,818	198,000	(23,818)
Transfers to other funds	1,392,568	969,509	1,286,386	316,877
Adjustment to comply with legal maximum budget	<u>-</u>	<u>-</u>	<u>(81,748)</u>	<u>(81,748)</u>
Total expenditures	<u>1,669,484</u>	<u>1,657,638</u>	<u>\$ 1,657,638</u>	<u>\$ -</u>
Receipts over (under) expenditures	(19,560)	55,964		
Unencumbered cash, beginning of year	<u>21,093</u>	<u>1,533</u>		
Unencumbered cash, end of year	<u>\$ 1,533</u>	<u>\$ 57,497</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

PRESCHOOL-AGED AT-RISK 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)

		<u>2021</u>		Variance
	<u>2020</u>	<u>Actual</u>	<u>Budget</u>	favorable (unfavorable)
Receipts:				
Tuition	\$ 10,880	\$ 10,890	\$ 11,000	\$ (110)
Transfers:				
General	6,000	12,400	7,000	5,400
Supplemental general	<u>68,135</u>	<u>62,500</u>	<u>70,000</u>	<u>(7,500)</u>
Total receipts	85,015	85,790	<u>\$ 88,000</u>	<u>\$ (2,210)</u>
Expenditures:				
Instruction	<u>85,015</u>	<u>86,632</u>	<u>\$ 88,915</u>	<u>\$ 2,283</u>
Receipts over (under) expenditures	-	(842)		
Unencumbered cash, beginning of year	<u>915</u>	<u>915</u>		
Unencumbered cash, end of year	<u>\$ 915</u>	<u>\$ 73</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		<u>2021</u>		
	<u>2020</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Transfers:				
General	\$ -	\$ 74,767	\$ 40,000	\$ 34,767
Supplemental general	<u>478,451</u>	<u>409,233</u>	<u>450,000</u>	<u>(40,767)</u>
Total receipts	<u>478,451</u>	<u>484,000</u>	<u>\$ 490,000</u>	<u>\$ (6,000)</u>
Expenditures:				
Instruction	466,065	481,773	\$ 487,826	\$ 6,053
Student support services	<u>11,853</u>	<u>12,240</u>	<u>12,211</u>	<u>(29)</u>
Total expenditures	<u>477,918</u>	<u>494,013</u>	<u>\$ 500,037</u>	<u>\$ 6,024</u>
Receipts over (under) expenditures	533	(10,013)		
Unencumbered cash, beginning of year	9,504	10,037		
Prior year canceled encumbrances	<u>-</u>	<u>377</u>		
Unencumbered cash, end of year	<u>\$ 10,037</u>	<u>\$ 401</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

BILINGUAL 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)

		<u>2021</u>		Variance
	<u>2020</u>	<u>Actual</u>	<u>Budget</u>	favorable (unfavorable)
Receipts:				
Transfers:				
Supplemental general	\$ 437,994	\$ 412,984	<u>\$ 425,000</u>	<u>\$ (12,016)</u>
Expenditures:				
Instruction	<u>437,976</u>	<u>430,041</u>	<u>\$ 443,933</u>	<u>\$ 13,892</u>
Receipts over (under) expenditures	18	(17,057)		
Unencumbered cash, beginning of year	<u>18,915</u>	<u>18,933</u>		
Unencumbered cash, end of year	<u>\$ 18,933</u>	<u>\$ 1,876</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 17,127	\$ 8,644	\$ 7,989	\$ 655
Current tax	247,587	262,114	246,631	15,483
Delinquent tax	1,642	2,331	2,621	(290)
Motor vehicle tax	23,070	26,184	24,450	1,734
Recreational vehicle tax	501	688	529	159
State aid	61,946	56,358	56,915	(557)
Other	-	17,565	-	17,565
Transfers:				
General	-	175,408	155,815	19,593
Total receipts	<u>351,873</u>	<u>549,292</u>	<u>\$ 494,950</u>	<u>\$ 54,342</u>
Expenditures:				
Instruction	65,406	74,605	\$ 40,000	\$ (34,605)
Instructional support staff	1,018	-	1,300	1,300
General administration	14,082	1,825	15,000	13,175
Operations and maintenance	31,095	236,117	15,000	(221,117)
Student transportation services	16,492	53,304	25,000	(28,304)
Facility acquisition and construction services	-	322,444	700,000	377,556
Debt service:				
Principal	-	41,237	-	(41,237)
Interest	-	3,996	-	(3,996)
Total expenditures	<u>128,093</u>	<u>733,528</u>	<u>\$ 796,300</u>	<u>\$ 62,772</u>
Receipts over (under) expenditures	223,780	(184,236)		
Unencumbered cash, beginning of year	<u>154,880</u>	<u>378,660</u>		
Unencumbered cash, end of year	<u>\$ 378,660</u>	<u>\$ 194,424</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 7,304	\$ 4,856	\$ 10,000	\$ (5,144)
State aid	5,720	5,712	3,750	1,962
Total receipts	13,024	10,568	\$ 13,750	\$ (3,182)
Expenditures:				
Instruction	96	20,071	\$ 36,700	\$ 16,629
Operations and maintenance	138	1,298	3,200	1,902
Total expenditures	234	21,369	\$ 39,900	\$ 18,531
Receipts over (under) expenditures	12,790	(10,801)		
Unencumbered cash, beginning of year	27,778	40,568		
Unencumbered cash, end of year	\$ 40,568	\$ 29,767		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ 212,052	\$ 417,814	\$ 194,334	\$ 223,480
State aid	4,353	4,321	3,284	1,037
Charges for services	127,503	39,672	146,193	(106,521)
Interest	16,622	2,343	15,000	(12,657)
Other	1,954	-	2,000	(2,000)
Transfers:				
General	28,673	-	35,000	(35,000)
Supplemental general	12,119	-	40,000	(40,000)
Total receipts	403,276	464,150	<u>\$ 435,811</u>	<u>\$ 28,339</u>
Expenditures:				
Food service operations	493,263	515,810	<u>\$ 516,500</u>	<u>\$ 690</u>
Receipts over (under) expenditures	(89,987)	(51,660)		
Unencumbered cash, beginning of year	181,900	92,053		
Prior year canceled encumbrances	140	-		
Unencumbered cash, end of year	<u>\$ 92,053</u>	<u>\$ 40,393</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ -	\$ 9,225	\$ -	\$ 9,225
Other	1,688	4,178	2,000	2,178
Transfers:				
General	482,471	543,290	550,259	(6,969)
Supplemental general	190,000	3,792	181,386	(177,594)
Total receipts	<u>674,159</u>	<u>560,485</u>	<u>\$ 733,645</u>	<u>\$ (173,160)</u>
Expenditures:				
Instruction	685,812	708,503	\$ 717,676	\$ 9,173
Student transportation services	-	3,230	-	(3,230)
Total expenditures	<u>685,812</u>	<u>711,733</u>	<u>\$ 717,676</u>	<u>\$ 5,943</u>
Receipts over (under) expenditures	(11,653)	(151,248)		
Unencumbered cash, beginning of year	320,985	309,332		
Prior year canceled encumbrances	-	19		
Unencumbered cash, end of year	<u>\$ 309,332</u>	<u>\$ 158,103</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

CAREER AND POSTSECONDARY 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)

		<u>2021</u>		Variance
	<u>2020</u>	<u>Actual</u>	<u>Budget</u>	<u>favorable (unfavorable)</u>
Receipts:				
Federal aid	\$ -	\$ 1,300	\$ -	\$ 1,300
Transfers:				
General	10,136	28,600	10,000	18,600
Supplemental general	<u>116,404</u>	<u>81,000</u>	<u>120,000</u>	<u>(39,000)</u>
Total receipts	126,540	110,900	<u>\$ 130,000</u>	<u>\$ (19,100)</u>
Expenditures:				
Instruction	<u>126,162</u>	<u>130,080</u>	<u>\$ 148,600</u>	<u>\$ 18,520</u>
Receipts over (under) expenditures	378	(19,180)		
Unencumbered cash, beginning of year	18,961	19,349		
Prior year canceled encumbrances	<u>10</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ 19,349</u>	<u>\$ 169</u>		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
State aid	\$ 674,155	\$ 670,396	\$ 749,929	\$ (79,533)
Expenditures:				
Instruction	463,953	493,333	\$ 543,508	\$ 50,175
Student support services	20,292	19,062	15,268	(3,794)
Instructional support staff	21,708	13,977	15,964	1,987
General administration	24,809	26,384	27,892	1,508
School administration	53,191	46,140	50,247	4,107
Operations and maintenance	39,034	26,268	49,723	23,455
Student transportation services	25,820	17,204	19,227	2,023
Food service operations	25,348	28,028	28,100	72
Total expenditures	674,155	670,396	\$ 749,929	\$ 79,533
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2021

	Migrant family literacy	ESSER grant	SPARKS	Contingency reserve
Receipts:				
Donations	\$ -	\$ -	\$ -	\$ -
Fees	-	-	-	-
Federal aid	-	72,589	306,998	-
	<u>-</u>	<u>72,589</u>	<u>306,998</u>	<u>-</u>
Total receipts	<u>-</u>	<u>72,589</u>	<u>306,998</u>	<u>-</u>
Expenditures:				
Instruction	9	72,589	168,510	-
Student support services	-	-	74,866	-
General administration	-	-	-	-
School administration	-	-	65	-
Operations and maintenance	-	-	40,563	52,163
Student transportation services	-	-	1,348	-
Food service operations	-	-	21,646	-
Facility acquisition and construction services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9</u>	<u>72,589</u>	<u>306,998</u>	<u>52,163</u>
Receipts over (under) expenditures	(9)	-	-	(52,163)
Unencumbered cash (deficit), beginning of year	9	-	-	207,461
Prior year canceled encumbrances	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered cash (deficit), end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 155,298</u></u>

Textbook and student materials revolving	Title I	Migrant education	Title II A	Title III A
\$ -	\$ -	\$ -	\$ -	\$ -
25,694	-	-	-	-
-	96,715	44,141	12,207	10,630
25,694	96,715	44,141	12,207	10,630
87,408	96,898	23,569	12,207	10,630
-	-	-	-	-
-	-	1,790	-	-
-	-	18,782	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
87,408	96,898	44,141	12,207	10,630
(61,714)	(183)	-	-	-
120,000	183	-	-	-
475	-	-	-	-
\$ 58,761	\$ -	\$ -	\$ -	\$ -

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2021

	REAP	Gifts and grants	Migrant education summer school	Total
Receipts:				
Donations	\$ -	\$ 430,200	\$ -	\$ 430,200
Fees	-	-	-	25,694
Federal aid	43,995	-	-	587,275
	<u>43,995</u>	<u>-</u>	<u>-</u>	<u>587,275</u>
Total receipts	<u>43,995</u>	<u>430,200</u>	<u>-</u>	<u>1,043,169</u>
Expenditures:				
Instruction	36,440	-	13,591	521,851
Student support services	-	-	-	74,866
General administration	-	-	-	1,790
School administration	-	-	-	18,847
Operations and maintenance	-	33,150	-	125,876
Student transportation services	-	-	-	1,348
Food service operations	-	-	-	21,646
Facility acquisition and construction services	-	395,467	-	395,467
	<u>36,440</u>	<u>428,617</u>	<u>13,591</u>	<u>1,161,691</u>
Total expenditures	<u>36,440</u>	<u>428,617</u>	<u>13,591</u>	<u>1,161,691</u>
Receipts over (under) expenditures	7,555	1,583	(13,591)	(118,522)
Unencumbered cash (deficit), beginning of year	(51,110)	1,210,617	-	1,487,160
Prior year canceled encumbrances	16,810	-	-	17,285
	<u>16,810</u>	<u>-</u>	<u>-</u>	<u>17,285</u>
Unencumbered cash (deficit), end of year	<u>\$ (26,745)</u>	<u>\$ 1,212,200</u>	<u>\$ (13,591)</u>	<u>\$ 1,385,923</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property:				
Tax in process	\$ 22,178	\$ 10,725	\$ 9,818	\$ 907
Current tax	307,185	194,584	181,565	13,019
Delinquent tax	1,838	2,926	3,251	(325)
Motor vehicle tax	26,479	33,395	31,246	2,149
Recreational vehicle tax	571	878	675	203
State aid	91,036	82,509	82,509	-
Bond premiums	-	43,283	-	43,283
Total receipts	449,287	368,300	\$ 309,064	\$ 59,236
Expenditures:				
Debt service:				
Principal	250,000	255,000	\$ 255,000	\$ -
Interest	129,316	137,898	137,898	-
Bond fees	16,830	20,990	50,000	29,010
Total expenditures	396,146	413,888	\$ 442,898	\$ 29,010
Receipts over (under) expenditures	53,141	(45,588)		
Unencumbered cash, beginning of year	466,646	519,787		
Unencumbered cash, end of year	\$ 519,787	\$ 474,199		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

CAPITAL IMPROVEMENT 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)

	<u>2020</u>	<u>2021</u>
Receipts:		
Lease proceeds	\$ -	\$ 819,754
Expenditures:		
Facility acquisition and construction services	<u>-</u>	<u>669,642</u>
Receipts over (under) expenditures	-	150,112
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ 150,112</u></u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

DISTRICT ACTIVITY FUNDS

**SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended June 30, 2021

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Gate receipts:						
High school:						
Athletics	\$ 10,014	\$ 42,910	\$ 46,013	\$ 6,911	\$ -	\$ 6,911
Athletic student	11,858	11,526	8,491	14,893	-	14,893
Total gate receipts	<u>21,872</u>	<u>54,436</u>	<u>54,504</u>	<u>21,804</u>	<u>-</u>	<u>21,804</u>
School projects:						
High school:						
Annual	-	6,884	6,884	-	-	-
Concession stand	4,129	27,827	29,148	2,808	-	2,808
Crime stopper's program	500	-	-	500	-	500
Ind. tech. building	3,310	1,091	-	4,401	-	4,401
Miscellaneous	-	6,893	6,893	-	-	-
Shop	-	644	644	-	-	-
Grade school:						
Bluejay buddies	2,611	-	8	2,603	-	2,603
Box tops	2,470	230	1,393	1,307	-	1,307
Carnival	11,901	-	2,517	9,384	-	9,384
Library	2,921	147	1,079	1,989	-	1,989
Mexican fiesta	565	-	-	565	-	565
Student	6,895	4,051	4,464	6,482	-	6,482
Total school projects	<u>35,302</u>	<u>47,767</u>	<u>53,030</u>	<u>30,039</u>	<u>-</u>	<u>30,039</u>
Total district activity funds	<u>\$ 57,174</u>	<u>\$ 102,203</u>	<u>\$ 107,534</u>	<u>\$ 51,843</u>	<u>\$ -</u>	<u>\$ 51,843</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

AGENCY FUNDS

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS**

For the Year Ended June 30, 2021

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student activity funds:				
High school:				
Band	\$ 7,023	\$ 11,681	\$ 8,765	\$ 9,939
Blue jay ink	1,284	5,708	2,802	4,190
Blue jay printing	182	167	167	182
Cheerleaders	2,457	15,321	12,539	5,239
Chess club	302	-	-	302
Educational fund	2,145	2,170	1,816	2,499
Entrepreneurship	424	164	126	462
Class of 2026	-	359	-	359
Class of 2025	313	613	-	926
Class of 2024	525	890	95	1,320
Class of 2023	1,867	1,195	-	3,062
Class of 2022	3,014	10,148	5,972	7,190
Class of 2021	12,290	115	12,405	-
Class of 2020	5,332	-	5,332	-
FCCLA	2,751	3,878	3,055	3,574
FFA	12,772	10,155	9,147	13,780
Forensics	-	2,545	879	1,666
Gifted	290	-	-	290
HS KAYS	798	1,254	1,580	472
JH KAYS	350	598	753	195
JH pep club & cheerleaders	628	7,819	5,736	2,711
Library	1,661	119	592	1,188
Musical	5,094	9,941	13,969	1,066
National Honor Society	3,258	11,401	14,605	54
SADD	928	234	249	913
Scholars bowl	247	300	198	349
School/community garden	406	8	-	414
Student council	2,583	3,036	2,025	3,594
TSA	1,729	-	-	1,729
Weight club	486	-	480	6
Subtotal high school	71,139	99,819	103,287	67,671
District agency funds:				
Flex spending	12,146	38,131	34,621	15,656
Total agency funds	<u>\$ 83,285</u>	<u>\$ 137,950</u>	<u>\$ 137,908</u>	<u>\$ 83,327</u>

See Independent Auditor's Report.

APPENDICES

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

Board of Education
Unified School District No. 102
Cimarron, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 102, Cimarron, Kansas 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 March 3, 2022. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the District has prepared this financial statement 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 102's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 102'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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 102's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

March 3, 2022

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McKee & Company LLP Certified Public Accountants

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

Board of Education
Unified School District No. 102
Cimarron, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 102'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 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 102'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; 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); and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Unified School District No. 102's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 102 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of Unified School District No. 102 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Kennedy McKee & Company LLP

March 3, 2022

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, 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 grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Education</u>							
Direct award:							
Rural Education Achievement Program	84.358B	N/A	\$ (51,110)	\$ 16,811	\$ 43,995	\$ 36,441	\$ (26,745)
Passed through Kansas Department of Education:							
Title I Program	84.010A	D0102	183	-	82,711	82,894	-
Migrant Family Literacy Program	84.011A	D0102	9	-	-	9	-
Migrant Education Summer School	84.011A	D0102	-	-	-	13,591	(13,591)
Migrant Education Program	84.011A	D0102	-	-	44,141	44,141	-
2020 Reserve Fund	84.048A	D0102	-	-	1,300	1,300	-
Title II A - Improving Teacher Quality	84.367A	D0102	-	-	12,207	12,207	-
Title III A - English Language Acquisition	84.365A	D0102	-	-	10,630	10,630	-
COVID-19 - Elementary and Secondary Emergency Relief	84.425D	D0102	-	-	72,589	72,589	-
COVID-19 - Elementary and Secondary Emergency Relief SPED	84.425D	D0102	-	-	9,225	9,225	-
Student Support and Academic Enrichment	84.424A	D0102	-	-	14,004	14,004	-
			(50,918)	16,811	290,802	297,031	(40,336)
<u>U.S. Department of the Treasury</u>							
Passed through Kansas Department of Education:							
Passed through Gray County Kansas:							
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	-	306,998	306,998	-

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2021

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Agriculture</u>							
Passed through Kansas Department of Education: National School Lunch Program	10.555	D0102	\$ -	\$ -	\$ 9,062	\$ 9,062	\$ -
COVID-19 - Summer Food Service Program for Children	10.559	D0102	-	-	368,266	368,266	-
Child and Adult Care Food Program	10.558	D0102	-	-	40,486	40,486	-
			-	-	417,814	417,814	-
Total federal assistance			<u>\$ (50,918)</u>	<u>\$ 16,811</u>	<u>\$ 1,015,614</u>	<u>1,021,843</u>	<u>\$ (40,336)</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 102 under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are prepared using the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

C. INDIRECT COST RATE

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

D. AWARDS PASSED THROUGH TO SUBRECIPIENTS

The District did not pass-through any awards to subrecipients.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Unified School District No. 102 was prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of Unified School District No. 102 which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Two significant deficiencies relating to the audit of internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 102 expresses an unmodified opinion on all major federal programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:

COVID-19 - Coronavirus Relief Fund	CFDA 21.019
Child Nutrition Program Cluster:	
National School Lunch Program	CFDA 10.555
COVID-19 - Summer Food	
Service Program For Children	CFDA 10.559
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Unified School District No. 102 did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2021

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

**U.S. DEPARTMENT OF TREASURY
SIGNIFICANT DEFICIENCY**

2021-001: Coronavirus Relief Fund – CFDA No. 21.019
Grant period: Year Ended June 30, 2021

Condition and Context: The District does not have a complete set of written procurement policies and procedures required by the Uniform Guidance. The lack of written procedures did not result in any material noncompliance, fraud or abuse with respect to the major program. The District has a written conflict of interest and code of conduct for employees, but not a written cash management or procurement policy that includes all requirements of the Uniform Guidance.

Criteria: The Uniform Guidance requires Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the cash management standards set out at 2 CFR Section 305 and procurement standards set out at 2 CFR Sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the cash management and procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR Part 200.

Cause: The District was unaware of the written cash management and procurement policy requirements required by the Uniform Guidance.

Effect: An important component of internal controls is the existence of operating policies and procedures and that they are clearly understood and communicated. Without clear written policies and procedures, there is a higher risk of noncompliance with program requirements.

Recommendation: Management should determine the scope of written policies needed for compliance with all federal programs and develop policies and procedures to comply with the Uniform Guidance.

Grantee Response: Management agrees with the finding and recommendation. The District's existing policies are currently under review by management and staff to determine what updates/changes are necessary in order to meet the Uniform Guidance requirements. Once any updates/changes are drafted, the policy will be presented to the Governing Body for review and approval.

**UNIFIED SCHOOL DISTRICT NO. 102
CIMARRON, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2021

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
(CONTINUED)

U.S. DEPARTMENT OF AGRICULTURE
SIGNIFICANT DEFICIENCY

2021-002: Child Nutrition Cluster – CFDA No. 10.555 and 10.559
Grant period: Year Ended June 30, 2021

Condition and Context: Per review of the Summer Food Service Program summary sheet for March, the incorrect number of breakfasts was reported.

Criteria: The District is required to submit the number of breakfasts and lunches served in order to receive reimbursement for them.

Cause: The number of meals entered for reimbursement on the summary sheet was inaccurate.

Effect: If the correct number of meals is not reported the District will not be reimbursed the correct amount.

Recommendation: We recommend that the summary sheets used to compile the request for reimbursement is double checked for accuracy as to the number of meals on the daily count sheets.

Grantee Response: We concur with the recommendation. In addition, someone will be reviewing all summary sheets before the request for reimbursement is submitted.