UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

Regulatory Basis Financial Statement and
Independent Auditors' Report with
Regulatory Required Supplemental Information
and Federal Compliance Section
For the Fiscal Year Ended June 30, 2021

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

TABLE OF CONTENTS

	PAGE NUMBER
Independent Auditors' Report	1 - 3
FINANCIAL SECTION	
Statement 1	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash – Regulatory Basis	4
Notes to the Financial Statement	5 - 14
REGULATORY REQUIRED SUPPLEMENTAL INFORMATION	
Schedule 1 Summary of Expenditures - Actual and Budget (Budgeted Funds Only) - Regulatory Basis	15
Schedule 2 Schedule of Receipts and Expenditures - Actual and Budget – Regulatory Basis	
General Fund	16 - 17
Supplemental General Fund	18
At Risk Four Year Old	19
At Risk K-12	20
Virtual Education	21
Capital Outlay Fund	22
Driver Education Fund	23
Food Service Fund	24
Professional Development Fund	25
Parent Education Fund	26
Special Education Fund	27
Career and Postsecondary Education Fund	28
KPERS Retirement Fund	29
Contingency Reserve Fund	30
Textbook Rental Fund	31
Title I Fund	32
Title II Teacher Quality Fund	33
Student Laptops Fund	34
Grant Fund	35
Improvements Fund	36
Scholarships Fund	37
Schedule 3 Schedule of Receipts and Disbursements – Agency Funds - Regulatory Basis	38
Schedule 4 Summary of Receipts, Expenditures, and Unencumbered Cash - District Activity Funds – Regulatory Basis	39

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

TABLE OF CONTENTS
(Continued)

	PAGE NUMBER
FEDERAL COMPLIANCE SECTION	
Schedule 5	
Schedule of Expenditures of Federal Awards	40
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	41 - 42
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*	43 - 44
Schedule of Findings and Questioned Costs	45 - 46
Summary Schedule of Prior Audit Findings	47

Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #247
Cherokee, Kansas 66724

We have audited the accompanying fund summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Unified School District #247, Cherokee, Kansas as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statement.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance as of June 30, 2021, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the June 30, 2021 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Board of Education
Unified School District #247
Cherokee, Kansas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2020 actual column presented in the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances and the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2020 financial statement upon which we rendered an unmodified opinion dated November 5, 2020. The 2020 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 2020 comparative information is fairly stated in all material respects in relation to the 2020 basic financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

August 25, 2021
Fort Scott, Kansas

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis
For the Fiscal Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus Encumbrances and Accounts Payable	Ending Cash Balance June 30, 2021
General Funds						
General	$ 3.78	$ 4,730,684.93	$ 4,730,679.43	$ 9.28	$ 501,011.58	$ 501,020.86
Supplemental General	125,939.57	1,473,023.51	1,458,432.00	140,531.08	-	140,531.08
Special Purpose Funds						
At Risk Four Year Old	71,137.35	70,000.00	69,321.92	71,815.43	11,545.82	83,361.25
At Risk K-12	144,605.77	619,170.00	625,499.94	138,275.83	69,520.86	207,796.69
Virtual Education	-	-	-	-	-	-
Capital Outlay	716,306.48	474,231.07	524,949.65	665,587.90	172,196.58	837,784.48
Driver Education	11,567.65	1,984.00	2.00	13,549.65	-	13,549.65
Food Service	44,301.46	392,063.13	392,632.57	43,732.02	25,387.83	69,119.85
Professional Development	51,039.14	-	818.64	50,220.50	-	50,220.50
Parent Education	16,000.00	-	-	16,000.00	-	16,000.00
Special Education	371,804.64	740,899.30	752,667.79	360,036.15	2,460.02	362,496.17
Career & Postsecondary Ed	98,948.41	139,009.92	117,885.05	120,073.28	12,182.52	132,255.80
KPERS Retirement	-	552,800.81	552,800.81	-	-	-
Contingency Reserve	300,000.00	-	-	300,000.00	-	300,000.00
Textbook Rental	147,186.77	6,330.00	8,507.09	145,009.68	-	145,009.68
Title I	-	156,999.00	156,999.00	-	21,432.82	21,432.82
Title II Teacher Quality	38.66	60,113.09	60,151.75	(0.00)	5,497.60	5,497.60
Student Laptops	64,710.37	73,894.11	16,486.84	122,117.64	8,096.43	130,214.07
Grant	(13,053.37)	280,050.37	241,917.96	25,079.04	28,122.96	53,202.00
Gate Receipts	45,366.00	40,842.87	47,854.64	38,354.23	-	38,354.23
School Projects	6,983.84	324.59	3,084.26	4,224.17	-	4,224.17
Capital Project Funds						
Improvments Fund	53,961.90	146.30	-	54,108.20	79,817.00	133,925.20
Expendable Trusts						
Scholarships	88,370.74	15,759.93	20,350.00	83,780.67	-	83,780.67
Total Reporting Entity	$ 2,345,219.16	$ 9,828,326.93	$ 9,781,041.34	$ 2,392,504.75	$ 937,272.02	$ 3,329,776.77

Board Checking Accouns	$ 3,174,391.48
Activity Checking Accounts	121,587.93
Certificates of Deposit	105,000.00
Total Cash	3,400,979.41
Agency Funds Per Schedule 3	71,202.64
Total Reporting Entity	$ 3,329,776.77

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #247, Cherokee, Kansas, has been prepared in accordance with the State of Kansas regulatory basis of accounting, and is designed to show compliance with the cash basis and budget laws of the State of Kansas. The *Kansas Municipal Audit and Accounting Guide* (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. Note 1 describes how the District's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District #247, Cherokee, Kansas (the municipality) and related municipal entities. There are no related municipal entities that are included in the District's reporting entity.

Basis of Presentation - Fund 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 of the District:

REGULATORY BASIS FUNDS

- 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 revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.
- Capital Project Fund –used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.
- Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to 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 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 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 funds, special purpose funds (unless specifically exempted by statute), and bond and interest funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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. There were no budgets amended this year. The District decreased the General and Supplemental General Fund budgets to the legal maximum budgets in accordance with Kansas statutes.

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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Budgetary Information (Continued)

Any unused budgeted expenditure authority lapse at year end.

A legal operating budget is not required for fiduciary funds and the following special revenue funds:

- Grant Funds (K.S.A. 72-8210)
- Federal Funds (K.S.A. 12-1663)
- Contingency Reserve Fund (K.S.A. 72-6426)
- Textbook Rental Fund (K.S.A. 72-8250)
- Improvements Fund (Capital Project 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.

Cash and Investments

Cash and investments are comprised of interest and non-interest bearing checking accounts and repurchase agreements. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury.

Compensated Absences

Certified employees receive twelve days a year of personal leave, which can be accumulated up to ninety-four days. Classified employees receive one day per month of personal leave which can be accumulated up to 60 days. All employees receive three days per year of emergency leave for death in the immediate family with no accumulation of days permitted. Upon retirement, employees may receive up to a maximum of 25 days of personal leave depending upon years of service and KPERs retirement eligibility. Sick leave is lost if the employment terminates for any reason other than death, retirement, or a minimum number of years of service. The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to the employee's right to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with this criteria, the District liability for compensated absences as of June 30, 2021 was $61,235.

Termination and Post Employment Benefits

No termination benefits are provided to District employees when employment with the District ends except for the accrued compensated absences as discussed in Note 1 and early retirement benefits.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Termination and Post Employment Benefits (Continued)

The District has adopted a policy providing early retirement benefit options. In general, the policy allows certified employees with 15 years of continuous service to the District the option to retire after attaining the age of 60. Benefits which are provided are as follows: 1) paid personal leave up to certain limits as provided for in the current negotiated agreement between the district and its certified employees, 2) twenty percent (20%) of the last regular salary will be paid during each of the first two years of eligibility of opting to retire, otherwise foregone, 3) medical insurance coverage will be provided until the employee attains age 65, in the amount of the annual single premium insurance rate, 4) if the employee is deceased, the designated beneficiary will receive cash in lieu of medical insurance coverage until the deceased employee would have attained the age of 65. Classified employees are also eligible to receive the medical insurance benefits of early retirement. The District funds these benefits on a pay as you go basis. The liability at June 30, 2021 totaled $65,552.

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 local government 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 government 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.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Reimbursements and Other Qualifying Budget Credits

Reimbursements are included in Other Receipts in the financial statement, and include payments from one fund to reimburse the fund as well as payments from outside sources to reimburse the District for expenditures incurred. Reimbursements include such receipts as certain non-budgeted grants, gifts and donations. Reimbursements allow the District to extend the certified budget; that is, to spend more than the legal budget to the extent that the reimbursements exceed the amounts budgeted.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Compliance with Kansas Statutes

The financial statement and regulatory-required supplemental information is prepared in order to show compliance with the cash basis and budget laws of Kansas. The District was in apparent compliance with the cash basis and budget laws of Kansas. The negative cash in the Grant Fund is not a violation due to grant funds receivable at year end.

3. CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statue requires banks eligible to hold the District's funds have a main or branch bank in the county in which the Government is located 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 Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government'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 Government has no investment policy that would further limit its investment choices, but has limited the investments to time deposits at the local banks.

Concentration of credit risk. State statutes place no limit on the amount the Government 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 Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not have any "peak periods" designated.

At June 30, 2021 the District's carrying amount of deposits was $3,400,979.41 and the bank balance was $3,126,759.56. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $471,014.98 was covered by federal depository insurance, and the remaining $2,655,744.58 was collateralized with securities totaling $3,282,469.63 held by the pledging financial institutions' agents in the District's name.

4. PENSION PLAN

General Information about the Pension Plan

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

4. PENSION PLAN (Continued)

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

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. 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 $552,800 for the year ended June 30, 2021.

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $5,742,296. The total net Pension liability was $10,473,565,068. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2019. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

5. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $307,406 subsequent to June 30, 2021 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 fiscal year ended June 30, 2021.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The District manages these various risks of loss by purchasing insurance policies.

7. CONTINGENCIES

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

8. INTERFUND TRANSFERS

Operating transfers are routinely made from the General and Supplemental General Funds to other funds as allowed by Kansas Statutes. Operating transfers were as follows:

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	At Risk 4 Year Old	K.S.A. 72-6428	$70,000.00
General	At Risk K-12	K.S.A. 72-6425	120,000.00
General	Food Service	K.S.A. 72-6428	30,000.00
General	Special Education	K.S.A. 72-6428	740,899.30
General	Career & Postsecondary Education	K.S.A. 72-6425	136,000.00
Supplemental General	At Risk K-12	K.S.A. 72-6433	499,170.00

9. CAPITAL PROJECTS

The District entered into a lease purchase agreement to pay for site improvements within the District. Capital Project authorizations with approved change orders compared to expenditures from inception are as follows:

	Project Authorization		Expenditures to Date	
2018 Site Improvements:				
Cost of Issuance	$ 15,000.00		$ 15,000.00	
Project Costs	735,643.57	(1)	681,815.00	(1)
Totals	$ 750,643.57		$ 696,815.00	

Note (1): Includes encumbrances at June 30, 2021 totaling $79,817.00.

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2021 through August 25, 2021, the date the financial statement was available for issue. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statements.

11. LONG-TERM OBLIGATIONS

In December 2017, the District entered into a lease purchase agreement totaling $750,000 to finance site improvements in the District. The agreement has an interest rate of 0.00%, and matures in December 2032. Annual payments of $50,000 are to be paid and invested in a reserve account which will then be used to payoff the amount due of $750,000 in December 2032. The reserve account has a balance of $150,000 as of June 30, 2021. These payments are shown as principal payments in the financial statements inasmuch as they are held in a trust account at the bank to be used to pay off the amount due at maturity.

In May 2018, the District entered into a lease purchase agreement totaling $772,000 to refinance a prior lease purchase agreement with a balance of $736,592 as of the date refinanced. The refinanced agreement bore interest at 5.17%, whereas the new agreement has a 2.75% interest rate, resulting in reduced debt service payments by the District of approximately $36,000.

Changes in long term obligations and future maturities are shown in the following two pages:

Statement of Changes in Long Term Obligations

Issue	Amount of Issue	Interest Rates	Date of Issue	Date of Final Maturity	Balances Beginning of Year	Additions/ New Debt	Reductions/ Principal Paid	Balances End of Year	Interest Paid
Lease Purchase Agreements									
Improvements	$ 750,000	0.00%	12/29/2017	12/15/1932	$ 650,000	$ -	$ 50,000	$ 600,000	$ -
Refunding Building Improvements	772,000	2.75%	5/1/2018	5/1/2025	575,000	-	95,000	480,000	15,997
Total Lease Purchase Agreements					$ 1,225,000	$ -	$ 145,000	$ 1,080,000	$ 15,997

Statement of Maturities of Long Term Obligations

Issue	2022	2023	2024	2025	2026	2027 2031	2032 2036	Totals
Principal								
Lease Purchase Agreements								
Improvements	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$250,000	$100,000	600,000
Refunding Building Improvements	100,000	105,000	110,000	165,000	-	-	-	480,000
Total Lease Purchase	$150,000	$155,000	$160,000	$215,000	$ 50,000	$250,000	$100,000	$1,080,000
Interest								
Lease Purchase Agreements								
Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Refunding Building Improvements	12,513	9,763	6,875	3,781	-	-	-	32,931
Total Lease Purchase	$ 12,513	$ 9,763	$ 6,875	$ 3,781	$ -	$ -	$ -	$ 32,931
Grand Totals	$162,513	$164,763	$166,875	$218,781	$ 50,000	$250,000	$100,000	$1,112,931

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

For the Fiscal Year Ended June 30, 2021

Schedule 1

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

Summary of Expenditures - Actual and Budget (Budgeted Funds Only) - Regulatory Basis
For the Fiscal Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance - Over (Under)
GOVERNMENTAL TYPE FUNDS						
General Funds						
General	$ 4,814,683.00	$ (146,079.00)	$ 62,075.43	$ 4,730,679.43	$ 4,730,679.43	$ -
Supplemental General	1,477,647.00	(19,215.00)	-	1,458,432.00	1,458,432.00	-
Special Purpose Funds						
At Risk Four Year Old	80,600.00	-	-	80,600.00	69,321.92	(11,278.08)
At Risk K-12	681,000.00	-	-	681,000.00	625,499.94	(55,500.06)
Virtual Education	25,000.00	-	-	25,000.00	-	(25,000.00)
Capital Outlay	875,000.00	-	12,462.50	887,462.50	524,949.65	(362,512.85)
Driver Education	6,500.00	-	-	6,500.00	2.00	(6,498.00)
Food Service	471,550.00	-	15,679.62	487,229.62	392,632.57	(94,597.05)
Professional Development	48,500.00	-	-	48,500.00	818.64	(47,681.36)
Parent Education	17,500.00	-	-	17,500.00	-	(17,500.00)
Special Education	830,068.00	-	-	830,068.00	752,667.79	(77,400.21)
KPERS Retirement	631,988.00	-	-	631,988.00	552,800.81	(79,187.19)
Career & Postsecondary Ed	119,250.00	-	-	119,250.00	117,885.05	(1,364.95)
	$ 10,079,286.00					

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Other	$ 65,843.04	$ 49,307.91	$ -	$ 49,307.91
Federal Sources				
SPARK Reimbursement	-	12,286.52	-	12,286.52
State Sources				
Mineral tax	3.30	14.50	-	14.50
General aid	4,205,052.00	4,168,996.00	4,257,624.00	(88,628.00)
Special education aid	493,715.00	499,599.00	557,056.00	(57,457.00)
Other State grants	3,306.00	481.00	-	481.00
Total Receipts	4,767,919.34	4,730,684.93	$ 4,814,680.00	$ (83,995.07)
Expenditures				
Instruction	1,341,002.41	1,367,396.78	$ 1,406,153.00	$ (38,756.22)
Support Services				
Student Support	198,342.26	200,688.47	207,500.00	(6,811.53)
Instructional Support	157,656.09	151,380.54	167,000.00	(15,619.46)
General Administration	316,669.59	326,053.80	323,700.00	2,353.80
School Administration	549,661.35	549,999.60	575,400.00	(25,400.40)
Operations and Maintenance	704,780.46	676,400.68	753,000.00	(76,599.32)
Transportation Services	322,730.96	361,860.26	352,550.00	9,310.26

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to Other Funds				
At Risk Four Year Old	$ 65,000.00	$ 70,000.00	$ 41,880.00	$ 28,120.00
At Risk K-12	118,775.00	120,000.00	120,000.00	-
Virtual Education	15,000.00	-	25,000.00	(25,000.00)
Capital Outlay	21,461.44	-		-
Driver Education	-	-		-
Food Service	108,000.00	30,000.00	90,000.00	(60,000.00)
Professional Development	10,000.00	-		-
Parent Education	16,000.00	-	17,500.00	(17,500.00)
Special Education	662,836.48	740,899.30	650,000.00	90,899.30
Career & Postsecondary Education	105,000.00	136,000.00	85,000.00	51,000.00
Contingency Reserve	-	-	-	-
Textbook Rental	5,000.00	-	-	-
Student Laptops	50,000.00	-	-	-
Adjustment to Comply with Legal Maximum Budget	-	-	(146,079.00)	146,079.00
Subtotal Expenditures	4,767,916.04	4,730,679.43	4,668,604.00	
Adjustments to Budget				
Adjustment for Reimbursements and Grants	-	-	62,075.43	(62,075.43)
Total Expenditures	4,767,916.04	4,730,679.43	$ 4,730,679.43	$ -
Receipts Over (Under) Expenditures	3.30	5.50		
Unencumbered Cash, Beginning	0.48	3.78		
Unencumbered Cash, Ending	$ 3.78	$ 9.28		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
SUPPLEMENTAL GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Ad valorem tax	$ 726,679.14	$ 685,313.27	$ 714,543.00	$ (29,229.73)
Delinquent tax	28,095.87	26,138.52	15,867.00	10,271.52
County Sources				
Motor vehicle tax	123,924.40	136,487.72	120,497.00	15,990.72
State Sources				
State aid	631,430.00	625,084.00	633,320.00	(8,236.00)
Total Receipts	1,510,129.41	1,473,023.51	$ 1,484,227.00	$ (11,203.49)
Expenditures				
Instruction	909,012.00	959,262.00	$ 967,647.00	$ (8,385.00)
Support Services	-	-	-	-
Operating Transfers to Other Funds				
At Risk K-12	478,806.00	499,170.00	500,000.00	(830.00)
Professional Development	15,000.00	-	10,000.00	(10,000.00)
Special Education	75,000.00	-		-
Student Laptops	10,000.00	-	-	-
Adjustment to Comply with Legal Maximum Budget	-	-	(19,215.00)	19,215.00
Total Expenditures	1,487,818.00	1,458,432.00	$ 1,458,432.00	$ -
Receipts Over (Under) Expenditures	22,311.41	14,591.51		
Unencumbered Cash, Beginning	103,628.16	125,939.57		
Unencumbered Cash, Ending	$ 125,939.57	$ 140,531.08		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
AT RISK FOUR YEAR OLD FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from Other Funds				
General	$ 65,000.00	$ 70,000.00	$ 41,880.00	$ 28,120.00
Total Receipts	65,000.00	70,000.00	$ 41,880.00	$ 28,120.00
Expenditures				
Instruction	66,911.29	69,321.92	$ 80,600.00	$ (11,278.08)
Total Expenditures	66,911.29	69,321.92	$ 80,600.00	$ (11,278.08)
Receipts Over (Under) Expenditures	(1,911.29)	678.08		
Unencumbered Cash, Beginning	73,048.64	71,137.35		
Unencumbered Cash, Ending	$ 71,137.35	$ 71,815.43		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
AT RISK K-12 FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from Other Funds				
General	$ 118,775.00	$ 120,000.00	$ 120,000.00	$ -
Supplemental General	478,806.00	499,170.00	500,000.00	(830.00)
Total Receipts	597,581.00	619,170.00	$ 620,000.00	$ (830.00)
Expenditures				
Instruction	570,925.33	595,622.52	$ 651,500.00	$ (55,877.48)
Support Services				
Student Support	26,954.21	29,877.42	29,500.00	377.42
Total Expenditures	597,879.54	625,499.94	$ 681,000.00	$ (55,500.06)
Receipts Over (Under) Expenditures	(298.54)	(6,329.94)		
Unencumbered Cash, Beginning	144,904.31	144,605.77		
Unencumbered Cash, Ending	$ 144,605.77	$ 138,275.83		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
VIRTUAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from Other Funds				
General	$ 15,000.00	$ -	$ 25,000.00	$ (25,000.00)
Supplemental General	-	-	-	-
Total Receipts	15,000.00	-	$ 25,000.00	$ (25,000.00)
Expenditures				
Instruction	15,000.00	-	$ 25,000.00	$ (25,000.00)
Total Expenditures	15,000.00	-	$ 25,000.00	$ (25,000.00)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
CAPITAL OUTLAY FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Ad valorem tax	$ 304,632.82	$ 295,681.43	$ 264,080.00	$ 31,601.43
Delinquent tax	9,933.79	10,135.44	6,649.00	3,486.44
Interest on idle funds	3,613.71	4,813.00	-	4,813.00
Other	48,816.86	12,462.50	-	12,462.50
County Sources				
Motor vehicle tax	48,283.37	56,105.19	49,459.00	6,646.19
Federal Sources				
SPARK Reimbursement	-	14,544.51	-	14,544.51
State Sources				
State aid	93,824.00	80,489.00	80,534.00	(45.00)
Operating Transfers from Other Funds				
General	21,461.44	-	-	-
Total Receipts	530,565.99	474,231.07	$ 400,722.00	$ 73,509.07
Expenditures				
Instruction	-	-	$ 100,000.00	$ (100,000.00)
Support Services	186,210.48	87,421.90	275,000.00	(187,578.10)
Facility Acquisition and Construction Services	236,604.69	276,531.25	500,000.00	(223,468.75)
Debt Service				
Lease Purchase Agreements	157,718.40	160,996.50	-	160,996.50
Subtotal Expenditures	580,533.57	524,949.65	875,000.00	(350,050.35)
Adjustment for Reimbursements	-	-	12,462.50	(12,462.50)
Total Expenditures	580,533.57	524,949.65	$ 887,462.50	$ (362,512.85)
Receipts Over (Under) Expenditures	(49,967.58)	(50,718.58)		
Unencumbered Cash, Beginning	766,274.06	716,306.48		
Unencumbered Cash, Ending	$ 716,306.48	$ 665,587.90		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
DRIVER EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Other	$ 7,049.00	$ 1,678.00	$ 1,500.00	$ 178.00
State Sources				
State aid	390.00	306.00	-	306.00
Operating Transfers from Other Funds				
General	-	-	-	-
Supplemental General	-	-	-	-
Total Receipts	7,439.00	1,984.00	$ 1,500.00	$ 484.00
Expenditures				
Instruction	2,060.00	-	$ 5,500.00	$ (5,500.00)
Support Services				
Operations and Maintenance	26.00	2.00	1,000.00	(998.00)
Total Expenditures	2,086.00	2.00	$ 6,500.00	$ (6,498.00)
Receipts Over (Under) Expenditures	5,353.00	1,982.00		
Unencumbered Cash, Beginning	6,214.65	11,567.65		
Unencumbered Cash, Ending	$ 11,567.65	$ 13,549.65		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
FOOD SERVICE FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

Nutrition grant	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Receipts				
Local Sources				
Food sold	$ 59,432.49	$ 16,922.35	$ 87,684.00	$ (70,761.65)
Other	5,773.79	-	30,000.00	(30,000.00)
State Sources				
Food service aid	2,805.65	3,089.91	2,273.00	816.91
Federal Sources				
Child nutrition aid	232,678.04	326,371.25	225,004.00	101,367.25
Fruits and vegetables grant	4,317.03	15,679.62	-	15,679.62
Equipment grant	32,569.50	-	-	-
Nutrition grant	-	-	-	-
Operating Transfers from Other Funds				
General	108,000.00	30,000.00	90,000.00	(60,000.00)
Supplemental General	-	-	-	-
Total Receipts	445,576.50	392,063.13	$ 434,961.00	$ (42,897.87)
Expenditures				
Support Services				
Operations and Maintenance	39,060.82	9,302.20	$ 9,550.00	$ (247.80)
Operation on Non-Instructional Services				
Food Service Operations	406,464.81	383,330.37	462,000.00	(78,669.63)
Subtotal Expenditures			471,550.00	
Adjustment for Unbudgeted grants	-	-	15,679.62	(15,679.62)
Total Expenditures	445,525.63	392,632.57	$ 487,229.62	$ (94,597.05)
Receipts Over (Under) Expenditures	50.87	(569.44)		
Unencumbered Cash, Beginning	44,250.59	44,301.46		
Unencumbered Cash, Ending	$ 44,301.46	$ 43,732.02		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
PROFESSIONAL DEVELOPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Other	$ -	$ -	$ -	$ -
State Sources				
Other State aid	4,057.00	-	3,900.00	(3,900.00)
Operating Transfers from Other Funds				
General	10,000.00	-	-	-
Supplemental General	15,000.00	-	10,000.00	(10,000.00)
Total Receipts	29,057.00	-	$ 13,900.00	$ (13,900.00)
Expenditures				
Support Services				
Instructional Support	14,541.49	818.64	$ 48,500.00	$ (47,681.36)
Subtotal Expenditures			48,500.00	
Adjustment for Reimbursed expenses	-	-	-	-
Total Expenditures	14,541.49	818.64	$ 48,500.00	$ (47,681.36)
Receipts Over (Under) Expenditures	14,515.51	(818.64)		
Unencumbered Cash, Beginning	36,523.63	51,039.14		
Unencumbered Cash, Ending	$ 51,039.14	$ 50,220.50		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
PARENT EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Other	$ -	$ -	$ -	$ -
Operating Transfers from Other Funds				
General	16,000.00	-	17,500.00	(17,500.00)
Total Receipts	16,000.00	-	$ 17,500.00	$ (17,500.00)
Expenditures				
Support Services				
Instructional Support	14,500.00	-	$ 17,500.00	$ (17,500.00)
Total Expenditures	14,500.00	-	$ 17,500.00	$ (17,500.00)
Receipts Over (Under) Expenditures	1,500.00	-		
Unencumbered Cash, Beginning	14,500.00	16,000.00		
Unencumbered Cash, Ending	$ 16,000.00	$ 16,000.00		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
SPECIAL EDUCATION FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Other	$ -	$ -	$ -	$ -
Operating Transfers from Other Funds				
General	662,836.48	740,899.30	650,000.00	90,899.30
Supplemental General	75,000.00	-	-	-
Total Receipts	737,836.48	740,899.30	$ 650,000.00	$ 90,899.30
Expenditures				
Instruction	709,311.00	713,850.00	$ 830,068.00	$ (116,218.00)
Support Services				
Transportation	38,687.63	38,817.79	-	38,817.79
Total Expenditures	747,998.63	752,667.79	$ 830,068.00	$ (77,400.21)
Receipts Over (Under) Expenditures	(10,162.15)	(11,768.49)		
Unencumbered Cash, Beginning	381,966.79	371,804.64		
Unencumbered Cash, Ending	$ 371,804.64	$ 360,036.15		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
CAREER AND POSTSECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local Sources				
Other	$ -	$ 3,009.92	$ -	$ 3,009.92
State Sources				
State aid	11,542.00	-	-	-
Federal Sources				
Other aid	-	-	-	-
Operating Transfers from Other Funds				
General	105,000.00	136,000.00	65,000.00	71,000.00
Supplemental General	-	-	-	-
Total Receipts	116,542.00	139,009.92	$ 65,000.00	$ 74,009.92
Expenditures				
Instruction	95,873.35	117,885.05	$ 119,250.00	$ (1,364.95)
Total Expenditures	95,873.35	117,885.05	$ 119,250.00	$ (1,364.95)
Receipts Over (Under) Expenditures	20,668.65	21,124.87		
Unencumbered Cash, Beginning	78,279.76	98,948.41		
Unencumbered Cash, Ending	$ 98,948.41	$ 120,073.28		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
KPERS RETIREMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Receipts				
State Sources				
State aid	$ 570,773.45	$ 552,800.81	$ 631,988.00	$ (79,187.19)
Total Receipts	570,773.45	552,800.81	$ 631,988.00	$ (79,187.19)
Expenditures				
Instruction	352,357.93	338,901.75	$ 379,988.00	$ (41,086.25)
Support Services				
Student Support	23,840.38	22,318.52	26,000.00	(3,681.48)
Instructional Support	7,523.85	9,948.93	9,500.00	448.93
General Administration	35,761.25	33,066.92	40,000.00	(6,933.08)
School Administration	63,914.02	61,228.67	75,000.00	(13,771.33)
Operations and Maintenance	39,570.13	39,430.00	45,000.00	(5,570.00)
Other Support Services	-	-	-	-
Transportation Services	25,427.82	27,331.00	30,000.00	(2,669.00)
Operation of Noninstructional Services-				
Food Service Operations	22,378.07	20,575.02	26,500.00	(5,924.98)
Total Expenditures	570,773.45	552,800.81	$ 631,988.00	$ (79,187.19)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	-	-		

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
CONTINGENCY RESERVE FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from General Fund	$ -	$ -
Total Receipts	-	-
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	300,000.00	300,000.00
Unencumbered Cash, Ending	$ 300,000.00	$ 300,000.00

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
TEXTBOOK RENTAL FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Local Sources		
Fees	$ 7,725.25	$ 6,330.00
Operating Transfer from General Fund	5,000.00	-
Total Receipts	12,725.25	6,330.00
Expenditures		
Instruction	8,924.04	8,507.09
Total Expenditures	8,924.04	8,507.09
Receipts Over (Under) Expenditures	3,801.21	(2,177.09)
Unencumbered Cash, Beginning	143,385.56	147,186.77
Unencumbered Cash, Ending	$ 147,186.77	$ 145,009.68

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
TITLE I FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Federal Sources		
Federal aid	$ 140,483.00	$ 156,999.00
Total Receipts	140,483.00	156,999.00
Expenditures		
Instruction	140,483.00	156,999.00
Support Services	-	-
Total Expenditures	140,483.00	156,999.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
TITLE II FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Federal Sources		
Federal aid - Title II	$ 44,901.00	$ 33,345.00
Federal aid - Flo Thru	-	16,440.00
Federal SPARK Reimbursement	-	10,328.09
Total Receipts	44,901.00	60,113.09
Expenditures		
Instruction	44,862.34	47,653.00
Support Services	-	12,498.75
Total Expenditures	44,862.34	60,151.75
Receipts Over (Under) Expenditures	38.66	(38.66)
Unencumbered Cash, Beginning	-	38.66
Unencumbered Cash, Ending	$ 38.66	$ (0.00)

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
STUDENT LAPTOPS FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Local Sources		
Fees	$ 8,630.90	$ 10,732.50
Federal Sources		
SPARK Reimbursement	-	63,161.61
Operating Transfer from		
General Fund	50,000.00	-
Supplemental General	10,000.00	-
Total Receipts	68,630.90	73,894.11
Expenditures		
Instruction	87,065.04	16,486.84
Total Expenditures	87,065.04	16,486.84
Receipts Over (Under) Expenditures	(18,434.14)	57,407.27
Unencumbered Cash, Beginning	83,144.51	64,710.37
Unencumbered Cash, Ending	$ 64,710.37	$ 122,117.64

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
GRANT FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Local Sources		
Other	$ 31,834.32	$ 60,658.60
BCBS Grant	11,000.00	-
Link Grant	42,335.77	14,263.50
Early Childhood	5,000.00	10,000.00
State Sources		
Other grants	3,250.00	50.21
Federal Sources		
SPARK Reimbursement	-	811.27
Esser grant	-	152,068.00
Kansas Reading Roadmap	115,186.68	28,399.79
Rural Low Income Grant	-	13,799.00
Other Federal	250.00	-
Total Receipts	208,856.77	280,050.37
Expenditures		
Instruction	187,730.90	157,483.58
Support Services	27,701.63	84,434.38
Total Expenditures	215,432.53	241,917.96
Receipts Over (Under) Expenditures	(6,575.76)	38,132.41
Unencumbered Cash, Beginning	(6,477.61)	(13,053.37)
Unencumbered Cash, Ending	$ (13,053.37)	$ 25,079.04

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
IMPROVEMENTS FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Local Sources		
Interest earned on funds	$ 133.33	$ 146.30
Total Receipts	133.33	146.30
Expenditures		
Improvements	-	-
Cost of Issuance	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	133.33	146.30
Unencumbered Cash, Beginning	53,828.57	53,961.90
Unencumbered Cash, Ending	$ 53,961.90	$ 54,108.20

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
SCHOLARSHIPS FUND

Schedule of Receipts and Expenditures - Actual - Regulatory Basis
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for Fiscal Year Ended June 30, 2020

	Prior Year Actual	Current Year Actual
Receipts		
Local Sources		
Contributions current year	$ 13,355.80	$ 15,699.50
Interest earned	92.04	60.43
Total Receipts	13,447.84	15,759.93
Expenditures		
Scholarships	21,100.00	20,350.00
Total Expenditures	21,100.00	20,350.00
Receipts Over (Under) Expenditures	(7,652.16)	(4,590.07)
Unencumbered Cash, Beginning	96,022.90	88,370.74
Unencumbered Cash, Ending	$ 88,370.74	$ 83,780.67

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
AGENCY FUNDS

Schedule of Receipts and Disbursements - Regulatory Basis
For the Fiscal Year Ended June 30, 2021

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Agency Funds				
Student Organizations				
Southeast High School	$ 67,004.12	$ 65,322.27	$ 68,844.75	$ 63,481.64
Southeast Jr High School	6,420.97	10,607.88	11,608.57	5,420.28
Southeast Elementary	1,547.43	4,578.16	3,824.87	2,300.72
Totals	$ 74,972.52	$ 80,508.31	$ 84,278.19	$ 71,202.64

Schedule 4

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS
DISTRICT ACTIVITY FUNDS

Summary of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis
For the Fiscal Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus Encumbrances and Accounts Payable	Cash Balance June 30, 2021
Gate Receipts						
Southeast High School	$ 33,804.97	$ 37,488.18	$ 38,251.53	$ 33,041.62	$ -	$ 33,041.62
Southeast Jr High School	11,561.03	3,354.69	9,603.11	5,312.61	-	5,312.61
Total Gate Receipts	45,366.00	40,842.87	47,854.64	38,354.23	-	38,354.23
School Projects						
Southeast Jr High School	-	-	-	-	-	-
Southeast Elementary	6,983.84	324.59	3,084.26	4,224.17	-	4,224.17
Total School Projects	6,983.84	324.59	3,084.26	4,224.17	-	4,224.17
Totals	$ 52,349.84	$ 41,167.46	$ 50,938.90	$ 42,578.40	$ -	$ 42,578.40

UNIFIED SCHOOL DISTRICT #247

FEDERAL COMPLIANCE SECTION

For the Fiscal Year Ended June 30, 2021

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED		AMOUNT EXPENDED
U.S. Department of Agriculture				
Passed Through the State of Kansas Department of Education:				
School Breakfast Program	10.553	492.66	a	492.66
National School Lunch Program	10.555	24,683.67	a	24,683.67
Summer Food Service	10.559	301,194.92	a	301,194.92
Fresh Fruits and Vegetables	10.582	15,679.62		15,679.62
		342,050.87		342,050.87
U.S. Department of the Treasury				
Passed through Crawford, Kansas from the State of Kansas Governor's Office				
Coronavirus Relief Fund	21.019	101,132.00		101,132.00
				-
U.S. Department of Education				
Direct Grant				
Small Rural School Achievement Program	84.358A	13,799.00		13,799.00
Passed Through the State of Kansas Department of Education:				
Title I	84.010	156,999.00		156,999.00
Supporting Effective Education	84.367A	33,345.00		33,345.00
Title IVA Student Support & Academic Grant	84.424A	16,440.00		16,478.66
Elementary and Secondary School Relief	84.425D	152,068.00		152,068.00
		372,651.00		372,689.66
U.S. Department of Health and Human Services				
Passed Through Kansas Reading Roadmap, Inc.				
Temporary Assistance to Needy Families	93.558	28,399.79		27.25
		28,399.79		27.25
TOTALS		844,233.66		815,899.78

Notes to the Schedule of Expenditures of Federal Awards:

Expenses in this schedule are presented in according with Geneally Accepted Accounting Principles, and include amounts paid as well as accounts payable for goods or services received. Expenses in this schedule do not agreee with the expenses according to the financial statements for the Covid 19 grant inasmuch as expenses in the financial statements include encumbrances in accordance with the regulatory basis of accounting.

a = Food Service Cluster a's = $ 326,371.25

There were no subrecipients from the District.

Pass thru entities did not assign a specific identifying number.

The District did not use the 10% de minimus rate for indirect costs.

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

To the Board of Education
Unified School District #247
Cherokee, Kansas 66724

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #247's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

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

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

August 25, 2021
Fort Scott, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

To the Board of Education
Unified School District #247
Cherokee, Kansas 66724

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Bourbon County Unified School District #247 as of the year ended June 30, 2021, and have issued our report thereon dated August 25, 2021.

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

A deficiency in *internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Diehl, Banwart, Bolton, CPAs, PA

DIEHL, BANWART, BOLTON, CPAs PA

August 25, 2021
Fort Scott, Kansas

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

SECTION I: SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

The auditors' report was adverse for departures from accounting principles generally accepted in the United State of America due to the preparation of the financial statements in accordance with the Kansas regulatory basis of accounting. An unmodified opinion on the regulatory basis of accounting financial statement of the government was issued.

Internal control over financial reporting:

• Material weakness identified?	___ Yes	_X_ No	
• Significant deficiency identified?	___ Yes	_X_ None reported	
• Noncompliance material to financial statements noted?	___ Yes	_X_ No	

FEDERAL AWARDS

Internal control over major programs:

• Material weakness identified?	___ Yes	_X_ No	
• Significant deficiency identified?	___ Yes	_X_ None reported	

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? ___ Yes _X_ No

Identification of major programs:

CFDA Numbers	Name of Federal Program
10.553, 10.555 & 10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? ___ Yes _X_ No

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

UNIFIED SCHOOL DISTRICT #247
CHEROKEE, KANSAS

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

No audit findings relative to the federal award programs.

Diehl
Banwart
Bolton
Certified Public Accountants PA

August 25, 2021

COMMUNICATIONS OF INTERNAL CONTROL ISSUES AND OTHER AUDIT MATTERS TO THE BOARD OF EDUCATION

The Board of Education
Unified School District #247
Cherokee, Kansas 66724

We are pleased to present this report related to our audit of the regulatory basis financial statement of Unified School District #247, Cherokee, Kansas as of and for the fiscal year ended June 30, 2021. This report summarizes certain matters required by professional auditing standards to be communicated to you in your oversight responsibility for the District's financial reporting process. This report is intended for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report.

COMMUNICATION OF INTERNAL CONTROL ISSUES

In planning and performing our audit of the financial statement of Unified School District #247 as of and for the fiscal year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

7 1/2 East Wall Street • P.O. Box 469 • Fort Scott, Kansas 66701
Phone (620) 223-4300 • Fax (620) 223-2242
www.cpadbb.com

OTHER INTERNAL CONTROL ISSUES

The following internal control issues are not serious enough to be called significant deficiencies or material weaknesses, but do merit the attention of the governing board and management:

PREPARATION OF FINANCIAL STATEMENT

It is the responsibility of management of the District to prepare the District's financial statement and the related notes to the financial statement. It is not uncommon for our firm to assist entities in the preparation of their financial statement. We often prepare significant adjustments as well as assist the District to determine which disclosures are required. As is the case with many entities of your size, your accounting staff does not have the skills and training necessary to prepare a complete set of financial statements, including footnote disclosures, in accordance with the regulatory basis of accounting. Under our professional auditing standards, we are allowed to perform these services as part of our audit. However, the District must accept responsibility for the preparation of the financial statements. The Clerk is designated as the person responsible for the financial statements. We have provided the District with a detailed trial balance which shows the numbers according to the District's accounting records, plus any adjustments, if any, to your accounting numbers to come up with the numbers in the audited financial statement.

It is important to note that the audit cannot be relied upon to identify material misstatements in your financial statement or to make significant adjustments to your accounting records. As long as the District accepts responsibility for the financial statement, we can still perform these services for the District.

SCHOOL ACTIVITY FUNDS

The Kansas Department of Education has issued "Guidelines for School Activities Funds" which discuss the use of activity funds at a school and the accounting procedures and internal controls that should be in effect. The Board of Education is responsible for adopting and enforcing policies within the directive of these guidelines. We feel that it is necessary to comment on certain items in these guidelines relating to activity funds.

A weakness in internal controls occurs when one person is involved in all aspects of the accounting process, such as receipt of cash, preparing bank deposits, reconciling the bank account to the ledger books, and preparing cash payments. Usually the Activity Fund Treasurer is involved in all aspects of the accounting process for activity funds. Accordingly, there is a weakness in accounting controls over Activity Funds. This is a potential problem at your school District and all school Districts audited by our firm. Accordingly, we annually make the following suggestions to the School Board:

Due to this weakness, adequate oversight of the activity funds is essential. Your District appears to be doing many of the control features we address in this paragraph, but are simply making these comments to emphasize the importance of strong internal controls involving activity funds. The Board should continue to emphasize the importance of the oversight of the Activity Funds by the School Principal as well as the teacher sponsors of the various student organizations. The School Principal should closely review the monthly financial statement prepared by the Activity Fund Treasurer. All purchase orders to be paid by Activity Funds should be reviewed by the School Principal. The Activity Fund Treasurer should also provide a copy of the monthly financial statement to the teacher sponsors of each student organization. The various teacher sponsors should place emphasis on the review of the statements. Teacher sponsors should keep copies of receipts for money turned into the Treasurer and money expended during the month, and should compare these numbers to the amounts shown in the monthly Activity Fund Report. Any questions by the teacher sponsors should be directed to the Principal and the Activity Fund Treasurer. The general rule is that the more people involved in the oversight of the Activity Funds, the less of the chance of any accounting improprieties to occur. The use of a "stamp" to sign the principal's name should be strongly discouraged.

The Activity Fund Treasurer should be provided a copy of the "Guidelines for School Activities Funds" issued by the Kansas Department of Education. The Treasurer should be told each year to review the "Guidelines" and follow the internal controls mentioned, such as the use of pre-numbered receipts, all receipts should be deposited intact, and expenses should be supported by invoices detailing the items purchased. The Board should also ensure that the Activity Fund Treasurers are adequately bonded. That is, if money is deemed to be missing in the Activity Funds, insurance should be adequate to cover any amounts missing. It is our understanding that the Activity Fund Treasurers are covered by the District's insurance. I am sure that your insurance agent would be glad to review each Activity Fund to determine if insurance coverage is adequate.

We would like to point out that preceding comments are not unique to Unified School District #247 or to most School Activity Funds, which we audit. In our audits of various schools, we frequently observe a lack of strict compliance with the guidelines for School Activity Funds as well as weaknesses in internal controls in this area. There was no evidence of wrongdoing or misappropriation of activity funds for the School District. We felt that this year we should contact the schools, which we audit in order to point out any non-compliance with the guidelines for School Activities Funds as well as the inherent weakness in internal controls over activity funds.

SEPARATION OF DUTIES

An internal control structure is, quite simply, the procedures in effect to insure that funds are properly received, disbursed, and recorded in the accounting record. The essential control feature in a well designed internal control structure is to provide for adequate separation of duties. This means that, to the extent possible, the following functions should be performed by separate individuals:

- Authorization of transactions
- Recording or accounting for transactions
- Custody of or control over the assets
- Reconciliation or review of the work performed

A weakness in the control structure occurs when one person is or can potentially be involved in all of the accounting activities such as preparation of bills, maintenance of accounting records, and receipts of cash. As is the case with many of our school district audits, it is difficult to eliminate all weaknesses in controls due to the size of the District and lack of personnel to completely separate duties. Unified School District #247 has tried to separate duties and improve controls by involving the Superintendent and Treasurer, and thus we believe that this weakness is not a material weakness or significant deficiency. However, there could be instances where one person could be involved in all aspects of the accounting activities due to sickness or changes in personnel. Accordingly, the importance of following sound internal control procedures is important.

The District currently follows the following procedures:

- All expense checks should be approved by the Superintendent and prepared by the Treasurer.
- All payroll checks should be closely reviewed by a second person each payroll prior to printing the payroll.
- Minutes of the board meetings should clearly document approval of all bills by the board. A list of bills approved should be included with the minutes and signed by the board president.

Although these actions are currently taking place, we want to emphasize the importance of having a second person involved in the preceding accounting areas.

The accounting records were maintained very well. We believe that it is important to have strong internal controls in place to ensure continued good accounting records, and to have procedures in place in the unlikely event that the Clerk or any other person involved in the accounting process is replaced due to a job change, illness, or even death.

OTHER REQUIRED COMMUNICATIONS

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated August 9, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District's significant accounting policies are discussed in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Management's Judgments and Accounting Estimates

Accounting estimates normally are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. There are no significant accounting estimates by the District due to the simple accounting method with the regulatory basis of accounting.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures in these financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management and in performing or completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did propose several adjusting journal entries in connection with the audit to correct posting errors to your accounting records, to correctly close out grant funds, and to adjust your year-end closing transfers. In addition, there were several reclassification adjustments to reclassify revenues and expenses according to your accounting records to agree with the numbers recorded in the audited financial statements. Those adjustments are listed in the attached "Schedule of Audit Adjustments". Management has corrected all such adjustments.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated August 25, 2021.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principle and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the School District. We would be glad to further discuss any of the items in this letter with you. If you should have any questions concerning the management letter, the audit, or any other matter, please feel free to contact me.

Other Matters
With respect to regulatory required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the regulatory required supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Very truly yours,

DIEHL, BANWART, BOLTON, CPAs PA

Terence L. Sercer, CPA

USD 247, CHEROKEE, KANSAS
AUDIT JOURNAL ENTRIES
Adjusting Journal Entries.xls
JUNE 30, 2021

DATE: 25-Aug-21
TIME: 03:04 PM

PREPARED BY _____

REVIEWED BY _____

FUND	ACCOUNT	DEBIT	CREDIT

GENERAL JOURNAL ENTRIES:

General Journal entries are adjustments that are made that are accounting adjustments and not necessarily due to auditing procedures performed. The following general journal entries were necessary to adjust the accounting records for adjustments that are historically needed every year to fund balances and payables.

G1

IMPROVEMENT FUND	RECEIPTS INTEREST EARNED		146.30
IMPROVEMENT FUND	EXPENSES CAPITAL PROJECT	-	-
IMPROVEMENT FUND	EXPENSES CAPITAL PROJECT	-	
IMPROVEMENT FUND	UNENCUMBERED CASH		53,961.90
IMPROVEMENT FUND	CASH	133,925.20	
IMPROVEMENT FUND	ENCUMBRANCES		79,817.00

To record activity in project account from proceeds of lease purchase agreement

G2

GENERAL FUND	CASH/ACCOUNTS PAYABLE	448,683.88	448,683.88
SUPPLEMENTAL GENERAL	CASH/ACCOUNTS PAYABLE	-	-
AT RISK PRE	CASH/ACCOUNTS PAYABLE	11,545.82	11,545.82
AT RISK K-12	CASH/ACCOUNTS PAYABLE	69,520.86	69,520.86
FOOD SERVICE	CASH/ACCOUNTS PAYABLE	25,387.83	25,387.83
SPECIAL ED	CASH/ACCOUNTS PAYABLE	2,460.02	2,460.02
CAREER & POSTSEC ED	CASH/ACCOUNTS PAYABLE	12,182.52	12,182.52
TITLE I	CASH/ACCOUNTS PAYABLE	21,432.82	21,432.82
TITLE IIA	CASH/ACCOUNTS PAYABLE	4,018.94	4,018.94
GRANT FUND	CASH/ACCOUNTS PAYABLE	3,995.96	3,995.96
		599,228.65	599,228.65

To add back to cash and to record accounts payable unissued payroll checks for July and August

G3

SE HIGH SCHOOL ACTIVITY	CASH / RECEIPTS	99,570.84	113,626.31
SE HIGH SCHOOL ACTIVITY	EXPENSES/UNENCUMBERED CASH	117,311.95	103,256.48
SE MIDDLE SCHOOL ACTIVITY	CASH / RECEIPTS	14,976.96	22,588.57
SE MIDDLE SCHOOL ACTIVITY	EXPENSES/UNENCUMBERED CASH	29,909.89	22,298.28
SE ELEMENTARY ACTIVITY	CASH / RECEIPTS	7,040.13	7,117.50
SE ELEMENTARY ACTIVITY	EXPENSES/UNENCUMBERED CASH	9,117.78	9,040.41

To record activity in the activity funds from the various sites

G4

GENERAL FUND-	RECEIPTS-TAXES	0.20	
GENERAL FUND-	EXPENSES-INSTRUCTION		0.20

To adjust expenses for trivial amount to avoid a budget violation

USD 247, CHEROKEE, KANSAS
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PREPARED BY _____

REVIEWED BY _____

FUND	ACCOUNT	DEBIT	CREDIT
	G5		
GENERAL FUND	RECEIPTS-SPARKS GRANT		12,286.52
GENERAL FUND	EXPENSES-SUPPORT SERVICES	9,770.00	
GENERAL FUND	EXPENSES-INSTRUCTIONAL SUP	2,084.52	
GENERAL FUND	EXPENSES-OP & MAINTENANCE	432.00	
CAPITAL OUTLAY FUND	RECEIPTS-SPARKS GRANT		14,544.51
CAPITAL OUTLAY FUND	EXPENSES-FACILITY	14,544.51	
TITLE II FUND	RECEIPTS-SPARKS GRANT		10,328.09
TITLE II FUND	EXPENSES-INSTRUCTION	10,328.09	
	RECEIPTS-SPARKS GRANT		63,161.61
LAPTOP FUND	EXPENSES-INSTRUCTION	63,161.61	
GRANT FUND	RECEIPTS-SPARKS GRANT		811.27
GRANT FUND	EXPENSES-INSTRUCTION	811.27	

To reclass SPARK reimbursement from county coded as a credit to the related expense accounts. and netted against the expense.

	G6		
SCHOLARSHIP FUND	RECEIPTS INTEREST EARNED		60.43
SCHOLARSHIP FUND	RECEIPTS CY CONTRIBUTIONS		15,699.50
SCHOLARSHIP FUND	UNENCUMBERED CASH		88,370.74
SCHOLARSHIP FUND	CASH	83,780.67	
SCHOLARSHIP FUND	EXPENSES SCHOLARSHIPS	20,350.00	

To record activity in scholarship accounts originally at the schools.

AUDIT JOURNAL ENTRIES:

Audit Journal Entries are made during the course of the audit to correct the accounting records and normally need to be recorded by the District.

There are no audit journal entries that need to be made this year

USD 247, CHEROKEE, KANSAS
AUDIT JOURNAL ENTRIES
Adjusting Journal Entries.xls
JUNE 30, 2021

DATE: 25-Aug-21
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PREPARED BY _____

REVIEWED BY _____

FUND	ACCOUNT	DEBIT	CREDIT
RECLASSIFICATION JOURNAL ENTRIES			
Reclassification journal entries are simply made to reclassify amounts within the fund and normally do not need to be recorded by the District.			
	R1		
GENERAL FUND	RECEIPTS-OTHER	481.00	
GENERAL FUND	RECEIPTS-GRANTS		481.00
GRANT FUND	RECEIPTS-OTHER	50.21	
GRANT FUND	RECEIPTS-FED GRANTS		50.21
To reclas federal & state aid per audit to agree state aid according to the confirmation received from the State			
	R2		
To reclas debt service paid on lease purchases			
CAPITAL OUTLAY	EXPENSES-CONSTRUCTION		160,996.50
CAPITAL OUTLAY	EXPENSES-DEBT SERVICE	160,996.50	
	R3		
STUDENT LAPTOPS FUND	TRANSFER IN GENERAL FUND		
STUDENT LAPTOPS FUND	TRANSFER IN SUP GENERAL FUND		
To adjust transsfers out by fund to agree with transfers in by fund.			
		1,977,100.63	1,977,100.63
		-	