UNIFIED SCHOOL DISTRICT NO. 325

Phillipsburg, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2022

MAPES & MILLER, LLP
Certified Public Accountants
Phillipsburg, Kansas

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas
June 30, 2022

Mike Gower	-	Superintendent
Angela Thompson	-	Clerk
Russ Bowman	-	Treasurer

BOARD MEMBERS

Todd Kennedy - President

Jeremy Sauer - Vice President

Shawn Hoover

Justin Taylor

Danielle Bohl

Tyson Wisinger

Brock Johnson

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

For the Year Ended June 30, 2022

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UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 325
Phillipsburg, KS 67661

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 325, Phillipsburg, Kansas, a Municipality, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 325, Phillipsburg, Kansas as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 325, Phillipsburg, Kansas as of June 30, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide,* and the standards applicable to financial audits contained is *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Unified School District No. 325, Phillipsburg, Kansas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 325, Phillipsburg, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the

regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the presentation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District No. 325, Phillipsburg, Kansas ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 325, Phillipsburg, Kansas internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District No. 325, Phillipsburg, Kansas ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements – agency funds, schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds, and schedule of regulatory basis receipts and disbursements – student activity funds (Schedules 1, 2, 3, 4, and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming opinions on the financial statement of Unified School District No. 325, Phillipsburg, Kansas. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023 on our consideration of the Unified School District No. 325's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Unified School District No. 325'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. 325's internal control over financial reporting and compliance.

Respectfully submitted,
Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
March 9, 2023

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Statement 1

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

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General Fund	$ -	$ -	$ 5,179,802	$ 5,179,802	$ -	$ 630,387	$ 630,387
Supplemental General Fund	28,719	-	1,621,520	1,607,697	42,542	231,450	273,992
Special Purpose Funds							
At Risk (K-12) Fund	74,742	-	607,000	603,041	78,701	42,304	121,005
Capital Outlay Fund	1,000,960	-	382,603	459,050	924,513	165,629	1,090,142
Driver Training Fund	25,973	-	9,556	10,776	24,753	-	24,753
Food Service Fund	90,295	-	428,436	415,150	103,581	4,815	108,396
Professional Development Fund	20,280	-	-	128	20,152	-	20,152
Special Education Fund	791,529	-	1,270,896	1,265,496	796,929	1,585	798,514
Career & Postsecondary Education Fund	31,715	-	306,952	283,981	54,686	36,865	91,551
KPERS Special Retirement Contribution Fund	-	-	509,477	509,477	-	-	-
Contingency Reserve Fund	282,944	-	12,056	-	295,000	-	295,000
Textbook & Student Material Revolving Fund	92,563	-	44,345	30,714	106,194	8,341	114,535
School Publications Fund	21,391	-	15,214	12,674	23,931	-	23,931
Retiree/Summer Health Insurance Fund	-	-	58,001	58,001	-	3,377	3,377
Gifts & Contributions Fund	26,630	-	28,780	35,605	19,805	-	19,805
Federal Funds	(137,750)	-	644,334	655,844	(149,260) *	174,170	24,910
District Activity Funds	50,814	-	227,276	220,113	57,977	-	57,977
Total Reporting Entity (Excluding Agency Funds)	$ 2,400,805	$ -	$ 11,346,248	$ 11,347,549	$ 2,399,504	$ 1,298,923	$ 3,698,427

* See Note 3, Cash Basis Exception

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

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Statement 1
(Cont.)

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

COMPOSITION OF CASH		
First National Bank & Trust		
Checking	$	22,319
NOW Accounts		3,026,932
Certificates of Deposit		490,000
Farmers State Bank		
Certificates of Deposit		260,000
Total Cash		3,799,251
Agency Funds per Schedule 3		(100,824)
Total Reporting Entity (Excluding Agency Funds)	$	3,698,427

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

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

NOTES TO THE FINANCIAL STATEMENT
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

Unified School District No. 325, Phillipsburg, Kansas is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 325, Phillipsburg, Kansas, a Municipality.

B. REGULATORY BASIS FUND TYPES

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities for the District for the year ended June 30, 2022.

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

Special Purpose 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.

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

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

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

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

D. BUDGETARY INFORMATION

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

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

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality held a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2022.

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

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

A legal operating budget is not required for Capital Projects Funds, Trust Funds, Agency Funds, and the following Special Purpose Funds:

Contingency Reserve Fund
Textbook & Student Material Revolving Fund
School Publications Fund
Retiree/Summer Health Insurance Fund
Gifts & Contributions Fund
Federal Funds
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.

2. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Compliance With Kansas Statutes

A. Depository Coverage:

K.S.A. 9-1402 requires deposits at statutorily authorized financial institutions be secured at the market value, which is equal to 100% of the total deposits at any given time. The deposits at First National Bank were undersecured on February 1, 2022. Additional securities were obtained subsequent to the violation.

B. Cash Basis Violation:

K.S.A. 10-1113 requires each fund to comply with the cash basis laws of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund. The Supplemental General Fund was in violation of K.S.A. 10-1113 in July, August and September, 2021 by expending more than the available cash.

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

3. CASH BASIS EXCEPTION

The ESSER III Funds ended the year with a negative unencumbered cash balance of $149,260. K.S.A. 12-1664 provides an exception for a cash basis law violation for intergovernmental grant funds to expend monies for grant purposes with the expectation of monies to be reimbursed under conditions of the grant award. The negative balance of this fund is due to the ESSER III COVID-19 Grant, which requires the recipient to spend the funds and then request reimbursement. The District made an expenditure that relates to ESSER III COVID-19 Grant towards the end of the fiscal year and then requested the grant reimbursement. The District had $513,675 of ESSER III COVID-19 Grant funds still available as of June 30, 2022.

4. DEPOSITS AND INVESTMENTS

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by

collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was $3,799,251 and the bank balance was $3,585,924. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance $520,658 was covered by federal depository insurance, and the remaining $3,065,266 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

5. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	$ 405,000
General Fund	Special Education Fund	K.S.A. 72-5167	1,001,048
General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5167	115,587
General Fund	Contingency Reserve Fund	K.S.A. 72-5167	12,056
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	202,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-5143	22,135
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	242,953
Supplemental General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5143	186,001

6. DEFINED BENEFIT PENSION PLAN

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

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

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

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to

be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal 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 $509,477 for the year ended June 30, 2022.

Net Pension Liability – At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $4,209,056. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) Other Post Employment Benefits

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

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

(b) Death and Disability Other Post Employment Benefits

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

(c) Compensated Absences

The District has formal sick leave, vacation, bereavement leave and personal leave policies. These policies vary depending on the employee's position.

Vacation

Custodians: Following the first year of service, they will receive six (6) days of vacation. Following the second full year of service, they will receive ten (10) days. Following the fifth consecutive year of service, they will receive twelve (12) days of vacation. For head custodians, they will receive fifteen (15) days of vacation following the fifth consecutive year of service.

Non-certified staff other than custodians: In order to be eligible for annual vacation, the employee must be on a yearly work schedule. The Clerk, Assistant Clerk and others designated by the Board are in this category. They will receive six (6) days of vacation for the first year and starting with the second year, they will receive ten (10) days of vacation per year. Starting with the fifth year of continuous service, they will receive fifteen (15) days of vacation.

Vacation pay is not cumulative and is lost at the end of each year.

Sick Leave

Classified Staff

The sick leave benefits are different for different categories of non-certificated staff. Custodians: receive 1 day for each 20 days worked, not to exceed 12 days per year, or accumulated time of 60 days; full-year secretaries: receive 10 days per year, accumulative to 60 days; attendance center secretaries: receive 9 days per year, accumulative to 50 days; teacher aides: 8 days per year, accumulative to 45 days; cooks/lunchroom personnel: (employees working a minimum of 3 hours per day) will receive 7 days per year, accumulative to 35 days. Bus Drivers will receive 5 days per year, accumulative to 20 days. A classified hourly employee working at least 3 hours a day and retiring from the District who has been employed by the District for at least twenty (20) consecutive years and has a minimum of 85 points based on KPERS retirement calculations will be paid at the rate of twenty ($20) dollars for each day of accumulated full pay sick leave upon retirement of the employee (not to exceed the maximum accumulated days allowed for the individuals position with 60 days being the maximum.)

Certified Staff

Sick leave in the amount of ten (10) days shall be credited to each teacher at the beginning of each contract year and shall be cumulative to seventy-five (75) days. At the beginning of each new school year, ten (10) sick leave days will be added to each teacher's accumulative total from the prior year. At the completion of each school year, each teacher will be paid $50 per day for each day that remains above seventy-five (75) accumulative days after subtraction of used sick leave taken during that contract year. Payment for unused sick leave days will be paid at the end of the current contract year. Each teacher's accumulative total, which shall in no event be more than seventy-five (75) days, shall be carried over to the beginning of the next school year. A certified employee retiring from the District who has been employed by the District for at least ten (10) consecutive years and has a minimum of 85 points based on KPERS retirement calculations will be paid at the rate of forty ($50) dollars for each day of accumulated full pay sick leave, upon retirement or death of the employee (not to exceed seventy-five (75) days).

(d) Deferred Compensation

Defined Contribution Plan

The District offers its employees the option to participate in a defined contribution plan created in accordance with Internal Revenue Code Section 403(b). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan, available to all District employees, permits them to defer a portion of their current salary (up to $19,500 and an additional $6,500 catch-up contribution for employees age 50 and over) until future years. The District will match up to $50 per month to be deposited in each certified, full-time employee's 403(b) plan. During the year ended June 30, 2022, fifty-five (55) employees contributed a total of $54,120, and the District contributed $33,064 as a match for fifty-three (53) participating certified, full-time employees. The deferred compensation is not available to employees until termination, retirement, total and permanent disability, death, or certain financial hardship.

The Plan has contracted with AFPlanServ for selected plan administrative service. Among the services provided by AFPlanServ is approval of salary reduction agreements for beginning or changing amounts and/or providers. The Plan also contracts with American Fidelity Assurance Company to manage the investment of plan assets.

8. RISK MANAGEMENT

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

The Unified School District No. 325 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks.

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

9. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $258,753 subsequent to June 30, 2022 and as required by K.S.A. 72-5135(d) the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

10. COVID-19

On January 30, 2022, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022. Future potential impacts may include a decrease in certain revenues, reduced customer traffic and the temporary closure of operating hours of our offices.

As a result of the COVID-19 outbreak, numerous federal and state grants have been made available to the District to assist with the risks and help offset incurred costs of the District.

11. SUBSEQUENT EVENTS

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

11. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2022 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning Balance 7/1/2021	Additions	Reductions/ Payments	Ending Balance 6/30/2022	Interest Paid
Capital Leases									
Apple Inc.	1.61%	3/9/2021	306,090	4/9/2023	$ 202,426	$ -	$ 100,405	$ 102,021	$ 3,259
Total Capital Leases					202,426	-	100,405	102,021	3,259
Total Contractual Indebtedness					$ 202,426	$ -	$ 100,405	$ 102,021	$ 3,259

Current maturities of long-term debt and interest through maturity are as follows:

	Capital Leases		Total	
Year Ended June 30	Principal	Interest Paid	Principal	Interest Paid
2023	$ 102,021	$ 1,643	$ 102,021	$ 1,643
Total	$ 102,021	$ 1,643	$ 102,021	$ 1,643

UNIFIED SCHOOL DISTRICT NO. 325,
PHILLIPSBURG, KANSAS

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2022

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended June 30, 2022

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)
General Funds						
General Fund	$ 5,289,544	$ (123,297)	$ 13,555	$ 5,179,802	$ 5,179,802	$ -
Supplemental General Fund	1,639,705	(38,155)	6,147	1,607,697	1,607,697	-
Special Purpose Funds						
At Risk (K-12) Fund	604,836	-	-	604,836	603,041	(1,795)
Capital Outlay Fund	1,096,849	-	-	1,096,849	459,050	(637,799)
Driver Training Fund	31,853	-	-	31,853	10,776	(21,077)
Food Service Fund	534,203	-	-	534,203	415,150	(119,053)
Professional Development Fund	20,280	-	-	20,280	128	(20,152)
Special Education Fund	1,561,000	-	-	1,561,000	1,265,496	(295,504)
Career & Postsecondary Education Fund	326,759	-	-	326,759	283,981	(42,778)
KPERS Special Retirement Contribution Fund	601,805	-	-	601,805	509,477	(92,328)

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

GENERAL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Reimbursements	$ 8,980	$ -	$ 8,980
State Aid Reimbursements	4,575	-	4,575
General State Aid	4,397,246	4,452,990	(55,744)
Special Education Aid	769,001	836,554	(67,553)
Total Receipts	5,179,802	$ 5,289,544	$ (109,742)
EXPENDITURES			
Instruction			
Salaries			
Certified	1,766,216	$ 2,100,000	$ (333,784)
Noncertified	35,490	45,000	(9,510)
Employee Benefits			
Insurance	110,702	150,000	(39,298)
Social Security & Medicare	140,148	160,000	(19,852)
Other	32,334	40,000	(7,666)
Purchased Professional & Technical Services	2,654	5,000	(2,346)
Supplies			
General	45,038	45,000	38
Property	53,040	5,000	48,040
Total Instruction	2,185,622	2,550,000	(364,378)
Student Support Services			
Salaries			
Certified	42,197	45,000	(2,803)
Employee Benefits			
Social Security & Medicare	3,061	3,000	61
Other	37	50	(13)
Purchased Professional & Technical Services	24,000	25,000	(1,000)
Total Student Support Services	69,295	73,050	(3,755)

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Instructional Support Staff			
Salaries			
Noncertified	$ 41,221	$ 42,000	$ (779)
Employee Benefits			
Insurance	11,315	10,000	1,315
Social Security & Medicare	3,083	3,000	83
Other	38	50	(12)
Supplies			
Books & Periodicals	-	500	(500)
Technology	707	500	207
Total Instructional Support Staff	56,364	56,050	314
General Administration			
Salaries			
Certified	90,620	91,000	(380)
Noncertified	75,885	88,000	(12,115)
Employee Benefits			
Insurance	19,817	20,000	(183)
Social Security & Medicare	12,337	15,000	(2,663)
Other	151	500	(349)
Purchased Professional & Technical Services	22,395	25,000	(2,605)
Total General Administration	221,205	239,500	(18,295)
School Administration			
Salaries			
Certified	269,560	272,000	(2,440)
Noncertified	88,106	95,000	(6,894)
Employee Benefits			
Insurance	37,379	40,000	(2,621)
Social Security & Medicare	26,046	30,000	(3,954)
Other	319	500	(181)
Other Purchased Services			
Communications	651	3,500	(2,849)
Supplies	6,189	7,500	(1,311)
Total School Administration	428,250	448,500	(20,250)

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Central Services			
Salaries			
Noncertified	$ 16,640	$ 22,000	$ (5,360)
Employee Benefits			
Social Security & Medicare	935	1,500	(565)
Other	11	50	(39)
Purchased Property Services	32,376	28,000	4,376
Other Purchased Services	9,289	10,000	(711)
Other	8,817	5,000	3,817
Total Central Services	68,068	66,550	1,518
Operations & Maintenance			
Salaries			
Noncertified	271,895	268,000	3,895
Employee Benefits			
Insurance	57,659	45,000	12,659
Social Security & Medicare	20,073	22,500	(2,427)
Other	4,279	15,000	(10,721)
Purchased Property Services			
Cleaning	1,920	2,000	(80)
Repairs & Maintenance	55,518	28,000	27,518
Repair of Buildings	2,032	1,000	1,032
Other	333	250	83
Other Purchased Services			
Other	1,375	3,000	(1,625)
Supplies			
General	5,332	3,000	2,332
Property	13,711	10,000	3,711
Total Operations & Maintenance	434,127	397,750	36,377
Supervision			
Salaries			
Noncertified	105,298	105,000	298
Employee Benefits			
Social Security & Medicare	7,848	10,000	(2,152)
Other	100	100	-
Total Supervision	113,246	115,100	(1,854)

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Vehicle Operating Service Equipment	$ 69,934	$ -	$ 69,934
Outgoing Transfers			
At Risk (K-12) Fund	405,000	400,000	5,000
Special Education Fund	1,001,048	838,000	163,048
Career & Postsecondary Education Fund	115,587	105,044	10,543
Contingency Reserve Fund	12,056	-	12,056
Total Outgoing Transfers	1,533,691	1,343,044	190,647
Adjustment to Comply With Legal Max	-	(123,297)	123,297
Legal General Fund Budget	5,179,802	5,166,247	13,555
Adjustment for Qualifying Budget Credits Reimbursements	-	13,555	(13,555)
Total Expenditures	5,179,802	$ 5,179,802	$ -
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2021	-		
UNENCUMBERED CASH, June 30, 2022	$ -		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax In Process	$ 18,451	$ 32,264	$ (13,813)
Current Tax	597,628	632,372	(34,744)
Delinquent Tax	7,560	4,454	3,106
Excise Tax	10	-	10
Motor Vehicle Tax	73,748	60,301	13,447
Recreational Vehicle Tax	1,730	1,536	194
Commercial Vehicle Tax	-	4,912	(4,912)
Reimbursements	6,147	-	6,147
Supplemental State Aid	916,246	938,075	(21,829)
Total Receipts	1,621,520	$ 1,673,914	$ (52,394)
EXPENDITURES			
Instruction			
Purchased Professional & Technical Services	8,105	$ 20,000	$ (11,895)
Purchased Property Services	1,009	27,000	(25,991)
Other Purchased Services	70,445	85,000	(14,555)
Supplies			
General	47,846	40,000	7,846
Textbooks	64,810	40,000	24,810
Technology	59,772	75,000	(15,228)
Miscellaneous	4,957	10,000	(5,043)
Property	133,839	150,000	(16,161)
Other	13,208	5,705	7,503
Total Instruction	403,991	452,705	(48,714)
General Administration			
Other Purchased Services			
Insurance	107,848	110,000	(2,152)
Communications	369	5,000	(4,631)
Other	262	500	(238)
Supplies	7,850	10,000	(2,150)
Total General Administration	116,329	125,500	(9,171)
School Administration			
Other Purchased Services			
Communications	-	1,500	(1,500)
Property	-	5,000	(5,000)
Total School Administration	-	6,500	(6,500)

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

SUPPLEMENTAL GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Operations & Maintenance			
Purchased Property Services			
Water & Sewer	$ 49,447	$ 65,000	$ (15,553)
Repairs & Maintenance	86,419	105,000	(18,581)
Supplies			
General	40,374	50,000	(9,626)
Energy			
Heating	19,382	40,000	(20,618)
Electricity	94,020	105,000	(10,980)
Total Operations & Maintenance	289,642	365,000	(75,358)
Vehicle Operating Services			
Other Purchased Services			
Insurance	14,453	20,000	(5,547)
Supplies			
Motor Fuel	40,739	50,000	(9,261)
Total Vehicle Operating Services	55,192	70,000	(14,808)
Vehicle & Maintenance Services			
Purchased Property Services	3,950	2,000	1,950
Other Purchased Services	18,888	40,000	(21,112)
Equipment	60,978	60,000	978
Other	4,432	7,500	(3,068)
Total Vehicle & Maintenance Services	88,248	109,500	(21,252)
Other Student Transportation Services			
Purchased Property Services	1,206	500	706
Outgoing Transfers			
At Risk (K-12) Fund	202,000	130,000	72,000
Food Service Fund	22,135	100,000	(77,865)
Special Education Fund	242,953	90,000	152,953
Career & Postsecondary Education Fund	186,001	190,000	(3,999)
Total Outgoing Transfers	653,089	510,000	143,089

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

SUPPLEMENTAL GENERAL FUND (Cont.)

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Adjustment to Comply with Legal Max	$ -	$ (38,155)	$ 38,155
Legal Supplemental General Fund Budget	1,607,697	1,601,550	6,147
Adjustment for Qualifying Budget Credits Reimbursements	-	6,147	(6,147)
Total Expenditures	1,607,697	$ 1,607,697	$ -
Receipts Over (Under) Expenditures	13,823		
UNENCUMBERED CASH, July 1, 2021	28,719		
UNENCUMBERED CASH, June 30, 2022	$ 42,542		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-3

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

AT RISK (K-12) FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Incoming Transfers			
General Fund	$ 405,000	$ 400,000	$ 5,000
Supplemental General Fund	202,000	130,000	72,000
Total Receipts	607,000	$ 530,000	$ 77,000
EXPENDITURES			
Instruction			
Salaries			
Certified	376,243	$ 335,000	$ 41,243
Noncertified	590	-	590
Employee Benefits			
Insurance	146,537	150,000	(3,463)
Social Security & Medicare	13,048	25,000	(11,952)
Other	160	500	(340)
Supplies			
General	361	16,336	(15,975)
Student Support Services			
Salaries			
Certified	62,251	70,000	(7,749)
Employee Benefits			
Social Security & Medicare	3,805	7,500	(3,695)
Other	46	500	(454)
Total Expenditures	603,041	$ 604,836	$ (1,795)
Receipts Over (Under) Expenditures	3,959		
UNENCUMBERED CASH, July 1, 2021	74,742		
UNENCUMBERED CASH, June 30, 2022	$ 78,701		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-4

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

CAPITAL OUTLAY FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	$ 6,891	$ 12,054	$ (5,163)
Current Tax	190,551	183,423	7,128
Delinquent Tax	2,714	1,663	1,051
Excise Tax	4	-	4
Motor Vehicle Tax	26,703	21,711	4,992
Recreational Vehicle Tax	627	552	75
Commercial Vehicle Tax	-	1,769	(1,769)
Interest on Idle Funds	2,732	-	2,732
Other Revenue from Local Sources	45,911	-	45,911
State Aid	106,470	108,845	(2,375)
Total Receipts	382,603	$ 330,017	$ 52,586
EXPENDITURES			
Instruction			
Property	2,925	$ 130,032	$ (127,107)
Student Support Services			
Property	155	60,000	(59,845)
School Administration			
Property	31,143	160,000	(128,857)
Operations & Maintenance			
Property	45,345	-	45,345
Transportation			
Property	319,342	350,000	(30,658)
Other Support Services			
Property	-	120,000	(120,000)
Architectural & Engineering Services	12,862	20,000	(7,138)
Building Improvements			
Outside Contractors	47,278	256,817	(209,539)
Total Expenditures	459,050	$ 1,096,849	$ (637,799)
Receipts Over (Under) Expenditures	(76,447)		
UNENCUMBERED CASH, July 1, 2021	1,000,960		
UNENCUMBERED CASH, June 30, 2022	$ 924,513		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-5

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

DRIVER TRAINING FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Other Revenue from Local Sources	$ 3,700	$ -	$ 3,700
State Aid	5,856	5,880	(24)
Total Receipts	9,556	$ 5,880	$ 3,676
EXPENDITURES			
Instruction			
Salaries			
Certified	9,450	$ 15,000	$ (5,550)
Employee Benefits			
Social Security & Medicare	723	2,000	(1,277)
Other	9	2,500	(2,491)
Supplies			
General	-	9,353	(9,353)
Operations & Maintenance			
Purchased Property Services	335	1,000	(665)
Vehicle Operations & Maintenance Services			
Motor Fuel	203	1,000	(797)
Other Support Services			
Supplies	56	1,000	(944)
Total Expenditures	10,776	$ 31,853	$ (21,077)
Receipts Over (Under) Expenditures	(1,220)		
UNENCUMBERED CASH, July 1, 2021	25,973		
UNENCUMBERED CASH, June 30, 2022	$ 24,753		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-6

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

FOOD SERVICE FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Student Receipts Breakfast & Lunch	$ 11	$ 8,852	$ (8,841)
Adult Receipts	10,456	-	10,456
State Aid	3,196	2,717	479
Federal Aid	392,638	332,337	60,301
Incoming Transfer			
Supplemental General Fund	22,135	100,000	(77,865)
Total Receipts	428,436	$ 443,906	$ (15,470)
EXPENDITURES			
Food Service Operation			
Salaries			
Noncertified	152,513	$ 175,000	$ (22,487)
Employee Benefits			
Insurance	25,816	30,000	(4,184)
Social Security & Medicare	10,804	15,000	(4,196)
Other	134	500	(366)
Other Purchased Services			
Food Service Management	1,245	2,500	(1,255)
Other	6,069	6,000	69
Supplies			
Food & Milk	202,190	210,000	(7,810)
Miscellaneous	15,249	15,000	249
Property	-	79,203	(79,203)
Other	1,130	1,000	130
Total Expenditures	415,150	$ 534,203	$ (119,053)
Receipts Over (Under) Expenditures	13,286		
UNENCUMBERED CASH, July 1, 2021	90,295		
UNENCUMBERED CASH, June 30, 2022	$ 103,581		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-7

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

PROFESSIONAL DEVELOPMENT FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS	$ -	$ -	$ -
EXPENDITURES			
Central Services			
Purchased Professional & Technical Services	-	$ 10,000	$ (10,000)
Other Purchased Services	128	7,500	(7,372)
Property	-	2,780	(2,780)
Total Expenditures	128	$ 20,280	$ (20,152)
Receipts Over (Under) Expenditures	(128)		
UNENCUMBERED CASH, July 1, 2021	20,280		
UNENCUMBERED CASH, June 30, 2022	$ 20,152		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-8

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

SPECIAL EDUCATION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Reimbursements	$ 23,824	$ -	$ 23,824
Federal Aid	3,071	20,848	(17,777)
Incoming Transfers			
General Fund	1,001,048	838,000	163,048
Supplemental General Fund	242,953	90,000	152,953
Total Receipts	1,270,896	$ 948,848	$ 322,048
EXPENDITURES			
Instruction			
Salaries			
Certified	12,738	$ 30,000	$ (17,262)
Noncertified	9,731	30,000	(20,269)
Employee Benefits			
Social Security	1,589	10,000	(8,411)
Other	20	1,000	(980)
Other Purchased Services			
Payments to Interlocal/Coop			
Assessments	467,239	550,000	(82,761)
Flowthrough	768,483	900,000	(131,517)
Other	3,071	-	3,071
Supplies			
General	1,498	10,000	(8,502)
General Administration			
Other Purchased Services	-	10,000	(10,000)
Vehicle Operating Services			
Other Purchased Services			
Insurance	578	10,000	(9,422)
Supplies			
Motor Fuel	549	10,000	(9,451)
Total Expenditures	1,265,496	$ 1,561,000	$ (295,504)
Receipts Over (Under) Expenditures	5,400		
UNENCUMBERED CASH, July 1, 2021	791,529		
UNENCUMBERED CASH, June 30, 2022	$ 796,929		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-9

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

CAREER & POSTSECONDARY EDUCATION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Miscellaneous	$ 400	$ -	$ 400
Federal Aid	4,964	-	4,964
Incoming Transfers			
General Fund	115,587	105,044	10,543
Supplemental General Fund	186,001	190,000	(3,999)
Total Receipts	306,952	$ 295,044	$ 11,908
EXPENDITURES			
Instruction			
Salaries			
Certified	227,616	$ 255,000	$ (27,384)
Employee Benefits			
Insurance	26,546	30,000	(3,454)
Social Security & Medicare	15,169	20,000	(4,831)
Other	185	1,000	(815)
Other Purchased Services			
Other	266	759	(493)
Supplies			
General	6,548	20,000	(13,452)
Other	7,651	-	7,651
Total Expenditures	283,981	$ 326,759	$ (42,778)
Receipts Over (Under) Expenditures	22,971		
UNENCUMBERED CASH, July 1, 2021	31,715		
UNENCUMBERED CASH, June 30, 2022	$ 54,686		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-10

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

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
State Aid	$ 509,477	$ 601,805	$ (92,328)
EXPENDITURES			
Instruction			
Employee Benefits	362,406	$ 400,000	$ (37,594)
Student Support Services			
Employee Benefits	25,474	30,000	(4,526)
Instructional Support Staff			
Employee Benefits	5,095	17,500	(12,405)
General Administration			
Employee Benefits	13,841	17,500	(3,659)
School Administration			
Employee Benefits	34,220	40,000	(5,780)
Central Services			
Employee Benefits	10,190	16,805	(6,615)
Operations & Maintenance			
Employee Benefits	37,872	50,000	(12,128)
Food Services			
Employee Benefits	20,379	30,000	(9,621)
Total Expenditures	509,477	$ 601,805	$ (92,328)
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2021	-		
UNENCUMBERED CASH, June 30, 2022	$ -		

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-11

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

CONTINGENCY RESERVE FUND

	Actual
RECEIPTS	
Incoming Transfer	
General Fund	$ 12,056
EXPENDITURES	-
Receipts Over (Under) Expenditures	12,056
UNENCUMBERED CASH, July 1, 2021	282,944
UNENCUMBERED CASH, June 30, 2022	$ 295,000

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-12

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

TEXTBOOK & STUDENT MATERIAL REVOLVING FUND

	Textbook Rental	Student Material	Total
RECEIPTS			
Rentals	$ 25,919	$ -	$ 25,919
Fees	-	18,426	18,426
Total Receipts	25,919	18,426	44,345
EXPENDITURES			
Instructional Support Staff			
Supplies			
Musical Instruments	-	1,271	1,271
Other Materials & Supplies	-	17,150	17,150
Other	12,293	-	12,293
Total Expenditures	12,293	18,421	30,714
Receipts Over (Under) Expenditures	13,626	5	13,631
UNENCUMBERED CASH, July 1, 2021	64,126	28,437	92,563
UNENCUMBERED CASH, June 30, 2022	$ 77,752	$ 28,442	$ 106,194

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-13

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

SCHOOL PUBLICATIONS FUND

	Total
RECEIPTS	
High School Yearbook	$ 15,214
EXPENDITURES	
High School Yearbook	12,674
Receipts Over (Under) Expenditures	2,540
UNENCUMBERED CASH, July 1, 2021	21,391
UNENCUMBERED CASH, June 30, 2022	$ 23,931

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-14

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

RETIREE/SUMMER HEALTH INSURANCE FUND

	Actual
RECEIPTS	
Reimbursements	$ 58,001
EXPENDITURES	
Insurance	58,001
Receipts Over (Under) Expenditures	-
UNENCUMBERED CASH, July 1, 2021	-
UNENCUMBERED CASH, June 30, 2022	$ -

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-15

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

GIFTS & CONTRIBUTIONS FUND

	Actual	Budget *	Variance Over (Under)
RECEIPTS			
Contributions & Donations	$ 28,775	$ 30,000	$ (1,225)
State Reimbursement	5	-	5
Total Receipts	28,780	$ 30,000	$ (1,220)
EXPENDITURES			
Instruction			
Supplies			
General	2,630	$ 15,000	$ (12,370)
Student Support Services			
Property	25,475	10,000	15,475
Other	7,500	-	7,500
Instructional Support Staff			
Property	-	29,000	(29,000)
Other	-	2,629	(2,629)
Total Expenditures	35,605	$ 56,629	$ (21,024)
Receipts Over (Under) Expenditures	(6,825)		
UNENCUMBERED CASH, July 1, 2021	26,630		
UNENCUMBERED CASH, June 30, 2022	$ 19,805		

*The Gifts and Contributions fund is not required by statute to be budgeted, this budget is for informational purposes only.

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-16

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

FEDERAL FUNDS

	ESSER II	ESSER III	Title I	Title II	Total Federal Funds	Budget*	Variance Over (Under)
RECEIPTS							
Federal Aid	$ 317,916	$ 200,319	$ 108,082	$ 18,017	$ 644,334	$ 444,015	$ 200,319
EXPENDITURES							
Instruction							
Salaries							
Certified	57,395	-	92,756	-	150,151	$ 175,000	$ (24,849)
Employee Benefits							
Insurance	14,712	-	4,600	-	19,312	15,000	4,312
Social Security & Medicare	2,776	-	6,809	-	9,585	10,000	(415)
Other	33	-	83	-	116	170	(54)
Supplies							
General	-	-	3,834	-	3,834	1,000	2,834
Textbooks	90,000	60,000	-	-	150,000	79,845	70,155
Supplies (Technology Related)	15,000	15,000	-	-	30,000	15,000	15,000
Central Services							
Other Purchased Services	-	-	-	18,017	18,017	-	18,017
Operations & Maintenance							
Repair & Maintenance	250	120,082	-	-	120,332	10,000	110,332
Repair of Buildings	-	154,497	-	-	154,497	138,000	16,497
Total Expenditures	180,166	349,579	108,082	18,017	655,844	$ 444,015	$ 211,829
Receipts Over (Under) Expenditures	137,750	(149,260)	-	-	(11,510)		
UNENCUMBERED CASH, July 1, 2021	(137,750)	-	-	-	(137,750)		
UNENCUMBERED CASH, June 30, 2022	$ -	$ (149,260)	$ -	$ -	$ (149,260) **		

* Federal funds are not required by statute to be budgeted, this budget is for informational purposes only.
** See Note 3, Cash Basis Exception.

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 2-17

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

DISTRICT ACTIVITY FUNDS

	Actual
RECEIPTS	$ 227,276
EXPENDITURES	220,113
Receipts Over (Under) Expenditures	7,163
UNENCUMBERED CASH, July 1, 2021	50,814
UNENCUMBERED CASH, June 30, 2022	$ 57,977

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 3

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

AGENCY FUNDS

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Unencumbered Cash Balance
Sales Tax	$ 439	$ 13,043	$ 13,004	$ 478
Student Activity Funds	77,844	196,539	174,037	100,346
Total	$ 78,283	$ 209,582	$ 187,041	$ 100,824

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 4

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

DISTRICT ACTIVITY FUNDS

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Student Attendance Incentive	$ 3,193	$ -	$ -	$ 96	$ 3,097	$ -	$ 3,097
High School Counseling	354	-	-	50	304	-	304
High School Athletics	4,904	-	96,386	96,248	5,042	-	5,042
School Play	2,141	-	676	530	2,287	-	2,287
Panther TV Video Class	3,205	-	3,540	3,370	3,375	-	3,375
Athletic Equipment Donations	117	-	-	-	117	-	117
Middle School Athletics	16,560	-	36,112	31,815	20,857	-	20,857
Middle School Office	27	-	15	-	42	-	42
Elementary School	19,275	-	16,412	19,368	16,319	-	16,319
Concessions	1,038	-	74,135	68,636	6,537	-	6,537
Total District Activity Funds	$ 50,814	$ -	$ 227,276	$ 220,113	$ 57,977	$ -	$ 57,977

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 5

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

STUDENT ACTIVITY FUNDS

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Student Activity Funds				
High School				
Academic Organization	$ 26	$ 327	$ 192	$ 161
Football Activity	3,897	14,462	10,700	7,659
Boys Basketball Activity	768	8,843	8,260	1,351
Girls Basketball Activity	1,646	5,095	3,104	3,637
Track	166	2,499	2,379	286
Weight Lifting	200	360	522	38
Girls Tennis	1,863	1,940	152	3,651
Boys Tennis	-	3,140	2,354	786
Cross Country	523	1,013	768	768
Golf	803	468	1,215	56
Volleyball	1,706	4,382	3,829	2,259
Wrestling	2,908	3,710	4,896	1,722
Amendment	5,781	10,059	8,016	7,824
Cheerleaders	3,578	17,373	18,488	2,463
FCCLA	3,051	6,210	4,637	4,624
FFA	3,574	37,947	37,180	4,341
Class of 2022	2,297	-	1,869	428
Class of 2023	1,210	6,061	3,621	3,650
Class of 2024	-	1,000	-	1,000
Class of 2025	-	400	-	400
Class of 2026	-	190	-	190
Kayettes	206	4,285	3,569	922
National Forensics League	89	-	-	89
National Honor Society	1	-	-	1
Pacers	2,090	8,818	7,427	3,481
Panther Print	1,462	1,200	1,274	1,388
Band Activities	437	655	629	463
STUCO	12,805	13,748	14,193	12,360
Entrepreneurship	315	-	-	315
My Phillips County Online	14,225	32,150	22,106	24,269
Total High School	65,627	186,335	161,380	90,582
Middle School				
Pep Club	4,508	7,807	10,645	1,670
Student Council	758	1,070	953	875
5th Grade	-	153	153	-
5th & 6th Grade Activity	6,951	1,174	906	7,219
Total Middle School	12,217	10,204	12,657	9,764
Total Student Activity Funds	$ 77,844	$ 196,539	$ 174,037	$ 100,346

UNIFIED SCHOOL DISTRICT NO. 325

SINGLE AUDIT SECTION

FOR THE YEAR ENDED JUNE 30, 2022

MAPES & MILLER LLP

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

March 9, 2023

Board of Education
Unified School District No. 325
Phillipsburg, Kansas 67661

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. 325, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Unified School District No. 325's basic financial statement and have issued our report thereon dated March 9, 2023. Our report on the financial statement disclosed that, as described in Note 1 to the financial statements, the Unified School District No. 325 prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unified School District No. 325's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 325's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 325'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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2022-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 325's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we reported to management of Unified School District No. 325 in a separate letter dated March 9, 2023.

Unified School District No. 325's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Unified School District No. 325's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Unified School District No. 325's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Respectfully submitted,

Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
March 9, 2023

MAPES & MILLER LLP

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

March 9, 2023

Board of Education
Unified School District No. 325
Phillipsburg, Kansas 67661

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Unified School District No. 325's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Unified School District No. 325's major federal programs for the year ended June 30, 2022. The Unified School District No. 325's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Unified School District No. 325 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Unified School District No. 325 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Unified School District No. 325's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Unified School District No. 325's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Unified School District No. 325's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Unified School District No. 325's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Unified School District No. 325's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Unified School District No. 325's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 325's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

Respectfully submitted,

Mapes & Miller LLP
Certified Public Accountants

Phillipsburg, Kansas
March 9, 2023

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

Schedule 6

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cash Receipts	Expenditures
U.S. Department of Education				
Passed through Kansas Department of Education (KSDE)				
Title I Grants to Local Educational Agencies	84.010	DO 325	$ 93,585	$ 93,585
Supporting Effective Instruction State Grants	84.367A	DO 325	18,017	18,017
Student Support & Academic Enrichment Program	84.424D	DO 325	14,497	14,497
Career & Technical Education	84.048	DO 325	4,964	4,964
COVID-19 - Education Stabilization Fund				
Elementary & Secondary School Emergency Relief Fund	84.425D	DO 325	3,071	3,071
Elementary & Secondary School Emergency Relief Fund	84.425D	DO 325	317,916	180,166
American Rescue Plan - ESSER	84.425U	DO 325	200,319	349,579
Total U.S. Department of Education			652,369	663,879
U.S. Department of Agriculture				
Passed through Kansas Department of Education (KSDE)				
Child Nutrition Cluster				
School Breakfast Program	10.553	DO 325	53,637	53,637
National School Lunch Program	10.555	DO 325	319,666	319,666
COVID-19 - National School Lunch Program	10.555	DO 325	847	847
Summer Food Service Program	10.559	DO 325	17,873	17,873
Total Child Nutrition Cluster			392,023	392,023
COVID-19 Pandemic EBT Administrative Cost	10.649	DO 325	614	614
Total U.S. Department of Agriculture			392,637	392,637
Total Expenditures of Federal Awards			$ 1,045,006	$ 1,056,516

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 325
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Unified School District No. 325, Phillipsburg, Kansas (the District), under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

4. Sub-recipients

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

5. Local Government Contribution

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

6. Contingencies

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

UNIFIED SCHOOL DISTRICT NO. 325
Phillipsburg, Kansas

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

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

In accordance with Generally Accepted Accounting Principles	Adverse
In accordance with the regulatory basis of accounting described in Note 1	Unmodified

Internal control over financial reporting:

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

FEDERAL AWARDS

Internal control over major programs:

• Material weaknesses identified?	__ Yes x No
• Significant deficiencies identified?	__ Yes x None reported

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

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

The programs tested as major programs were:

CFDA NUMBER	NAME OF FEDERAL PROGRAM
84.425	COVID-19 – Education Stabilization Fund

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

Auditee qualified as low-risk auditee? __ Yes x No

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

SECTION 2 – FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

2022-001 Segregation of duties

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

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

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

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

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

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

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION

CFDA No. 84.425. No reportable findings or questioned costs for the year ended June 30, 2022.

SECTION 4 – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Not applicable.