UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report
For the Fiscal Year Ended June 30, 2022

MAPES & MILLER LLP
Certified Public Accountants
Norton, Kansas

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Financial Statement and Regulatory-Required
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For the Fiscal Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Unified School District No. 269
Palco, Kansas 67657

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. 269, Palco, Kansas 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 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. 269, Palco, 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 balances of Unified School District No. 269, Palco, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide.* 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 Unified School District No. 269, 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 Unified School District No. 269 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide,* which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 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.

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 Unified School District No. 269's 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 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, 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 Unified School District No. 269's 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 Unified School District No. 269's 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 receipts and disbursements-agency funds, and schedule of receipts, expenditures, and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas
September 21, 2023

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Summary of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds							
General	$ 0	0	1,078,092	1,078,092	0	0	0
Supplemental General	14,354	0	386,287	383,980	16,661	0	16,661
Special Purpose Funds						0	
Preschool-Aged At-Risk	0	0	40,000	40,000	0	0	0
At Risk (K-12)	0	0	40,000	40,000	0	0	0
Capital Outlay	180,432	0	208,387	286,466	102,353	0	102,353
Food Service	33,022	0	89,333	96,934	25,421	0	25,421
Professional Development	610	0	5,000	5,541	69	0	69
Special Education	99,368	0	172,553	196,921	75,000	0	75,000
Career and Postsecondary Education	45,000	0	1,252	45,805	447	0	447
KPERS Special Retirement Contribution Fund	0	0	114,676	114,676	0	0	0
Recreation Commission	0	0	20,100	20,100	0	0	0
Gifts and Grants	6,551	0	11,119	11,830	5,840	0	5,840
Federal Funds	0	0	94,310	94,310	0	0	0
Textbook and Student Material Revolving	15,626	0	2,194	8,888	8,932	0	8,932
Contingency Reserve	11,417	0	0	0	11,417	0	11,417
District Activity	3,395	0	15,260	16,825	1,830	0	1,830
Total Reporting Entity (Excluding Agency Funds)	$ **409,775**	**0**	**2,278,563**	**2,440,368**	**247,970**	**0**	**247,970**

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

UNIFIED SCHOOL DISTRICT NO. 26
Palco, Kansas
Composition of Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Astra Bank, Palco, Kansas		
NOW Account	$	246,140
Checking Accounts		33,388
Total Cash		279,528
Agency Funds per Schedule 3		(31,558)
Total Reporting Entity (Excluding Agency Funds)	$	**247,970**

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

1. **Summary of Significant Accounting Policies**

Municipal Financial Reporting Entity

Unified School District No. 269, Palco, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation. The regulatory financial statement presents Unified School District No. 269 (the municipality). The following related municipal entity is not included in the financial statement:

Palco-Damar-Zurich Recreation Commission. The Palco-Damar-Zurich Recreation Commission oversees recreational activities. A five-member board is appointed to oversee the operation. The District annually levies taxes for the operation of the Commission. The recreation commission has only the powers granted by statute K.S.A. 12-1928. Unaudited financial reports for the Palco-Damar-Zurich Recreation Commission are available from the Recreation Commission Director, P.O. Box 53, Palco, Kansas, 67657.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the fiscal 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 Fund – used to account for the proceeds of specific taxes levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

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 revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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 did hold 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 revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended in this manner for the fiscal 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 for each fund are presented showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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 trust funds and the following special purpose funds: Contingency Reserve Fund, Textbook and Student Material Revolving Fund, Federal Funds, District Activity Funds, and Gifts and Grants Fund.

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.

Reimbursed Expenditures

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

2. **Stewardship, Compliance and Accountability**

Other Compliance. K.S.A. 75-3317 through 75-3322 requires the District to make mandatory purchases of products and services offered by Kansas industries for the blind and severely disabled. The District did not make such purchases.

Budget Compliance. K.S.A. 79-2935 states that it is unlawful for expenditures to exceed the school's published budget. It appears that the expenditures for the Capital Outlay and Recreation Commission funds have exceeded the published budget amount. This appears to be a violation of K.S.A. 79-2935.

3. **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 the 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, except during designated "peak periods" when required coverage is 50%. The District has not designated any "peak periods" with eligible depositories. All deposits were legally secured at June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was $279,528 and the bank balance was $353,824. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $284,014 was covered by federal depository insurance and $69,810 was collateralized with securities held by the pledging financial institutions' agents in the Districts name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2022.

4. **In-Substance Receipt in Transit**

The District received $32,905 subsequent to June 30, 2022 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

5. **Defined Benefit Pension Plan**

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information.

KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 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 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 $114,676 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 $925,217. 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 nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

6. Other Long-Term Obligations

Compensated Absences

Sick Leave. All full-time employees of Unified School District No. 269 are allowed twelve days a year sick leave, cumulative to fifty-five days, except for bus drivers who are allowed twelve days of sick leave per year non-accumulative. No payment for unused sick leave is made to an employee terminating employment withthe District except for retiring certified employees. When a certified employee retires from the District, unused sick leave days shall be purchased at $50 per day.

Vacation Pay. The superintendent is allowed ten days of vacation a year. Other twelve-month employees are allowed two weeks of vacation a year after the first year of service.

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 premium regardless of age. However, the cost of this subsidy has not been quantified for this financial statement.

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

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.

7. 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 has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable.

For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards Workers Compensation Fund, Inc., a public entity risk pool currently operating as a common risk management and insurance program for participating members.

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

The District continues to carry commercial insurance for all other risks of loss, including property, automobile, liability, inland marine, linebacker, health, and surety. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Interfund Transfers

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes. Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Special Education	K.S.A. 72-5167	114,830
General	At Risk (K-12)	K.S.A. 72-5167	40,000
General	Professional Development	K.S.A. 72-5167	2,500
General	Pre-School Aged At-Risk	K.S.A. 72-5167	5,648
Supplemental General	Professional Development	K.S.A. 72-5143	2,500
Supplemental General	Food Service	K.S.A. 72-5143	16,279
Supplemental General	Special Education	K.S.A. 72-5143	44,807
Supplemental General	Pre-School Aged At-Risk	K.S.A. 72-5143	34,352

9. **Qualified Zone Academy Bonds (QZAB)**

The District entered into a lease purchase agreement on March 24, 2011, with Security Bank of Kansas City to finance the acquisition, construction, and equipping of school building improvements. The District will pay Security Bank of Kansas City $175,000 a year for a period of 12 years. The lease payments are to be placed in an interest bearing custodial account. The expected total of all payments to be made by the District plus interest earned on the account is $2,100,000, which is the amount of the Lease Purchase Agreement, amortized with zero percent interest. At the end of 12 years, the custodian will release the funds in the account to Security Bank of Kansas City, and the lease will be terminated. See Note 10 – Long-term Debt for additional information.

10. **Long-term Debt**

Changes in long-term liabilities for Unified School District No. 269, Palco, Kansas for the year ended June 30, 2022 were as follows:

Issue	Interest Rates	Date Issued	Amount of Original Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid ***
Lease Purchase Agreements:									
Qualified Zone Academy Bonds (QZAB) (Note 10)	0.00%	03/24/11	$ 2,100,000	03/24/23	$ 350,000	0	175,000	175,000	6,440
Total Long-term Debt					**$ 350,000**	**0**	**175,000**	**175,000**	**6,440**

***Due to changes in Federal law and budget allocations, the reimbursement by the Federal government to the District for interest paid has been reduced from 100% to 94.3%

Current maturities for long-term debt for Unified School District No. 269, Palco, Kansas for the next five years and in five-year increments after that are as follows:

	2023	2024	2025	2026	2027	Total
PRINCIPAL						
Lease Purchase Agreements:						
Qualified Zone Academy Bonds (QZAB)						
Estimated Lease Payments (Note 9)	122,720	0	0	0	0	122,720
Estimated Interest Earnings (Note 9)	52,280	0	0	0	0	52,280
Total Principal	175,000	0	0	0	0	175,000
INTEREST						
Lease Purchase Agreements:						
Qualified Zone Academy Bonds (QZAB)	6,440	0	0	0	0	6,440
Total Principal and Interest	**$ 181,440**	**0**	**0**	**0**	**0**	**181,440**

11. COVID-19

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

12. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date of which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 269
REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

UNIFIED SCHOOL DISTRICT NO. 269 SCHEDULE 1

Palco, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Description	Certified Budget	Adjustments to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds						
General	$ 1,108,734	(59,198)	28,556	1,078,092	1,078,092	0
Supplemental General	383,980	0	0	383,980	383,980	0
Special Purpose Funds						
Preschool-Aged At-Risk	40,000	0	0	40,000	40,000	0
At Risk (K-12)	94,337	0	0	94,337	40,000	(54,337)
Capital Outlay	266,703	0	0	266,703	286,466	19,763
Food Service	115,769	0	0	115,769	96,934	(18,835)
Professional Development	5,541	0	0	5,541	5,541	0
Special Education	247,675	0	6,950	254,625	196,921	(57,704)
Career and Postsecondary Education	70,176	0	1,252	71,428	45,805	(25,623)
KPERS Special Retirement Contribution Fund	116,295	0	0	116,295	114,676	(1,619)
Recreation Commission	18,950	0	0	18,950	20,100	1,150
Gift and Grants	10,171	0	0	10,171	11,830	*
Federal Funds	117,260	0	0	117,260	94,310	*

* Exempt from Budget Law

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
General Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
General State Aid	$	920,932	987,284	(66,352)
Special Education Aid		114,830	118,798	(3,968)
Mineral Tax		13,774	2,652	11,122
Reimbursed Expenses		28,556	0	28,556
Total Receipts		1,078,092	**1,108,734**	**(30,642)**
Expenditures:				
Instruction		533,244	495,500	37,744
Student Support Services		19,501	21,100	(1,599)
Instructional Support Staff		425	100	325
General Administration		161,092	162,600	(1,508)
School Administration		116,368	111,700	4,668
Operations and Maintenance		16,876	20,800	(3,924)
Student Transportation Services		67,608	59,336	8,272
Transfer to Special Education		114,830	118,798	(3,968)
Transfer to At Risk (K-12)		40,000	64,002	(24,002)
Transfer to Preschool-Aged At Risk		5,648	0	5,648
Transfer to Food Service		0	5,500	(5,500)
Transfer to Professional Development		2,500	2,500	0
Transfer to Capital Outlay		0	41,798	(41,798)
Transfer to Career and Postsecondary Education		0	5,000	(5,000)
Adjustment to Comply with Legal Max				
Legal General Fund Budget		0	(59,198)	59,198
Total Legal General Fund Budget		1,078,092	1,049,536	28,556
Adjustment for Qualifying Budget Credits:				
Reimbursed Expenses		0	28,556	(28,556)
Total Expenditures		1,078,092	**1,078,092**	**0**
Receipts Over (Under) Expenditures		0		
Unencumbered Cash, Beginning		0		
Unencumbered Cash, Ending	$	**0**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Supplemental General Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
Tax in Process	$	12,566	6,090	6,476
Current Tax		337,988	326,100	11,888
Delinquent Tax		12,121	6,425	5,696
Motor Vehicle Tax		21,022	15,028	5,994
Recreational Vehicle Tax		491	351	140
Commercial Vehicle Tax		2,099	1,728	371
Total Receipts		386,287	**355,722**	**30,565**
Expenditures:				
Instruction		101,045	54,788	46,257
General Administration		0	100	(100)
Operations and Maintenance		177,016	154,500	22,516
Student Transportation Services		7,981	0	7,981
Transfer to Food Service		16,279	30,000	(13,721)
Transfer to Special Education		44,807	66,665	(21,858)
Transfer to Preschool-Aged At Risk		34,352	40,000	(5,648)
Transfer to At Risk Fund (K-12)		0	30,335	(30,335)
Transfer to Professional Development		2,500	2,500	0
Transfer to Career and Postsecondary Education		0	20,000	(20,000)
Adjustment to Comply with Legal Max				
Legal Supplemental General Fund Budget		0	(14,908)	14,908
Total Expenditures		383,980	**383,980**	**0**
Receipts Over (Under) Expenditures		2,307		
Unencumbered Cash, Beginning		14,354		
Unencumbered Cash, Ending	$	**16,661**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Preschool-Aged At Risk Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts:			
Transfer from General	$ 5,648	0	5,648
Transfer from Supplemental General	34,352	40,000	(5,648)
Total Receipts	40,000	**40,000**	**0**
Expenditures:			
Instruction	40,000	40,000	0
Instructional Support Staff	0	0	0
Total Expenditures	40,000	**40,000**	**0**
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	$ **0**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
At Risk Fund (K-12)
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts:			
Transfer from General	$ 40,000	64,002	(24,002)
Transfer from Supplemental General	0	30,335	(30,335)
Total Receipts	40,000	**94,337**	**(54,337)**
Expenditures:			
Instruction	40,000	**94,337**	**(54,337)**
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	$ **0**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Capital Outlay Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts:			
Tax in Process	$ 4,392	670	3,722
Current Tax	142,165	141,221	944
Delinquent Tax	4,850	2,246	2,604
Motor Vehicle Tax	8,443	6,046	2,397
Recreational Vehicle Tax	203	141	62
Commercial Vehicle Tax	807	695	112
Interest Earned on Idle Funds	47,527	0	47,527
Transfer from General	0	41,798	(41,798)
Total Receipts	208,387	**192,817**	**15,570**
Expenditures:			
Instruction	13,516	15,300	(1,784)
General Administration	124	0	124
School Administration	8,972	1,003	7,969
Operations and Maintenance	49,503	46,100	3,403
Transportation	30,762	20,000	10,762
Central Services	0	5,000	(5,000)
Other Supplemental Services	2,149	2,500	(351)
Facilities Acquisition and Construction	0	7,000	(7,000)
QZAB Lease Payment	181,440	169,800	11,640
Total Expenditures	286,466	**266,703**	**19,763**
Receipts Over (Under) Expenditures	(78,079)		
Unencumbered Cash, Beginning	180,432		
Unencumbered Cash, Ending	$ **102,353**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Food Service Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
Federal Aid	$	70,300	54,510	15,790
State Aid		484	772	(288)
Food Service		2,014	3,850	(1,836)
Interest on Idle Funds		106	0	106
Miscellaneous		150	0	150
Transfer from General		0	5,500	(5,500)
Transfer from Supplemental General		16,279	30,000	(13,721)
Total Receipts		89,333	**94,632**	**(5,299)**
Expenditures:				
Operations and Maintenance		0	0	0
Food Service Operation		96,934	115,769	(18,835)
Total Expenditures		96,934	**115,769**	**(18,835)**
Receipts Over (Under) Expenditures		(7,601)		
Unencumbered Cash, Beginning		33,022		
Unencumbered Cash, Ending	$	**25,421**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Professional Development Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 0	0	0
Transfer from General	2,500	2,500	0
Transfer from Supplemental General	2,500	2,500	0
Total Receipts	5,000	**5,000**	**0**
Expenditures:			
Instructional Support Staff	5,541	5,541	0
Other Supplemental Services	0	0	0
Total Expenditures	5,541	**5,541**	**0**
Receipts Over (Under) Expenditures	(541)		
Unencumbered Cash, Beginning	610		
Unencumbered Cash, Ending	$ **69**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Special Education Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
Transfer from General	$	114,830	118,798	(3,968)
Transfer from Supplemental General		44,807	66,665	(21,858)
Federal Aid		5,966	0	5,966
Reimbursements		6,950	0	6,950
Total Receipts		172,553	**185,463**	**(12,910)**
Expenditures:				
Instruction		190,902	247,675	(56,773)
Instructional Support Staff		6,019	0	6,019
Adjustment for Qualifying Budget Credits:				
Reimbursed Expenses		0	6,950	(6,950)
Total Expenditures		196,921	**254,625**	**(57,704)**
Receipts Over (Under) Expenditures		(24,368)		
Unencumbered Cash, Beginning		99,368		
Unencumbered Cash, Ending	$	**75,000**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Career and Postsecondary Education Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
Transfer from Supplemental General	$	0	20,000	(20,000)
Transfer from General		0	5,000	(5,000)
Reimbursed Expenses		1,252	0	1,252
Total Receipts		1,252	**25,000**	**(23,748)**
Expenditures:				
Instruction		45,805	65,176	(19,371)
Student Support Services		0	5,000	(5,000)
Adjustment for Qualifying Budget Credits:				
Reimbursed Expenses		0	1,252	(1,252)
Total Expenditures		45,805	**71,428**	**(25,623)**
Receipts Over (Under) Expenditures		(44,553)		
Unencumbered Cash, Beginning		45,000		
Unencumbered Cash, Ending	$	**447**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
KPERS Special Retirement Contribution Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 114,676	**116,295**	**(1,619)**
Expenditures:			
Instruction	64,982	65,901	(919)
Student Support	3,823	3,877	(54)
Instructional Support	3,823	3,877	(54)
General Administration	3,823	3,877	(54)
School Administration	16,819	17,054	(235)
Other Supplemental Services	1,911	1,938	(27)
Operations & Maintenance	11,468	11,630	(162)
Student Transportation	382	388	(6)
Food Service	7,645	7,753	(108)
Total Expenditures	114,676	**116,295**	**(1,619)**
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	$ **0**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Recreation Commission Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
Tax in Process	$	544	92	452
Current Tax		17,774	17,653	121
Delinquent Tax		603	281	322
Motor Vehicle Tax		1,048	758	290
Recreational Vehicle Tax		26	17	9
Commercial Motor Vehicle		105	87	18
Total Receipts		20,100	**18,888**	**1,212**
Expenditures:				
Community Service Operations		20,100	**18,950**	**1,150**
Receipts Over (Under) Expenditures		0		
Unencumbered Cash, Beginning		0		
Unencumbered Cash, Ending	$	**0**		

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Gifts and Grants Fund
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Actual	Budget	Variance Over (Under)
Receipts:				
Donations and Grants	$	11,119	**7,000**	**4,119**
Expenditures:				
Instruction		11,830	10,171	1,659
Operations and Maintenance		0	0	0
Total Expenditures		11,830	**10,171**	**1,659**
Receipts Over (Under) Expenditures		(711)		
Unencumbered Cash, Beginning		6,551		
Unencumbered Cash, Ending	$	**5,840**		

* Exempt from Budget Law per K.S.A. 79-2925 and K.S.A. 12-16,111.

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Federal Funds
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts:			
Federal Aid	$ 94,310	**117,260**	**(22,950)**
Expenditures:			
Instruction	93,918	88,260	5,658
School Administration	392	0	392
Operations and Maintenance	0	29,000	(29,000)
Total Expenditures	94,310	**117,260**	**(22,950)**
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	$ **0**		

* Exempt from Budget Law per K.S.A. 12-1663.

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
Any Non-budgeted Fund
Schedule of Receipts and Expenditures-Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

		Textbook and Student Material Revolving Fund	Contigency Reserve Fund
Receipts:			
Rental Fees and Books	$	2,194	0
Contributions/Donations		0	0
Total Receipts		2,194	0
Expenditures:			
Instruction		8,888	0
Operations and Maintenance		0	0
Total Expenditures		8,888	0
Receipts Over (Under) Expenditures		(6,694)	0
Unencumbered Cash, Beginning		15,626	11,417
Unencumbered Cash, Ending	$	**8,932**	**11,417**

UNIFIED SCHOOL DISTRICT NO. 269 SCHEDULE 3

Palco, Kansas

Agency Funds

Schedule of Receipts and Disbursements - Actual

Regulatory Basis

For the Fiscal Year Ended June 30, 2022

Fund	Beginning Cash Balance	Receipts	Disburse-ments	Ending Cash Balance
Student Organization Funds:				
High School:				
FFA	$ 8,102	6,867	11,358	3,611
Student Council	1,919	6,395	4,435	3,879
Class of 2018	277	0	138	139
Class of 2019	2,165	0	246	1,919
Class of 2020	1,516	0	0	1,516
Class of 2021	1,634	0	0	1,634
Class of 2022	2,257	4,716	5,284	1,689
Class of 2023	2,373	3,280	4,329	1,324
Class of 2024	1,321	3,310	2,021	2,610
Class of 2025	0	479	0	479
Yearbook	327	6,710	3,489	3,548
Athletic Club	417	0	18	399
PHS Cheerleaders	1,429	1,041	887	1,583
PHS Football Club	961	0	0	961
PHS Basketball	333	0	0	333
PHS Boys Basketball	152	0	0	152
PHS Volleyball	317	0	0	317
PHS Science	21	0	0	21
PHS Gym	787	0	0	787
PHS Site Council	357	0	0	357
PHS Cross Country	462	366	387	441
Palco Dual Credit Scholarship Fund	300	8,326	8,325	301
Forensics	7	0	0	7
National Honor Society	838	0	231	607
Junior High:				
Athletic Club	591	0	0	591
Cheerleaders	57	0	0	57
Eighth Grade	245	0	12	233
Eighth Leadership	50	0	0	50
Elementary:				
Elementary Activities	1,688	264	409	1,543
Other Agency Funds:				
Teacher's Flower Fund	470	0	0	470
Sales Tax	0	1,360	1,360	0
Total Student Organization Funds	$ **31,373**	**43,114**	**42,929**	**31,558**

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 269
Palco, Kansas
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Athletics:							
High School	$ 3,323	0	15,260	16,825	1,758	0	1,758
Junior High	72	0	0	0	72	0	72
Total District Activity Funds	$ **3,395**	**0**	**15,260**	**16,825**	**1,830**	**0**	**1,830**